

# Procedure



## Manage, Monitor, and Ensure Contract Compliance

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This Procedure falls under the Contract Management Administrative Policy.

<b>Approved By:</b> Deputy City Manager Financial and Corporate Services	<b>Date of Approval:</b>	04/16/2020
<b>Program:</b> Financial Management <i>The City of Edmonton's resilient financial position enables both current and long-term service delivery and growth.</i>	<b>Next Scheduled Review:</b>	04/16/2023

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### **Purpose:**

The purpose of this procedure is to prescribe the City's processes for managing, monitoring, validating, and reporting on the performance of a contract, and to describe the required functions of a contract manager with the City.

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### **Definitions**

All definitions contained in the Contract Management Administrative Directive apply to this procedure.

In addition:

- "high-risk contract" means a contract that is determined to be high risk by the Procurement and Contract Risk Assessment.

### **Processes**

All City contracts will be actively managed by the contract manager, who will:

- monitor and ensure compliance with the contract; and
- identify and address trends, risks, and issues.

#### **1 Prepare and Implement the Contract Management Plan**

- 1.1 The contract manager will review the contract to understand the scope, the deliverables, the City's and supplier's obligations, the schedule, and the terms and conditions.
- 1.2 For all high-risk contracts, the contract manager will develop a contract management plan and upload it to the contract workspace in SAP Ariba, to support the successful management of the

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contract.

1.2.1 All contract management plans must consider:

- the contract's key deliverables, risks, and performance measures;
- the frequency and extent of the collection, analysis, and reporting of monitoring information;
- the management of changes and variances;
- the management of the supplier performance;
- the validation of invoices and/or service entries;
- the support for payments in accordance with the contract terms;
- the format, content, frequency, and distribution of progress status reports;
- the contract close out documentation requirements, such as a notice of contract closure or warranty documentation; and
- any other matters that could affect the success of the contract in meeting its objectives.

1.3 The contract manager will scale the plan appropriately to reflect the magnitude of the contract's scope, complexity, value, duration, and risks.

1.4 If appropriate with regard to the scale and nature of the contract, the contract manager will, before the supplier commences providing any goods, services, construction or intellectual property rights, schedule and chair a kick-off meeting with the supplier, other City employees and stakeholders to review the contract management plan.

### 2 *Monitor and Ensure Compliance with the Contract*

2.1 Using SAP Ariba, throughout the term of the contract and in accordance with the approved contract management plan, if applicable, the contract manager will:

- monitor the City's performance of its obligations to the supplier;
- provide oversight to the supplier's performance and its obligations to the City;
- before allowing payment to be made to the supplier, validate invoicing and support payments to be made by the City by verifying that the quantity, quality, timing, and cost of the received deliverables are in accordance with the contract;
  - if the contract allows for discounted pricing if early payment is made, the contract manager will make reasonable efforts to ensure early payment is made to secure the discounted pricing;
- conduct periodic performance reviews with the supplier as per the Manage Supplier Performance procedure;
- track the cumulative value of the contract; and
- prepare and present contract status reports to the delegated authority who approved the contract as agreed upon with him or her.

### 3 *Identify and Address Trends, Risks, and Issues*

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3.1 Throughout the term of the contract, the contract manager will:

- identify trends, risks, and issues that may impact the contract's required outcomes;
- if required, develop and implement a strategy to address any developing trends, risks, and issues and report on trends, risks, and issues, including remedial actions, to the delegated authority who approved the contract.

### **Additional Resources**

The Branch Manager, Corporate Procurement and Supply Services may, after review by the City Solicitor, approve standards to support or provide further detail to the above processes, however any amendments to the processes contained in this procedure must be approved by the City Manager.