



Contract Management Framework

For Post Office and its Group Companies (Post Office Management Services Limited (POMS / POI) and Payzone Bill Payment Limited (PZBPL))

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In this guide "Post Office" includes Post Office Limited, Post Office Management Services Limited and Payzone Bill Payments Limited.

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1. INTRODUCTION

1.1. Purpose

The purpose of this Framework is to provide a clear and standardised management, risk and governance framework that must be complied with in order for Post Office to manage its contracts with suppliers and clients effectively.

A **Supplier** is a company that delivers services to Post Office, whereas a **Client** is any other company that has a contractual relationship with Post Office e.g. where Post Office delivers services or products. For the purposes of this Framework we will refer to Supplier and Clients as being **Partners**.

1.2. Objectives

The Framework sets out the internal controls and operational standards to be adhered to.. Managing contracts with Partners in accordance with the Framework will reduce the likelihood of the risks associated with poor contract management from crystallising. Examples are provided in section 1.4..

1.3. The Scope

Post Office operates a decentralised contract management model with support from centralised services such as Procurement and Legal. The Framework covers the entirety of contractual 'lifecycle' - from the establishment of the business case and confirmation of need, through to the contract administration and relationship management and finally, contract close-out. The lifecycle of a contract can be divided into three interdependent phases:

Phase 1 – Transition:

- Contract Award.
- Contract Classification, based upon value and risk.
- Assignment of Contract Management Roles.
- Finalise Contract Management Plan.
- Set up information management structure.

Phase 2 – Contract Management:

- Performance.
- Administration.
- Risk.
- Extensions / Renewals / Variations.

Phase 3 – Close Out:

- Performance review.
- Lessons learnt.
- Close out / transition.

1.4. Benefits

Effective Partner and contract management is important. It enables Post Office to:

- On-board new Partners in accordance with the prescribed processes designed to protect Post Office from engaging with inadequate partners;
- Enter into contracts which include only acceptable and manageable risks;
- Ensure awareness of its rights under the contract;
- Bring the best outcomes to customers by evolving and developing new solutions with its Partners;
- Ensure ongoing contract compliance and performance, reducing contractual risks through robust contract management practices;
- Effectively deliver contracts at or under the agreed costs and rates and identify savings and revenue opportunities throughout the contract management process;
- Efficiently exit and on-board replacement Partners to continue providing its products and services with a minimum impact on customers;
- Ensure the probity of the ongoing procurement activities;
- Maximise outcomes to Post Office by ongoing management of performance – reducing the likelihood of
 - Disruption to the delivery of goods or services to the business;
 - Disputes, contractual issues and exposure to potential claims;
 - Reputational damage; and
 - Negligent and fraudulent behaviour by employees and contractors.
- Ensure Contract Owners and Contract Managers understand their responsibilities in relation to the contract management process.

1.5. Framework Overview

The Framework provides information on all the stages that a Contact Manager and Owner need to consider when managing a relationship with a Partner. Detail on each of the stages is provided in section 2 of the Framework.

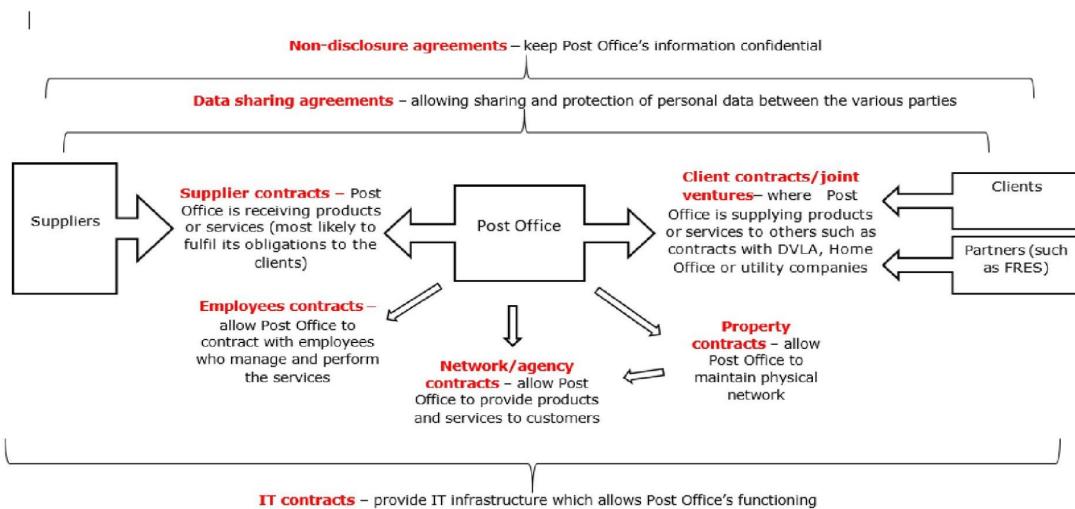


2. RELATIONSHIP MANAGEMENT AND PROCESSES

2.1. Contractual landscape at Post Office

Post Office enters into a number of different contracts in the course of day-to-day business and are one of the main tools used to manage its relationships with Partners. Supplier contracts are particularly common given most products or services currently sold by the Post Office (with the exception of Postal Orders) are white labelled (i.e. produced or belonging by another company) and therefore to provide these products or services effectively, Post Office needs to work with its Partners.

The following diagram illustrates some of the different types of contracts that Post Office may enter into to cover the network of relationships it is party to:



Contracts must be managed effectively at each stage of their lifecycle and across all interdependent relationships with consideration of back to back protections as a contract cannot not always be looked at in isolation.

2.2. Planning

Before Post Office enters into a relationship with a new Partner it needs to consider if that new relationship is consistent with its strategic approach, needs and requirements. This analysis is often carried out using a business case document or plan which is submitted to the appropriate committees for approval. In putting together the business case, the relevant business area should be addressing the following:

- Is the proposed relationship consistent and aligned with business strategy?
- What are the resourcing requirements under the contract?
- Is there existing budget to meet contractual commitments?
- What other criteria needs to be met i.e. IT, systems and processes, third parties/sub-contractors?

- Is it in the best interests of the company?
- Is the operational model consistent with the Post Office target operating model and technologies?
- o Does a structured procurement process need to be followed in order to appoint the Partner or to provide a supply chain to support the Partner?

It is important to note that only Post Office Limited is subject to Public Contract Regulations 2015 (PCR), whereas Post Office Management Services Limited (POMS / POI) and Payzone Bill Payments Limited (PZBPL) are not. However, each of POI and PZBPL's procurement and sourcing policies will apply, and each group member should be following the best practice Standards and Policies in Procurement established by the Chartered Institute of Procurement and Supply². Neither POI nor PZBPL can procure goods and services and on-supply them to Post Office Limited.

2.3. Onboarding and tenders

The procurement team assists with selection of the appropriate Suppliers to Post Office.

Supplier selection – is carried out during the procurement sourcing exercise and tender to determine the capability and capacity to deliver the goods or services being procured. This also includes due diligence to social value and social responsibility aspects.

Supplier due diligence – for data collection and compliance, checks are performed once the supplier has been selected.

Supplier Code of Conduct - is included at selection and due diligence stages. It makes clear the standards and expectations for an entity to be a supplier to Post Office.

Where Post Office is entering into a relationship with a Client, appropriate due diligence must be carried out.

Partner Due Diligence:

- Partner screening – suitable, credible and have capacity to deliver.
- Monitor performance of the partner and ongoing financial screening (e.g. Dunn & Bradstreet) particularly for IT suppliers and Insurers.
- Compliance with SLAs, KPIs etc.
- Pricing reviews.

In order to manage partners effectively, the Contract Manager should assign the partner to a specific segment using the Segmentation Matrix and Segmentation Tool set out in the Partner Management Guide (PMG).

Once the segment is assigned, the Contract Manager will be able to manage the partner via the Web3's Partner Management Module. This Module sets out various templates that the Contract Manager can use to effectively manage the partner. For more detail on Web3, please refer to section 2.5.

Public Contract Regulations 2015

Where Post Office Limited sources a supplier, it is highly likely that Post Office will have to follow a structured procurement process under the Public Contract Regulations 2015.

²<https://www.cips.org/knowledge/procurement-topics-and-skills/strategy-policy/procurement-policy-development1/standards-and-policies-in-procurement/>

Any such supplier agreement with cost of over £25k, must be tendered under the Public Contracts Regulations 2015 with assistance of the Procurement Team. This is to ensure that public contracts are awarded fairly, transparently and without discrimination on the grounds of nationality and that all potential bidders are treated equally. The Procurement Director is responsible for overseeing Post Office's procurements and ensuring that Post Offices purchase of goods, services and works is in accordance with law and provides value for money. POMS supplier contracts should be procured in line with the supplier Procurement Policy which can be found on POMS Procurement Sharepoint page or through contacting POMS' procurement team. In each case the Contract Owner should seek help from the Procurement Team to run such process.

Demand Management Model

Some supplier agreements will be dealt with purely by the Procurement Team without involvement of the Legal Team. The Procurement Team will be able to assess if the agreement needs to be presented to the Legal Team for review. Where possible, pro forma Post Office contracts are used. This will aid simpler contracting, approvals and contract management processes.

2.4. Contract Management Team – Roles & Responsibilities

Post Office has created various roles of accountability and responsibility so that there are clear lines for supervision and management of contracts.

There are two essential roles for managing contracts effectively; each role drawing on a range of skill sets. These roles may be assigned to current employees with the correct skills and delegation of authority:

Roles of Contract and Partner Management (Contract Management Team)	
Contract Owner (CO)	<ul style="list-style-type: none">Person accountable for the budget/cost centre that funds contract and the performance of the contract.Employee with delegation to approve contract payments and variationsAppoints the contract management roles.Recommended to be a senior employee who is impacted by the contract outcomes and is accountable for overall adherence to contract obligations.
Contract Manager (CM)	<ul style="list-style-type: none">Day-to-management of contract lifecycle from tender to exit.Single point of contact for suppliers and partners on all contract matters.Monitor contract performance and compliance.Recommended to be a representative within the business unit with the relevant skills.Perform administrative activities over the contract management lifecycle (e.g. information management, cost control, etc.).

2.4.1. Responsibilities of the Contract Owner

The Contract Owner has the ultimate accountability for contract and partner management. Responsibilities include:

- Ensuring partner management activities are completed in accordance with the Procurement Policy and other related policies;
- Identification of a Contract Manager and, if required, a relationship manager;
- For highly complex partner contracts, potentially identifying a team of Contract Managers to effectively manage day to day and change activities; and
- Ensuring that proper partner management is in place throughout the relationship.
- The Contract Owner should consider the following when appointing the Contract Manager: Does the contract need to be managed by someone with specialist skills and experience i.e. resources should be tailored to the materiality, risks and opportunities provided by the contract?
- Does the individual have the required experience, knowledge and authority for the role given the contract classification and risk profile?
- Do they have enough time to carry out the role?
- Can the person carry out multiple roles?
- Are they willing to take accountability for the role?
- Do they have any private interests or relationships that may give rise to claims of conflicts of interest (perceived or actual)?
- How the contract fits into the wider portfolio of contracts; and the staffing requirements across material and strategically important contracts.

2.4.2. Responsibilities of the Contract Manager

Contract Managers (supported by the Contract Owner) play a critical role for Post Office. directly overseeing contracts throughout their lifecycle. Serving as the liaison between companies, employees, customers, vendors, and independent contractors means contract Managers serve as the main facilitators for negotiations, recommendations, record keeping, monitoring, change management, and more.

Their responsibilities include:

- Providing a single overview/coordination point on behalf of their business entity including where this requires facilitation of other functions e.g. Legal, Business Continuity, Information Security, Procurement, Audit, Risk, Compliance etc;
- Scoping out commercial terms in contracts including for example services schedules, pricing, SLAs etc;

Contract management objectives should be included into Personal Development Plans for Contract Owners and Contract Managers. Objectives will need to be clearly set out and agreed with performance against the objectives being managed through reviews and appraisals.

- Providing the Legal or Procurement Team with commercial and service terms that are necessary to populate and complete a contract;
- Aggregating a single view of the supplier in terms of commercials and service delivery;
- Ensuring that the rights and obligations are complied with. Post execution, the Contract Manager must complete the contract obligation sections so that rights and obligations can be managed.
- Regular reporting on the performance and compliance of the contract to the Contract Owner; and
- Where necessary, the swift escalation of any issues affecting Post Office to relevant stakeholders.

In order for the Contract Manager to effectively carry out their responsibilities they must have:

- Appropriate skills (both specific contract management skills and more general commercial awareness and expertise) with access to the relevant training and development;
- Accurate job descriptions, roles and remuneration are positioned at an appropriate level;
- Clear objectives and reporting lines with their performance managed through reviews and appraisals;
- Appropriate delegated authority to manage the contract effectively;
- Detailed knowledge of the contract(s) they manage and other related issues, such as service level agreements, value adds and ongoing supplier performance;
- Knowledge of the organisational governance, processes, risk structures and organisational risk appetite; and

Annex 1 provides a detailed breakdown of responsibilities for the Contract Management Team.

2.4.3. Teams supporting the Contract Managers and Contract Owners

Finance Approver: A person who ensures any financial exposure under a contract is understood and can be fulfilled by Post Office and approves such exposure, i.e. the relevant Finance Director for the area in which the contract originates.

Procurement: A procurement category manager who supports the Contract Manager source the right supplier, negotiate the best terms, assists with the management of contract changes, market intelligence and management of suppliers.

The procurement team also:

- Assist with maintaining and updating the Partner Management Guide based on best practice principles including updates based on information received from business functions regarding change in policy, procedure or regulatory requirements;

- Defines the appropriate application of the Partner Management guide to supplier partners and the associated segmentation standards and terminology defined within the Procurement Policy and related frameworks;
- Provides, where possible, best practice tools and templates for use by Contract Managers;
- Provides guidance, advice and support to employees and Contract Managers in the appropriate implementation of the Partner Management guide and execution of associated activities; and
- Support in the selection of a new suppliers and ongoing management of all suppliers, in line with the Procurement Policy. For Critical and Strategic/High Risk suppliers, providing contract management support. For all other types of supplier, providing ad-hoc advisory support.

Legal, Compliance and Governance: A person who provides expertise for areas where the contractual, legal or regulatory exposure is greater.

This person will also:

- Own, maintain and update the Partner Management Guide based on best practice principles including continual updates based on information received from business functions regarding change in policy, procedure or regulatory requirements;
- Define the appropriate application of the guide to Supplier and the associated segmentation standards and terminology defined within policies and related frameworks;
- Provides, where possible, best practice tools and templates for use by Contract Managers;
- Provide frameworks and guidance on appropriate controls (including templates, FAQs and training) to Contract Owners and Contract Managers.
- Provide guidance, advice and support to employees and Contract Managers in appropriate implementation of the guide and execution of associated activities; and
- Support the negotiation of these instruments as well as any disputes which may arise.

Other business areas: In many instances other teams will need to provide feedback to the Contract Manager. For example, the Communication and Marketing teams will be able to assess if Post Office is able to fulfil any marketing related obligations prior to execution. It is crucial to identify and then cooperate with any teams that may be affected.

2.5. WEB3 – Digital Contract Management Tool

The WEB3 system is the current web-based eProcurement platform which Contract Managers (with support from the Procurement and Legal Team) must use to manage their contracts. The tool is managed by the Procurement Operations Team, therefore any access queries should be directed to contractmanagement@postoffice.co.uk. Benefits of using Web3 include:

- An integrated platform which captures the activities of a relationship with a Partner from onboarding, due diligence, procurement activity, contract, relationship management and transactional purchasing.
- Procurement and SRM modules which allow for interaction with Partners and the sharing of documents and messages via a Portal.
- The facilitation of formal performance reviews and documented improvement plans covering both operational issues and adherence to key contractual requirements, via the

SRM Module. The management of Partners should be recorded via the Supplier Relationship Management module (SRM) on Web3. This will create visible audit trials and ensure a unified approach to partner management across Post Office.

- 360 degree visibility of Partner activity, enabling better decision making, the leveraging of spend and reduction of risk.
- Standardised Post Office templates and processes which enable MI & Analytics to be produced that are measurable and comparable.
- Supplier partners are able to manage their account information themselves, reducing the risk of fraud. Partners can access their information at all times and have an audit trail of all activity.
- Prompts, notifications and trigger emails alert Post Office employees and Partners to activities that need to be done with an audit trail created of every action performed in the system.

2.6. Assessment and Acceptance of Risk

Risk Appetite: Post Office has specified its risk appetite in respect of contractual and operational risks in existing and new relationships. Therefore, all employees at Post Office must act within those defined levels in order to avoid unauthorised exposure.

In respect of legal and regulatory risk appetite, Post Office has set risk appetite which is revised by the Post Office's Board every year. The Risk Appetite Statement can be found on the Post Office intranet – the Hub.

*Note: Litigation may result when the rights and obligations under the contract have not been managed compliantly.

Legal Risk Notes: When dealing with contracts every stakeholder should bear in mind the acceptable levels of risk, to ensure that any risks accepted are not greater than they should be. One of the tools that the Legal Team will equip the Contract Manager and Contract Owner with is a Legal Risk Note which sets out the contractual risks and the mitigants. Contract Managers should ensure that the mitigants are regularly reviewed to ensure they are effective in the management of the risks and remain enforced/effective during the life of the contract.

Legal Risk Notes must NOT be distributed to the wider audience as these documents set out the risks Post Office is taking when entering into the agreement. Legal Risk Notes are also privileged and by NOT distributing them to wider audience, privilege can be kept, i.e.

Post Office will not need to disclose them in disputes.

Exceptions: Post Office acknowledges however that in certain scenarios even after extensive controls have been implemented, a product or transaction may still sit outside the agreed risk appetite. Therefore, if Post Office is going outside of the accepted approval processes, an exception report (using the Risk Exception template) needs to be prepared and approved. For more information on this process engage with the Risk Team.

2.7. Contract Approval

In order for a contract to be approved:

- if the contract has been reviewed under the Demand Management Model: a commercial

and legal summary prepared by the Procurement Team **AND** an approval from the Procurement Team and other key stakeholders under the Demand Management Model³; **OR**

- if the contract has been reviewed by the Legal Team: the finalised and agreed contract **AND** a risk note prepared by the Legal Team, which needs to be provided to the Contract Manager and Contract Owner; **AND**
- for all relevant contracts, initiated the Contract Approval Process via the eCAF App or a paper CAF manually and; a contract record created on Web3

2.7.1. Authority to Sign

The Contract Approval process is to ensure the appropriate governance is followed and the business does not enter into contracts that are outside of the Business Risk Appetite or are commercially unsound. It also ensures that only colleagues with the appropriate level of authority delegated to them by the respective Board or Chief Executive Officer/Managing Director are agreeing to enter into Contracts that will ultimately legally bind the business.

The Contract Manager is responsible for this process and it can be completed in the following ways:

- For Post Office Limited and POMS/POI: by submitting an online Contract Approval Form via the eCAF App (Sharepoint – Team sites – Legal, Compliance and Governance – Company Secretariat Team)
- For Payzone: by completing a Contract Approval Form and obtaining the relevant sign offs

For further information of the Approval process please visit the Company Secretariat intranet page.

Contract Owner Within a company, the Board of Directors carries the ultimate responsibility for the decisions made within its business. However, for practical reasons, the Board cannot make every single day-to-day decision within a business itself. Therefore, each Company Board has delegated its authority to its Chief Executive or Managing Director to enable the day-to-day decision making process. The necessary Contract Owner for a contract is determined by Post Office's spend approval limits document, which may be found on the Decision Making page of the Intranet.

³In some circumstances the Procurement Team will refer the contract to the Legal Team for further review.

No person is authorised to sign any contract on behalf of Post Office unless the contract has gone through the Contract Approval Process* and such individual is an authorised signatory. Post Office and its employees need to act within their respective authority.

**Save for certain limited exceptions under the Contract Execution Policy.*

Contract Signatory. Although the Contract Approval Form must be approved by a Contract Owner, the contract can only be signed by someone who is an authorised signatory for the business, which is a different list of people from those with spend approval authority as Contract Owners. The Company Secretariat will arrange for an authorised signatory to sign the contract in accordance with the Contract Execution Policy. It is also important to ensure that the Contract Owner for the Contract Approval Form does not also sign the contract as this is a potential conflict of interest.

For more information on how a Contract Approval Process or spend approval limits please see Execution of Contracts Flowchart and Tools section.

2.8. Execution of Contracts Flowchart



2.9. Storage of Contracts

All contracts will be stored on the Web3 system and hard copies⁴ will be kept and managed by Company Secretariat meaning that all contracts will be stored and logged on one central place. Access to Web3 will be restricted at the appropriate levels to protect commercial and legal sensitivities. CoSec team will keep some historic electronic copies which have not been uploaded to Web3.

Web3 is the one source of truth

The final signed versions of contracts should be stored on Web3 and no other copies of contracts should be used. Web3 is the one source of truth and repository across Post Office group.

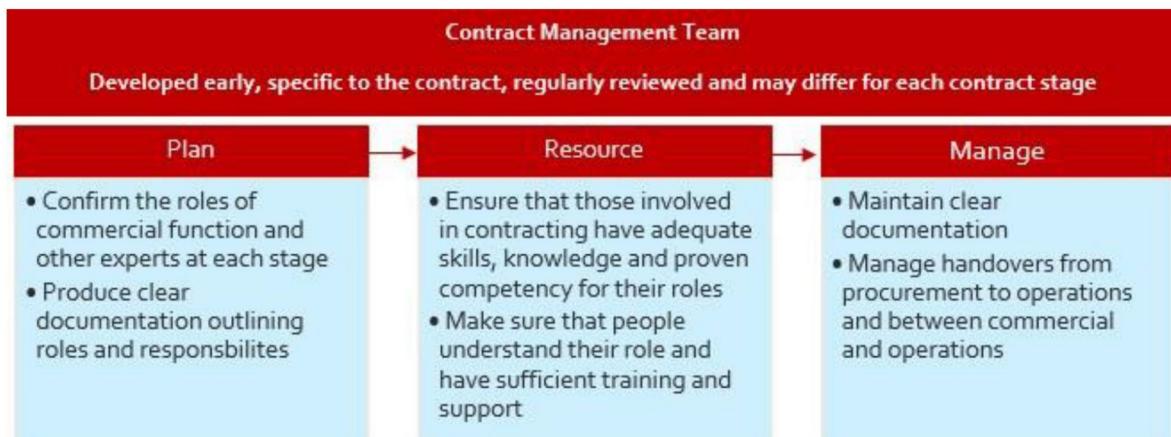
Web3 will also ensure that key information is recorded to provide search capability, ongoing contract management information and ensure documentation is retained and managed. All supporting contract information is to be stored alongside each contract to ensure all relevant information can be accessed in one place.

Contract Retrieval

All queries regarding hard copy contract retrieval and electronic copies of contracts which are not stored on Web3 are to be directed to caf@postoffice.co.uk.

3. CONTRACT MANAGEMENT IN DETAIL

Post Office adopted a decentralised model of contract management whereby the relevant business units are responsible for the management and performance of the contracts with support from others such as Procurement and Legal. Contract Owners should ensure that a Contract Management Team is created identifying the Contract Manager, relevant financial director, relevant lawyer, procurement representative and other key stakeholders.



This should be proportional to the value, risk and complexity of the contract.. In general the level of risk in a

⁴All contracts should be executed electronically unless there is a particular reason why they cannot be (such as the counterparty refuses or it is a deed).

contract increases the benefits of reducing such risk through a formal contract. This section of the Framework sets out best practice to ensure that Contract Managers take a holistic view of their contracts.

3.1. Contractual Terms

The Contract Manager has to ensure that provisions of the contract are suitable for the proposed relationship and mitigate and protect Post Office's position as much as possible. Amongst other considerations, the Contract Manager should ensure:

- Contractual terms around termination, warranties and indemnities are understood and monitored;
- Security and confidentiality terms are understood and monitored by the Contract Manager, particularly where there are elements of the contract relating to confidentiality of personal data; and
- Dispute resolution processes are in place, including agreed adjudication procedures, mediation and arbitration.
- Any contractual changes during the lifetime of the contract go through appropriate Post Office governance.
- Contract management processes from the initial contract signing, are reviewed annually and continue to be fit for purpose over the lifetime of the contract.

3.2. Risk Management

This Framework supports the management of contractual risk. Controls and processes assisting the management of risk include:

- Contracts should be in place with clear responsibilities and processes for mitigation, this must include identification of who is best placed to manage that risk and supplier involvement where necessary.
- Where appropriate LCG will have provided risk notes that will formally identify risks and the Contract Manager should ensure these are monitored regularly and mitigating factors are developed and implemented where necessary.
- Contingency and exit plans must be developed for material contracts in order to handle Partner failure and are to be kept updated through the contract lifestyle.

3.3. Developing Internal and External Relationships

- Responsibilities of the Contract Manager and the Partner should be clearly stated and all contracts should be in writing.
- The Contract Owner must ensure continuity of key Post Office's staff as far as possible throughout the lifecycle of the contract. Where this is not possible, the Contract Owner should ensure effective and appropriate handovers are given via the Contract Management Handover Template, which is available on the Contract Management Intranet page, accessible via the Hub.

- Both regular formal and informal communication routes between the Contract Manager and supplier should be open and used. The internal Contract Management Team should use collaboration tools such as Teams to ensure communications between themselves and other business stakeholders are effective and the stakeholders have sufficient oversight over the process.
- Management of contract performance should be well structured, ensuring baselines of performance are understood by both parties. A Contract Manager must ensure that the customer organisation provides the supplier with the information and contacts needed to deliver the service.
- The Web3 system will allow for clear contact points for service users both within the supplier's company and the Contract Management Team. End users of the contract should understand escalation routes where there are disputes. Regular and routine feedback should be given to suppliers on their performance.

3.4. Payment and budgets

- Using Post Office contract templates will ensure that payment processes are well defined and efficient. The Finance Team ensure that appropriate checks and authorisation processes are in place for paying invoices.
- Ensuring the contract has gone through the Contract Approval process with finance sign off obtained will ensure that the costs of services delivered are mapped against budgets and allocated appropriately
- Contract Managers will ensure that where service credits are inserted into a contract, these are well managed and governed appropriately.

3.5. Contract Review

- The Contract Manager must regularly review the contract to ensure it meets evolving business needs, and update where necessary using the appropriate change process.
- The 4 main areas of measurement and focus during reviews should be:
 - Cost control;
 - Timeline control;
 - Compliance with specifications/quality assurance/service levels; and
 - Compliance with terms and conditions.
- Where appropriate the Contract Manager should consider undergoing benchmarking exercises to ensure value for money of existing services. These must be procured compliantly via the Procurement team.
- Where new services are being introduced over the contract lifecycle, the Contract Manager should consult Procurement to see if they can be compliantly added to the scope of services or if a new sourcing exercise is required. Where the change is material, Procurement will work with the Contract Manager to negotiate the commercial and legal changes required,

and ensure that there are processes to cover the introduction of new services and change obligations are adhered to.

3.6. Managing wider Market Issues

- Teams should ensure that processes are in place to review options surrounding outsourcing or delivering services in-house. Emerging technologies and practices should be considered and teams should be open to new opportunities.
- Contract debriefs should take place where appropriate after the conclusion of a contract which the Contract Manager should feedback into future strategy development and new procurement processes.

3.7. Handling Contract Changes

- Processes must be in place that dictate the governance of contractual change i.e. who the necessary approvers are, how it must be completed to ensure contract change is completed promptly and effectively.
- Minor contract changes and variations must be dealt with in a cost and effort proportionate way to the importance and value of the proposed change, seeking procurement advice to ensure compliance.
- Detailed processes must be in place to handle material contract changes, including clear approval mechanisms and accountabilities. Material changes to terms and conditions of a contract are likely to trigger the need for a repeat of the Procurement activities and tendering, Contract Approval Process. Contract Managers must always reach out to the Company Secretariat when contemplating a contract change.
- Both parties must have a clear understanding of the arrangements for any extension of the contract and related issues.
- Any contractual change must be carried out in accordance with the contractual terms set out within the original contract, and departure from the terms setting out the change process risks the validity of the amendment being made or gives rise to a potential loss of rights or remedies available.
- Material contracts should be conformed annually within 30 days of the anniversary date.

3.8. Managing Complaints and Disputes

Proactive and planned Contract Management can reduce the likelihood of disputes occurring. Formal dispute resolution should be the last resort and appropriate actions should be taken by the Contract Manager and Contract Owner to address issues as they arise.

The Contract Manager should always follow Post Offices internal procedures and the contractual terms for managing complaints and disputes with suppliers and partners.

3.9. Escalating and Reporting Issues

Contract Managers should report and escalate issues or risks identified through the course of Contract or Partner Relationship Management activities as required by the Post Office Risk

Management Framework and any related policies. Contract Owners are ultimately responsible and accountable for ensuring compliance with required Risk and policy reporting requirements.

3.10. Contract Close-Out

A contract can be closed out in a number of ways:

- When all obligations under the contract have been fulfilled;
- The contract expires or is terminated;
- The intention to complete an agreement has been frustrated by events beyond all parties control; and/or
- All parties agree to end the contract.

The majority of contracts will close when they have been fulfilled or expire.

The Contract Manager must establish a clear 'exit strategy' at the outset of contract creation, allowing Post Office to proactively manage contract exits and avoid disputes. An exit strategy should establish:

- When, and under what circumstances, a contract can be terminated;
- What should happen to any remaining stock or supplies following termination;
- Whether any obligations should continue to apply after termination, such as obligations to return or to pass data to a new supplier, or to cooperate with other practical arrangements required to ensure business continuity; and
- How the costs of transition and exit are to be managed and allocated.
- Whether Post Office retains any assets, IPR, hardware or software licensing which must be transitioned to a new provider.
- A clear position on both parties TUPE obligations should be set out from the outset.

3.11. Managing Re-Procurement

Before a contract is completed or expires, the Contract Manager will need to assess whether there is an ongoing need for the goods/services delivered under the existing contract. This assessment should take place well in advance of (not later than 6 months) the scheduled completion of the contract, because if the need is ongoing, a procurement activity will be required to execute a new contract. This requirement is just as applicable when considering whether to extend the contract. Further, for extensions / variations, these should be added to the existing Web3 record and will require a new CAF.

The Contract Manager should consult with Procurement to set a predefined point at which to commence a new procurement activity. This date should be based on the estimated time that a procurement activity will take to execute a new contract plus any period for transition. This should take place no later than 12 months prior to the exit or termination of the contract.

Where a Contract Manager deals with a Client contract, it is also crucial to ensure that Post Office is aware of its exit obligations and manages the exit appropriately. Post Office must also ensure

that it is prepared to enter into new negotiations for provision of the services to the Client. Good planning is crucial in for winning business and contracts.

3.12. Final Performance Review

The objective of this activity is to evaluate supplier performance and provide feedback that can be used as a reference for future work.

Prior to the close out of the contract, the Contract Manager should conduct a final performance review. The depth and the details of the review process will vary depending on the contract. The following should be taken into consideration as part of the review:

- Whether the contract achieved its objectives;
- The Partner's performance;
- Satisfaction of the users;
- Contract variations;
- Any disputes;
- Key Performance Indicators and Service Levels;
- Budget vs Actual spend;
- Weaknesses in planning, managing and procedures; and
- Audit reports.

The benefit of having transparent KPIs will drive desired outcomes such as minimal time to signature, minimal avoidable business risk, best possible value for contract agreements and contract renewals, adherence to contract management processes and optimisation of contract management processes and maximizing compliance. Therefore, performance targets (SLAs, KPIs) should be regularly reviewed to ensure the KPIs remain relevant and meaningful.

3.13. Managing Transition

There may be a need for the goods/services to continue but with a different supplier. The transition period from one contract to another can be a high risk period. It is the Contract Manager's responsibility to develop a transition plan. The following aspects should be considered when developing the transition plan:

- Identifying any specific differences between the current and future contract;
- Developing a new communications plan, identifying stakeholders, both internally and externally, who may be impacted by the changes;
- Updating internal processes or procedures with any changes required under the new contract; and
- Depending on the size and complexity of the contract, the transition period may take 12 – 18 months. This will consume a significant amount of time and resources (including significant financial costs) and require ongoing management by the Contract Manager.

4. TOOLS FOR CONTRACT MANAGERS

These section contains links to various to other resources available to Contract Managers.

Tool	Contact in case you need access	Owned or managed by
WEB3	<p>Available through the Hub if a licence is assigned</p> <p>Access Form and user guides can be found on the Source to Settle Hub Page.</p> <p>https://poluk.sharepoint.com/sites/POA001/procurement/SitePages/Web3.aspx Xand CMF Intranet page:</p> <p>https://poluk.sharepoint.com/sites/lcq/SitePages/Contract-Management-Framework.aspx</p>	<p>Procurement Operations Team</p> <p>Assistance on Web3 functionalities via the Contract Management Team</p>
The LCG Academy	https://poluk.sharepoint.com/sites/lcq/SitePages/Legal,-Compliance-%26-Governance.aspx	The Legal, Compliance and Governance Team
Post Office Policies	https://poluk.sharepoint.com/sites/postoffice/Pages/policies.aspx	The relevant policy owner
Post Office Group Spend Approval Limits	https://poluk.sharepoint.com/sites/lcq/SitePages/Contract-Approval-Process.aspx?CT=1613478394298&OR=OWA-NT&CID=78b0fb8-ec96-2f99-e799-257054d35674	Company Secretariat Team
Reporting dishonest or fraudulent activity	<p>Discuss the matter fully with their Line Manager.</p> <p>Report their suspicions by telephoning Grapevine on GRO</p> <p>Speak Up service available on GRO or via a secure on-line web portal: http://www.intouchfeedback.com/postoffice</p>	The Legal, Compliance and Governance Team
Procurement team	https://poluk.sharepoint.com/sites/POA001/procurement/SitePages/Home.aspx	Procurement Director
Demand Management Model	https://poluk.sharepoint.com/sites/lcq/SitePages/Demand-Model-Management.aspx	Procurement Director and The Legal team.
Partner Segmentation Matrix and Segmentation Tool	<p>Contract Management Framework</p> <p>Legal Academy</p>	General Counsel

5. THE FRAMEWORK CONTROLS AND GOVERNANCE

5.1. Responsibility

The Framework sponsor responsible for overseeing this guide is the Group General Counsel of Post Office Limited.

The Framework owner is the Group Legal Director who is responsible for ensuring that the Legal Team conducts an annual review of this guide and tests compliance across the Group. Additionally, the Group Legal Director and the Legal Team are responsible for providing appropriate and timely reporting to the Risk and Compliance Committee and the Audit and Risk Committee.

The Audit and Risk Committee are responsible for approving the Framework and overseeing compliance.

The Post Office Board is responsible for setting the Group's risk appetite.

If you need further information about this Framework or wish to report an issue in relation to this policy, please contact the Legal Team.

Committee	Date Approved
POL R&CC	
POMS R&CC	
POL ARC	
POMS ARC	
Payzone Board	

5.2. Framework Approval

Framework Sponsor: Group General Counsel

Framework Owner: Group Legal Director

Framework Author: Senior Legal Counsel & Paralegal

Next review: September 2022

Group Oversight Committee: Risk and Compliance Committee and Audit and Risk Committee

Company Details

Post Office Limited and Post Office Management Services Limited are registered in England and Wales. Registered numbers 2154540 and 08459718 respectively. Registered Office: Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Post Office Limited is authorised and regulated by Her Majesty's Revenue and Customs (HMRC), REF 12137104. Its Information Commissioners Office registration number is Z4866081.

Post Office Management Services Limited is authorised and regulated by the Financial Conduct Authority (FCA), FRN 630318. Its Information Commissioners Office registration number is ZA090585.

Payzone Bill Payment Limited is registered in England and Wales. Registered numbers 11310918. Registered Office: Finsbury Dials, 20 Finsbury Street, London EC2Y 9AQ.

Annex 1 - Control Standards

A minimum control standard is an activity which must be in place in order to manage exposure so that it remains within the defined acceptable levels and Risk Appetite Statements. There must be mechanisms in place within each business unit to demonstrate compliance. The minimum control standards can cover a range of control types, i.e. directive, detective, corrective and preventive.

The table below sets out the relationships between identified risk and the required minimum control standards in consideration of the stated risk appetite:

Applicable Area	Description of Risk	Minimum Control Standards	Who is responsible	When
Contract Award	Not procuring contracts in accordance with Public Contract Regulations means contracts are being awarded non-compliantly by Post Office Limited.	All non-compliant contracts must be reported as a risk up to the Procurement Director, who in turn reports up to the RCC.	Procurement Director	Always
		Engagement with Procurement from an early stage when procuring goods and services	Contract Managers	Always
		Demand Management Module	Procurement	Used when appropriate, updated by Legal when necessary
		Ongoing training to the Procurement team and wider business	Legal	When required
Contract Execution - Unauthorised signatories signing contractual documents, including electronically	The company has entered into a legally binding contract or obligation without internal approvals and independent oversight.	Only the Company Secretariat can distribute contractual documents for signature (including via e-signature software). <ul style="list-style-type: none"> Process: All contract signatures must be facilitated by the Secretariat and supported by a relevant internal authority evidenced in a contract approval form "eCAF" unless a written exception has been agreed by the Company Secretary (e.g. Employment Contracts facilitated by HR or Franchise Agreements facilitated by the Retail). Assurance: The submission of an eCAF in accordance with the contract approval process will satisfy the delegated authorities approved by the Board and maintained by the Company Secretary. Oversight: Only authorised signatories who are not also signatories to the relevant eCAF (to prevent a conflict of interest) will be requested to sign contracts unless a written exception has been agreed by the Company Secretary. The list of authorised signatories is maintained by the Company Secretary following Board approval. 	Company Secretariat All Employees	Always

		Training: Guidance on the company intranet page(s) is updated regularly to provide the business with accurate information on the contract approval and execution processes, including the authorised signatories.	Company Secretariat	
		Awareness: Twice yearly communications will be sent to all colleagues to remind them about governance processes and procedures, including authorised signatories.		Bi-annual comms plan
Contract Management	A lack of understanding of how to manage contracts efficiently, knowledge of contractual obligations on each party, impact to other areas within the business and basic contract law gives rise to risk of not meeting contractual obligations, being unable to pursue action in event of breach or last minute resource drain when contracts are suddenly about to expire or need to be renewed.	Contract obligation mapping on Web3 will allow mapping of key deliverables or actions that each party needs to undertake to comply with the contract	Contract Managers	Always
		Central repository of contracts to ensure contracts and appropriate additional information is accessible	Legal/Contract Managers	Always
		Legal training to the business to improve their understanding of the contractual obligations and impacts of contracts on other areas within the business	Legal	When required
		Developed house positions with playbooks that set out a range of acceptable negotiated positions for the following contract types: supplier contracts, bill payment contracts, agency network contracts and employment contracts	Legal	To be used when appropriate, reviewed by Legal on an ad hoc basis

Annex 2 - Partner Management Guide

This Guide covers the following:

1. Overview
2. Introduction to Partner Relationship Management
3. Partner Segmentation – first step in identifying in-scope partners
4. Partner Segregation Matrix
5. Required Partner Management Activities
6. APPENDIX 1: Detailed Supplier Management requirements and guidance

1. Overview

Partner management encompasses all activities from inception of the requirement to engage a partner through to the end of the relationship. Partner Relationship Management (**PRM**) is the activity within partner management which allows the day-to-day management of partner relationships once the partner is on board and providing or receiving services. This guide focuses specifically on Partner Relationship Management, but also provides an overview of the wider requirements of PM. It summarises Post Office's approach to managing third party relationships and their subcontractors with effort prioritised on partners deemed Strategic/High Risk or Critical during partner segmentation.

1.1. Partner segmentation.

The Strategic/High Risk segmentation may also include partners who:

- Provide material services to the group;
- Co-ordinate and deliver services across them;
- Receive material services from Post Office; or
- Co-operate with Post Office when providing services to others.

These partners, in particular, require a number of mandatory partner management, and PRM activities **to either allow Post Office to fulfil its obligations to its upstream clients, or to ensure that Post Office is realising maximum profit. Such activities also allow Post Office to comply with applicable legal and regulatory requirements.**

In most cases, for Strategic/High Risk and Critical partners, unless another relationship manager has been appointed, the Contract Manager will be responsible for day-to-day management of the relationship and for completing the activities required under this Guide. They must be identified by an overall accountable business owner – the Contract Owner – of the services being delivered who retains the responsibility for ensuring appropriate ongoing partner management is in place.

1.2. Due diligence.

This guide outlines the mandatory and recommended activities that a Contract Manager should complete in line with related policies and the group's current view of best practice and depending upon Partner Segmentation. For PRM, these recommended activities include:

- Completion of annual due diligence on the Partner.
- Monitoring of Partner performance to agreed SLA's, KPI's and contractual obligations.
- Management of agreed risks, issues, escalations and change control procedures.
- Conducting annual strategic reviews plus other service development, innovation and performance review meetings.
- Completing annual audits, reviewing all obligations (including exit) and regular security penetration and disaster recovery testing.
- For suppliers - submission of a Monthly/Quarterly etc (as set out within the contract) SRM Dashboard to Contract Managers for upload into Web3.
- Adherence to a contractually agreed Partner Management Governance Model.

A list of Strategic/High Risk and Critical partners has been approved by the GE members.

2. Partner Relationship Management (PRM)

2.1. Why do we need to do partner management?

- Post Office is dependent on a number of Partners to help us deliver market facing services, revenue generating products or critical activities across our business. This may be through direct outsourcing of services to them or via their provision of goods/service to us which enables us to continue our critical business activities.
- Post Office needs to be aware and manage their obligations, service levels and other requirements so that it does not find itself in breach of contracts.
- Post office is required by regulatory bodies and government authorities to carefully manage those dependencies, thereby ensuring our critical business operations are not impacted by loss or interruption of supply.
- Good business sense dictates that Post Office should apply a similar level of rigour to our higher risk or strategic third-party relationships, even if we are not obliged to by an external body.
- To obtain value for money from its partners and its contracts, and that those contracts are continually aligned with strategic requirements.
- Protection of Post Office reputation.

Formal partner management is not required for all partners, however this guide aims to clarify those requirements and the basis on which they will apply.

2.2. What PRM includes?

At the highest possible level, good practice and regulatory guidance considers adequate partner management should include the following activities:

- Rigorous and compliant partner selection and contracting, including due diligence on the potential partner;
- In the case of suppliers, appropriate approval via the Procurement Sourcing Councils to proceed with engagement of the supplier from suitably authorised and accountable individuals within the organisation;
- A clear plan implemented from the activities that will be in place to manage the relationship and POL's and the partner's performance;
- An agreed set of controls and procedures to mitigate, manage and respond to emerging risks;
- Clear roles and responsibilities defined for the performance of these activities and ultimate accountable executives who can assure that these activities take place;
- Regular (in most cases annual) reviews of the partner to ensure it remains a going concern and to manage risk to the group;
- Sufficient exit management procedures at the end of the relationship to protect the group's interests and minimise the risk of disruption to business operations.

PRM is an integral part of overall contract management. It is concerned with the day to day activities to manage and drive value from the relationship with the supplier once it has contractually commenced.

This guide sets out the best practice Partner Relationship Management which enables the group to obtain optimal value from the partnerships, leading to the following benefits:

- Compliance with contractual commitments;
- Service levels and quality of service expectations are met throughout the life of the relationship;
- The delivery of optimal value from the relationship in financial and non-financial terms;
- The creation of successful relationships, shared objectives and facilitation of innovation;
- Gaining a holistic view of Partner experience, enabling delivery of key information to a range of stakeholders, and allowing measurement on a balanced set of metrics;

2.3. When does partner management need to happen?

It is important to understand that partner management needs to happen at all stages of a relationship:

Before selection: Developing and agreeing a suitable business case and justification for using a third party versus in-house, justification for bringing a new service/product to Post office, assessing the risks and benefits of all scenarios. In some circumstances, regulatory or Partner approval may also be required.

During Partner selection: Treat potential Partners equally and without discrimination, acting in a transparent and proportionate manner and compliantly in line with Public Procurement legislation. Assess the potential Partner(s) ability to deliver or receive the goods and services required, through proper due diligence and a rigorous selection process.

During contracting: Agreeing appropriate contractual protections, SLA's/KPI's. Planning for implementation and transition including the identification of a Contract Owner and Contract Manager.

During implementation: Agreeing and documenting the roles, governance and necessary partner management activities that will be required from Day 1 of the service.

Through the lifecycle of the contract in the form of Partner Relationship Management: Using Web3 and other tools provided across the business, conduct partner reviews, monitor performance and annual due diligence where required.

At the end of the contract: Managing the transition of the service back in house or to an alternative provider, or transition back to the Partner, ensuring risk to operations or business is mitigated throughout the transition period. Ensuring the group assets held by the Partner are adequately managed or disposed of as appropriate.

3. Partner Segmentation

3.1. What is partner segmentation and when should it happen?

Partner segmentation is the generic term for completing a risk assessment of a Partner, using a range of pre-defined criteria and risk factors, ultimately determining if a Partner is a Low, Medium, or Strategic / High Risk. Segmentation determines if the Partner is also a Critical Partner. The identification of Strategic/High Risk and Critical Partners through segmentation is essential in determining the correct levels of due diligence and oversight.

Segmentation should be completed at the earliest possible point when a potential spend requirement has been identified and at a minimum prior to on-boarding and contracting with a Partner. The procurement team will assist with considering of multiple suppliers during the selection process. Engagement with clients is normally driven by the type of product or service that Post Office can provide to the clients.

3.2. How to segment partners?

The Partner Segmentation Matrix and Segmentation Tool should be used to correctly segment Partners based on latest risk criteria.

The Segmentation Matrix consolidates various criteria agreed between cross-functional working group and Post Office group companies, and provides an efficient way to complete and document the segmentation.

The Segmentation Tool will assist the Contract Manager with assigning the correct segment to each Partner.

Note: Please note that IT Suppliers are crucial to Post Office and a separate segmentation process has been designed for them, please refer to Appendix 2.

3.3. Description of segments

I. PLATINUM PARTNER



These Partners typically have agreements in place which are high value, and/ or long term across multiple products and services. Often involving a high degree of integration, and with access to considerable levels of sensitive data.

These suppliers are considered to be **Critical** to Post Office. See Segregation Matrix **Table 1** for the relevant criteria.

II. GOLD PARTNER

 Partners categorised as 'Gold' will have contracts in place with a high value across a 5yr term or longer. Whilst there's a lower degree of integration (compared to a Platinum Supplier) they will still have access to considerable levels of sensitive data.

These suppliers are considered to be **Material and Strategic** to Post Office. See Segregation Matrix **Table 2** for the relevant criteria.

III. SILVER PARTNER

 Silver Partners have lower value contracts in place across a contract term that is less than 5yrs. Partners are mainly connected to a single products/ service but may include a low level of integration, along with limited access to sensitive data.

These suppliers are considered to be important to Post Office but do not pose an immediate risk to Post Office's ability to provide products/ services. See Segregation Matrix **Table 3** for the relevant criteria.

IV. BRONZE PARTNER

 Considered to be more transactional products/ Services with lower value short term agreements (less than 3yrs). There should be no systems integration, or access to sensitive data.

These Partners should not pose any genuine risk to Post Office's ability to provide products/ services. See Segmentation Matrix **Table 4** for the relevant criteria.

3.4. Partner Segmentation Matrix - If any of the criteria are true, the classification applies.

Table 1 **PLATINUM PARTNER**

Criteria	Applicability
Business Continuity <ul style="list-style-type: none"> • Supports critical infrastructure or business operations • Supports the critical activities of the Post Office through the provision of services of information • Provides critical infrastructure to the business • Providing the Client, or allowing POL to distribute services that are of economic importance, are aimed at vulnerable members of the society or are regulated • Partner will have physical or logical access to Post Office systems or Data (excludes intragroup entities, suppliers providing hardware or software only • Supports the recovery of the business in the event of a crisis 	Supplier Supplier Supplier Partner Partner Supplier
Data Security	

<ul style="list-style-type: none"> Partner will have physical or logical access to Post Office Customer Data. Post Office will process significant amount of the Partner's personal data. 	Partner Supplier Partner
Cyber / Information Security Risk	
<ul style="list-style-type: none"> Partner will have physical or logical access to Post Office systems or Data (excludes intragroup entities, suppliers providing hardware or software only) 	Partner
<ul style="list-style-type: none"> Manufacture, support and/or administer multiple products across multiple lines of business 	Partner
<ul style="list-style-type: none"> Comprise a formal outsourcing arrangement for the business itself as well as products for resale 	Partner
It is highly likely that Platinum partner will fulfil some criteria assigned to Gold Partners.	

Table 2 **GOLD PARTNER**

Criteria	Applicability
<ul style="list-style-type: none"> Provides outsourcing of business functions and people including regulated activities 	Supplier
<ul style="list-style-type: none"> POL is providing services of economic importance such as Post Office Card Account, Biometrics. 	Partner
<ul style="list-style-type: none"> POL is distributing regulated products 	Partner
<ul style="list-style-type: none"> Core services to POL such as mails products. 	Partner
<ul style="list-style-type: none"> Total value or profit of the expected contract >£1m per annum (excl. VAT) OR spend is >25% if business unit's cost base 	Partner
<ul style="list-style-type: none"> Expected term of contract of 5 years or more 	Partner
<ul style="list-style-type: none"> Potential for adverse reputational / brand impact – Major impact to brand value/market share, adverse publicity, legislation or regulator breach leading to fines, loss of revenue >£1m 	Partner
<ul style="list-style-type: none"> Revenue generation and creation of Intellectual Property (IP) – Direct contribution to creation of IP / market facing products or services or integral to ongoing generation of revenue. 	Partner
<ul style="list-style-type: none"> Ability of POL to influence the selection of supplier or quality of goods/services received – Use of the supplier has been mandated* by partner, customer and there is no ability to influence – Monopoly market provider. [*Note this would be a breach of the law under PCR Regulations but could potentially apply elsewhere within the POL Group.] 	Supplier
<ul style="list-style-type: none"> Ease of implementation - Complex implementation effort requiring >6 months to complete and involvement of multiple business units. 	Partner
<ul style="list-style-type: none"> Ease of implementation - Complex implementation effort requiring >6 months to complete and involvement of multiple business units. 	Partner
<ul style="list-style-type: none"> Ability to switch suppliers once implemented - >6 months to transition away from the supplier and/or significant financial penalties and/or organisational change 	Supplier
<ul style="list-style-type: none"> Dependency on supplier – Highly dependent on single/niche/specialist supplier for bespoke services/goods; very limited – if any - alternative supplier choice. 	Supplier
<ul style="list-style-type: none"> Dependency on the client –There are no other clients who provide similar service, for example a lot of the government agreements such as Biometrics 	Client

• Sanctioned / Politically Exposed Individuals or organisation – Supplier has known connections to a sanctioned individual or is a sanctioned organisation.	Partner
• High Risk Geographies – Supplier's geography of incorporation or significant operations rated "Amber" or "Red" on the POL Risk Register.	Partner
• Relationship may be exclusive	Partner

Table 3 SILVER PARTNER

Criteria	Applicability
• Not a core product	Partner
• Total value or profit of the expected contract less than £1m per annum (excl. VAT) OR spend is >10% if business unit's cost base	Partner
• Potential for adverse reputational / brand impact – POL trademark is used for a very specific purpose that is controlled by POL.	Partner
• Intellectual Property (IP) – IP stays with the party that created it	Partner
• Ability of POL to influence the selection of partners – POL has multiple competitors in the area and the relationships are not exclusive.	Partner
• Ease of implementation - Complex implementation effort requiring >6 months to complete and involvement of multiple business units.	Partner
• Expected term of contract of 5 years or less	Partner
• Ability to switch suppliers once implemented - >3 months to transition away from the supplier and/or financial penalties and/or organisational change.	Supplier
• Dependency on supplier – Services/good can be sources from different sources and there is no dependency on the supplier.	Supplier
• Dependency on the client – POL can bid for similar service with other clients such as in bill payment area. OR POL has other ways of accessing the market.	Client

Table 4 BRONZE PARTNER

Criteria	Applicability
• Short term agreements or 12 months or less	Partner
• Negligible spend or value.	Partner
• No IT systems integration.	Partner
• No dependency on the partner.	Partner
• Consultancy agreement	Partner

3.5. Partner Segmentation Tool

The Partner Segmentation Tool is designed for Contract Managers to correctly assign the segment to each of the partners they are dealing with and the levels and types of activities they should be carrying out in relation to that Partner.



3.6. Required Partner Management Activities

- The Partner Segmentation Matrix and the Partner Segmentation Tool should be used to determine the segmentation of the potential partner, and therefore the application of the Framework.
- The following table summarises the partner management guidance for Partners depending on their segmentation and overall risk level.
- A further good practice guide on the management of suppliers only sets out in detail the various actions that Contract Managers should consider implementing is included in *Annex 1: Detailed Supplier Management requirements and guidance* below.

All **PLATINUM PARTNERS** will have a Contact Manager and Contract Owner (in some circumstances there will be an additional supplier manager) to ensure that the businesses have single points of contact to each other. The Contract Manager is responsible for the following:

Action	Assistance/info/support
Engage procurement prior to spend commitment	Procurement team – procurement Legal – contract (Consult the Procurement Policy and engage as required)
Due diligence prior to on-boarding and contracting	Procurement team – procurement
Identification of Contract Manager and Contract Owner	The relevant business unit and follow directions of the GE member (Delegated Authorities paper)
Ensure sufficient contractual provisions	Procurement team – sourcing Legal – contract
Appropriate KPIs /SLA's, which should be approved by the relevant business area, for example: services provided via branches should be agree with the network operations to ensure that the branches can handle performance	The relevant business unit, LCG, key stakeholders including IT, DP, Risk, Network operations, Procurement team – procurement, etc.
KPI/SLA Monitoring	Contract Manager
Formal Control checkpoint prior to contract signature	Procurement team – procurement Company Secretary – governance Relevant business unit
Handover: Contract Owner to Contract Manager	Delegated Authorities paper
Annual Due Diligence	Contract Manager
Management of agreed risk, issue, escalation and change control procedures	Contract Management team Procurement and Legal - contract
Conduct annual strategic reviews plus other service development, innovation and performance review meetings	Contract Manager/Management team; Procurement team – supplier management The Legal team Other key stakeholders as appropriate to the service
For Outsourcing, completing annual audits, regular Penetration and disaster recovery testing, and submission of Qtrly SRM Dashboard	Risk Team – Audit Procurement Team – Contract Legal Team – Contract Information security Business continuity

Exit Management	Business continuity Procurement team IT, relevant business unit. Network operations.
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All **GOLD PARTNERS** will be allocated a Contact Manager and Contract Owner (in some circumstances there will be additional resources to manage contracts) to ensure that the businesses have single points of contact to each other. The Contract Manager is responsible for the following:

Annual Checks	
Action	Assistance/info/assistance
Supplier financial stability checks and Segmentation	Procurement or Supplier Management Teams (SMT) Templates provided via procurement teams
RACI – identify who is to be Responsible, Accountable, Consulted, and Informed	Procurement Team or SMT Ensure business stakeholder approves the RACI
Insurance check	Refer to contract to see what the minimum requirements are
Contract review and planning session – To include strategic discussions in line with the long-term ambitions of the relationship	Risk Team – Audit Procurement Team – Contract Legal – Contract Identify all reviews, audits and contract requirements for the year ahead
Commercial review (market comparison)	Procurement Team or SMT
Exit Plan Reviews (all elements of service)	Legal
Remote due diligence (Service and MI check)	Audit Team
On site due diligence (Service)	Audit Team
On site due diligence (IT & Data Security)	Audit Team, LCG
BCP Testing/ Review of actions	SMT Risk Team – Audit Procurement Team – Contract
Innovation workshop	Procurement Team or SMT Listen to the Supplier, look into Innovation and Fin-Tech news articles
Action	Contact for assistance
Supplier Review Meeting (face to face)	
Review: Structure changes & Policy Updates	
Remote due diligence (Complaints)	
Monthly checks	
Action	Assistance/info/support
Supplier Review Meeting (con call, and face to face as appropriate) (Service Reviews in the IT supplier management)	Risk Team – Audit Procurement Team – Contract Legal – Contract Business Stakeholder Ensure delivery of contractual obligations Identify and rectify non-compliance with contract terms. Review previous actions/ issues and document future actions Facilitate decision making & escalation

	Identify & manage key risks
Receive and review MI Reports	Add commentary as required
	Understand and address any under-performance

All SILVER PARTNERS will be allocated a Contact Manager and Contract Owner (in some circumstances there will be an additional supplier manager) to ensure that the businesses have single points of contact to each other. The Contract Manager is responsible for the following:

Upon any New Term / Renewal	
Action	
Commercial review (market comparison)	Procurement Team or Supplier Management Teams
Exit Plan Review (all elements of service)	The Legal Team
On site due diligence (Service)	
On site due diligence (IT & Data Security)	LCG
Annual checks	
Supplier financial stability checks and Segmentation	Sourcing or Supplier Management Teams Templates appended to this framework
RACI – identify who is to be Responsible, Accountable, Consulted, and Informed	Sourcing or Supplier Management Teams Ensure business stakeholder approves the RACI
Insurance check	Refer to contract to see what the minimum requirements are
Contract review and planning session	Risk Team – Audit assistance Sourcing – Contract assistance Legal – Contract assistance Identify all reviews, audits and contract requirements for the year ahead
Remote due diligence (Service and MI check)	
Remote due diligence (Complaints)	
BCP Testing/ Review of actions	
Quarterly	
Supplier Review Meeting (face to face)	
Review: Structure changes & Policy Updates	
Monthly	
Supplier Review Meeting (con call) <i>Please see example of Agenda within Supplier Management Web 3</i>	Risk Team – Audit assistance Procurement Team – Contract assistance Legal – Contract assistance Business Stakeholder Ensure delivery of contractual obligations Identify and rectify non-compliance with contract terms. Review previous actions/ issues and document future actions Facilitate decision making & escalation Identify & manage key risks
Receive and review MI Reports	Add commentary as required

All **BRONZE PARTNERS** will be allocated a Contact Manager and Contract Owner (in some circumstances there will be an additional supplier manager) to ensure that the businesses have single points of contact to each other. This will promote and enforce consistent messaging across the relationship. The Contract Manager is responsible for the following:

Action	Assistance/info/support
Engage procurement prior to spend commitment	engage Procurement team as required consult the Procurement Policy
Due diligence prior to on-boarding and contracting	engage Procurement team as required
Ensure sufficient contractual provisions	Legal – contract
Agree appropriate KPIs /SLA's in place	This is a recommended action
Formal Control checkpoint prior to contract signature	Company Secretary – governance

4. APPENDIX 1 – Detailed Supplier Management requirements and guidance



Detailed Supplier Management requir

5. APPENDIX 2 – IT Supplier Tiering Model



IT supplier Tiering
model.docx