

## Checklist for contract monitoring

On invitation from PACAF, the Midland Contract Audit Group kindly submitted this ten-point checklist in respect of contract management.

Auditor's expectation of contract monitoring	As evidenced by
<p>1. Robust Governance arrangements are in place for contract monitoring that fulfil their purpose.</p>	<p>Key contractual documents outlining commercial and legal terms, governance structure, objectives and purpose of the contract, contractor's representatives, risk register, performance standards, insurance cover, health &amp; safety, equalities.</p> <p>Contract documentation setting out roles and responsibilities of all parties.</p> <p>Contract documents clearly outlining reporting lines.</p> <p>Minutes of meetings held at project board or senior management level showing roles and responsibilities being fulfilled and decisions made.</p>
<p>2. Contract is monitored at the appropriate seniority level by suitably trained and skilled officers.</p>	<p>Contract documents setting out senior management team or project board's overall responsibility for contract monitoring and delegated authority to make decisions and manage the contract.</p> <p>Contract document setting out responsibility for Finance officer to oversee the contract progression/delivery.</p> <p>Training records/attendance sheets showing relevant training is provided to staff to increase an understanding of the contract.</p> <p>Contract management team structure showing the different levels of responsibilities and reporting lines.</p> <p>Training records and job descriptions showing skills in contract management and training provided to relevant staff.</p>

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<p>3. Progress on completion of works and delivery of contract is monitored regularly and reported to all parties.</p>	<p>Training records and job descriptions showing qualifications and experience of officers supervising the works or the delivery of goods and services (clerk of works, project managers etc).</p> <p>Site inspection records maintained by Clerk of Works/project managers showing frequency and outcome of inspections of works.</p> <p>Minutes of site meetings held with relevant parties at regular intervals. Minutes of management meetings showing discussion and decisions relating to progress on contract delivery.</p> <p>Performance reports from contractors and discussions at meetings with all parties.</p> <p>Processes and supporting documents for reporting over-runs either predicted or actual.</p>
<p>4. Management information is obtained from the contractor on a timely basis and is checked for accuracy.</p>	<p>Performance reports obtained from contractors and how frequency and contents compared to the contract documents.</p> <p>Spot checks undertaken of contractor information/data to confirm accuracy/reliability.</p> <p>Use of management information provided by contractor to monitor progress of contract delivery.</p>
<p>5. Contractor performance is measured and monitored against performance standards and milestones set out in the contract.</p>	<p>Regular performance reports enabling management to monitor progress and contractor performance.</p> <p>Use of performance reports, (either from contractor or by LA), to compare against performance standards and milestones set out in the contract. Contractor performance assessments by management and/or project board at management meetings.</p> <p>Where performance is measured within LA, relevant information is provided by contractor on a timely basis (e.g. completion dates, financial forecasts, compensation events).</p>

<b>Auditor's expectation of contract monitoring</b>	<b>As evidenced by</b>
<p>6. Contract delivery failures and/or declining contractor performance is identified at an early stage and dealt with properly in line with contractual requirements.</p>	<p>Regular performance measures and monitoring to identify poor or declining performance at earliest opportunity.</p> <p>Records &amp; minutes of meetings showing poor performance is dealt with in line with the procedures set out in the contract.</p> <p>Performance monitoring to identify recurrences and reporting to management. Minutes of meetings showing decisions agreed and actions taken.</p> <p>Documented escalation process for dealing with poor performance.</p> <p>Comparison of performance reports to payments showing application of performance deductions where performance standards are not met.</p>
<p>7. Interim and final stage contract payments are checked for accuracy and paid correctly within the agreed payment terms.</p>	<p>Completion of works certificates signed and dated and showing approval for interim payments.</p> <p>Final accounts checks/audits records showing completion in line with contractual agreement, prior to payments being made.</p> <p>Invoice processing system showing identification of payment authoriser and dates of authorisation and payments.</p> <p>Comparison of dates on the invoice processing system showing that payments are made within payment terms.</p> <p>Comparison of work completion certificates to payments on the invoice processing system confirming accuracy of payments.</p>

<b>Auditor's expectation of contract monitoring</b>	<b>As evidenced by</b>
8. The financial position of the contract is monitored throughout the contract to help identify likely overspends at the earliest opportunities.	<p>Regular financial and budget monitoring procedures documented and evidenced as having been done.</p> <p>Minutes of meetings and/or management reports showing updates on financial position of contract.</p> <p>Financial accounts and minutes of management meetings showing any actual or predicted over-spends and decisions on how to address these.</p>
9. Contractor's Final accounts are checked/audited and agreed with all parties prior to making a final payment.	<p>Contract documentation outlining the threshold for auditing final accounts.</p> <p>Records kept of all final accounts checked and audited.</p> <p>Records showing any queries raised by the auditor and details of how these were resolved.</p> <p>Records showing any adjustments to final accounts submitted and payments made.</p>
10. Contract variations and amendments are managed robustly with standard processes for requesting, approving and administering the variations.	<p>Records showing regular reviews of the contract to ensure it meets evolving business needs.</p> <p>Documented process for requesting, authorising and administering both minor and significant variations to the contract.</p> <p>Analysis of cost implications and other impacts of change to contract.</p> <p>Contract document amendment showing the change.</p>