

National Manual of Assets and Facilities Management Volume 9, Chapter 1

Contracts Management Introduction Guideline

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Contracts Management Introduction Guideline

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1.0 PURPOSE

The purpose of this Volume is to standardize Contracts Management Procedures across all Government Entities to assist in the smooth and efficient operation of the facilities. The Volume will provide guidance associated with Contracts Management, based upon latest Standards and global best practices.

The intention is to provide a robust reference for all levels of the organization to use in creating their own documents and processes; and when engaging with external parties for the delivery of Contract Management services.

The Volume may be updated periodically to reflect changes that are likely to occur (e.g. through: new legislation; revised Standards; innovative practices; or user feedback). References have been provided where possible to direct users to the 'specific' requirements of any Decree, Standard, or Regulation as a point of reference, where only a summary is provided within the Volume. Whilst the Volume offers guidance in applying Standards; all Standards referenced herein should be consulted directly to ensure that guidance remains relevant, even if the Standard has been updated.

Volume 9 features 8 Chapters in order as follows:

- Chapter 1: Introduction
- Chapter 2: A&FM Contracting Strategies Procedure
- Chapter 3: Standard Prequalification Procedure
- Chapter 4: RFP Standard Procedure
- Chapter 5: A&FM Proposals Evaluation Procedure
- Chapter 6: Contracts Conformity Procedure
- Chapter 7: Performance Measurement Procedure
- Chapter 8: Contracts Administration Procedure

2.0 SCOPE

Volume 9 can also be utilized to assist in the formulation of external communication. For example, in the compilation of Request for Proposal (RFP) in relation to tendered services.

Volume 9 defines the minimum requirements to be followed in the planning, execution and delivery of the topics covered. An Entity may choose to develop requirements further to reflect unique, specialized systems or operations, while maintaining the purpose and intent of the Expro National Manual of Assets and Facilities Management (NMA&FM).

3.0 DEFINITIONS

Lists of definitions are added in respective chapters of Volume 9. The user shall also consult the Expro Definitions and Acronyms Guideline Document No. ENT-E00-GL-000001.

4.0 REFERENCES

The Contracts Management Volume and Chapters within have been prepared using the latest Standards, Legislation and best practice at the time of production. References are provided within this volume for further reading. As far as is reasonably practicable, Standards and Legislation referenced should be followed as a minimum. Standards and Legislation referenced may become superseded due to latest Royal Decree; Regulatory changes; revised Standards; innovative practices; new technologies; etc. Therefore, Expro should be consulted to ensure that the most up-to-date and accurate information is used.

5.0 RESPONSIBILITIES

All chapters of Volume 9 include a section of responsibilities relevant to the chapter.



6.0 PROCESS

Contracts Management is addressed in the chapters as follows:

Chapter	Title	Document Type	Document No.
1	Introduction	Guideline	EOM-KD0-GL-000001
2	A&FM Contracting Strategies Procedure	Procedure	EOM-KD0-PR-000001
3	Standard Prequalification Procedure	Procedure	EOM-KD0-PR-000002
4	RFP Standard Procedure	Procedure	EOM-KD0-PR-000003
5	A&FM Proposals Evaluation Procedure	Procedure	EOM-KD0-PR-000004
6	Contracts Conformity Procedure	Procedure	EOM-KD0-PR-000005
7	Performance Measurement Procedure	Procedure	EOM-KD0-PR-000006
8	Contracts Administration Procedure	Procedure	EOM-KD0-PR-000007
Templates			
EOM-KD0-TP-000001 - Solicitation of Interest (SOI) Template			
EOM-KD0-TP-000002 – Proposals Evaluation Template			
EOM-KD0-TP-000004 - Expression of Interest (EOI) Template			
EOM-KD0-TP-000006 - Checklist for Contract Conformance			
EOM-KD0-TP-000007 - Bid Report Template			
EOM-KD0-TP-000008 - Standstill Notice Template			
EOM-KD0-TP-000009 – Contracting Strategy Tracking Sheet Template			
EOM-KD0-TP-000010 – Administration Issues Register Template			
EOM-KD0-TP-000011 – Claims Register Template			
EOM-KD0-TP-000012 – Contract Information Form			
EOM-KD0-TP-000013 – Contract Management Plan Template			
EOM-KD0-TP-000014 – Change Order Template			
EOM-KD0-TP-000015 – Change Order Register Template			
EOM-KD0-TP-000016 – Change Notice Template			
EOM-KD0-TP-000017 – Change Notice Register Template			
EOM-KD0-TP-000018 – Change Request Template			
EOM-KD0-TP-000019 – Incoming Template			
EOM-KD0-TP-000020 – Outgoing Template			
EOM-KD0-TP-000021 – Insurance Register Template			
EOM-KD0-TP-000022 – Warranty Register Template			
EOM-KD0-TP-000023 – Change Request Register Template			
EOM-KD0-TP-000024 – Payment Certificate Template			
EOM-KD0-TP-000025 – Invoice Log Template			
EOM-KD0-TP-000026 – Contract Risk Register Template			
EOM-KD0-TP-000027 – Work Completion and Contract Closure Certificate Template			
EOM-KD0-TP-000028 – Minutes of Meeting Template			
EOM-KD0-TP-000029 – Contract Clarification Letter Template			
EOM-KD0-TP-000030 – Contract Status Report Template			
EOM-KD0-TP-000031 – Contract Closeout - Checklist			
EOM-KD0-TP-000033 – Division of Responsibility Matrix			

Table 1: Volume Contents

6.1 A&FM Contracting Strategies Procedure

The purpose of this procedure is to define the standard for developing Contracting Strategy for the Assets and Facilities Management (A&FM). The Contracting Strategy is, by definition, the plan for delivering A&FM in infrastructure and built environment through second party contracts. It is articulated in a document and agreed by all stakeholders at the management level. It is a reference point for making contracting decisions related to Asset Management, Operations and Maintenance (O&M), Risks Management, and Hard and Soft Services. Any deviations from the contracting strategy later at the time of contracting decisions shall require approval from the competent authority.



The documented contracting strategy shall benefit the Entity in realizing objectives for the management of Assets and Facilities that are safe, reliable, efficient, cost effective and sustainable.

A&FM is a broad term and includes Asset Management, Life Cycle Replacement of Assets, Consultancy Services, and Facilities Management (FM) of hard and soft services. In order to deliver the provision of O&M of A&FM, the Entity may require contracts with second parties. The contracting activities will require robust planning in light of the requirements, constraints, options, opportunities, and risks.

This procedure encourages the Entity to coordinate decisions, activities, information, and data in the form of a documented strategy.

6.2 Standard Prequalification Procedure

The document sets the standard procedure for prequalifying companies prior to bidding for Assets and Facilities Management (A&FM) services. The Entity shall follow a consistent approach to prequalification and ensure that the companies are set up and used effectively and efficiently. It shall always comply with regulations of Government Tenders and Procurement Law.

The purpose of the document is to provide standard procedure to the Entity for conducting a prequalification exercise in line with the Government Tenders and Procurement Law and Entity bylaws as applicable. The procedure may also be used by Entity's procurement department to develop a list of qualified companies, for upcoming Requests for Proposal (RFP).

The procedure is designed to meet the needs of all levels of management and operations staff with varying knowledge within entities. Users of this procedure can work their way through it step by step. The document shall be read along with the prequalification template through the unified electronic portal (Etimad) and the process of Government Contractors Classification System.

Prequalification is a shortlisting process to identify suitable companies to invite in the procurement of goods and services and for bids in the RFP process. The process involves evaluating key capabilities of applicants and eligibility for contracts. Prequalification is an essential step in the overall process of contracting.

The procedure can also be used to gather information from companies, assess the market, and to refine contracts and procurement vision. It also provides an opportunity to communicate the preliminary ideas of A&FM Works to a relevant audience and analyze responses that can help shape ideas into a clearly-defined scope for the RFP.

6.3 RFP Standard Procedure

The purpose of the procedure is to guide and assist the Entity in preparation of Request for Proposals (RFP) for the procurement of Assets and Facilities Management (A&FM) services. The Entity shall follow a consistent approach in finding bidders who are best able to deliver the services at a market-related price, with optimal commercial and legal terms acceptable to all parties.

The guiding ethics are to promote open competition and to encourage the involvement of local businesses. It is the responsibility of the Entity to comply with regulations of the Government Tenders and Procurement Law.

The Entity shall incorporate the following principles when developing an RFP:

- Realize Value for Money
- Practice fairness, integrity and transparency
- Promote Saudization
- Comply with the KSA Government Tenders and Procurement Law

The document is written specifically for A&FM within Government entities. It applies to all RFPs and the personnel who write them. This procedure will aid in the task of choosing suitably qualified contractors without bias and that the Best Value is obtained.

The document aims to:

Establish consistency and rules governing the way in which contracts are tendered and awarded



- Provide references of supporting procedures from the National Manual of Assets and Facilities Management that are required as prerequisites to RFP Procedure
- Determine stakeholder involvement at different stages
- Offer supporting information and documents used in the Procedure

6.4 A&FM Proposals Evaluation Procedure

The document sets the standard procedure for evaluating proposals for Assets and Facilities Management (A&FM) services received from Bidders, in accordance with the terms established in the Request for Proposal (RFP). The Entities shall adhere to the rules set forth in this procedure and the guidelines issued by Ministry of Finance.

The procedure takes into account international best practice and aims to:

- Outline the steps to be followed and the order in which they should be completed.
- Identify stakeholder involvement at various stages.
- Explain how to complete the activities.
- Provide supporting templates.

6.5 Contracts Conformity Procedure

The document sets the standard procedure for conforming and awarding Assets and Facilities Management (A&FM) contracts. The objective of this procedure is to outline the process of aligning the final contract documents incorporating clarifications, terms, regulations, and standards as agreed and negotiated between the Entity and the successful Bidder during the bidding process.

The Contract Specialist records changes to the original draft contract and, using technical contract language, appends these revisions to the final contract, as additions in the form of an addendum, where required.

The document outlines the procedures involved in conducting the following contract activities:

- Bid Report
- Notice of Selection
- Standstill Period
- Contract Conformity
- Contract Engrossment
- Contract Award and Execution

The procedure aims to achieve the following:

- Entity and Contractor are aligned in their understanding of the contract requirements including scope, schedule and price
- There are no contradictions between the original Request for Proposal (RFP), Bidder Proposal, post Bid Negotiations and the executed contract
- There are no ambiguities about the contract deliverables and understanding

6.6 Performance Measurement Procedure

This procedure will benefit Entities to measure performance of Operations and Maintenance (O&M) contracts. It promotes the use of performance-based contracts, however, performance measurement procedure can also be used for other forms of contracting.

Performance measurement involves creating a simple, effective system for determining whether Asset and Facilities Management (A&FM) contract objectives are being achieved and the O&M contractor is meeting its obligations. This document provides the guidance to the Entities to measure both the performance of the contract and the performance of the contractor.



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This document is developed for standardizing the procedure for performance measurement of the contract and the contractor for O&M within government Entities. It also provides advice on performance based contracting method and contractor relationship management.

Through implementation of the procedure the Entity shall be able to:

- Develop performance criteria
- Establish performance monitoring
- Implement performance measurement
- Conduct performance assessment
- Apply performance adjustment
- Take corrective action to adjust for performance that is outside of the required parameters
- Report accurately and clearly on contract performance
- Avoid disputes and claims from the contractor
- Certify accurate and timely payments for the works
- Proactively manage the performance of contractors
- Achieve best value, quality and consistency
- Use the rights available to the entity to ensure compliance by the second party
- Improve contract administration

6.7 Contracts Administration Procedure

The document includes standard procedures and templates which shall be used by the contracts specialist for performing post-award contracts administration functions. The Entity's contract specialist shall follow the document to deliver Asset and Facilities Management (A&FM) contract obligations.

Contracts administration is about the provision of effective and efficient management of post-award contract activities, which include but are not limited to contract processes and procedures, standard templates, Entity and contractor coordination, compliance control, measuring performance of Operations and Maintenance (O&M) contracts, and managing risks.

The standard procedure shall support contract compliance across O&M contracts for A&FM in line with the Entity's policies and contract requirements.

The procedure includes International Best Practice and aims to:

- Regulate the contracts administration procedure
- Provide standard templates
- Promote contract compliance
- Avoid Disputes



7.0 FLOW CHART



Table 2: Contracts Management – Procedures Flow Chart