



## Template Guide

### What is a Supplier Contract?

A Supplier Contract is an agreement between the project team (“Project”) and an external supply company (“Supplier”) for the acquisition of a defined set of products to meet the procurement requirements of the Project. The Supplier contract is a legal document which is used as the basis upon which to make Supplier payments during the procurement cycle. The contract specifically defines the:

- Products (i.e. goods and services) to be produced by the Supplier
- Responsibilities of the Project and Supplier in acquiring the products
- Review points to ensure that the acquisition is taking place as planned
- Pricing for each product acquired
- Invoicing and payments processes
- Terms and conditions applicable.

### When to use a Supplier Contract

A Supplier contract should be used whenever a formal agreement is required between the Project and a preferred Supplier for the acquisition of product (i.e. goods and services) for the Project. A Supplier contract is usually documented in the last phase of the Tender Management Process, after the RFP proposals have been received and a preferred Supplier selected. After the Supplier contract is endorsed, the Procurement Management Process is initiated and the Supplier will then begin supplying the requisite products to the Project.

The Supplier contract is typically written by the Procurement Manager and approved by the Project Manager (or Sponsor). Without a formal Supplier contract in place, it may become difficult to formally control the procurement process. Also, the Project team (and Supplier) may become exposed to the risk that payment is defaulted owing to lack of customer satisfaction. A clearly written Supplier contract will mitigate this risk by outlining the deliverables and responsibilities of both parties to ensure that the Procurement Management Process takes place efficiently and fairly.

### How to use this template

This document provides a guide on the topics usually included in a Supplier Contract. Sections may be added, removed or redefined at your leisure to meet your particular business circumstance. Example tables, diagrams and charts have been added (where suitable) to provide further guidance on how to complete each relevant section.