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**Contract Administration Practice: The Case of Pharmaceutical  
Supply Agency of the Federal Democratic Republic of Ethiopia**

**A Thesis Submitted in Partial Fulfillment of the Requirements for  
the Degree of Master of Art in Logistics and Supply Chain  
Management**

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**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND  
ECONOMICS SCHOOL OF COMMERCE**

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## **Declaration**

I, the undersigned, declare that this thesis entitled “Contract Administration Practice: The Case of Ethiopian Pharmaceuticals Supply Agency of The Federal Democratic Republic Of Ethiopia” is my original work and to the best of my knowledge has not been presented for a degree by any other person and that all the sources of material used for the thesis have been duly acknowledged.

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## **Statement of Certification**

This is to certify that this thesis carried out by Hilina Amare on the topic entitled: “Contract Administration Practice: The Case of Pharmaceutical Supply Agency of the Federal Democratic Republic of Ethiopia” is her original work. This research project has been submitted to Addis Ababa University, School of Commerce, Department of Logistics and Supply Chain Management for examination with my approval as a university advisor and is suitable for submission for the award of Masters of Arts Degree in Logistics and Supply Chain Management.

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**Advisor: Dr. Tariku Jebena**

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**Date**

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## List of Acronyms

**ADP**- Asian Development Bank

**BPR**- Business Process Reengineering

**CCMM**- Contact Capability Maturity Model

**CIPS**- The Chartered Institute of Purchasing and Supply

**CMMM**- Contract Management Maturity Model

**CM-PAM**- Contract Management Process Assessment Model

**IACCM**- International Association for Contract and Commercial Management

**PFSA**- Pharmaceuticals Fund and Supply Agency

**PLMP**- Pharmaceutical Logistics Master Plan

**PSA**- Pharmaceuticals Supply agency

**PSTP**- Pharmaceuticals Supply Transformation Plan

**SPSS**- Statistical packages for social science

**UN**- United Nation

## **Abstract**

*A tangible contract management function assists in managing obligations in an effective manner; this saves the two parties significant time and effort and provides benefits in terms of business strategies and procedures. Studying contract administration and management and its performance can help in ensuring the organization/institution to get the best contracts as much as possible and to improve their implementation as well. This research was conducted with the aim to assess the contract administration practice of EPSA and its performance. Both quantitative and qualitative methods were used with a descriptive type of research design. Data were collected through structured self-administered close-ended and open ended questionnaire and formal interview as well. Purposive type of sampling technique was applied to get valid information from professionals who were practicing contract administration. The total sample size was 57 from out of this 54 were available during the survey and the response rate was 94.34%. Accordingly, our result revealed that the agency is better performing “Contract Closeout” activities with an average level of agreement value of 3.36 which is above “sometimes” but below “most of the time”. On the other hand, “Risk Management of Contract Administration” activity was the least performed with an average level of agreement value of 2.74%. CM-PAM model survey results further confirmed that the agency is performing its “Contract Administration” under the average for developing enabling environment, risk management, Contract change management, Information System, Human Capital, and capacity building, and Assurance Systems and Control. However, the agency is relatively better, in performing activities related to Performance monitoring, evaluation and reporting, payment management, dispute management, and resolution and contract closeout and lessons learned. The obtained value of the Cronbach’s alpha was found to be 0.942 which is greater than 0.70, indicating the reliability of our result. In conclusion, the agency is practicing contract administration under the average for most of the activities in every ten categories of activities and hence need to invest further effort to better manage its contract administration.*

**Key Words:** *Contract Administration, Contract Management Process Assessment Model (CM-PAM), Ethiopian Pharmaceuticals Supply Agency*

# Chapter one

## Introduction

### 1.1 Background of the Study

According to recent studies, contracting is a set of disconnected activities rather than a process. This leads to poor visibility and metrics control practice. This kind of process should be seen as an on-going multi-step process instead of a project that can be completed in less than a year (Kristian, 2014).

The contract administration is very important because it is where the results of the procurement process are obtained and the requesting entity is in a position to finally receive the expected benefits of their procurement request. The supplier, contractor or service provider has the responsibility of performing the contract in accordance with its terms and conditions to meet all the technical and quality standards. The procuring Company also has the responsibility of complying with the terms and conditions of the contract especially the obligation of ensuring payments are made on time. A success of contract administration measured by the removal of a significant amount of waste and abuse of funds and corruption that can happen during the contracting phases. The real benefits of a contract administration are obtained after the contract is awarded, so more attention is needed to ensure the contract administration is implemented consistent with its terms and conditions. (ADB, 2018).

Contract administration is the active management throughout the life of a contract to ensure a seller's performance is satisfactory. A Company appoint staff members or preferably a team of qualified individuals to take the responsibility of administering the contract. It is the responsibility of the contract administrator to perform the obligations and duties of the procuring Company specified in the contract and to ensure the suppliers, contractors and service providers implement the contract in accordance with its terms and conditions (Tamus, 2018).

Less attention has been paid to approaches to effectively manage contracts “post-award” (i.e. after contracts have been signed). This is despite the fact that post-award contract management represents one of the highest risk areas in the procurement life cycle. Regardless of how well a

contract is sourced and awarded, it is the activities after award that determine how effectively the contract achieves its objectives and the level of compliance regarding performance, timeliness, quality and cost and Contract administration handles the formal governance of the contract and changes to the contract documentation. (George, 2014).

The Cullen group of Melbourne University, (2015) identified 12 best practices of contract management. The first one is 'Ensure Performance' which is the establishment of key performance indicators (KPIs). This is first in the category of controlling contract process. The second one is 'Financial management'. This is the second under controlling category of the best practices identified. It includes budgets, billing and payment, the total cost of contract and trends. 'Record and Document' management is also the third practice in which real-time audit trails and reporting are the functions under this category. 'Audit Compliance' of both parties to contractual documents is the fourth practice identified. 'Supplier Relationship' management is the fifth practice and the first from the interaction management category. Strong supplier relationship management (SRM) is the characteristic of best contract management practice. 'Orchestrate the CM network' is the sixth best practice contract management should include where the peoples in the contractual function are cross - linked within the contractual framework. 'Management of Dispute Resolution' is the seventh activity that best contract management should have. Best contract management prevents and treat disputes internally and not through third parties. The eighth practice identified is 'Risk Management'. Ongoing identification, prioritization, tracking, and resolution of risks are under the activities that best contract management should have to practice. 'Change Management' is the ninth activity in which written, verbal, and behavior-based (estoppel) variations are managed. The other activity that contract management should include is 'Forecast demand and supply'. 'Maintain market intelligence' and 'Drive Continuous Improvement' are the eleventh and twelfth best practices that contract management should have.

The contractual goal, or end, of the procurement of any good or service, should be successful project completion. The establishment of contract goals begins with identifying the typical contract risks and potential contract administration problems associated with the purchase that could affect any of the "5 R's" (procurement of the right item, in the right quantity, for the right price, at the right time, with the right quality). The next steps are to assess the level of risk by determining the

probability of occurrence for each type of problem and to develop a contract administration plan to avoid or minimize the problems (Davison and Wright, 2004).

While there are numerous items and services that can be purchased, each purchase of goods and services faces the same set of contractual risks that affect the successful accomplishment of any of the 5 “R’s” (Bill Davison and Richard J. Sebastian, 2009). These authors have conducted the effect of ten types of contract administration problems on contract administration of all types of contract. The ten types of problems identified by Davison & Wright (2004) were the unclear scope of Work, Increased cost, Delay, Change order, Dispute resolution and personality conflict, Definition of acceptance, Poor performance, Sub Contractors, another source of performance risk, Risk of failure and price risk.

Pharmaceuticals Supply Agency is a public procurement agent for health commodities established by a proclamation number 553/2007. It has 19 hubs (branches) distributed in each corner of the country (PFSA, 2016). It has a separate unit for procurement planning, tender processing, contract administrations, inventory and warehouse management, and Drug distribution and fleet management practices. These units are grouped into two big categories naming, inbound (which consists of forecasting and market shaping, tender management, and contract administration directorates) and outbound (which consists of inventory and warehouse management and Distribution and fleet management directorates) logistics (PFSA, 2016).

The midterm assessment of pharmaceuticals supply transformation plan (PSTP) conducted in 2018 showed that the procurement lead time is too long ranging from 302 days for program supplies to 519 days for essential medications (PSA, 2018). The same assessment showed that the time for manufacturing and shipping the products cannot be shortened significantly. The current operation is essentially a linear process impacting the overall lead times, as activities are undertaken sequentially for each tender issued.

Furthermore, the Business Process Reengineering for Pharmaceuticals Fund and Supply Agency conducted in 2016 identified that Delayed port clearance leading to high demurrage cost, 0.23% and long procurement lead time were among the challenges due to Poor contract administration (PFSA 2016). In this study, “Ethiopian Pharmaceuticals Supply Agency (EPSA)”, “Agency” and “Pharmaceuticals Supply Agency (PSA)” will be used interchangeably.

## **1.2 Statement of the problem**

A well-organized contract administration requires some serious planning and meticulous oversight. As a result, it is crucial for a company to have a solid contract management team in place. If the members of the contract management team are not on the same page, it will be far too easy for important contract deadlines to be forgotten or logistical issues to arise. Thus, with contract management, it is particularly important for the team members to have strong communication skills, keen attention to detail, and the ability to take action quickly and decisively. (Tara, 2016)

Having the right technology will be critical to staying organized and ensuring that there are appropriate contract performance and compliance. Even if a portfolio is relatively small in the beginning, it will become impossible to keep up as more contracts are added. As a result, it is wise to invest in a dynamic solution that will accommodate contracting growth. Some key features to consider are data security, unlimited storage and users, and round the clock technical support.

Contracts Administration often play a huge role in a company's operations. Whether contracting with a vendor that will be providing goods for the company to create a product or contracting with other firms to receive professional services, all contracts involve an exchange of promises that add value to the company in some way. As a result, contract performance must be assessed within the larger context of the business's operations. This will allow the company to evaluate whether its contracts are helping to facilitate, or perhaps even hinder, the agency overarching goals (UN, 2016).

However, Ethiopian Pharmaceuticals Supply Agency faced delayed product delivery, longer payment process, poor change management, costs are not monitored and kept within the budget constraints, human capacity is low to manage a contract, dispute management and resolution practice need improvement in order to meet both parties requirements and manage all necessary service changes (PFSA, 2018). As a result, this study is intended to assess the contract administration practice of the agency so that enable to judge the contract administration management performance.

## **1.3 Research Objectives**

### **1.3.1. General Objectives**

The general objective of the study is to assess contract administration management practices of EPSA.

### **1.3.2 Specific Objectives**

The specific objectives of this study are;

- To assess post-award contract governance or enabling environment of EPSA
- To assess the risk management level of EPSA
- To assess the Performance Monitoring, evaluation and Reporting activity of EPSA
- To assess change Management Activity of EPSA
- To assess the Payment Management activity of EPSA
- To assess Dispute Management and Resolution of EPSA
- To assess Contract, Closeout and lessons learned Management in EPSA
- To assess the Information System of EPSA
- To assess human Capital and capacity building of EPSA
- To assess EPSA assurance systems and Controlling system

## **1.4 Research Questions**

This research addresses the following questions:

- What the Contract Administration practice looks like in Ethiopian Pharmaceuticals Supply Agency?
- How good is the performance of contract administration of Ethiopian Pharmaceuticals Supply Agency?
- What are the major areas of improvements in Contract Administration of Ethiopian Pharmaceuticals Supply Agency?

## **1.5 Significance of the Study**

Assessing the contract administration on the health commodities is an important task in the health supply chain systems in the timely delivery and execution of the products as these lifesaving products need to reach to the clients on the right time and with the right condition and price. This study will give the contract administration status of the agency by using CM-PAM model so that the management of the agency will be able to evaluate its contract management practice to take any complementary actions. The study also gives a baseline data for further in - depth research on a similar topic and gives an insight for other related studies intended to be done.

## **1.6. Scope of the study**

This study focuses on after contract award phase of the procurement cycle; “performing contract” and “closing contract”. Furthermore, the study gives high concern on the contract administrations practices among the process units of procurement activities done to purchase pharmaceuticals, medical equipment, medical supplies, chemicals and laboratory reagents in the agency. As described above, all elements of the contract administration practices are done by the head office where “Contract Management” and “Tender Management” directorates are assigned to do so (PSA, 2016). The study may not show the retrospective history of the agency between these functional units of the agency.

## **1.7 Limitation of the study**

The study is limited to the head office, where both national and international procurements are carried out, the practice of the branch offices in executing their selling is not included in the study because of budget and time constraints. Thus the result of the study was not inclusive of the branch offices so that limited to give the full range image of the agency.

## 1.8 Definition of terms

**Contract:** A written agreement where a contractor provides goods or services and the agency pays for such goods and services in accordance with the established price, terms, and conditions

**Contract administration:** The process of ensuring that each party's performance meets contractual requirements. Contract administration activities include conducting a post-award conference, monitoring the contractor's performance, and managing contract changes.

**Contract Closeout:** The process of verifying that all administrative matters are concluded on a contract that is otherwise physically complete. This involves completing and settling the contract, including resolving any open items. Contract closeout activities include verifying and documenting contract completion and compliance with requirements, making the final payment, disposing of buyer-furnished property and equipment, documenting lessons learned and best practices, and collecting contractor past-performance information.

**Contract Management Maturity Model (CMMM)** -a contract management maturity model which provides the organization with a detailed roadmap for improving the capability of its contract management processes

**Contract Management Process Assessment Model (CM-PAM)** -It is a contract administration process assessment model benefited from contract capability maturity model (CCMM) and contract management maturity model (CMMM) (UN, 2015).

**Pharmaceuticals:** Any substance or mixture of substances used in diagnosis, treatment, mitigation or prevention of disease and includes medical equipment and supplies (Federal negaret Gazeta, 2007).

**Risk management:** a systematic process of identifying, analyzing and responding to contact management.

## **1.9 organization of the study**

The organization of this study will be divided in to five chapters: The first chapter will contain the introduction which covers the background of the study, the statement of the problem, the research questions, the research objectives, the significance of the study, the scope of the study, the limitations of the study, the definitions of terms and organization of the study. The second chapter will contain the literature review which includes the theoretical literature review and empirical literature review. The third chapter contains research methodology which focuses on the description of the study area, the research approach, the search design, the populations, study populations and samples, the data sources and types, Instruments and Data collection procedures, ethical considerations and data analysis. The fourth chapter includes the data presentation, data interpretation and discussion, and the fifth chapter contains the summary, conclusion, recommendation and further study areas of the research.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Theoretical Literature**

The importance of contract management as a business process is increasing as organizations, both within government and industry, focus on reducing costs and improving quality. If your goal is to create a world-class contracting organization, either within government or industry, it is essential to periodically assess where the organization is today in terms of policies, processes, procedures, and performance. Successful contract management is one-way organizations can survive in this environment of business constraints, tightening budgets, and intense competition. With mature sales and purchasing contract management processes, organizations can effectively meet their cost reduction and quality improvement targets (Rene G. Rendon, 2015).

Based on CMPAM, there are 10 contract administration categories which consisted of Governance /enabling environment, Risk management, Performance Monitoring, evaluation and Reporting, Contract Change Management Payment Management, Dispute Management and Resolution, Contract Closeout and lessons learned, Information System establishment, Human Capital and capacity building, and Assurance Systems and Control (UN, 2016).

Monitoring and measurement should be part of the contract performance administration system and should be well planned at the time of target setting. This plan should comprise (Dejan Madjoski, 2016);

- A. Defining Key Performance Indicators (KPIs):- KPIs are measurable, traceable and visible signs or indicators that something has been achieved or not. They are an important part of any performance management system because they are what you actually monitor and measure. In order to be measured the KPIs are set at the beginning of the process, i.e. during the target setting so that assigned employees can immediately start with gathering information.

- B. **Defining Tools and Methods for Monitoring, Measuring and evaluation:** - Next step after the definition of the KPIs is to define the methods, measures, and tools for gathering the necessary information for the analysis. These directly depend on the nature of the goal and the KPI. For example, information can be gathered from activities reports, meeting notes, financial reports, or by surveys, interviews, etc.
- C. **Defining Activities Plan:** - Now it's time to define the activities plan and schedule for monitoring. Again it will depend on the nature of the goal and the KPI how often we will need to gather information and make an analysis. The achievement of some goals may be measured monthly or quarterly, while other goals may require daily measuring and monitoring.
- D. **Defining Resources:** -After the methods and tools have been defined and the activities plan has been set we need to foresee the resources that we'll need to perform the monitoring and measurement. This includes material, financial resources, and people.
- E. **Assigning People:** - assign people who will perform the measurement and monitoring.

Changes in contract administration are inevitable. Just because contracts are supposed to be fixed agreements does not mean that they will escape this inevitability. Circumstances change, needs change, prices change, technology changes demands change, and basically, anything contained within a contract is subject to change at some point. Changes to a contract may not be ideal, but it is bound to happen eventually, and it is an increasingly frequent occurrence. Obviously, contract changes complicate the contract management process, but it does not have to derail things altogether or lead to disputes. (Laura, 2016).

Contract administration should have also dispute management and conflict resolution system. The overarching purpose of the department's Dispute Management Plan is to ensure to adopt a coordinated, consistent and effective approach to preventing and managing disputes. Preventing and managing disputes well reflects our commitment to excel in providing quality service to our clients, interest groups, companies and individuals (Karl, 2013).

“Risk is like fire: If controlled, it will help you; if uncontrolled, it will rise up and destroy you.” If managed well, risk can be an opportunity. Procurement needs to create and take advantage of those opportunities. One way to turn the tables in procurement's favor is to embrace technology. Digitizing contract management processes put every contract online, in one central, searchable

repository that is accessible to any internal party with the proper credentials. Procurement teams gain greater visibility into existing contracts, and the ability to run reports on a contract portfolio to identify opportunities to fuel negotiation efforts and capture more revenue (Matt Lhoumeau, Concord, 2017). It is also not possible to fully integrate these risks in the contractor to eliminate these risks by the parties by evaluation controlling and evaluation of health care commodity procurement contracts system by taking two indicators: comparing **the actual results** (actuals) to the desired outcomes (plan or target numbers), requires a comprehensive information management with respect to the clinical, administrative and financial processes in care delivery and the knowledge of the administrative and clinical processes (Axel C. Mühlbacher Volker E. Amelung and Christin Juhnke, 2018).

The transformation of the contract management process from an administrative, tactical function to a strategic process integral to corporate strategy and directly contributing to the organization's competitive advantage is requiring organizations to take a second look at this critical core process. Organizations that have successfully re-assessed their contract management processes have confirmed the fact that effective contracts depend, to a great extent, on the processes used to create those contracts. Thus, in order to award and successfully manage effective contracts, organizations must have disciplined, capable, and mature contract management processes in place (Rene G. Rendon, 2006).

The Contract Management Maturity Model (CMMM) describes an evolutionary roadmap an organization would pursue in improving its contract management process capability from an ad hoc (immature) process to a continuously improved, or, optimized (mature) process. Mature contract management processes describe organizational capabilities that can consistently produce successful business results for buyers of products, services, and integrated solutions. The CMMM provides its users with a framework or a guide for improving their respective level of performance. It provides a visual tool to help an organization assess the major steps which they must accomplish when either buying products, services, or integrated solutions, in either the public or private business sectors. The maturity levels reflected in the model allow an organization to assess their level of capability for each of the six major steps in their respective buying process (Rene G. Rendon, 2006).

Rene G (2015) described the five levels of maturity ranging from an ad hoc level (Level 1); to a basic level, disciplined process capability (Level 2); to a fully established and institutionalized process capability (Level 3); to a level characterized by processes integrated with other corporate processes resulting in synergistic corporate benefits (Level 4); and finally, to a level in which processes focused on continuous improvement and adoption of lessons learned and best practices (Level 5).

The CMMM assessment results provide various perspectives on an organization's contract management process maturity level. The results may indicate that the organization has varying levels of process maturity for each contract management process area. For example, some process areas may be rated at the "Ad Hoc" maturity level, with deficiencies in established processes, standards, documentation, and management accountability. Yet, other processes may be rated at the "Integrated" maturity level, with process integration with other organizational core processes and with the use of efficiency metrics to make management-level procurement-related decisions. Given these CMMM assessment results, the organization can develop a roadmap for process improvement initiatives as well as workforce competency training for improving its contract management process maturity. For example, an organization with a low maturity level ("Ad Hoc" or "Basic") in the "contract administration" process area will know that it needs to provide additional training or perhaps policies and standards in the areas related to the key practice activities for that specific process area. This is the true value and benefit of the CMMM—the continuous improvement of the organization's contract management processes ((Rene G. Rendon, 2015).

While models like CMMM, provide assessment tools to measure the development of the procurement process as a whole, they address post-award activities in a limited fashion. The Contract Management - Process Assessment Model (CMPAM) was thus developed to provide a tool for a more focused perspective on post- award activities (Rene G. Rendon, 2009).

Post- award activities of the contract management practice can be grouped into three general areas: "the management of service delivery", "the management of the relationship with the supplier" and "contract administration". The first is concerned with ensuring that the service is being delivered in accordance with the agreed performance and quality levels set out in the contract; the second is

concerned with maintaining and developing an open and constructive relationship with the supplier and the last with the formal management of the contract (CIPS, 2007).

Proactively; good contract administration is not reactive, but aims to anticipate and respond to business needs of the future (Samwel Marco, 1999). To measure and control the contract administration of the effective monitoring of contracts allows the government to better benefit from contracting (Brown & Potoski, 2006). During the evaluation phase of contracting, public agencies require evaluation capacity to monitor and evaluate the contractor's performance to determine if its contract responsibilities are met. The key to performance management is the periodic measurement of performance.

Therefore, it is necessary for public agencies to monitor contractors' performance to determine if and how they are meeting performance metrics (Smirnova, Olga et al, 2016). The same authors have conducted research on transit agencies of the U.S to analyze the contract monitoring and performance measurements by taking three dimensions of performance measurement (a) specifying performance measures: by selecting three metrics (1) inputs, (2) outputs and (3) outcomes; (b) determining if and how contractors are meeting performance metrics: by using four techniques (1) customer satisfaction surveys; (2) levels of service provision; (3) customer complaints; and (4) secret shoppers. (c) Holding contractors accountable by rewarding performance and sanctioning failure to perform): by taking (1) penalties, (2), incentives, (3) liquidated damages.

Relationship management. Mutual trust and understanding, openness, and excellent communications are as important to the success of an arrangement as the fulfillment of the formal contract terms and condition (Samwel Marco, 1999).

With the increase in the importance of the procurement function and the procurement function's transformation from a tactical to strategic perspective as reflected in the procurement literature, the Contract Management Maturity Model (CMMM) was developed to assess the capability and maturity of an organization's contract management processes (Rendon, 2003).

Regardless of what type of contract management system a company selects, the system will only be as successful as the training the company provides to its employees and the seriousness with

which the company implements the system and anticipates employee pushback (David M Klein, 2014).

## **2.2 Empirical Literature**

Different studies are conducted on contract management practice of different organizations and governments by applying different models. Rene G. Rendon, (2011) has conducted research on critical success factors on government contract management by applying the “Agency” theory framework. A contract between the government and a contractor reflects a principal-agent relationship. The principal (government) contracts with the agent (contractor) to perform some level of effort, such as developing or manufacturing a product or providing a service. In this relationship, the government’s objectives include obtaining the product or service at the right quality, right quantity, right source, right time, and at the right price (Lee & Dobler, 1984). Contractors, on the other hand, pursue the objectives of earning a profit, ensuring company growth, maintaining or increasing market share, and improving cash flow, just to name a few. Because of the different and conflicting objectives between the principal and agent, each party is motivated and incentivized to behave in a certain manner. This behavior includes either withholding or sharing information. In principal-agent relationships that involve higher levels of uncertainty, which result in higher risk (such as developing an advanced technology weapon system), the information available to the government and contractor is typically asymmetrical.

Agency theory of Rene G. Rendon, (2011) is concerned with the conflicting goals between the principal and agent in obtaining their respective objectives and is focused on mechanisms related to obtaining information (for example, about the marketplace, the supply or service, or the contractor), selecting the agent (to counter the problem of adverse selection), and monitoring the agent’s performance (to counter the effects of moral hazard).

Thus, how contracts are planned (for example, competitive or sole source), structured (fixed price or cost reimbursement, with or without incentives), awarded (based on lowest priced, technically acceptable offer, or the highest technically rated offer), and administered (centralized or decentralized, level and type of surveillance, and use of project teams), has its basis in agency theory and the principal-agent problem. The same author has also performed the research in 2015

by applying contract management maturity model (CMMM) to help U.S federal government agencies measure contract process capability of their procurement.

Whereas, the joint inspection unit in United Nation conducted research on contract management by applying a model called “Contract Management Process Assessment Model” (CM PAM) to measure the contract management capability of the United Nation system in 2014 and 2016. The CM-PAM aims to help organizations identify their level of development in the post-award contract management processes and focus on perceived strengths and weaknesses. Based on CM PAM, there are 10 contract administration categories which consisted of 111 survey questions collected from the organizations included in the study. The research was a cross-sectional study on 10 categories of contract administration which were Contract-management policies and procedures ambiguity, Contract-management structures, roles and responsibilities clarity, Challenges in training and capacity-building, Absence of risk management at contract-management level, Monitoring contract performance improvement requirements, Reporting on contractor performance system, A harmonized vendor-sanctions framework requirement, Assurance systems and control, Contract modifications, Contract remedies enforcement, Information systems adequacy to support contract-management activities and Procurement collaboration and cooperation. The organization has generally found that contract-management practices are deficient in a number of fronts, and this reinforces similar findings of internal and external auditors of United Nations system organizations (UN, 2016).

For an organization with a small number of contracts (of relative complexity) may not have a need for a fully-fledged automation system to manage such contracts. On the other hand, processes and capacities to manage complex and/or high value or high volume contracts are different from those of small or routine contracts and require advanced methods and techniques. The same team identified that there were strong collaboration between parties that are involved in contract management process and also found that weaknesses like high level, (i) the lack of clearly defined structures, roles and responsibilities; (ii) issues concerning human resources and the need for training, (iii) the lack of automation systems support and (iv) a perceived lack of involvement of senior management.

## 2.3 Literature Gaps

A stream of research has been generated on organizational contract management process capability. It is commonly believed that contract management focuses predominantly on the terms and conditions of the contract document itself that means most procurement people think contract management is all about disputes and arguments: has the supplier done what the contract said, what is the penalty if the supplier don't do based on the agreed. In profession Contract management includes every aspect of both the value and risk arising from the contract; it is much more than just managing the specific words in the contract. This research is focused on assessing an organization's contract administration process performance and using the assessment results for discussing and recommending process improvement initiatives.

There are a number of studies conducted on supply chain operation references (SCOR), contract management maturity model (CMMM) and contract management practices of different organizations and sectors. Rene G. Rendon (2003, 2011 and 2015), David M Klein, (2014), and Brown & Potoski, (2006) have conducted studies related to Contract management performance by a model CMMM. CMMM model focuses on the overall procurement process; from purchase, planning to contract close out. However, there is no any study conducted on contract administration except the UN, (2014) for the United Nations system countries to test the performance of the post-award contract management by a new model called "Contract Management Process Assessment Model (CM PAM)". This model focuses on assessing the internal processes of an organization where the organization is intended to reform its contract administration part of procurement. There is no study conducted on the individual organization by CM PAM model to assess the contract administration section of an organization.

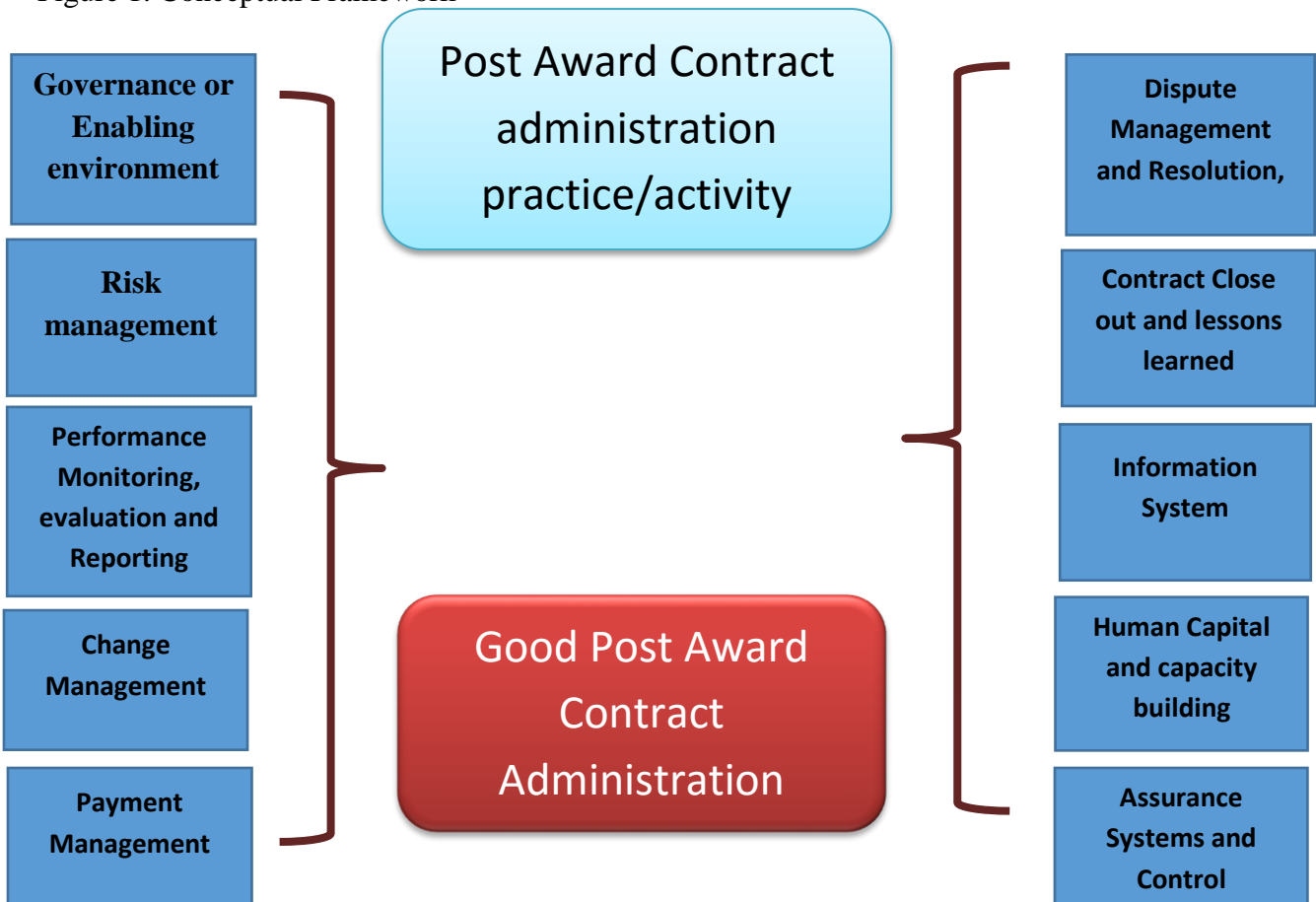
In response, the organizations have introduced reforms to modernize and streamline procurement. Progress has been made on many fronts: procurement functions have been strengthened, platforms and networks have been established, and procurement policies and practices among organizations continue to be harmonized. The reforms, however, have focused mainly on the "pre-award" activities of the procurement process. Less attention has been paid to approaches to effectively manage contracts "post-award" (i.e. after contracts have been signed). This is despite the fact that post-award contract management represents one of the highest risk areas in the procurement life

cycle. Regardless of how well a contract is sourced and awarded, it is the activities after award that determine how effectively the contract achieves its objectives (UN, 2014). Therefore, further studies need to be done on the organization's internal contract administration process to make a reform on the post-award contract management. This study was assumed to be one part of this intention.

## 2.4 Conceptual Framework

The conceptual framework of this study was designed by the author which consists of basic post-award part of the contract management. The framework consists of ten basic areas of activities each of which is practice what can be performed by the agency in order to have good post-award contract administration activity. The following figure presents the conceptual framework of this study. These ten categories from category one to category ten. All the activity are important elements for success ding agency contract administration.

Figure 1. Conceptual Framework



# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1 Descriptions of the study area**

Pharmaceuticals Supply Agency (PSA) was established in 2007 by proclamation number 553/2007 to handle and strengthen the public pharmaceutical supply chain management of the country as proposed by the development of Pharmaceutical Logistics Master Plan (PLMP) in 2006. PSA is organized into nineteen (19) core- and sub-processes at Head Office level (PSA, 2015). The study focus on the area of assessment the contract management practices of PSA in the central level which is responsible for effective, efficient delivery and execution contracts of pharmaceutical product from each contractor/suppliers.

### **3.2 Research Approach**

The research approach is a mixed of quantitative and qualitative methods. Procedurally, data was collected by close and open-ended structured questionnaire and interview as well to get primary data. While models like CMMM, provide assessment tools to measure the development of the procurement process as a whole, they address post-award activities in a limited fashion. The CPAM was thus developed to provide a tool for a more focused perspective on post-award activities (Rene G. Rendon, 2009). Therefore, this study was designed to assess the contract administration (post-award procurement cycle) of PSA by a targeted survey based on the Contract Management - Process Assessment Model (CM-PAM) of the United Nations. This is because, the tool is best fit to measure the performance of contract administration where Ethiopian Pharmaceuticals supply agency has a separate unit to execute after award activities of a contract, name “Contract Management Directorate”. The categories under this model are adapted to the agencies contract administration practices and the model is found not to be in conflict with the activities done in EPSA. The model is not related with any rules and regulations but the activities

that are being done under contract administration which are universal in any procurement procedures and used to internally assess processes.

Thus, the study uses this model to apply and has ten categories with an average of 5 elements which states the presence or absence of the activity in the contract administration of the agency under each category.

### **3.3 Research Design**

In this study, the descriptive research design used to assess the performance, area of improvement and overall practices of contract administration in EPSA. This was done by a survey questionnaire delivered to those contract administration experts employed in EPSA. The research covers at least 10 categories of contract administration practices which contains “Governance or Enabling environment”, “Performance Monitoring, Evaluation, and Reporting”, “Contract Close-out and Lessons Learned”, “Information Systems” and “Human Resources and Capacity Building” among them.

### **3.4 Population of the study**

All directorates and branches of the agency were the populations for this study.

#### **3.4.1 Study Population and samples**

Contract management and tender management directorate of the agency in the head office were taken as the study population. Tender management directorate of the agency has four technical teams; revolving drug fund pharmaceuticals procurement team, Program pharmaceuticals procurement team, Chemical, and medical supplies procurement team and medical equipment procurement team. Whereas, contract management directorate has four technical working teams; Bank and insurance team, Shipment follow up team, Medical equipment, and supplies clearance and installation case team, and contract administration team. These all including directors were the study participants except the secretaries and messengers. The sampling procedure applied was a purposive type so as to get valid information from professionals who were working on or doing

related works with contract administration and therefore there were no sample size determination procedures. However, the total sample size was 57 as described below.

**Table 1;** Sample Size of the study

S. No	Tender Management Directorate				Contract Management Directorate			
	RDF pharmaceuticals Procurement Team	Program Pharmaceuticals Procurement Team	Chemicals and medical supplies Procurement Team	Medical Equipment procurement Team	Bank and Insurance	Shipment follow up and port clearance	Medical equipment and supplies clearance and installation case team,	contract management team
1	3	6	5	5	7	19	5	5
Total	19 +one director of the Directorate				36+ one director of the Directorate			
Grand Total	57							

**Source: EPSA organizational structure, 2019**

### 3.5 Data source and type

The sources of Data for conducting this research were primary sources collected from both structured questionnaire and interview. The primary data was gathered through a well-developed questionnaire adopted from CM PAM of UN from the study population which has ten categories.

### **3.6 Instruments and Data collection procedures**

With regard to the data collection procedure, survey questions and interview on ten categories of contract administration process were administered to 57 respondents from both “tender management directorate”, where contract award and draft contract was being prepared and “contract management directorate”, where the contract administration process was being managed. The survey questions were adapted from UN’s CM PAM post-award contract process assessment model standard questions which were categorized in to ten major categories of Contract administration process; “Governance / enabling environment”, “Risk management”, “Performance monitoring, evaluation and reporting”, “Change management”, “payment”, “Dispute management and resolution”, “Contract close-out and lessons learned”, “Information systems”, “Human capital and capacity-building”, and Assurance systems and Control. The questions were designed in such a way that respondents are expected to give their level of agreement in a 5 level scale for the statements provided to measure contract administration practice of the agency. Respondents were contacted physically to explain the purpose and nature of the study in order to have desired and actual data and were oriented about the general information on the purpose and its anonymity of the study. Then, the questionnaire and interview were administered to respondents and the questionnaire was collected physically from the respondents at their working place by the researcher and supporters of the researcher on the same day. The questions are prepared in English. Among 57 respondents, 3 respondents were on their annual leave and only 54 responses (90 % response rate) were obtained.

### **3.7 Data analysis**

The data collected from both questionnaires and interview were analyzed by using descriptive statistics in the form of frequencies and percentages to make statistical test and inference of the quantitative and quantitative data. Mean and standard deviations were also utilized to describe the data collected.

Finally, the pi chart and tables were used to visually describe the results. The statistical packages for social science (SPSS) statistical analysis tool and the Google sheet pivot table were employed for doing the analysis.

### 3.8. Measurement of the Study

The survey answer for each statement scored based on a five-point scoring scale that ranks from 1 to 5 (1-Never, 2-Seldom, 3-Sometimes, 4-Most of the Time, 5-Always) for structured questions as well as interviews. The highest achievable score for each category was 5 and the least was be 1. Whereas, the total highest score for all categories is to be 50 and the least 10 points. The agency’s average category score is derived by two-step process, whereby scores assigned by individual responses to each process are first added and then divided by the total number of processes within that category, and secondly, category scores are added up and divided by the number of respondents in that category. Then, the result was be compared with the highest and the lowest scores of the model to categorize the contract administration performance of the agency.

### 3.9. Reliability

The reliability of the study is tested by using Cronbach’s alpha confirmation (0.70). The value of the Cronbach’s alpha is found to be 0.942 which is greater than 0.70 so that the result obtained was found to be reliable. The summary of the reliability test was as below depicted by the table. A number of respondents that responded fully to all the statements under 10 categories were 50.

**Table 2:** Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.942	.942	50

**Source:** Own data, 2019

### **3.10 Validity**

This research has adopted a standard questionnaire developed by the joint inspection unit (JIU) of the UN to assess the post-award contract administrations. Furthermore, in order to get valid data and confirm the validity of instruments used to collect data, two contract practitioners from the agency were consulted and given the questionnaire to comment so as to customize to the agency context.

### **3.11 Ethical Consideration**

The participants that took part to the survey were briefed about the purpose of the study, high confidentiality of the study, and were given freedom to resign themselves at any time in the processes of the data collections if they felt uncomfortable with the survey. Fortunately, all participants were willing to take part in the study. The participants were also given the right to ask and understand their role in the data collection activity to find answers to the research questions and were addressed by explaining the essence of the study to all respondents by the researcher during the survey. They were also briefed about the confidentiality of the data to be kept and the data would be used only for the purpose of assessing the contract administration and would not be given for other bodies. The responses collected from the participants were analyzed directly without any change by the researcher but with anonymously.

## **Chapter Four**

### **4. Results and Discussion**

#### **4.1 Result Presentation**

This chapter presents and discussed the results deduced from the data collected by the structured questionnaire and interview adopted from Contract Management Process Assessment Model- CM-PAM of JIU of UN with regard to Contract administration practice of Ethiopian Pharmaceuticals Supply Agency. The discussion is divided into two sections which are socio-demographic characters of the respondents and the data collected to answer the research questions of this study

##### **4.1.2 Socio-demographic characteristics of respondents**

The background information of the respondents such as age, sex, education qualification and years of experience were fully filled except the directorate where three respondents didn't fill in. The general socio-demographic characteristics of the respondents asked to describe were; Age, Sex, Educational Qualification, Directorate of their work unit and Years of Service. These 54 respondents gave their socio-demographic requests except two who left to fill their directorate and one who left filling its years of service as described by the table below.

*Table 3: Socio-Demographic Characters of Respondents*

Summary Table for Respondents			
Sio-Demographi Character	Sub Category	Frequency (n)	Percent
Age	20-30 Years	27	45%
	31-40 Years	24	40%
	41-50 Years	2	3.7%
	51 and above Years	1	1.9%
Sex	Male	37	61.7%
	Female	17	28.3%
Educational Qualification	Diploma	7	11.7%
	First Degree	40	66.7%
	Second Degree and above	7	11.7%
Directorate	Tender Management	17	61.7%
	Contract Management	15	25.0%
	Missed	2	3.3%
Years of Service	Less than Three Years	25	41.7%
	3-6 Years	14	23.3%
	Greater than Six Years	14	23.3%
	Missed	1	1.7%

**Source:** Own data, 2019

When the frequency of each sociodemographic character is observed, most of the respondents were aged from 20-30 years (45%) and 61.7% of the respondents were male and 28.3% were female.

Most of the respondents were hold a first degree (66.7%) and 61.7% were from Contract management directorate.

Most of the respondents gave their level of experience below three years which was 41.7%. The respondents between 3- 6 years and above 6 years shared equal 23.3 % of the respondents.

### **4.1.3 Contract Administration Practice of Ethiopian Pharmaceuticals Supply Agency**

Under this category, five basic statements were formulated by the CM PAM survey tool to test if the organization designs its governance suitable for better contract administration. Respondents were requested to give their level agreement by a Likert scale which ranges from one- which stands for service or activity is never provided/done, Two- which stands for service/activity is ‘Seldom’ provided/done, Three- service/activity is ‘Sometimes’ provided/done, Four-

service/activity is ‘Most of the time’ provided/done and Five- service/activity is ‘Always’ provided/done.

### A. Governance /Enabling environment

**Table 4:-** Frequency Table for Category I, Enabling Environment of Contract Administration of the Agency

Statement question		Never		Seldom		sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
		<b>Category I</b>	The organization provides a clear vision and strategy for the Contract administration of contracts.	3	5.3	8	14	26	45.6	12	21.1	5	8.8
Contract administration activities have adequate financial and human resources.	3		5.3	14	24.6	24	42.1	11	19.3	2	3.5	54	94.7
Depending on the value, size or complexity of contracts, the organization uses an integrated team approach to managing contracts, consisting of multifunctional teams	2		3.5	18	31.6	17	29.8	14	24.6	3	5.3	54	94.7
Code of ethics guidelines related to procurement is systematically distributed to all staff managing contracts.	4		7	12	21.1	23	40.4	11	19.3	4	7	54	94.7

**Source:** Own data, 2019

From 54 respondents, most of them (45.6%) gave their agreement that the Contract Administration Directorate sometimes provides a clear vision and strategy for the Contract administration of contracts. The least level of the agreement provided by the respondents was 5.3% for never providing a clear vision and strategy. The highest level of agreement was only 8.8 %.

For statement two of category one, most of the respondents (42.1%) gave their level of respondents that the Contract Administration Directorate sometimes has adequate financial and human resources for contract administration activities. Only two respondents agreed that the Contract Administration Directorate always has adequate financial human resources. 19.3% gave their level of agreement that most of the time the Contract Administration Directorate has adequate financial and human resources to do its contract administration activities.

Statement three is about the presence of an integrated multifunctional team to manage contracts. 31.6% of the 54 respondents gave their level of agreement that the Contract Administration Directorate seldom has an integrated multifunctional team for the management of contracts.

For the fourth statement under Category one of the survey, most of the respondents gave their level of agreement on the Code of ethics guidelines related to procurement are systematically distributed to all staff managing contracts, was found to be 3 (sometimes). The second large number of respondents' agreement was on seldom provision of the guideline materials. Only 4 respondents (7%) gave their level of agreement as Always and Never equally.

The last statement that respondents were required to give their level of agreement was on the establishment of "Contract Management Committees" in "In large or complex contracts" for the duration of the contract administration period? The survey result showed that 29.8 % of respondents gave their answer that the Contract Administration Directorate has no "Contract Management Committees" in large or complex Contract administration for the duration of the "contract". Only 2 respondents gave their level of agreement that the Contract Administration Directorate "Always" has a practice of establishing "Contract Management Committees" in large or complex Contract administration for the duration of the "contract". The next large number of respondents (24.6%, seldom) provide their level of agreement that the Contract Administration Directorate establishes "Contract Management Committees" to manage large or complex Contract.

**Table 5:-**Statistics Table for Category I; Governance /Enabling an environment

Item	N=54	Mean	SD
Category I Statement One		3.15	.979
Category I Statement Two		2.91	.917
Category I Statement Three		2.96	.990
Category I Statement Four		2.98	1.019
Category I Statement Five		2.37	1.218
Average mean		2.87	

**Source:** Own data, 2019

From 54 respondents gave their level of agreement and the range of their agreement was found 4 (four), that is the least value of the agreement was 1 (one) and the highest value was 5 (five). The mean of survey result showed that almost the same value was given for the whole statements except for Statement five which was near to two and near to three.

The standard deviation for each statement of the category is 0.979, 0.917, 0.990, 1.019 and 1.218. The maximum sum of agreements was obtained for statement one of category I (Organization provides a clear vision and strategy for the Contract administration of contracts).

## B. Risk Management

**Table 6.** Frequency Table for Category II, Risk Management

Statement questions		Never		Seldom		sometime		Most of the time		Always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
Category II	There is a risk management plan in place for the post-award activities that include a risk mitigation plan.	4	7	19	33.3	17	29.8	12	21.10	2	3.5	54	94.7
	Contract risk is assessed frequently over the life-cycle of the contract.	4	7	21	36.8	19	33.3	10	17.5	3	5.3	54	94.7
	There is clear designation of responsibility for implementing any necessary risk mitigation treatment.	11	19.3	12	21.10	17	29.80	9	15.80	4	7	54	94.7
	Contractors are involved in identifying contract risks.	11	19.30	11	19.30	14	24.80	15	26.30	3	5.3	54	94.7
	Contract administration related risks are quantified and expressed in financial terms.	11	19.30	13	22.80	14	24.60	12	21.10	4	7	54	94.7

**Source:** Own data, 2019

For the first statement, the majority of respondents (33.3%) gave their level of agreement as to the Contract Administration Directorate “seldom” practices. Only 2 respondents agreed for the

Contract Administration Directorate “always” practice risk management plan for risk mitigation in the post-award activities of its procurement. The next high number of respondents (29.8%) gave that the agency “sometimes” has a plan for “risk management”.

The next statement under this category was that “Contract risk is assessed frequently over the life-cycle of the contract”. For this statement, the 21 respondents from 54 (36.8%) gave their level of agreement on “seldom”. There is no any respondent who gave “Always” for this statement. 33.3 % of the respondents gave “Sometimes”.

The third statement about EPSA level of activities on contract administration practice was that “There is a clear designation of responsibility for implementing any necessary risk mitigation treatment”. The response collected from the 53 valid respondents for this statement was that 29.8%- “Sometimes”, 21.1% “Seldom”, 19.3% “Never”, 15.8% “Most of the time” and 7% was “Always”.

The fourth statement in this category was “Contractors are involved in identifying contract risks.” For this statement, 26.3% of the respondents gave that “most of the time” Contractors are involved in risk management. 24.6% of the respondents replied that sometimes contractors are involved in risk management in identifying the contract risks. Only 3 (5.3%) respondents agree that the Contract Administration Directorate “Always” involve Contractors in identifying contract risks. Still, 11 respondents agree that the agency has never involved the contractors to risk management.

The last statement for category two was “Contract administration related risks are quantified and expressed in financial terms”. For this statement, most of the respondents (24.1%) gave their agreement that the Contract Administration Directorate “sometimes” quantify contract administration related risks in terms of finance. 13 respondents (22.8%) gave their agreement that the Contract Administration Directorate seldom quantify the risk in terms of finance. 11 Respondents (19.3%) agreed that the Contract Administration Directorate never quantify the contract administration related risks in financial terms.

**Table 7:-**Statistics Table for Category II; Risk Management

Item	N= 54	Mean	SD
Category II Statement One		2.80	.998
Category II Statement Two		2.65	.872
Category II Statement Three		2.68	1.205
Category II Statement Four		2.78	1.223
Category II Statement Five		2.72	1.235
Average Mean		2.72	

**Source:** Own data, 2019

According to the survey result, all 54 respondents give their level of agreement for all statements except for statement three where one respondent didn't give its agreement. The mean of the level of agreements was obtained nearly the same (2.8 for the statement I, 2.65 for statement II, 2.68 for statement III, 2.78 for statement IV, and 2.72 for Statement V).

The standard deviation from the mean of the agreement was 0.998, 0.872, 1.205, 1.223, and 1.235 for statement one, two, three, four and five respectively. The maximum sum of agreements was given for statement one (There is a risk management plan in place for the post-award activities that includes a risk mitigation plan) of this category. The minimum sum was obtained for Statement three (There is a clear designation of responsibility for implementing any necessary risk mitigation treatment).

### C. Performance Monitoring, Evaluation, and Reporting

**Table 8:-** Frequency Table for Category III, Performance Monitoring, evaluation and Reporting

Statement questions		Never		Seldom		sometime		Most of the time		Always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category III</b>	An evaluation of the overall performance of a contract is conducted, and is fed back into the procurement system and management process.	2	3.5	10	17.5	18	31.6	16	28.1	8	14.0	54	94.7
	Clear, measurable and relevant performance indicators (KPIs) are developed.	1	1.8	9	15.8	18	31.6	17	29.8	9	15.8	54	94.7
	KPIs are systematically monitored.	4	7	7	12.3	28	49.1	13	22.8	2	3.5	54	94.7
	Reports on the performance of individual contracts are systematically submitted up the management chain periodically and timely.	2	3.5	10	17.5	24	42.1	11	19.3	5	8.8	54	94.7
	Senior management actively monitors performance of contracts.	2	3.5	10	17.5	24	42.1	11	19.3	5	8.8	54	94.7

**Source:** Own data, 2019

For the statement one (“An evaluation of the overall performance of a contract is conducted, and is fed back into the procurement system and management process”), Eighteen (31.6%) respondents were agreed that the Contract Administration Directorate “sometimes” conduct overall performance evaluation and feed to the management. Sixteen respondents (28.1%) agreed that most of the time the Reports on the performance of individual contracts (spot checks, progress reports, variance analysis, etc.) are systematically submitted up to the management chain periodically and timely. Eight (14%) gave their level of agreement that the Contract

Administration Directorate always conducts the evaluation and feed to the management. Two respondents replied that the Contract Administration Directorate never conducts the evaluation. Therefore, the majority of the respondents agreed that the Contract Administration Directorate has been practicing performance evaluation of contract administration and gives feedback to the management of the agency.

For the second statement of this category (“Clear, measurable and relevant performance indicators (KPIs) are developed”), the majority of the respondents (18, 31.6%) agreed that the agency sometimes develops clear, measurable and relevant key performance indicators to measure and manage contract administration. Seventeen of the respondents (29.8%) gave their agreement that the Contract Administration Directorate most of the time develops clear, measurable and relevant measurement indicators (KPIs). Only one respondent agreed on the Contract Administration Directorate never develops the key performance indicators. Nine of the respondents agree that the Contract Administration Directorate always develop the performance indicators to measure and manage contract administration.

For the third statement (“KPIs are systematically monitored”), sometimes the agency systematically monitors KPIs. Twenty-eight (49.1%) of these respondents agreed on this. The rest thirteen (22.8%) agreed that the Contract Administration Directorate most of the time monitors KPIs systematically. Only two respondents agreed that the Contract Administration Directorate always monitors the KPIs. Therefore, according to this survey result the Contract Administration Directorate monitors KPIs systematically but not consistently.

Fourthly, the study participants were asked to give their level of agreement on the statement “Reports on the performance of individual contracts (spot checks, progress reports, variance analysis, etc.) are systematically submitted up to the management chain periodically and timely”. The majority of the respondents (42.1%) still give that sometimes the contract administration unit reports on the performance of the individual contracts and submitted to the management periodically and timely. The next majority of respondents (19.3 %) agreed that most of the time the contract administration directorate reports the performance of the individual contracts to the management unit. Two among the 52 valid respondents, agreed that the contract administration directorate never reports the performance of individual contracts.

The fifth and the final statement under category III was; “senior management actively monitors the performance of contracts”. The majority of the respondents agreed that the senior management of the agency sometimes (33.3%) and most of the time (21.1%) actively monitors the performance of contracts.

**Table 9:-** Statistics table for Category III: Performance Monitoring, evaluation, and Reporting

Item	N=54	Mean	SD
Category III Statement One		3.33	1.064
Category III Statement Two		3.44	1.022
Category III Statement Three		3.04	.910
Category III Statement Four		3.13	.971
Category III Statement Five		3.13	1.127
Average Mean		3.21	

Source: Own data, 2019

For these statements, all 54 gave their level of agreements for statement one, two and three. Whereas, two respondents left filling their agreement for statement four and one respondent from 54 participants left filling its agreement for statement five. The mean of the respondents for this category for each statement was; 3.33 (statement one), 3.44 (for statement two), 3.04 (for statement three), 3.13 (for statement four), and 3.13 for statement five). The standard deviation for each statement from their mean value was found to be 1.064, 1.022, 0.910, 0.971, and 1.127 for the statements one, two, three, four and five respectively. This showed that the Contract Administration Directorate has better practice on the development of Clear, measurable and relevant performance indicators but least practicing on reporting on the performance of individual contracts.

## D. Change Management

**Table 10:-** Frequency Table for Category IV, Change Management

Statement questions		Never		Seldom		Sometime		Most of the time		Always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category IV</b>	Change control clauses and administrative procedures are in the contract and define how changes should be managed throughout the contract life-cycle.	2	3.5	9	15.8	27	47.4	15	26.3	1	1.80	54	94.0
	Contract changes that cause an increase in funds are not executed without a certification of availability of funds.			16	28.1	22	38.6	8	14	7	12.3	53	93.0
	Standard templates exist for processing change requests and contract modifications.	2	3.5	12	21.0	21	36.8	14	24.6	4	7	53	93
	The role of Contract Review Committees in contract modifications is clearly defined.	12	21.1	14	24.6	17	29.8	9	15.8	2	3.5	54	94.7
	An analysis of contract modifications and associate costs is prepared on an aggregate basis and submitted periodically to senior management.	6	10.5	16	28.1	16	28.1	13	22.8	3	5.3	54	94.7

**Source:** Own data, 2019

For the first statement under category four, 47.4% of the participants responded that change control clauses and procedures are sometimes defined how to manage contract changes. 26.3% of

participants agreed that the agency has a contract in which change control clauses and procedures are defined to manage contract changes. Two respondents said that the agency never has a contract which defines contract change control clauses and procedures to manage the change of contracts.

The second statement for which the respondents were asked to give their level of agreement was; “Contract changes that cause an increase in funds are not executed without a certification of availability of funds”. 38.6% of the respondents provide their level of agreement that the agency sometimes not executed contract changes that cause an increase without certification of the availability of funds. The next large number of respondents (28.1%) gave their level of agreement that the agency seldom not executed contract changes that cause an increase in funds without certification of fund availability. There was no respondent that agree on never on statement one. Seven (12.3%) respondents gave that the agency always takes care of executing the contract changes that cause an increase in funds.

The third statement was that “Standard templates exist for processing change requests and contract modifications”. For this statement the level of agreements were 36.8%- sometimes, 24.6%- most of the time, 21.1% seldom, 7.0% always, and 3.5%- never. One respondent didn’t give its level of agreement for this statement.

For the fourth statement under this category, the majority of the statements provide their level of agreement as “sometimes” and “Seldom”. That is the practice of the agency on the role of the contract committee on contract medication is limited.

Twelve participants (21.1%) responded that the agency or the contract administration directorate of the agency does not have a contract committee to play a role in the contract modification.

The last statement was; “An analysis of contract modifications and associate costs is prepared on an aggregate basis and submitted periodically to senior management.” An equal response on the level of agreement was provided, which was 28.1% of the 54 participants agreed that the agency sometimes and seldom conducts an analysis of contract modification and associated costs on the aggregate basis. Thirteen respondents gave their agreement that most of the time the contract administration directorate of the agency makes an analysis of contract modification. Six of the participants agreed that the agency never do an analysis of contract modification

**Table 11:-** Statistics table for Category IV: Change Management

Item	N=54	Mean	SD
Category IV Statement One		3.07	.821
Category IV Statement Two		3.11	.993
Category IV Statement Three		3.11	.974
Category IV Statement Four		2.54	1.128
Category IV Statement Five		2.83	1.095
Average Mean		2.93	

**Source:** Own data, 2019

From 54 respondents, one respondent didn't give its agreement on statement two and three. For the other statements, all the participants (54) gave their agreement. The means of the response given for every five statements were 3.07, 3.11, 3.11, 2.54 and 2.83 for statement one, two, three, four and five respectively. The standard deviations from the mean were 0.821 for statement one, 0.993 for statement two, 0.974 for statement three, 1.128 for statement four and 1.095 for statement five. The maximum sum of the agreements was for statement one (Change control clauses and administrative procedures are in the contract and define how changes should be managed throughout the contract life-cycle) and the minimum sum was statement four (The role of Contract Review Committees in contract modifications is clearly defined). This implies that the agency has a better practice of change control clauses and administrative procedures and has least practices for the establishment of contract committee in the managing contract modification.

## F. Payment Management

**Table 12:-** Frequency Table for Category V, payment management

Statement questions		Never		Seldom		Sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category V</b>	All necessary authorizations and approvals are obtained prior to making payments.	1	1.8	11	19.3	7	12.3	17	29.8	18	31.6	54	94.7
	Payments are linked to performance of contracts.	9	15.8	11	19.3	9	15.8	15	26.3	10	17.5	54	94.7
	When contract price adjustments are allowed, pricing arrangements are regularly reviewed and updated.	7	12.3	10	17.5	14	24.6	17	29.8	5	8.8	53	93
	The organization measures its own cost of managing contracts.	4	7	15	26.3	14	24.6	15	26.3	6	10.5	54	94.7
	The organization maintains a record and reports to management cases of delays in payments and causes of delay.	1	1.8	7	12.3	14	24.6	24	42.1	8	14.0	54	94.7

**Source:** Own data, 2019

For the first statement, the majority of the respondents (31.6%) agreed that the payment was made after the necessary authorization is obtained. Only one respondent agreed never on authorization to make payment. 29.8 % of the participants responded that the agency makes payment most of the time after necessary authorization is obtained.

On the second statement on category five, the agency most of the time linked payments with the performance of the contract. The majority (26.3%) were agreed on this and 19.3% agreed that seldom the agency linked payment with the performance of a contract. 10 respondents agreed that the agency always linked payment with the performance of contracts. Nine gave their level of agreement never for this statement.

The next survey presents that the agency was most of the time price adjustments were regularly reviewed and updated when a price change is allowed. This level of agreement was 29.8% as maximum and sometimes was the next large majority that respondents agreed upon. Ten respondents agreed seldom and seven never on price adjustment reviewing. It was also observed that one participant of the survey gave its understanding and know how on the comment space provided that this statement didn't work for the agency because of the fact that price change after contracting is not workable.

The fourth level of agreement was collected on how the agency was practicing measurement of its own cost of managing contracts. Two equal levels of agreements (most of the time and seldom; which is 26.3%) were obtained. 24.6 % of the respondents agreed that the agency sometimes measure its own cost of managing contracts

The fifth statement on the fifth category was on the practice of the agency on maintaining a record and report to managing delays in payment and cases of delay. The survey result showed that most of the time the agency maintains records and reports to manage contract delays. 42,1% which the majority of the respondents agreed on this. 24.6% of the next major number agreed that the agency sometimes maintains such records and reports to manage delays. Only one respondent agreed that the agency never maintains records and reports. 14.0% of the respondents gave their level of agreement that the agency always maintain records and reports to manage delays for payment and causes of delays.

**Table 13:-** Statistics Table for Category V: Payment Management

Item	N= 54	Mean	SD
Category V Statement One		3.74	1.185
Category V Statement Two		3.11	1.383
Category V Statement Three		3.06	1.200
Category V Statement Four		3.07	1.147
Category V Statement Five		3.57	.964
Average Mean		3.32	

**Source:** Own data, 2019

All 54 participants gave their level of agreement for statement one, two, four and five. One participant missed filling its level of agreement for statement three. The means of the agreement for each statement were; 3.74, 3.11, 3.06, 3.07 and 3.57. The standard deviation was 1.185 for statement one, 1.383 for statement two, 1.200 for statement three, 1.147 for statement four and 0.964 for statement five. The highest most maximum sum agreement level for this category was statement one (“All necessary authorizations and approvals are obtained prior to making payments”) and the minimum level of the agreement under this category was statement three (“When contract price adjustments are allowed, pricing arrangements are regularly reviewed and updated”). Two respondents provided their understanding that there was no price change scenario in contract administration practice of the agency under the comment section of the questionnaire. Therefore, it was expected that the level of agreement for this statement is to be minimum. On the other side, it is observed from the survey result that the agency was found to better practice on making payment after necessary authorization and approvals were obtained.

## G. Dispute Management and Resolution

**Table 14:-** Frequency Table for Category VI, Dispute Management and resolution

Statement questions		Never		Seldom		sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
Category VI	Contracts include clear dispute resolution procedures that provide for an efficient and fair process to resolve disputes during the performance of a contract	2	3.5	7	12.3	21	36.8	15	26.3	9	15.8	54	94.7
	Organization provides adequate legal support for dispute resolution cases.			9	15.80	13	22.8	24	42.1	8	14.0	54	94.7
	Processes to terminate contracts due to cause or default are in place and in use.	1	1.8	5	8.8	17	29.8	21	36.8	9	15.8	53	93
	Clear policies and procedures are in place to debar/ delist contractors (including guidance on causes for debarment).	3	5.3	9	15.8	21	36.8	18	31.6	3	5.3	54	97.7
	If a database of debarred/ delisted contractors exists, it is constantly updated.	6	10.5	14	24.6	20	35.1	13	22.8	1	1.8	54	94.7

**Source:** Own data, 2019

According to the survey result, for this category understatement one, it is observed that the contract of EPSA has sometimes clear procedures to efficiently resolve disputes in the performance of contracts. The majority of the study participants (36.8%) agreed upon it and 26.3% of the respondents, the second majority in number agreed that the agency's contract has clear procedures for dispute resolution in the execution of contracts. 15.8 % of the third large number of respondents gave their agreement that the agency's contract has clear dispute resolution procedures for the execution of contracts.

The survey result for the second statement of the category showed that most of the time the agency provides the legal support for dispute resolution in performing contracts. 42.1 % of the respondents agreed on it and 22.8% agreed sometimes the agency provides legal support for dispute resolution. 15.8% gave their level of agreement on the agency seldom provides legal support. However, eight participants (14.0%) provide that the agency provides legal support to efficiently resolve the dispute.

The third statement used to describe this category was; “Processes to terminate contracts due to cause or default are in place and in use”. Most of the time the agency has a process to terminate contracts for default. The majority of the respondents (36.8%) agreed on it. 29.8% of the participants gave their agreement that the agency sometimes has a process to terminate contracts for default. Only one respondent agreed that the agency never has processes to terminate contracts.

The survey result on clear policies and procedures to debar and delist contractors showed that the agency has no consistently clear policies and procedures to debar and delist contractors. The majority of the respondents (36.8%) agreed that the agency has sometimes clear policies and procedures for debarment. 31.6% of the respondents agreed that most of the time the agency has clear policies and procedures to debar contractors.

The last statement under the sixth category that was used to test the activities of the agency was; “If a database of debarred/ delisted contractors exists, it is constantly updated.” The survey result revealed that sometimes the agency updates the debarred list. 35.1% were agreed on this and 24.6 % of the respondents gave their consent that the agency seldom updates the debarred list. Only one respondent agreed that the agency always updates the debarred list. 13 respondents (22.8%) agreed that the contract administration unit most of the time updates the debar list

**Table 15:-** Statistics table for Category VI: Dispute Management and Resolution

Item	N= 54	Mean	SD
Category VI Statement One		3.41	1.037
Category VI Statement Two		3.57	.944
Category VI Statement Three		3.60	.947
Category VI Statement Four		3.17	.966
Category VI Statement Five		2.80	.998
	Average Mean	3.32	

**Source:** Own data, 2019

Except for one respondent for statement three (Processes to terminate contracts due to cause or default are in place and in use), all 54 participants gave their level of agreement for this category. The mean of the agreement for each basic element of the category includes; 3.41 for statement one, 3.57 for statement two, 3.60 for statement three, 3.17 for statement four and 2.80 for statement five. The standard deviation from the mean for each statement was 1.037, 0.944, 0.947, 0.966 and 0.998 for statement one, two, three, four and five respectively. The maximum level of agreement was five for all statements and one is the minimum level of agreement for all but two for statement two. The maximum sum of agreements by the respondents was found to be on statement two (“Organization provides adequate legal support for dispute resolution cases,”) and the minimum sum of levels of agreements was on statement five.

## G. Contract closeout and lessons learned

**Table 16:-** Frequency Table for Category VII, Contract close out and lessons learned

Statement questions		Never		Seldom		sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category VII</b>	There is a well-documented process for contract completion and close-out, including checklists, to verify that all contractual obligations have been fulfilled.	1	1.8	8	14.0	20	35.10	18	31.6	7	12.30	54	94.7
	Financial securities are immediately after they become moot.	1	1.8	6	10.5	9	15.80	29	50.98	9	15.8	54	94.7
	Warranty periods are judiciously observed.	3	5.3	8	14	17	29.80	18	31.60	8	14	54	94.7
	There are processes in place for storage, handling, and disposal of contract files.	1	1.8	12	21.10	19	33.3	17	29.8	5	8.8	54	94.7
	Lessons learned and best practices are inserted in a central database for use in subsequent contracts.	5	8.8	13	22.8	16	28.10	15	26.3	5	8.8	54	94.7

**Source:** Own data, 2019

The first activity or statement under the seventh category was; “There is a well-documented process for contract completion and close-out, including checklists, to verify that all contractual obligations have been fulfilled”. The survey result showed that EPSA has no consistent well-documented process of contract close out. It is sometimes it well document to verify that all contractual obligations have been fulfilled. This is supported by 35.1% of the respondents. 31.6% of the respondents agreed that most of the time the agency has a well-documented procedure for contract completion. Still, there were 7 respondents (12.3%) who agreed that always the agency has a well-documented procedure of contract completion to verify that all contractual obligations

have been fulfilled. Only one respondent who agreed that the agency never has a well-documented procedure for contract close out.

The agency has a better practice of financial liquidation after contract close out. 50.9% of the respondents agreed that most of the time the agency makes financial liquidation like the return of bid bonds, performance bonds, and advance payment bonds after the contract is closed out. 15.8% of the respondents agreed that the agency always perform financial liquidation and other 15.8% gave their agreement that sometime the agency performs financial liquidation. Only one respondent agreed that the agency never performs financial liquidation.

The third activity that was asked to the respondents to give their level of the agreement under category seven was; “Warranty periods are judiciously observed”. From the survey result, the contract administration unit most of the time follows the warranty period. 31.6% of the study participants agreed on it. The next large number of respondents agreed that the agency sometimes judiciously follow warranty periods after contract close out. 14.0% of the respondents also agreed that always the agency followed the warranty period judiciously and the other 14.0% agreed on seldom

For the fourth activity or statement, the agency has no consistent processes placed for storage, handling and disposal of contract files 33.3% of the respondents agreed on this by giving their agreement on sometimes. 29.8% of the total participants agreed that most of the time the agency has a process for storage, handling, and disposal of contract documents upon contract close out. There were respondents who gave their level of agreements that the agency seldom has processes to handle, store and dispose of documents after contract close out. Only one respondent agreed that the agency never has a process for storage, handling, and disposal of contracts

The last activity under contract closeout the category of CM-PAM model was that “Lessons learned and best practices are inserted in a central database for use in subsequent contracts”. This is the section under this category that least is practiced by the agency as per the survey result obtained. 28.1% agreed that the agency sometimes updates the database for lessons learned from contract execution. 26.8% agreed that most of the time the agency inserted lessons learned from contract execution into the central database for the subsequent contract. 22.8% replied seldom and five respondents replied the agency never practiced this activity.

**Table 17:-** Statistics table for Category VII: Contract Closeout and lessons learned

Item	N= 54	Mean	SD
Category VII Statement One		3.41	.962
Category VII Statement Two		3.72	.940
Category VII Statement Three		3.37	1.087
Category VII Statement Four		3.24	.970
Category VII Statement Five		3.04	1.132
Average Mean		3.36	

**Source:** Own data, 2019

All of the study participants gave their agreement for all statements under this category. The means of the agreement for each statement were 3.41, 3.72, 3.37, 3.24 and 3.04 for activity one, two, three, four and five. The standard deviation from the mean for each activity was found 0.962, 0.940, 1.087, 0.970 and 1.132 for activity one, two, three, four and five respectively. The maximum sum of agreements (3.72) for the activities under the category was for activity two (Financial securities are liquidated (release of bid bonds, performance bonds, advance payment bonds, etc.) immediately after they become moot and the minimum sum (3.04) was for statement or activity five (“Lessons learned and best practices are inserted in a central database for use in subsequent contracts”). This showed that the agency best practices financial liquidation after the contract is closed out but least performed for database update for of lessons learned from contract execution.

## H. Information System

**Table 18:-** Frequency Table for Category VIII, Information System

Statement questions		Never		Seldom		Sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category VIII</b>	The organization uses automation systems and procedures for collecting and monitoring contract management statistics.	10	17.5	14	24.6	13	22.8	13	22.8	4	7	54	94.7
	Degree of automation of post award management activities is based on a cost/benefit analysis.	9	15.8	13	22.8	12	21.1	15	26.3	5	8.8	54	94.7
	Contract management functionality is integrated with other systems or subsystems (ERP, project management, dashboards, finance, etc.).	13	22.8	6	10.5	19	33.3	11	19.3	5	8.8	54	94.7
	Online 'Dashboards' or other online means are provided to senior managers and/or other stakeholders to observe the status of contract management activities	9	15.8	8	14	17	29.8	14	24.6	6	10.5	54	94.7
	The integrity of automation data is safeguarded.	9	15.8	11	19.3	16	28.1	16	28.1	2	3.5	54	94.7

**Source:** Own data, 2019

Under this category, respondents were asked to give their level of agreement on the agency's practice of using information system in contract administration. The majority (24.6%) responded that the agency has no consistent automation system to collect and monitor contract administration activities. 22.8 % of the participant respondents gave their agreement that the agency sometimes has an automation system to collect and monitor contract activities. And the other 22.8% of the

respondents gave their level of agreement that most of the time the agency has an automation system to collect and monitor contract administration activities. 10 respondents (17.5%) gave their response that the agency never has an automation system.

The survey result also showed that most of the time the agency has an automation system based on cost-benefit analysis of post-award activities. Most of the respondents agreed on this by 26.3% level. 22.8% agreed that the agency seldom practices this activity. The others (21.1%) agreed that sometimes the agency does automation based on cost and benefit analysis of the activities.

For the third activity of CM-PAM model under category VIII, the agency sometimes has a consistent contract administration system integration with other systems or units. 33.3 % agreed upon it. 22.8% of the respondents gave their agreement that the agency never has an integration system of contract administration with other systems or subsystems. On the contrary, five respondents gave their agreement for the agency that there is an integrated system of the contract administration with units.

The fourth activity to which respondents were asked to give their agreement on the performance of EPSA was; “Online 'Dashboards' or other online means are provided to senior managers and/or other stakeholders to observe the status of contract management activities”. It is observed that the agency has no consistent dashboard mechanisms that used to provide information about the status of the contract administration activities status to the management. The percentage of sometimes agreement for this was 29.8%. 24.6% agreed that most of the time, there is a mechanism for dashboard feed information about the status of the contract activities to management.

The last activity that used to test the performance of the agency was; the safeguard of the integration of the system. This presence of the contract functionality integration was tested under statement three and the majority of the respondents agreed that the integration is present but not consistent. When we come to this activity, the majority of the respondent’s level of agreement (28.1%) somehow close to the major agreements (28.1%) given under statement three, which is there is an integration between contract administration activities with other systems or subsystems but not consistent. The others 28.1% gave their level of agreement that most of the time the agency has safeguarded integration. However, 15.8% agreed that the agency never has a safeguard integration between contract administration units with other systems.

**Table 19:-** Statistics table for Category VIII: Information System

Item	N=54	Mean	SD
Category VIII Statement One		2.76	1.228
Category VIII Statement Two		2.89	1.254
Category VIII Statement Three		2.80	1.279
Category VIII Statement Four		3.00	1.244
Category VIII Statement Five		2.83	1.145
Average Mean		2.86	

**Source:** Own data, 2019

Under this category five basic activities were included to test how much EPSA is practicing information system for its contract administration. For all statements, all 54 participant respondents provide their level of agreements. The mean of the agreement for the respondents for this category is found less than that of category VII. The means for each activity were 2.76 for statement one, 2.89 for statement two, 2.80 for a statement three, 3.00 for statement four and 3.00 for statement five. The standard deviation from the mean of the agreement for each statement were 1.228, 1.254, 1.279, 1.244 and 1.145 for statement one, two, three, four and five respectively. The maximum sum of the agreements obtained from the respondents was for statement four (“Online 'Dashboards' or other online means are provided to senior managers and/or other stakeholders to observe the status of contract management activities”) and the minimum was that of statement one. It is observed that the agency has a means of dashboard to observe and follow the status of contract activities but which is not consistent. On the other side, the agency has seldom an automation system to collect and monitor contract management practices

## I. Human Capital and capacity building

**Table 20:-** Frequency Table for Category IX, Human Capital and capacity building

Statement questions		Never		Seldom		sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
<b>Category IX</b>	Persons managing contracts have the level of knowledge, skill, and experience commensurate with their contracting responsibility (based on contract type, value, size, complexity).	2	3.5	10	17.5	18	31.6	15	26.3	9	15.8	54	94.7
	Opportunities exist for professionalization of persons managing contracts and for obtaining recognized qualifications.	2	3.5	15	26.3	21	36.8	13	22.8	3	5.3	54	94.7
	A robust induction and training program exists for addressing contract administration and it is provided on an ongoing basis to new and existing personnel managing contracts.	4	7	12	21.1	29	50.9	9	15.8			54	94.7
	The organization makes concerted efforts to develop and retain contract management expertise.	8	14	15	26.3	16	28.1	13	22.8	2	3.5	54	94.7
	Quality control standards are disseminated and used to evaluate performance of staff managing contracts and to address capacity development needs.	11	19.3	15	26.3	16	28.1	10	17.5	2	3.5	54	94.7

Source: Own data, 2019

For the first statement, the majority of the respondents agreed on the agency sometimes have skilled and knowledgeable staffs to manage contracts which account 31.6% and some others (26.3%) agreed that most of the time the agency has contract staffs with enough skills and experience to commensurate their responsibilities in performing their activities. 17.5% of the study participants gave their level of agreement on the agency seldom has skilled and knowledgeable staffs that fit the responsibilities to execute the contract administration activities. On the other hand, 9 respondents (15.8%) agreed that the agency always has skilled and experienced staffs to execute the assigned responsibility

The majority of respondents (36.8%) agreed that sometimes the agency gives the opportunity for professionalism to staffs who manage contracts. Again some of the study participants responded that the agency seldom provides the opportunity for professionals to manage contracts and obtain qualifications. 22.8% of the respondents gave their agreement that the agency most of the time provides an opportunity for professionalism and two respondents agreed that there is no opportunity.

Again under this category, 50.9% of respondents agreed that the agency has sometimes robust and training programs for addressing contract administration activities and is not provided on an ongoing basis. 21.1% provide the agency seldom provides robust and training to better address contract administration activities. Four respondents agreed that there was no robust actions and training for the staff to address the contract administration practices.

The fourth statement under this category was; “The organization makes concerted efforts to develop and retain contract management expertise”. Most of the respondents agreed that 28.1% gave their agreement that the agency sometimes makes an effort to develop and retain contract management expertise. 26.3% of the study participants, agreed that the agency seldom practices making efforts to develop and retain contract management staffs. Still, 22.8% agreed that most of the time the agency makes an effort to develop and retain skilled expertise.

The survey result also showed that the quality control standards to evaluate the performance of the contract practitioners is not consistent (28.1%). The sum of the responses obtained for this statement is minimum and showed that the agency is a week to have quality control mechanisms to evaluate contract administration practitioners. 19.3 % of the respondents agreed that the agency

never has any quality control mechanism to evaluate contract administration practitioners. 17.5% of the participants agreed that most of the time the agency has quality control standards to measure the contract staffs.

**Table 21:-** Statistics Table for Category IX: Human Capital and capacity building

Item	N= 54	Mean	SD
Category IX Statement One		3.35	1.084
Category IX Statement Two		3.00	.952
Category IX Statement Three		2.80	.810
Category IX Statement Four		2.74	1.102
Category IX Statement Five		2.57	1.126
Average Mean		2.89	

**Source:** Own data, 2019

For all these activities, 54 respondents gave their response for all statements. The mean of the respondents were 3.35 for statement one, 3.00 for statement two, 2.80 for statement three, 2.74 for statement four and 2.57 for statement five. The standard deviations from the mean for each statement was 1.084, 0.952, 0.810, 1.102 and 1.126 for the statement one, two, three, four and five respectively. The maximum sum of the level of agreements by the whole respondents 3.35 for statement one (“Persons managing contracts have the level of knowledge, skill, and experience commensurate with their contracting responsibility (based on contract type, value, size, complexity) and the minimum sum of the level of agreements was 2.57 for activity five (Quality control standards are disseminated and used to evaluate the performance of staff managing contracts and to address capacity development needs).This implies that the agency has better skilled and knowledgeable human power to manage contracts though it is not consistent and there is less quality control standards to measure staff managing contracts.

## J. Assurance Systems and Control

**Table 22:-** Frequency Table for Category X, Assurance Systems and Control

Statement questions		Never		Seldom		sometime		Most of the time		always		Total	
		N	%	N	%	N	%	N	%	N	%	N	%
Category X	There is a plat form in auditing contractors and related contract activities.	5	8.8	12	21.1	24	42.1	11	19.3	2	3.5	54	94.7
	Auditors are sufficiently knowledgeable about contract management requirements and systems.	6	10.5	18	31.6	21	36.8	7	12.3	2	3.5	54	94.7
	There is timely action and compliance on contract management findings and recommendations made by audit and evaluation bodies.	4	7	14	24.6	26	45.6	7	12.3	3	5.3	54	94.7
	Provisions are fully enforced when addressing contract corruption, fraud, conflict of interest, and unethical behavior.	4	7	9	15.8	21	36.8	14	24.6	6	10.5	54	97.7
	A vendor sanctions mechanism is activated when required.	4	7	10	17.5	16	28.1	18	31.6	6	10.5	54	94.7

**Source:** Own data, 2019

The agency sometimes has a platform for conducting an audit for contractors and contracting activities. The majority of the respondents (42.1%) gave their agreement for this. The agency seldom has a platform for auditing contractors and contracting activities. 19.3% of the respondents gave their agreement that most of the time the agency has a platform to audit contractors and contracting activities. 5 respondents were agreed that the agency has no any platform for auditing the contractors.

The agency has sometimes knowledgeable and skilled auditors for auditing the contract activities. 36.8 % of the respondents support this agreement. However, 31.6 % agreed that the agency seldom has auditors who are skilled and knowledgeable about contract management to conduct auditing for contract activities.

The third activity to which respondents were asked to give their consent was; “There are timely action and compliance on contract management findings and recommendations made by audit and evaluation bodies.” The majority of the respondents (45.6%) agreed that sometimes the agency conducts a corrective action for audit findings and the 24.6 % gave their agreement that the agency seldom takes timely action for audit findings. Seven respondents (12.3%) gave their agreement that most of the time the agency take timely actions for audit recommendations. Only four respondents gave their agreement that the agency never take corrective action and three respondents agreed that the agency always takes corrective actions for auditors’ recommendations.

The agency sometimes practiced enforcement of provisions for any fraud, corruption or conflict of interest upon execution of contracts. 36.8 % of respondents provide their agreement on this. 24.6% of the respondents agreed that most of the time the agency practiced enforcement of provisions for any corruption, fraud, and conflict of interest. Nine respondents (15.8%) agreed that the agency seldom practices enforcement of provisions on corruption in the execution of contracts.

The last activity under category X of the tool for assessing the practice of EPSA on assurance and control of contract administration was; “A vendor sanctions mechanism is activated when required”.

The survey result showed that this activity showed the maximum sum of levels of agreements from respondents which indicates that the better performance of the agency is observed relative to other activities of the agency. The majority of the respondents (31.6%) agreed that most of the time the agency takes a vendor sanction mechanisms when required. 28.1% of the agency agreed that sometimes the agency takes a vendor sanction mechanisms.

**Table 23:-** Statistics table for Category X: Assurance Systems and Control

Item	N= 54	Mean	SD
Category X Statement One		2.87	.972
Category X Statement Two		2.65	.974
Category X Statement Three		2.83	.947
Category X Statement Four		3.17	1.077
Category X Statement Five		3.22	1.110
Average Mean		2.95	

**Source:** Own data, 2019

All the participated respondents (54) gave their level of agreements for all five activities. The means of agreement level for each activity by the respondents were 2.87, 2.65, 2.83, 3.17, 3.22 for activity one, two, three, four and five respectively. The standard deviations for each activity were 0.972, 0.974, 0.947, 1.077 and 1.110 for the activities from one to five. The maximum sum of the level of agreements for the respondents from each statement or activity was 3.22 for activity five (A vendor sanctions mechanism is activated when required) and the minimum was 2.65 for activity two (“Auditors are sufficiently knowledgeable about contract management requirements and systems”). That is the agency better practice vendor sanction activities than having knowledgeable auditors for contract management activities.

### **4.3 Analysis and Interpretation**

The detailed discussion above showed the survey result of the study. Every activity in each category is discussed. From the discussions above, it is noted that the better performance of the agency is limited to the level “sometimes”. There were also few practices that “most of the time” the agency is performing by the time of the survey. However, to measure the performance of the agency and identify the area of strength and to identify the area that need improvement, the CM-

PAM model requires a two-step process; the first step is whereby scores assigned by individual responses to each process are first added and then divided by the total number of processes within that category, and secondly, category scores are added up and divided by the number of respondents in that category to get the average level of agreement every individual is given for the category.

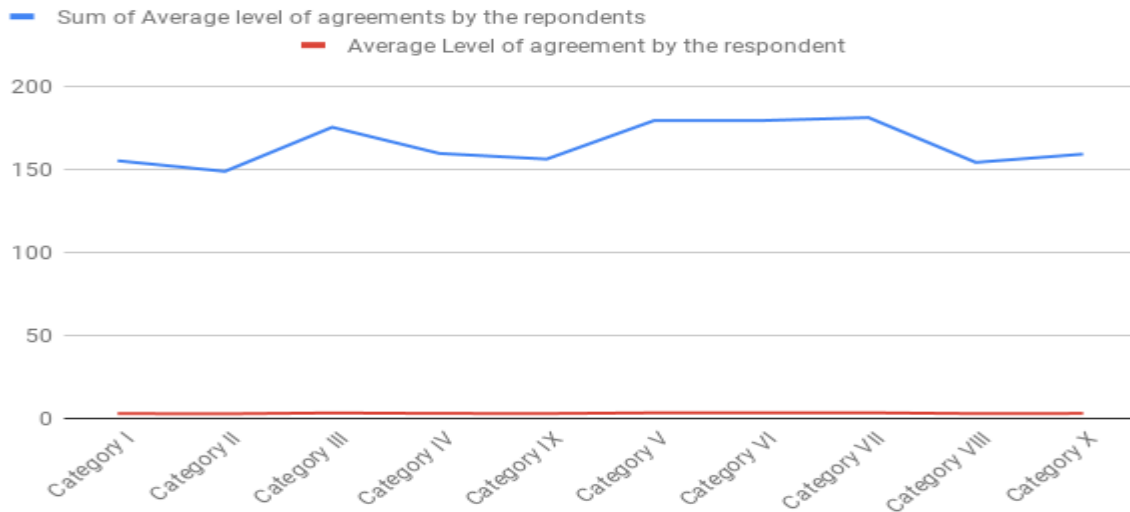
Accordingly, the survey result was fed to the Google sheet and the said steps were followed to get the results by the “pivot table” and found that the agency is better performing “Contract Closeout” activities with the sum of average level of 181.2 from the expected 270, an average level of agreement value of 3.36 which is above “sometimes” but below “most of the time”. The least performed activity of Ethiopian pharmaceutical supply agency was that the “Risk Management of Contract Administration” activity with an average sum of level of agreements 148.8 from the expected 270 and an average level of agreement value of 2.74%, which is below “sometimes” and above “seldom” Relative to one another, the agency is also better performing in payment management and dispute management activities of contract administrations with the same value of an average sum of agreements and the average level of agreement which 179.2 and 3.32. The following table shows the summary of the pivot table obtained from CM-PAM two-step process.

**Table 24:-** CM- PAM Model: Measure of Contract Administration Practice of EPSA

<i>Category</i>	Sum of Average level of agreements by the respondents	Average Level of the agreement by the respondent
<b>Category I</b>	155.2	2.87
<b>Category II</b>	148.8	2.74
<b>Category III</b>	175.4	3.25
<b>Category IV</b>	159.6	2.96
<b>Category V</b>	179.4	3.32
<b>Category VI</b>	179.4	3.32
<b>Category VII</b>	181.2	3.36
<b>Category VIII</b>	154.2	2.86
<b>Category IX</b>	156.2	2.89
<b>Category X</b>	159.2	2.95

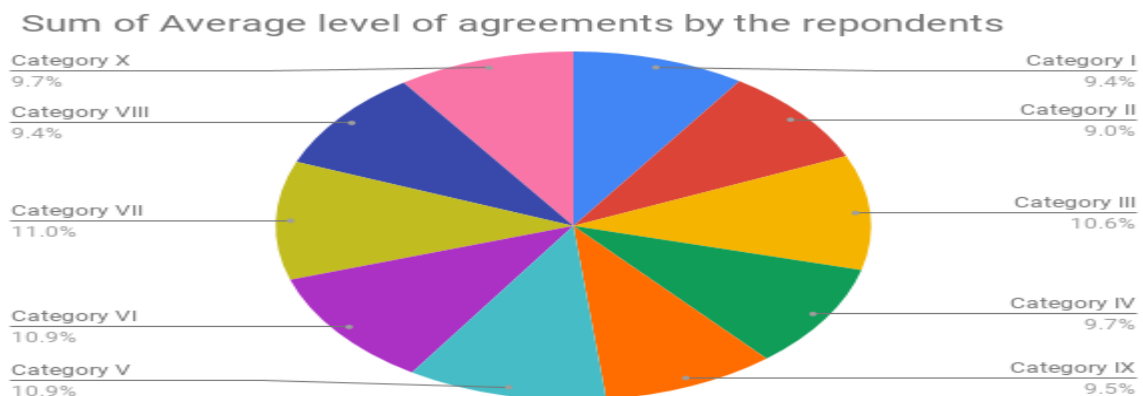
The following line graph showed the practice of EPSA on contract administration activities categorized from Category I to Category X. From the line graph, we can conclude that the slope of the line for a verage level of agreement for the ten contract administration activities is constant and therefore, the same level of performance which is around 3 (“sometimes” level).

**Figure 2.** Sum of Average Level of Agreements and Average Level of Agreement



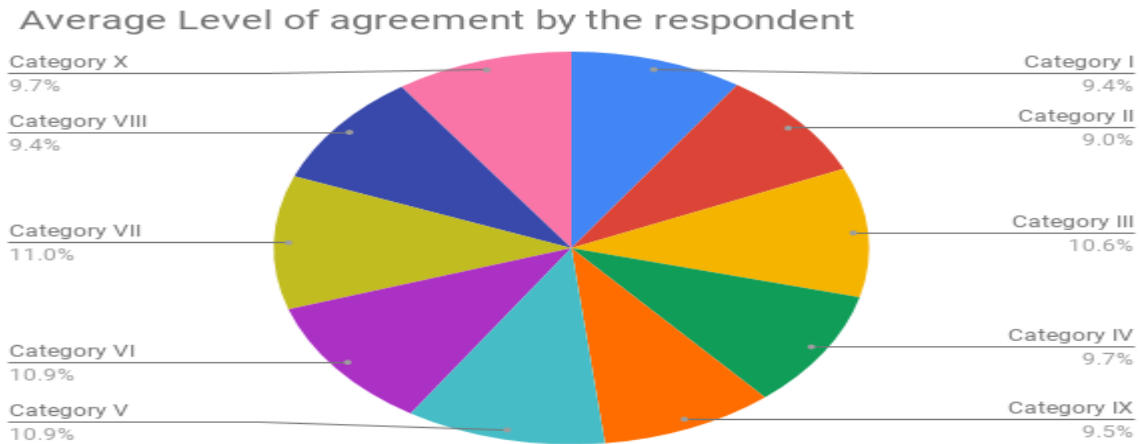
When the sum of the average level of the agreements for each activity under every category was compared with one another, the following result as described by the pi-chart was obtained. Contract closeout activities takes 11.0% of the total activities of the contract administrations performance by the agency as per the survey result. The least share was taken by category II; “Risk Management”.

**Figure 3:-** Sum of Average Level of Agreements by Respondents



When the average level of the agreements for each activity under every category was compared with one another, the following result as described by the pie-chart was obtained. Contract closeout activities takes 11.0% of the total activities of the contract administrations performance by the agency as per the survey result.

**Figure 4:- Average Level of Agreement by a respondent per Category**



#### **4.4. Presentation and analysis from the interviews.**

Interview questions were in line with the questions asked on the questionnaire and they were intended to defend the information collected from the respondents who gave information from the questionnaires. The questions were on the level of performance of EPSA in post-award contract governance or enabling environment and Risk management activities, How does the performance Monitoring, evaluation, and Reporting post Award contract activities are performing in EPSA relative to other activities and how EPSA is managing change occurrence activity after the contract is awarded, the other question:- the dispute management and resolution mechanism of the agency is clear and relevant for solving dispute between your agency and supplier and is there sufficient human capacity to handle the responsibility?, How close out and lessons learned process is associated with the information system to flow data with other departments? And the last How deep the internal auditors assess the post-award contract management systems and your payments are linked to the performance of contracts or not?

## **The level of performance of EPSA in post-award contract governance or enabling environment and Risk management activities**

The director of Contract Administration and one of the senior coordinator in contract administration confirmed that sometimes the governance and risk management activities performed in EPSA. This was in agreement with the findings from the questionnaire whereby most of the respondent agree the activity performed under governance and risk management average mean is 2.87 and 2.72 respectively.

The senior coordinator revealed that there are limited financial and human resources in order to administrate post-award governance in the agency and there are cases where the Contract Management Committees are not established for the duration of contracts or the suppliers contracted do not have the capacity and necessary personnel to execute the contract. This was also confirmed by the findings from the interview with the tender directorate coordinate

The findings related to risk management is that Contract risk is not assessed frequently over the life-cycle of the contract. The agency has to follow-up the stage of the contract in each stage of the life cycle of a contract. Which increase the follow-up activity in suppliers and if performance issues arise it will not be difficult to know and take correction action.

And also the tender director mention for the need of clear designation of responsibility for implementation of any necessary risk mitigation treatment. Staff segregation of duty has to be implemented in order to have a clear and easy way to identifying risks as early as possible.

## **How does the performance Monitoring, evaluation, and Reporting post Award contract activities are performing in EPSA relative to other activities and how EPSA is managing change occurrence activity after the contract is awarded.**

The directorate and the senior coordinators revealed that a well-established contract administration directorate perform, monitor, evaluate and report activities done within the framework of time will have to be Clear, measurable and relevant performance indicators (KPIs)

Obviously, with a well-monitored post-award contract management, evaluation and reporting of the performance of individual contracts (spot checks, progress reports, variance analysis, etc.) are systematically submitted up to the management chain timely and periodically. And all of the

interviewees agree on the active management of seniors in monitoring the performance of each contract. This is in agreement with the findings from the questionnaires where the majority of the respondents agreed that most of the time performance under Monitoring, Evaluation and Reporting activity performed at the agency, which the average mean is 3.21 for this category of activity. As compared with the other activities in post-award contract management, this activity performed better.

In regards to the interview with one of the coordinator, it was revealed that the role of Contract Review Committees in contract modifications has limitation in clarifying the objective of the committee towards the change process.

The contract administration directorate claimed that Contract administration directorate teams are limitedly engaged in analyzing contract modifications and submitting periodically to senior management in order to associate costs to aggregated administration cost. This finding is in agreement with the questionnaire where the majority of the respondent's equality agree some times and seldom the activity processed in the agency.

**Dispute management and resolution mechanism of the agency is clear and relevant for solving the dispute between your agency and supplier and is there sufficient human capacity to handle the responsibility?**

The interview done with the senior coordinators, with both side insures that they trust EPSA dispute management and resolution mechanism in which it can help in protecting the reputation of the supplier and creates a good relationship with the procuring entity. The explained that "this is because communication is done in time and disputes can be resolved between the two parties". This agree with the questionnaire findings where the majority of the respondents agreed most of the time the activity under this category performed, the average mean for this category was 3.32 which shows that contract administration team help the agency in protecting the relationship with the supplier and create a good relationship too.

But the capacity of the professional handling this responsibility need a little improvement as the contact management and tender management directorate mentioned in the interview. So improvement needed in the capacity building of the agency. This was in line with the

questionnaire findings near to the majority of the respondent agree sometimes the activity under this category performed.

**How close out and lessons learned process is associated with the information system to flow data with other departments?**

With regards to the interview findings of the study, it was confirmed that close out and lesson learned process of the agency is not integrated with the information system in order to display important data and results to necessary department and organization. The organization is using its automation systems in a limited way for collecting, monitoring contract administration activity, closeout and lesson learned outcomes in the agency online dashboard.

Developing Communication channels is important in order to report agency progress to necessary parties, even it will be an indicator for warring managers about the outcome of the contract. This is in agreement with the questionnaire findings where the majority of the respondents, the average mean 2.86 agree sometimes the performance, closeout and lesson learned activity displayed at Online 'Dashboards' or other online means.

**How deep the internal auditors assess the post-award contract management systems and your payments is linked to the performance of contracts or not?**

In consideration of the interview findings from contract administration and tender management directorate team. They are Afraid to confirm that internal auditors are sufficiently knowledgeable about contract management requirements and systems in order to assess the post-award activity of the agency. And payments are limitedly linked to contract performance. This was in agreement with the questionnaire findings where the majority of the respondents agree sometimes the activity under the assurance and controlling system performed

## 4.5 Discussion

When talking to contract management, one of the major aspects that need to be considered is naturally the operations and processes in the organizations. It is impossible to imagine an enterprise without the contract management process. According to recent studies, contracting is a set of disconnected activities rather than a process. This leads to poor visibility and metrics control practice. The process of preparing and launching of contract management in an organization can take years. This kind of process should be seen as an on-going multi-step process instead of a project that can be completed in less than a year (Kristian J., 2014).

When observing the procurement process of the Ethiopian pharmaceuticals Supply agency, it has two departments to execute procurement. Tender management directorate and contract management directorate. Contract management directorate is responsible for following and managing all post-award activities. This study revealed that among ten activities of post-award activities; 1) developing enabling environment, 2) risk management, 3) change management, 4) Information System, 5) Human Capital and capacity building, and 6) Assurance Systems and Control were found least performed as per the CM PAM standard. The consequences for these low-level performance might be high demurrage costs, long lead time and poor contract management as the mid-term review of the agency (2016) found out.

The risk management and information system of the agency were the bottom least functions that the agency is practicing. One way to turn the tables in procurement's favor is to embrace technology. Digitizing contract management processes put every contract online, in one central, searchable repository that is accessible to any internal party with the proper credentials. Procurement teams gain greater visibility into existing contracts, and the ability to run reports on a contract portfolio to identify opportunities to fuel negotiation efforts and capture more revenue (Matt Lhoumeau, Concord, 2017).

Ideally, procurement-related risk plans are part of the larger risk-management process of an organization, which evolves throughout the contracting chain, and ensures that organizational risks are understood and mitigated to the greatest extent possible. The UN study on post-award activities of contracts on UN system member countries

Without skilled and motivated human capital, it is less worthy to achieve its goals even under fully equipped systems and all other contract administration practices. The survey study conducted

by UN JIU in 2014 confirmed that (the CM-PAM survey 62 percent of respondents) there is a lack of robust induction and training programs for addressing post-award contract management.

Contract administration is the active management throughout the life of a contract to ensure a seller's performance is satisfactory. A Company appoint staff members or preferably a team of qualified individuals to take the responsibility of administering the contract. It is the responsibility of the Contract Administrator to perform the obligations and duties of the procuring Company specified in the contract and to ensure the suppliers, contractors and service providers implement the contract in accordance with its terms and conditions (Tamus, 2018).

Modifications made during the execution of a contract are an unavoidable and sometimes frequent occurrence when requirements and circumstances change. The changes could involve the duration of the contract, specifications, the goods/services to be delivered, or administrative changes. Why the modifications occur and how they are managed is a critical part of effective contract execution.

## Chapter Five

### 5. Summary of the Findings, Conclusions, Recommendations and Further Study Areas

#### 5.1 Summary of the Findings

This study was designed to assess the overall contract administration part of Ethiopian Pharmaceuticals Fund and Supply Agency. Ten basic categories were selected from contract administration functions under which five sub-activities were placed to the contract administration practitioners to choose whether those activities are “Never” practiced, “Seldom” practice, “Sometimes” practiced, “Most of the time” practiced or “Always” practiced by the agency. The survey result showed that the agency is better performing “Contract Closeout” activities with the sum of average levels of 181.2 from the expected 270, and an the average level of agreement value of 3.36 which is above “sometimes” but below “most of the time” when compared to other activities.

The least contract administration performed the activity of Ethiopian pharmaceutical supply agency was “Risk Management of Contract Administration” with an average sum of level of agreements 148.8 from the expected 270 and the average level of agreement value of 2.74%, which is below “sometimes” and above “seldom”. Relative to one another, the agency is also better performing in payment management and dispute management activities of contract administrations with the same value of the average sum of agreements and the average level of agreement which is 179.2 and 3.32 respectively.

All the average level of agreements were 2.87, 2.74, 3.25, 2.96, 2.89, 3.32, 3.32, 3.36, 2.86 and 2.95 for the ten categorical activities; 1) Governance /enabling environment, 2) Risk management, 3) Performance Monitoring, evaluation, and Reporting, 4) Change Management,5) Payment Management, 6) Dispute Management and Resolution, 7) Contract Closeout and lessons learned, 8) Information System, 9) Human Capital and capacity building, and 10) Assurance Systems and Control respectively. That shows that the performance of the agency on 1) developing enabling environment, 2) risk management, 4) change management, 8) Information System, Human Capital

and capacity building, and 10) Assurance Systems and Control were found below the mode three which is the activity is “sometimes” performed.

## 5.2 Conclusions

For organizations specifically, “Purchasing” Organizations like EPSA need to have strong Contract Administration and is essential to periodically assess where the organization is today in terms of policies, processes, procedures, and performance so as to improve service quality, reduce operation cost and improve appropriate contract performance and compliance, having strong contract management team. Problems obtained from this survey study where there is poor enabling environment, low-risk management practice, unskilled human resource, poor contract change management, low-level information system establishment, and poor assurance and Control system.

According to CM-PAM model survey result, the research conclusion for each category is

- The findings show that governance or enabling environment is under the average mean, this is because governance or enabling environment is practiced/performed with limited way in the contract and tender management directories. on the other side, committees are not assigned for large and complex contracts
- The result under risk management activity is below average. This is because there is no risk mitigation mechanism to minimize contract failure and risks are not express in financial terms to give due attention for the future. In addition, contractors are not allowed to involve in identifying contract risks
- Performance, monitoring, evaluation and reporting practice of EPSA is good relative to other categories of activities, but further effort must be invested by developing more clear, measurable and relevant performance indicators
- the change management activities performed below average, this is because it is not clearly defined the role of the contract review committee in modifying contract, on the other hand, modifications made during the execution of a contract are an unavoidable and sometimes frequently occur when circumstances change. The changes could involve the duration of the contract, specifications, the goods/services to be delivered, or administrative changes.

- For the Payment management of the agency is better performed relative to other activities, however, the organization is not measuring its own cost of managing a contracts
- The activity under dispute management and resolution is above average unless delisted contractors are not constantly updated
- The result under contract closeout and lessons learned shows that agency is performing above average, however, updating the database for lessons learned from contract execution is not performed on a satisfactor level
- automation systems and procedures for collecting and monitoring contract management process on the other side Contract management functionalities have to be integrated with other systems or subsystems (ERP, project management, dashboards, finance)
- As the findings show for human capital and capacity building scored below average it indicate that, induction and training program exists at lower level to new and existing staff, this is because effort to develop and retain contract management expertise is weak on the other hand Quality control standards are not disseminated and used to evaluate performance of staff which manage agency contracts and capacity development is not efficiently implemented
- the result under assurance and controlling system is below average this show that Auditors are not sufficiently knowledgeable about contract management requirements and systems because there is no plat form in auditing contracts and related contract activities. Beside these contract management findings and recommendations made by audit and evaluation bodies are not implement on a timely base

### **5.3 Recommendations**

The contract Administration phase is very important because it is where the results of the procurement process are obtained and the requesting entity is in a position to finally receive the expected benefits of their procurement request. As discussed above, it was observed that the agency is practicing contract administration under the average for most of the activities in every ten categories of activities and hence need to invest further effort to better manage its contract

administration. Regarding each category of “Contract Administration” practice of the agency, the author has forwarded the following recommendations.

1. By having adequate financial and human resource, contract management committee have to be established in large and complex contracts, in which they periodically assess organization contract environment in terms of policies, process, procedure, and performance
2. Risk management plans for post-award contract management activities have to be assessed all over the life cycle of the contract
3. Performance indicators need to be developed systematically to evaluate and monitor the contract administration performance on the timely base.
4. The agency should have a Contract review committee to make any available contract modification as per the negotiations arrive. modifications occurrence and its management is a critical part of effective contract management
5. The agency should prepare a measurement mechanism to measure the cost of managing a contract.
6. The agency needs to have a database to constantly update debarred/ delisted contractors
7. The agency needs to integrate contract management functionality with other subsystems in order to establish an automation system to better trace and retrieve contracts being executed in the agency but the integrity of automation data have to be safeguarded.
8. Indication and capacity development training programs need to be prepared for each new and existing staffs in order to have better contract administration team on other side disseminating quality control standards used to evaluate the performance of staff managing a contract
9. Special effort is need to increase Auditors knowledge on contract administration practice by having value able audit training on the other hand audit finding and recommendation need to be implemented on a timely base
10. a well-documented central database needs from which lessons are learned for subsequent contract practices

## **5.4. Further Study Areas**

The study was focused on assessing the processes if they fulfilling the standards that need to be done under contract administration part of the contract management. The author is very enthusiastic if a further study is conducted on the overall practice of “Contract Management” of the agency which includes the activities from procurement processing to contract to close out with payment arrangements. This study is also limited to the head office of the agency in which a contract is made with suppliers. However, the agency is also entering contracts with health facilities which procure health commodities from the agency and get entered into contracts. Therefore, further study should also be conducted on the contract management practice of the agency from the selling side. In addition, this study uses a model which is useful to assess the internal process of an organization. Other, models like the Contract Management Maturity Model (CMMM) can be used to assess the contract management practice of the agency which includes its cross relation with its business partners in the future

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## **Annexes 1**

### **Addis Ababa University School of Commerce MA Logistics and Supply Chain Management**

#### **Questionnaires for Respondents**

Dear respondent: My name is Hilina Amare, pursuing a Master of Arts Degree in Logistics and Supply Chain Management at Addis Ababa University. The research is entitled as “Contract Administration Practice: the case of Ethiopian pharmaceuticals supply agency” for the partial fulfillment of the academic requirement.

This questionnaire is designed to collect primary data for this study only and your genuine responses to the questionnaires are highly demanded on which the success is depending on. I kindly request you to spend a few minutes of your valuable time to answer the questions as per the instruction below:

- You do not need to write your name
- All of the questions are responded by yourselves
- You are required to encircle only one out of the given alternative numbers which is your best choice to say.
- For some of the questions that need your explanations, please try to honestly describe as per the questions on the space provided.

If you need any explanations or description concerning the study and the questions provided, don't hesitate to reach me through the mobile phone number: +251 934779950 or email: Hilinamaree@gmail.com. Please note that the information you are providing will be treated with utmost confidentiality.

**Thank you in advance for your participation in the study!**



	consisting of multifunctional teams (procurement, contract management, legal, finance, etc.).					
4	Code of ethics guidelines related to procurement is systematically distributed to all staff managing contracts.	1	2	3	4	5
5	In large or complex contracts, Contract Management Committees are established for the duration of the contract administration period.	1	2	3	4	5
<b>Category-2 Risk management</b>						
S.No	Statements	N	D	S	M	A
1	There is a risk management plan in place for the post-award activities that include a risk mitigation plan.	1	2	3	4	5
2	Contract risk is assessed frequently over the life-cycle of the contract.	1	2	3	4	5
3	There is a clear designation of responsibility for implementing any necessary risk mitigation treatment.	1	2	3	4	5
4	Contractors are involved in identifying contract risks.	1	2	3	4	5
5	Contract administration related risks are quantified and expressed in financial terms.	1	2	3	4	5
<b>Category-3 Performance Monitoring, evaluation and Reporting</b>						

S.No	Statements	N	D	S	M	A
1	An evaluation of the overall performance of a contract is conducted and is fed back into the procurement system and management process.	1	2	3	4	5
2	Clear, measurable and relevant performance indicators (KPIs) are developed.	1	2	3	4	5
3	KPIs are systematically monitored.	1	2	3	4	5
4	Reports on the performance of individual contracts (spot checks, progress reports, variance analysis, etc.) are systematically submitted up to the management chain periodically and timely.	1	2	3	4	5
5	Senior management actively monitors performance of contracts.	1	2	3	4	5

**Category- 4 Change Management**

S.No	Statements	N	D	S	M	A
1	Change control clauses and administrative procedures are in the contract and define how changes should be managed throughout the contract life-cycle.	1	2	3	4	5
2	Contract changes that cause an increase in funds are not executed without a certification of availability of funds.	1	2	3	4	5
3	Standard templates exist for processing change requests and contract modifications.	1	2	3	4	5

4	The role of Contract Review Committees in contract modifications is clearly defined.	1	2	3	4	5
5	An analysis of contract modifications and associated costs is prepared on an aggregate basis and submitted periodically to senior management.	1	2	3	4	5
<b>Category- 5 Payment Management</b>						
S.No	Statements	N	D	S	M	A
1	All necessary authorizations and approvals are obtained prior to making payments.	1	2	3	4	5
2	Payments are linked to performance of contracts.	1	2	3	4	5
3	When contract price adjustments are allowed, pricing arrangements are regularly reviewed and updated.	1	2	3	4	5
4	The organization measures its own cost of managing contracts.	1	2	3	4	5
5	The organization maintains a record and reports to management cases of delays in payments and causes of delay.	1	2	3	4	5

**Category- 6 Dispute Management and Resolution**

S.No	Statements	N	D	S	M	A
1	Contracts include clear dispute resolution procedures that provide for an efficient and fair process to resolve disputes during the performance of a contract	1	2	3	4	5
2	Organization provides adequate legal support for dispute resolution cases.	1	2	3	4	5
3	Processes to terminate contracts due to cause or default are in place and in use.	1	2	3	4	5
4	Clear policies and procedures are in place to debar/ delist contractors (including guidance on causes for debarment).	1	2	3	4	5
5	If a database of debarred/ delisted contractors exists, it is constantly updated.	1	2	3	4	5

**Category- 7 Contract Closeout and lessons learned**

S.No	Statements	N	D	S	M	A
1	There is a well-documented process for contract completion and close-out, including checklists, to verify that all contractual obligations have been fulfilled.	1	2	3	4	5
2	Financial securities are liquidated (release of bid bonds, performance bonds, advance payment bonds, etc.) immediately after they become moot.	1	2	3	4	5

3	Warranty periods are judiciously observed.	1	2	3	4	5
4	There are processes in place for storage, handling, and disposal of contract files.	1	2	3	4	5
5	Lessons learned and best practices are inserted in a central database for use in subsequent contracts.	1	2	3	4	5

**Category- 8 Information System**

S.No	Statements	N	D	S	M	A
1	The organization uses automation systems and procedures for collecting and monitoring contract management statistics.	1	2	3	4	5
2	Degree of automation of post-award management activities is based on a cost/benefit analysis.	1	2	3	4	5
3	Contract management functionality is integrated with other systems or subsystems (ERP, project management, dashboards, finance, etc.).	1	2	3	4	5
4	Online 'Dashboards' or other online means are provided to senior managers and/or other stakeholders to observe the status of contract management activities.	1	2	3	4	5
5	The integrity of automation data is safeguarded.	1	2	3	4	5

**Category- 9 Human Capital and capacity building**

S.No	Statements	N	D	S	M	A
1	Persons managing contracts have the level of knowledge, skill, and experience commensurate with their contracting responsibility (based on contract type, value, size, complexity).	1	2	3	4	5
2	Opportunities exist for the professionalization of persons managing contracts and for obtaining recognized qualifications.	1	2	3	4	5
3	A robust induction and training program exists for addressing contract administration and it is provided on an ongoing basis to new and existing personnel managing contracts.	1	2	3	4	5
4	The organization makes concerted efforts to develop and retain contract management expertise.	1	2	3	4	5
5	Quality control standards are disseminated and used to evaluate the performance of staff managing contracts and to address capacity development needs.	1	2	3	4	5

**Category- 10 Assurance Systems and Control**

S. No	Statements	N	D	S	M	A
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1	There is a platform in auditing contractors and related contract activities.	1	2	3	4	5
2	Auditors are sufficiently knowledgeable about contract management requirements and systems.	1	2	3	4	5
3	There are timely action and compliance on contract management findings and recommendations made by audit and evaluation bodies.	1	2	3	4	5
4	Provisions are fully enforced when addressing contract corruption, fraud, conflict of interest, and unethical behavior.	1	2	3	4	5
5	A vendor sanctions mechanism is activated when required.	1	2	3	4	5

If you have any additional comments or ideas about the Contract Administration practice of EPSA, please express your feelings: .....

**Thank you!**

## **Annexes 2**

### **Interview Questions**

1. What do you think about the level of performance of EPSA in postaward contract governance or enabling environment and Risk management activities?
2. How does the performance Monitoring, evaluation, and Reporting post Award contract activities are performing in EPSA relative to other activities and how EPSA is managing change occurrence activity after the contract is awarded?
3. Do you think that dispute management and resolution mechanism is your organization as clear and relevant for solving the dispute between your agency and supplier and is there sufficient human capacity to handle the responsibility?
4. In your contract with a supplier, do you think the closeout and lessons learned process is associated with the information system to flow data with other departments?
5. How deep the internal auditors assess the post-award contract management systems and your payments is linked to the performance of contracts or not?