

# CONTRACT AUDIT CHECKLIST

This comprehensive checklist outlines key areas for different departments to review during the contract management lifecycle. Remember, specific details may vary depending on the contract type and industry.

<b>LEGAL DEPARTMENT</b>		
1.	<b>Contract Compliance:</b> Ensure that contracts adhere to legal requirements, industry regulations, and corporate policies	<input type="checkbox"/>
(a)	Regulatory compliance	<input type="checkbox"/>
(b)	Contractual obligations	<input type="checkbox"/>
(c)	Terms and conditions	<input type="checkbox"/>
2.	<b>Risk Mitigation:</b> Identify and assess legal risks associated with contracts	<input type="checkbox"/>
(a)	Legal liabilities	<input type="checkbox"/>
(b)	Dispute resolution clauses	<input type="checkbox"/>
(c)	Indemnities and warranties	<input type="checkbox"/>
3.	<b>Contract Performance:</b> Evaluate whether contracts are being executed as intended	<input type="checkbox"/>
(a)	Service levels and quality	<input type="checkbox"/>
(b)	Performance metrics	<input type="checkbox"/>
(c)	Deliverables and milestones	<input type="checkbox"/>
4.	<b>Contract Termination and Renewal:</b> Review contract expiration and renewal provisions	<input type="checkbox"/>
(a)	Notice periods	<input type="checkbox"/>
(b)	Termination rights	<input type="checkbox"/>
(c)	Auto-renewal clauses	<input type="checkbox"/>

## FINANCE DEPARTMENT

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|-----|---|--------------------------|
| 1.  | <b>Financial Compliance:</b> Ensure that contracts align with financial regulations and standards | <input type="checkbox"/> |
| (a) | Revenue recognition   | <input type="checkbox"/> |
| (b) | Expense management  | <input type="checkbox"/> |
| (c) | Financial reporting compliance  | <input type="checkbox"/> |
| 2.  | <b>Cost Management:</b> Audit contracts to optimize costs and expenses                            | <input type="checkbox"/> |
| (a) | Pricing terms   | <input type="checkbox"/> |
| (b) | Payment terms   | <input type="checkbox"/> |
| (c) | Indemnities and warranties  | <input type="checkbox"/> |
| 3.  | <b>Contract Performance:</b> Evaluate whether contracts are being executed as intended            | <input type="checkbox"/> |
| (a) | Service levels and quality  | <input type="checkbox"/> |
| (b) | Performance metrics   | <input type="checkbox"/> |
| (c) | Cost-control mechanisms   | <input type="checkbox"/> |
| 4.  | <b>Billing and Invoicing:</b> Review billing and invoicing accuracy                               | <input type="checkbox"/> |
| (a) | Invoicing processes   | <input type="checkbox"/> |
| (b) | Payment terms and schedules   | <input type="checkbox"/> |
| (c) | Billing disputes  | <input type="checkbox"/> |

## PROCUREMENT DEPARTMENT

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|-----|--|--------------------------|
| 1.  | <b>Supplier Performance:</b> Assess the performance of suppliers and vendors | <input type="checkbox"/> |
| (a) | Delivery times   | <input type="checkbox"/> |
| (b) | Product or service quality   | <input type="checkbox"/> |
| (c) | Supplier compliance with contractual obligations                             | <input type="checkbox"/> |

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|-----|---|--------------------------|
| 2.  | <b>Vendor Relationships:</b> Ensure that contracts support positive vendor relationships. | <input type="checkbox"/> |
| (a) | Communication channels  | <input type="checkbox"/> |
| (b) | Dispute resolution procedures   | <input type="checkbox"/> |
| (c) | Performance evaluation metrics  | <input type="checkbox"/> |
| 3.  | <b>Risk Management:</b> Identify and mitigate procurement-related risks                   | <input type="checkbox"/> |
| (a) | Supply chain disruptions  | <input type="checkbox"/> |
| (b) | Supplier solvency   | <input type="checkbox"/> |
| (c) | Compliance with procurement policies  | <input type="checkbox"/> |

## **OPERATIONS/CONTRACT MANAGEMENT DEPARTMENT**

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|-----|---|--------------------------|
| 1.  | <b>Contract Administration:</b> Ensure that contracts are properly administered | <input type="checkbox"/> |
| (a) | Contract tracking and documentation   | <input type="checkbox"/> |
| (b) | Change order management   | <input type="checkbox"/> |
| (c) | Contract amendments   | <input type="checkbox"/> |
| 2.  | <b>Compliance Tracking:</b> Monitor ongoing compliance with contract terms      | <input type="checkbox"/> |
| (a) | Key performance indicators (KPIs)   | <input type="checkbox"/> |
| (b) | Reporting requirements  | <input type="checkbox"/> |
| (c) | Audit rights and processes  | <input type="checkbox"/> |

## **RISK MANAGEMENT DEPARTMENT**

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|-----|--|--------------------------|
| 1.  | <b>Risk Identification:</b> Identify and assess contract-related risks | <input type="checkbox"/> |
| (a) | Legal risks  | <input type="checkbox"/> |
| (b) | Financial risks  | <input type="checkbox"/> |
| (c) | Operational risks  | <input type="checkbox"/> |

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|-----|---|--------------------------|
| 2.  | <b>Risk Mitigation:</b> Develop strategies to mitigate identified risks | <input type="checkbox"/> |
| (a) | Risk mitigation plans   | <input type="checkbox"/> |
| (b) | Insurance coverage  | <input type="checkbox"/> |
| (c) | Contingency plans   | <input type="checkbox"/> |

## INTERNAL AUDIT

- |     |   |                          |
|-----|---|--------------------------|
| 1.  | <b>Control Assessment:</b> Evaluate the effectiveness of internal controls related to contracts | <input type="checkbox"/> |
| (a) | Control weaknesses  | <input type="checkbox"/> |
| (b) | Fraud detection   | <input type="checkbox"/> |
| (c) | Compliance with internal policies   | <input type="checkbox"/> |
| 2.  | <b>Data Accuracy:</b> Ensure the accuracy and completeness of contract data and records         | <input type="checkbox"/> |
| (a) | Contract data integrity   | <input type="checkbox"/> |
| (b) | Documentation completeness  | <input type="checkbox"/> |

## QUALITY ASSURANCE/OPERATIONS

- |     |  |                          |
|-----|--|--------------------------|
| 1.  | <b>Quality Standards:</b> Ensure contracts adhere to quality standards | <input type="checkbox"/> |
| (a) | Product or service quality specifications                              | <input type="checkbox"/> |
| (b) | Compliance with industry quality standards                             | <input type="checkbox"/> |
| (c) | Quality control processes  | <input type="checkbox"/> |

## IT/TECHNOLOGY DEPARTMENT

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|-----|---|--------------------------|
| 1.  | <b>IT Contract Compliance:</b> Ensure compliance with IT-related contracts, including software licenses and service-level agreements (SLAs) | <input type="checkbox"/> |
| (a) | Software license compliance   | <input type="checkbox"/> |
| (b) | SLA adherence   | <input type="checkbox"/> |
| (c) | Data security and privacy compliance  | <input type="checkbox"/> |