

CONTRACT MANAGEMENT POLICY

POLICY OBJECTIVE

The effective management of contracts with suppliers is essential to Council in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

- **Business Benefits**
 - Maximises outcomes to Council (i.e. Council “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovations.
- **Value for Money**
 - Enables savings and benefits opportunities identified during the procurement or contract management process to be realized, whilst also ensuring the achievement of expected procurement outcomes.
 - Enables further benefits through ongoing performance reviews, services improvements, supply chain improvements, innovation etc.
- **Risk Management**
 - Reduces contractual risks through robust contract management practices.
 - Ensures Council is also aware of, and complies with, its own contractual and legislative obligations.

1. POLICY STATEMENT

The intent of this policy is to ensure that there is a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers.

This policy applies to all contracts and any other documents that create legally binding obligations on Council for the procurement of goods, services and works which may include procurements which are simple in nature and low risk. Furthermore, it applies to a contract until all contractual obligations have been completed.

2. POLICY COVERAGE

This policy applies to all Council staff responsible for the management of contracts on behalf of Council.

3. STRATEGIC PLAN LINK

Objective: 4.0 Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future.

Strategy: 4.1 Provide strong and effective representation, leadership, planning, decision-making and service delivery.

4. DEFINITIONS AND ABBREVIATIONS

Term/Word	Definition
Contract	An agreement, exchange of letters, heads of agreement, deeds of agreement, binding memorandum of understanding, response to tender, grant application, trust deed and any other document which creates or which may create binding obligations on Council and on the other party/parties to the contract.
Contract Management	Refers to all activities at the commencement of, during and after the contract period, to ensure that all contractual obligations have been completed.

CONTRACT MANAGEMENT POLICY

Contract Owner	Council staff member with the relevant financial delegation who is ultimately accountable for the outcomes of the contract. The contract owner approves contract variations including extensions, as well as appointing the contract management roles.
Contract Manager	Council staff member nominated to be responsible for the management and administration of the contract.
Contract Register	A register maintained for all procurements valued at over \$100,000.
Contract Variation	Is an addition or alteration to the original contract and may include a change to the scope of the contract, value of the contract, the contract options to be exercised, contract prices and quantity purchased.
GIPA	<i>Government Information (Public Access) Act 2009</i>
Value of a Contract	<p>The value of a contract is whichever of the following values (inc. GST) is appropriate to the kind of contract concerned:</p> <ul style="list-style-type: none"> • The total estimated value of the project, or • The total estimated value of the goods or services over the term of the contract, or • The value of the real property transferred.

5. POLICY CONTENT

The application of this policy will commence at the completion of the procurement process (post award) and is designed to assist Council staff in managing and monitoring contracts and to ensure all contractual objectives are realised.

Council is responsible for the management of a diverse range of contracts including service, supply, building and construction-based contracts. To effectively manage these contracts Council staff must apply the following key principles of effective contract management:

- A Contract Management Plan must be developed prior to the commencement of the contract;
- Contracts are managed in a manner that facilitates business delivery while minimising risk;
- Contracts are managed maximising financial and operational performance;
- A standard approach and framework is adopted to managing contracts;
- Consistency in Council's procurement activities;
- Staff are adequately skilled and trained, and understand their roles and responsibilities under a contract;
- The principles of probity are adhered to: and
- Compliance with legislative and administrative arrangements.

The management of a contract may extend beyond the current term of the contract when there are ongoing obligations associated with maintenance agreements, warranties and guaranties.

Stages in the Contract Management Life Cycle

Stage 1

CONTRACT MANAGEMENT POLICY

Contract Commencement – How to initiate and plan the contract management process:

- Successful Contract Management is highly influenced by activities performed prior to awarding the contract. Ensuring contract terms, conditions, scope, deliverables, KPI reporting and relationship management are clearly established in the signed contract and understood by all parties, is fundamental for effective Contract Management.

Stage 2

Contract Management – How to manage and administer contracts:

- Properly managing supplier performance with respect to outcomes and deliverables clearly specified and agreed in the contract will help ensure Council obtains the business benefits and value for money within target timeframes.

Stage 3

Contract Close Out – How to close and transition contracts:

- The contract close-out is the stage for finalising contract obligations and liabilities with suppliers. It may also include transitioning to another supplier for the goods/services.

Mandatory Requirements:

The following minimum requirements apply to all Council contracts valued at \$100,000 or more:

- Each contract must be given a contract number with the specific details of the contract recorded in the contracts register that is maintained in Council's Electronic Document Management System.
- A Contract Manager must be appointed.
 - The Contract Manager may manage a contract valued at more than their level of financial delegation. However, the Contract Manager must not approve or incur expenditure on goods, services or a project valued at more than their level of financial delegation. This also applies to any variations to the original price of the contract.
- Council developed and approved Contract Templates must be used.
 - Staff must use Council developed and approved contract templates at all times. These include contracts based on Australian Standards.
 - If in doubt specific advice should be sought to determine the appropriate terms and conditions to apply.
- All contracts must include appropriate clauses in the following areas:
 - Work Health & Safety, Quality Assurance, Environmental, Financial Capability, Insurance, Industrial Relations, Performance, Code of Conduct, Business Ethics, and Disclosure of Information (GIPA)
 - That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.
- All contracts must include appropriate clauses in the areas of:
 - Payments and Retentions, Price Adjustments, Delay to Completion/Delivery, and Dispute Resolution.
 - That allow managing or regulating variations to the original contract, having regards to project value, contract requirements and complexity.
- Contract performance of all contracts valued at \$100,000 or more must be regularly monitored, evaluated and reported.
 - This is required at least annually over the term of the contract and upon completion.
- All contract variations must be approved in writing in accordance with the contract and be approved by the appropriate delegate.

CONTRACT MANAGEMENT POLICY

- All risks must be reviewed annually and where applicable, the risk management plans updated
- Council's Code of Conduct must always be adhered to in the management of contracts on behalf of Council, in particular ensuring responsible decision making, declaring and appropriately managing any conflicts of interest and appropriate declining any offered Gifts or Benefits
- The responsible Contract Owner assigns the day to day management of the contract to the Contract Manager.
- For the purpose of this policy, staff that are responsible for managing procurement that is simple in nature and low risk will be considered a Contract Manager. Therefore, staff must manage all related legally binding obligations on the Council in an appropriate manner in accordance with this Policy.
- At the completion of a contract, a formal review process must be undertaken by the Contract Owner and the Contract Manager.
- The outcomes of such reviews shall be recorded and used to inform corrective actions and guide future contracting decisions.

Responsibilities

Executive Team

- Overall Implementation of the Policy

Director Finance & Policy

- Ensuring the appropriate contract disclosures as required by the GIPA Act;

Manager Finance & Administration

- Ensuring that Council's Contract's Register is maintained and up to date; and
- Assist Contract Managers in monitoring and evaluating and reporting on the performance of contracts valued at \$100,000 or more.

Contract Owners

- Facilitation and oversight of contracts on the contracts register within their respective portfolio;
- Appointment of a suitably qualified, capable and adequately skilled Contract Manager according to the level and complexity of the contract; and
- Assigning day to day management of a contract to a Contract Manager.

Contract Manager

- Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes;
- Ensuring contracts valued at \$100,000 or more are registered in Council's contract register;
- Day to Day management of assigned contracts in compliance with approved policies, procedures and processes and that all client obligations contained in contracts are fully satisfied; and
- Clearly defining in contracts, the performance standards, review mechanisms and deliverables required from contractors.

This policy does not apply to the following:

CONTRACT MANAGEMENT POLICY

- Employment Contracts;
- Non-binding Memoranda of Understanding; or
- Partnering and collaborative contracts with other Local or State Organisations

6. RELATED DOCUMENTS & LEGISLATION

Legislation

- *Local Government Act 1993 (NSW)*
- *Local Government (General) Regulation 2021*
- *Government Information (Public Access) Act 2009 (NSW)*
- *Privacy & Personal Information Protection Act 1998 (NSW)*
- *Health Records & Information Privacy Act 2002 (NSW)*

Council Policies

- GOV001 - Gifts & Benefits Policy
- GOV004 – Internal Reporting Policy
- GOV007 – Privacy Management Policy
- GOV008 – Public Access to Information Held by Council Policy
- GOV009 – Delegations Policy
- GOV011 – Councillor and Staff Interaction
- GOV020 – Code of Conduct Policy
- GOV022 – Legislative Compliance Policy
- GOV023 – Conflicts of Interest Policy

Council Documents

- Legislative Compliance Framework
- Governance Framework
- Gifts and Benefits Register
- Conflict of Interest Register
- Privacy Management Plan
- Secondary Employment Policy (Operational)
- Records & Information Management Policy (Operational)
- Contract Management Framework

7. ATTACHMENTS

Nil.

CONTRACT MANAGEMENT POLICY

8. DOCUMENT APPROVAL

This document is the latest version of the official policy of the Wentworth Shire Council, as adopted by Council on 29 June 2022. All previous versions of this policy are null and void.

This policy may be amended or revoked by Council at any time.

A PDF copy of the signed document can be accessed from Council’s record management system and Reliansys.

Signed: 

30 June 2022

General Manager Wentworth Shire Council

Date