

CONTRACT MANAGEMENT POLICY

POLICY ADMINISTRATION

Dates	Policy approved 17/12/2019 This policy is effective upon its approval. Policy is due for review 17/12/2021
Approved by	Executive on 17/12/2019 (Version 2)
Exhibition Period	N/A
Policy Owner	Manager Governance and Risk Management, Business and Corporate Services
Related Documents	Code of Conduct Procurement Policy Procurement Probity Plan Contract Management Procedures Statement of Business Ethics Fraud and Corruption Control Policy Fraud and Corruption Control Plan Purchase Card Policy
References & Legislation	Local Government Act 1993 Local Government (General) Regulation 2005 Local Government Code of Accounting Practice and Financial Reporting (Guidelines), Update No. 23 – March 2015 Government Information (Public Access) Act 2009
Document Identifier	Policy #: Pol-047.02 Doc #: D18/49291
Breaches of Policy	Breaches of any policy will be dealt with and responded to in accordance with adopted codes and/or relevant legislation.
Record Keeping	All documents and information obtained in relation to the implementation of this policy will be kept in accordance with the NSW State Records Act 1998, Georges River Council's Corporate Records Policy and adopted internal procedures.

1. PURPOSE

- 1.1. The purpose of this Contract Management Policy is to provide a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers.
- 1.2. The effective management of Contracts with suppliers is essential to the Council in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

Benefits of Contract Management	
Business Benefits	<ul style="list-style-type: none"> • Maximises outcomes to the Council and our customers (i.e. the Council “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation.
Value for Money	<ul style="list-style-type: none"> • Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes. • Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
Risk Management	<ul style="list-style-type: none"> • Reduces contractual risks through the robust contract management practices. • Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

Table 1: Benefits of Contract Management

1.3. This Policy provides the mandatory requirements for managing Contracts.

1.4. Specific policy objectives are to ensure:



Business needs are achieved



Standard approach is undertaken



Role and task clarity is provided



Probity and Fairness, the way we work



Compliance to rules and law

- 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.

2. SCOPE

2.1. This Policy commences in the Post-Contract-Award stage of the Procurement Life-Cycle. The Pre-Contract Award stage is covered by Council’s Procurement Policy.



Diagram 1: Contract Management Steps

2.2. This Contract Management Policy applies to all Council staff and contractors that are involved in the management of supplier Contracts on behalf of Council.

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

2.4. The following are excluded from this Policy:

- Employment contracts,
- Non-binding Memoranda of Understanding,
- Partnering and collaborative contracts with other Local or State organisations.

3. DEFINITION OF TERMS

Term	Meaning
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 the Council and on the other party / parties to the contract
Program Manager	The responsible officer (usually a Senior Manager) for overseeing the contract and any major contractual changes and strategies. The Program Manager or Director (owner) appoints the Contract Manager.
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 Owner	The Council staff member who is ultimately accountable for the outcomes of the contract, usually the Director or Manager with the Financial Delegation. The Contract Owner approves contract variations, including extensions, as well appoints the contract management roles.
Contract Manager	The Council staff member nominated to be responsible for the management of the administration and management of a contract.
Contract Register	A register maintained for all procurements valued at over \$10,000.
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.
Contractor	The supplier or the service provider (the other party) under a contract.
Value of a Contract	The value of a contract is whichever of the following values (incl. GST) is appropriate to the kind of contract concerned: <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, or• The rent for the term of the lease.

4. POLICY STATEMENT

4.1. Contract Management

- 4.1.1. The function of contract management is the management of Contracts formed with Contractors to ensure delivery of goods, services and works as agreed over the life of the Contract.

- 4.1.2. 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 guarantees.

4.2. Stages in the Contract Management Life Cycle



Diagram 2: Contract Management Life Cycle

- 4.2.1. Contract Commencement (Stage 1) – starts before a contract is signed

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

- 4.2.2. Contract Management (Stage 2) – runs until formal closure

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

- 4.2.3. Contract Closure (Stage 3) – the formal conclusion

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

4.3. Mandatory Requirements applying to contracts

- 4.3.1. The following **minimum requirements** apply to all Council Contracts **valued at \$10,000 or more**:
- Staff must adhere to Council's procurement policies, procedures and processes.
 - Each contract must be registered and identified with a **Contract Number** - issued by Council's Contract Management Module (TechOne).

- c) Specific contract details must be entered into Council's **Contracts Register** - which is updated via the Contracts Management Module in TechOne.
- d) A **Contract Manager** must be formally appointed.
 - i. 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. Note, this also applies to any changes (variations) to the original price of procurement.
- e) Council developed and recommended **Contract Templates** must be used.
 - i. Staff must use Council developed and recommended contract templates at all times. These include contracts based on Australian Standard, Standard Form Documents available from NSW Procurement and Purchase Order Term and Conditions.
 - ii. Specific advice should be sought from the Procurement team during the planning stages of procurement to determine the appropriate terms and conditions that should apply.
- f) All Contracts must include appropriate **Sustainability clauses** in the areas of:
 Work Health & Safety; Quality Assurance; Environmental; Financial Capability; Insurance; Industrial Relations; Performance; Code of Conduct; Business Ethics; Exchange; and Disclosure of Information.

 That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.
- g) All Contracts must include appropriate **Commercial clauses** in the areas of:
 Payments and Retentions (or security); Price Adjustments; Delay to Completion (or delivery); and Processes to Resolve Claims and Disputes.

 That allow managing or regulating variations to the original Contract, having regard to project value, Contract requirements and complexity
- h) Obtain all relevant **approvals and licences** prior to commencement: of the contract planning and engagement (entering into a contract).
- i) **Contract performance of all contracts valued at \$50,000** or more must be regularly monitored, evaluated and reported.
 - i. This is required at least annually over the term of the Contract, and upon completion and upon conclusion of a Contract. Complete and document performance evaluations and register in Council's records management system.

4.4. Contract Variations

- 4.4.1. All Contract Variations must be approved in writing in accordance with the Contract and be approved by the appropriate delegate.

4.5. Ethics and Probity

- 4.5.1. 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 decline of any offered Gifts or Benefits.

4.6. Role of Contract Manager

- 4.6.1. The responsible Contract Owner or Program Manager assigns the day to day management of a Contract to the Contract Manager.
- 4.6.2. The Contract Manager has many and varied responsibilities in undertaking the day to day management of a contract. Some key responsibilities are outlined in the Responsibilities table.
- 4.6.3. 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.

4.7. Contract Disclosures

- 4.7.1. In accordance with Part 3, Division 5 of the Government Information (Public Access) Act 2009 (GIPA Act), Council will maintain and publish a register of all Council contracts that records key information about each contract Council enters into with the private sector which has or is likely to have a value of \$150,000 (incl. GST) or more.
- 4.7.2. In accordance with the GIPA Act the following types of procurements will be disclosed on Council's public website.

CLASS 1 CONTRACTS	A government contract where the estimated value of the project, goods and services, property or lease is likely to be over \$150,000.
CLASS 2 CONTRACTS	Being a 'Class 1' contract where: <ul style="list-style-type: none">• there has not been a tender process; or• the terms and conditions of the contract have been substantially negotiated with the successful tenderer; or• obligations include maintaining or operating infrastructure or assets could continue for 10 years or more; or• it involves a privately financed project; or• it involves a transfer of a significant asset of the Council to another party to the contract in exchange for transfer of an

	asset to the Council.
CLASS 3 CONTRACTS	Being a 'Class 2' contract with a value over \$5 million

Useful links

- [Government Information \(Public Access\) Act 2009](#)

5. RESPONSIBILITIES

Position	Responsibility
Employees	<ul style="list-style-type: none"> • Are responsible for managing contracts in accordance with Council's financial delegations (as amended from time to time) and in a manner that is appropriate for the complexity and risk of the procurement activity.
Manager Governance and Risk Management	<ul style="list-style-type: none"> • Development of the Policy.
Coordinator Governance, Risk & Procurement	<ul style="list-style-type: none"> • Maintaining Council Contracts Registers and appropriate disclosure of Contracts valued at \$150,000 or more. • Regularly monitoring and evaluating contracts valued at \$50,000 or more and reporting on at least annually.
Executive Team	<ul style="list-style-type: none"> • Overall implementation of the Policy.
Program Managers (Directors)	<ul style="list-style-type: none"> • 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 a contract. • Ensuring the Contract Manager has adequate skills in managing contracts. • Assigning the day to day management of a contract to a Contract Manager.
Contract Manager	<ul style="list-style-type: none"> • Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes. • Ensuring contracts valued at \$10,000 or more are registered in Council's Contracts register. • Day to day management of assigned contracts. • Clearly defining in contracts the performance standards, review mechanisms and deliverables required from contractors. • Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied. • Maintenance of contract details and information in Technology One/ TRIM.

6. VERSION CONTROL AND CHANGE HISTORY

Version	Amendment Details	Policy Owner	Period Active
1.0	Complete new Georges River Council Contract Management Policy	Manager Governance and Risk Management	20/03/2018 - 17/12/2019
2.0	<p>Minor amendments including a reintroduction of people's responsibilities and an emphasis on stages of the Contract Management life cycle.</p> <p>(Note: Typographical error corrected 30/6/20 in Definitions & Responsibilities tables to ensure contracts valued at \$10K (not \$1K) are registered in Council's contracts register, as per s4.3.1 in the policy)</p>	Manager Governance and Risk Management	17/12/2019 – ongoing