

CONTRACT MANAGEMENT POLICY

QUALITY CONTROL			
EDRMS REFERENCES	D21/29364		
RESPONSIBLE POSITION	Manager Finance		
APPROVED BY	Chief Financial Officer		
REVIEW DATE	January 2022	REVISION NUMBER	1
EFFECTIVE DATE	ACTION	MINUTE NUMBER	
30 June 2021	Public Exhibition	46565	
25 August 2021	Adoption	46619	

1. POLICY STATEMENT

1.1 PURPOSE

The purpose of this policy and associated procedures is to provide a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers and also revenue generating contracts for Council.

The effective management of contracts is essential to Council in maximising the benefits and achieving required objectives from contracts entered into by Council.

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

	<ul style="list-style-type: none"> Ensures the Council is aware of, and complies with, its own contractual and legislated obligations
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2.1 POLICY OBJECTIVE

The specific policy objectives are to ensure

- Contracts are managed in a manner that facilitates business delivery while minimising risk
- A standard contract management approach is undertaken
- Contracts are managed maximising financial and operational performance for both expenditure and revenue generating contracts
- Role and task clarity is provided
- Probity and fairness in contract management is achieved
- Legislative compliance

3.1 POLICY SCOPE

This contract management policy applies to all Council staff and contractors that are involved in the management of supplier Contracts on behalf of council.

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.

Management of Contracts is closely linked to Councils Procurement Framework and Policy and ensures expenditure of council funds results in the most advantageous outcomes for the community.

The Following are excluded from this policy:

- Employment contracts
- Non-binding memoranda of understanding

4. POLICY

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 OF CONTRACT MANAGEMENT

4.2.1

Stage 1	Contract commencement – How to initiate and plan the contract management process
Stage 2	Contract Management – How to manage and administer contracts
Stage 3	Contract Closeout – How to close and transition contracts

4.2.2 Contract Commencement (Stage 1)

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.

4.2.3 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 benefits and value for money within target timeframes.

4.2.4 Contract Closure (stage 3)

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 and services.

4.3 MANDATORY REQUIREMENTS FOR CONTRACT MANAGEMENT

4.3.1 The following minimum requirements apply to all council contracts valued at \$22,000 or more:

- Staff must adhere to Councils Procurement Framework and Policy
- **Contract procurement Checklist** must be completed for contract procurements over \$22,000
- Each contract must be registered in councils EDRMS (TRIM) With 'contract' As the first word in the filename
- Specific details must be entered into Councils contract register
- Contract Managers must be suitably qualified or experienced
- During the contract term effective communication and open and collaborative business relationships are to be established and maintained with all stakeholders
- 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 changes (variations) to the original price of procurement.
- All relevant approvals and licenses must be obtained prior to commencement of a contract
- Contract performance of all contracts valued at more than \$50,000 must be regularly monitored evaluated and reported. This is required at least annually over the term of the contract and upon completion and conclusion of a contract. Complete and document performance evaluations and register in Councils EDRMS (TRIM) With 'Contract Evaluation' as the first part of the file name
- Disputes are to be managed in accordance with the Resolution of disputes clause in the contract
- At the completion of a contract a **Contract performance evaluation form** must be completed and filed in the appropriate TRIM Container.

4.4 VARIATIONS

- All contract variations must be managed in accordance with the conditions of the contract.
- 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 be adhered to in the management of contracts on behalf of Council, ensuring responsible decision making, declaration and appropriate management of 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 project manager assigns the day to day management of a contract to the contract manager.

4.6.2 The contract manager many and varied responsibilities in undertaking the day to day management of a contract. Some of these key responsibilities and outlines in the responsibilities table below.

4.6.3 For the purpose off 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 and the Procurement Framework and Policy

4.6 Responsibilities

Position	Responsibility
Employees	<ul style="list-style-type: none"> • Are responsible for managing contracts in accordance with Council's financial delegations, procurement Framework and Policy and contract management policy in a manner that is appropriate for the complexity and risk of the procurement activity.
Chief Financial Officer	<ul style="list-style-type: none"> • Development of the Policy.
Executive Team	<ul style="list-style-type: none"> • Overall implementation of the Policy.
Contract Owner	<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. • Regularly monitoring and evaluating contracts valued at \$50,000 or more and reporting on at least annually.
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 TRIM.

5.1 Glossary

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 ELT member 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 Contracts.
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	<p>The value of a contract is whichever of the following values (incl. 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, or • The rent for the term of the lease