



# CONTRACT MANAGEMENT POLICY

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## 1. BACKGROUND

The Contract Management Policy provides standardised practices for negotiating, executing, and monitoring contracts. It ensures compliance with legal requirements, minimises risks, and fosters efficient resource allocation. By promoting transparency and accountability, the policy enhances stakeholder relationships and supports continuous improvement for organisational success.

## 2. PURPOSE

The purpose of the Contract Management Policy ('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 include:

<b>Business Benefits</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Value for Money</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• Reduces contractual risks through the robust contract management practices Contract Management Policy</li> <li>• Ensures the Council is aware of, and complies with, its own contractual and legislated obligations</li> </ul>

## 3. POLICY OBJECTIVES

The Policy objectives are to ensure:

- End-to-end management of the purchase of goods and services beginning with good procurement practices.
- 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.



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- Role and task clarity is provided.
- Probity and fairness in contract management is achieved.
- Legislative compliance.

#### 4. LEGISLATION

The Policy relates to the following:

- *Local Government Act 1993*
- *Local Government (General) Regulation 2021*
- Local Government Code of Accounting Practice and Financial Reporting (Guidelines), Update No. 23 – March 2015
- Government Information (Public Access) Act 2009
- The Building and Construction Industry Security of Payment Act 2002
- Government Information (Public Access) Act 2009 ('GIPA Act')

#### 5. SCOPE

The 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. It further applies to a Contract until all contractual obligations have been completed.

Management of Contracts is closely linked to Council's Procurement Policy and the frameworks and guiding principles provided in that It ensures expenditure of council funds results in the most advantageous outcomes for the community. The Policy ensure that Council staff and contractors consider end-to-end management and the risks associated with procurement through to executing the contract and completion of the process.



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### 6. POLICY

#### 6.1. Roles and Responsibilities

The following table outlines the roles and responsibilities of personnel. Noting that the position titles may change, however, the responsibilities remain the same.

<b>Roles</b>	<b>Responsibility</b>
The Elected Council	The elected Council must act in accordance with the Policy and abide by any determination made as a result of this Policy.
General Manager	The General Manager is responsible for the overall control and implementation of the Policy. This includes adhering to s. 55 of the Local Government Act 1993.
Director Corporate Services	Development of the Policy and administration of the Contracts Register.
Executive Leadership Team	Overall implementation of the Policy.
Contract Owner (or Project Manager)	<ul style="list-style-type: none"> <li>Facilitation and oversight of contracts including update of the contracts register..</li> <li>Appointment of a suitably qualified, capable and adequately skilled Contract Manager according to the level and complexity of a contract.</li> <li>Ensuring the Contract Manager has adequate skills in managing contracts.</li> <li>Assigning the day-to-day management of a contract to a Contract Manager.</li> <li>•Regularly monitoring and evaluating contracts.</li> <li>Refer also to Contract Management Procedures</li> </ul>
Contract Manager (usually the same as the Procurement Manager)	<ul style="list-style-type: none"> <li>Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes</li> <li>Ensuring contracts valued at \$150,000 or more are registered in Council's Contracts register in accordance with the GIPA Act</li> <li>Reporting on contracts over \$150,000 or those that trigger s. 55 of the Local Government Act to be reported on the Contracts Register.</li> <li>Day to day management of assigned contracts.</li> </ul>



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Roles	Responsibility
	<ul style="list-style-type: none"> <li>• Clearly defining in contracts the performance standards, review mechanisms and deliverables required from contractors</li> <li>• Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied.</li> <li>• Maintenance of contract details and information in Council's Record System.</li> <li>• Refer also to Contract Management Procedures</li> </ul>
General Public	The general public must act in accordance with this policy and abide by any determination made as a result of this policy.

### 6.1.1 Contract Manager's Responsibilities

#### 6.1.1

The responsible contract owner or project manager assigns the day-to-day management of a contract to the contract manager. The contract manager may have varied responsibilities in undertaking the day-to-day management of a contract. Some of these key responsibilities and outlines in the responsibilities table below.

For the purposes 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 and the Procurement Policy.

### 6.2. Function of the Contract Manager

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.

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. This will be determined within the contract documents and agreement.

### 6.3 Stages of Contract Management



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<b>Procurement Stage</b>	Ensure that during the procurement planning, the right type of contract is selected.
<b>Stage 1</b>	Contract commencement – How to initiate and plan the contract management process.
<b>Stage 2</b>	Contract Management – How to manage and administer the contracts.
<b>Stage 3</b>	Contract Closeout – How to close and transition contracts.

### 6.3.1 Procurement Planning

Procurement Manager with the approval of the Director/General Manager determine the right contract/legal agreement prior to going to market.

6.3.1 **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.

6.3.2 **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 benefits and value for money within target timeframes.

6.3.3 **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.

### 6.4 Mandatory requirements for Contract Management

#### 6.4

The following minimum requirements apply to all council contracts valued at \$150,000 or more. However good contract management is required for the supply and delivery of materials and services to Council no matter the value. Therefore Council Officers are encouraged to use this framework for contract management for binding agreements of less than \$150,000.

- Staff must adhere to Council's Procurement Policy (and Procurement Procedures respectively) which also outlines a framework.
- The Contract Management Checklist must be completed for all contracts over \$150,000. It is good practice to utilise the Checklist for binding agreements under this value.
- Each contract must be registered in Council's Record System with 'contract' as the first word in the filename.



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- Specific details must be entered into Councils Contract Register in accordance with the Government Information (Public Access) Act 2009.
- Ensure payments of correctly rendered invoices are made to the supplier:
  - Staff to check if the Contractor owes money to a local contractor (contractor to provide a signed statutory declaration stating no monies are owed to any local sub-contractors).
  - For construction contracts, staff to ensure that the contractor is adhering to the Building and Construction Industry Security of Payment Act, 2002 and following process.
  - Verification that deliverables itemised in an invoice has been delivered and accepted by the entity and the supplier has fulfilled the required obligations under the contract prior to making a payment.

### 6.5 Contractor Work, Health and Safety

Work, Health and Safety must be considered with contract management. Contractors maybe subjected to induction and mandatory training processes prior to commencing the contract. The Work, Health and Safety for Contractors Procedure applies in all instances.

### 6.5 Variations

All contract variations must be managed in accordance with the conditions of the contract. Contract variations must also be recorded on Council's Contract register.

A copy of the Deed and or Contract variations respectively must also be filed and recorded along with the original Deed and or Contract in the Grants register.

All contract variations must be approved in writing in accordance with the contract and be approved by the appropriate delegate, in some instances, this may require Council resolution to vary a contract.

### 6.6 Ethics and Probity

Council's Model Code of Conduct and Procedures 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.

Contract managers must:

- Be suitably qualified or experienced.
- During the contract term effective communication (including verbal and written) and open and collaborative business relationships are to be established and maintained with all stakeholders



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- 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.
- Monitor contract performance - all contracts valued at more than \$150,000 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 Council's Record Management System with 'Contract Evaluation' as the first part of the file name.
- Manage disputes accordance with the Resolution of disputes clause in the contract.

### 6.7 Related Documents

The following are related documents, their names may be superseded with later versions:

- Council's Model Code of Conduct Policy and Procedure
- Procurement Policy
- Fraud and Corruption Control Policy
- Credit Card Policy
- Work Health and Safety Policy and Procedures

### 6.9 Breaches of Policy

A breach of this policy will be dealt with and responded to in accordance with adopted codes and/or relevant legislation. For example the Office of Local Government (OLG), Independent Commission Against Corruption (ICAC), Public Interest Disclosures (PIDs), Police, etc.

## 7. DEFINITIONS

Key Terms	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.





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Key Terms	Meaning
Contractor	The supplier or the service provider (the other party) under a 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 Manager	The Council staff member nominated to be responsible for the management of the administration and management of a contract.
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 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.
Procurement	Describes the over-arching process concerned with developing and implementing strategies to manage an organisations spend in a way as to contribute to the organisations overall goals and to maximise value and/or minimise the total cost of ownership.
Program Manager	The responsible officer (usually a Senior Manager) for overseeing the contract and any major contractual changes and strategies. The General Manager/Director (owner) appoints the Contract Manager.
Purchasing	Means the actual purchasing of goods and services.
Value for Money	As detailed by the Tendering Guidelines for NSW Local Government, value for money is determined by considering all the factors that are relevant to the proposed procurement and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs. These are all factors that can make a significant impact on benefits and costs. Value for money does not automatically mean the 'lowest price'. Value for money is a comparison of the apparent benefits of the proposed procurement activity with the whole-of-life costs.
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"> <li>• The total estimated value of the project, or</li> <li>• The total estimated value of the goods or services over the term of the contract, or</li> <li>• The value of the real property transferred, or</li> </ul>



**CONTRACT MANAGEMENT POLICY**

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Key Terms	Meaning
	• The rent for the term of the lease

<b>Title: Contract Management Policy</b>		
<b>Department: Corporate Services</b>		
Version	Date	Author
0.1	2024	Finance and Governance Specialist
01.11.01 Adopted	18 July 2024 Resolution 143/24	
<p>This policy may be amended or revoked at any time and must be reviewed at least three (3) years since its adoption (or latest amendment). The Director Corporate Services will be responsible for the review of this policy. Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guideline.</p>		
<b>Review Date: 2027</b>		
<b>Amendments in the release</b>		
Amendment History	Date	Detail
<b>Annexure Attached:</b>		
<p><b>Noreen Vu</b> <b>General Manager</b></p>		