



Policy Title	Contract Management
Related Documentation	Authorised Statement Contract Management Code of Conduct Contract Management Procedure Delegations Enterprise Risk Management Strategy Procurement Policy Statement of Business Ethics WHS Contractor Engagement and Management Procedure
Relevant Legislation	<i>Building and Construction Industry Security of Payment Act (1999) NSW</i> <i>Government Information and Public Access Act (2009) NSW</i> <i>Local Government Act (1993) NSW</i> <i>Local Government (General) Regulation (2005) NSW</i> <i>State records Act (1998) NSW</i> <i>State Records Regulations (2015) NSW</i> <i>Work Health and Safety Act (2011) NSW</i> <i>Work Health and Safety Regulations (2017) NSW</i>
Responsible Officer	Executive Manager Corporate Services and Governance

**Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.**

## Objectives

The Policy outlines the contract management approach at Campbelltown City Council (Council).

The objective of the Policy is to ensure contracts are managed in a consistent and reasonable manner.

## Policy Statement

Council relies on private sector contractors to supply goods and services to enable Council to fulfil its statutory and civic duties. Contract management plays an integral part in ensuring value for money is achieved from those contracts. As a result, Council is committed to ensuring contracts are managed in a consistent and responsible manner.

## Scope

The Policy applies to all those who manage contracts for goods and services at Council.

### INFORMATION AND DOCUMENT CONTROL

**Division:** City Governance  
**Section:** Procurement and Contracts  
**DocSet:** 5322213

**Adopted Date:** 18/04/2017  
**Revised Date:** 10/09/2019  
**Minute Number:** 186  
**Review Date:** 30/09/2021

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## Definitions

**Contract** means a legally binding agreement or arrangement including memorandums of understanding and incoming funding agreement but excluding employment contracts.

**Contractor** means a legal entity including but not limited to a contractor, consultant, service provider or federal or state government agency or department.

**Contract Governance Framework** means the processes and controls used to enable consistent and reasonable contract management, at the organisational level and transactional level.

**Contract Management** means the performance of management activities from award to completion, including, relationship management, service delivery management and administration.

**Contract Management Plan** means the document in which all key roles and responsibilities for effective contract management are outlined.

## Legislative Context

Section 24 of the Local Government Act (1993) NSW ("Act") states:

"A council may provide goods, services and facilities, and carry out activities, appropriate to the current and future needs within its local community and of the wider public, subject to this Act, the regulations and any other law."

Section 23 of the Act further confers on Council a power "to do all such things as are supplemental or incidental to, or consequential on, the exercise of its functions."

Section 8 of the Act requires Council through a statutory charter to:

"provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively."

Council is committed to implementing a contract governance framework to enable it to obtain the full benefits and cost savings expected from its contracts.

## Contract Governance Framework

At the organisational level, Council is to implement processes and controls for:

- Privacy and Confidentiality
- Ethical behaviour, Accountability and Transparency
- Stakeholder Management
- Risk Allocation

At the transactional level, Council is to implement process and controls for:

- Contract Preparation
- Contract Implementation
- Contract Administration
- Contract Completion

### A. ORGANISATIONAL LEVEL

#### Privacy and Confidentiality

Council is committed to ensuring those involved in contract management comply with applicable privacy legislation and the Council's *Code of Conduct*. In order to protect the integrity and security

of personal and confidential information, all personal and commercial information is to be treated as confidential and handled throughout the contract management stage in accordance with privacy legislation, Council's *Code of Conduct* requirements and the terms in the particular contract.

### **Ethical behaviour, Accountability and Transparency**

Council's *Code of Conduct* and the *Statement of Business Ethics* outlines the standards of behaviour expected from Council officers and contractors. Ethical business partnerships are good for business and most importantly, are what the community expects from Council.

Council is committed to the highest standards of honesty, fairness and integrity in all business dealings with contractors. It is therefore very important that the parties comply with these standards. Practices that strengthen ethical behavior, accountability and transparency include:

- maintaining a written record of all substantive decisions, meeting outcomes, key discussions about major issues and the reasons for decisions
- undertaking contractor audits and quality assurance checks and accessing contractor supplied information
- undertaking site inspections to confirm compliance and performance outcomes
- establishing processes for identifying, declaring and managing conflicts of interest
- providing regular reports on contractor performance to senior management, oversight groups and other key stakeholders as required

### **Stakeholder Management**

Council recognises the importance of managing the needs and expectations of stakeholders throughout the contract management stage. The type and frequency of interactions between/with stakeholders varies depending on factors such as the value, risk, nature and complexity of the particular contract. All key roles and their responsibilities for stakeholder management must be identified and appropriately assigned as part of the procurement stage and then actioned during contract administration.

### **Risk Allocation**

Council must maintain an appropriate suite of standard form contracts. A standard form contract selected from Council's suite of contracts should be used wherever possible, without amendment, when procuring goods or services unless approved by delegated authority.

## **B. TRANSACTIONAL LEVEL**

### **Contract Preparation**

Each contract is to have a contract manager appointed as early as practicable during the procurement stage. Early appointment of the contract manager allows them to influence the resulting contract and help in the development of the contract management plan (where required). The key responsibilities of the contract manager may include:

- preparing contract documents and specifications
- identifying and managing contract risks
- managing stakeholder needs and expectations
- scheduling and attending contract management meetings
- ensuring performance measures are met and provide performance reports to senior management and oversight groups as required
- assessing and seeking approval of variations and payments
- addressing issues and conflicts in a timely manner
- identifying opportunities for improvement throughout the contract management stage

Those who are appointed as contract managers are to:

- have relevant skills and experience, as well as industry knowledge where required
- have completed Council's contract management training program (or similar), and participate in refresher training as required

### **Contract Implementation**

The contract implementation process should begin as soon as practicable once the contract is awarded. Effective contract implementation may include:

- establishing a working relationship with the contractor and giving effect to any communicators strategy
- convening an initial contract management meeting between the parties in order to ensure the deliverables are mutually understood
- ensuring key start up tasks are completed, including, approval of work health and safety documents, contract risk plans, insurance certificates, securities
- arranging site inductions and any other work health and safety requirements
- establishing record management files in the corporate system

### **Relationship Management**

Council is committed to maintain good working relationships with its contractors. The contract manager is to act in a respectful and honest manner, and at all times comply with Council's *Code of Conduct* and the *Statement of Business Ethics* requirements.

### **Contract Management Plan**

Any contract valued at \$500,000 or more, or deemed to be a *significant contract* as defined in Council's *Authorised Statement Contract Management*, should have a contract management plan developed during the procurement stage to ensure high-standards of accountability and ownership of all key contract management activities during the life of the contract.

### **Transition Plan**

Any contract involving complex or essential services, significant assets or may have significant safety issues, should have a comprehensive transition plan developed during the procurement stage, and pro-actively updated during the life of the contract, especially near the completion period to ensure continuity of service delivery and the avoidance of business disruptions.

### **Contract Administration**

#### **Performance Management**

Performance measures should be outcome focused and be linked to the key objectives specified in the procurement documents. Examples of performance measures may include:

- targets to be achieved
- outcomes to be delivered
- key steps or milestones to be met
- achieving payment deadlines
- feedback or customer service metrics
- technical considerations
- quality, safety, environmental or social outcomes

Regular scheduled meetings with the contractor are important to monitor performance and to discuss opportunities for improvement. Medium - Long-term contracts may require contract management meetings on a quarterly basis, while short-term contracts (less than six months) or higher risk contracts should require meetings on a more regular basis.

Systems for collecting and analysing performance data (financial, quality, safety or technical aspects of the contractor's performance) are to be established as part of the contract governance framework.

### ***Dispute Resolution***

Council is committed to the effective and efficient resolution of contractual disputes. Disputes may relate to the scope of deliverables or performance measures, disagreements over requirements, service delivery schedules or price adjustments. Issues should to be resolved at an early stage before they become major issues and difficult to address.

Council's *Contract Management Procedures* encourages the prompt resolution of issues by prescribing to a timely and clear dispute resolution process. Dispute resolution processes are to be outlined in the particular contract.

Formal disputes are to be avoided as they can affect the delivery of goods or services and undermine the relationship. However, the contract manager must act to protect the interests of Council. Appropriate advice is to be obtained prior to formal action being taken.

Termination is to be considered as a last resort after all reasonable attempts to resolve the issue have been made. Any decision to terminate a contract must be by delegated authority.

### ***Risk Management***

Risk management is aimed at supporting effective service delivery and provides assurance to Council that control measures and treatments to mitigate contract risks are sufficient. Contract risks, once identified and prioritised, are to be monitored on an ongoing basis.

### ***Financial Management***

#### ***Variations***

A variation is an addition or alteration to the original contract in terms of adding, removing or changing an existing contract provision and may include a change to:

- scope of the contract
- value of the contract
- contract options to be exercised
- contract prices
- quantity purchased

Formal processes for varying contracts are to be included in the contract, and managed by the contract manager. Wherever possible, all variations must to be approved in writing by the appropriate delegate prior to the proposed variation taking effect.

An assessment of the proposed variation is to be made in terms of its impact on the deliverables, price, timeframe and value for money. Regard should be given to whether or not the proposed variation is purely administrative, minor or major.

Variations are not to change the original scope of the contract.

#### ***Payments***

Council recognises that making timely payments is important in maintaining a good working relationship with the contractor. As such, all payments should be made strictly in accordance with the terms of contract. However, the contract manager should only authorise a payment after being satisfied the contracted goods or services have been received, and in all material aspects comply with the performance measures outlined in the particular contract.

## ***Record Keeping***

The *State Records Act 1998 (NSW)* and associated standards require Council to keep records. Written records will help to:

- keep more accurate record of communications
- be more reliable than oral communications
- reduce the level of risk associated with the loss of information and knowledge
- simplify the payment process comply with best practice requirements

All substantive business records that are created and/or received during the contract management phase, whether paper based or electronic, is to be captured in Council's official document management system. Contract management records may include:

- substantive communications with the contractor, for example, letters and emails
- telephone conversations – use file notes
- meetings – agenda, take minutes
- records of briefings of stakeholders and/or management team members
- oral arrangement – document in writing by either sending an email or letter “to confirm” the oral arrangement
- risk assessments
- contract management plan or checklist
- evidence of insurances and/or licences and permits required by the contract
- contract management plans and transition plans
- records of payments and of performance reports, analysis, discussions, performance assessments, feedback and of any non-compliance or under-performance
- variations to the contract records of any issues and/or disputes and related discussions

## **Contract Completion**

### ***Exercising Contract Options***

A contract extension is the exercise of a contract option to extend the contract for an additional period. Contract options are to be outlined in the original contract and state who can exercise it and how.

Contract options are to be approved in writing and in accordance with the process outlined in the particular contract and by delegated authority. In exercising an option, consideration is to be given to whether the option provides value for money and whether the contract has achieved what was expected.

Discussions to exercise an option are to commence well in advance of the current expiry date in case the option is not exercised and a new procurement is undertaken.

Where a contract has expired without a valid option period, but the goods or services under the expired contract are required, an interim contract maybe put in place where the terms of contract are substantially similar to those specified in the expired contract, and the interim contract is approval by delegated authority.

In deciding whether to approve an interim contract, Council is to have regard to the level of risk and the impact on delivering value for money. Approval is to be given on an interim basis only on the condition that a new procurement process is undertaken within a reasonable timeframe.

### ***End of Contract Review***

Where possible, a post-contract review is to be conducted at the end of the contract period. The outcomes of the review should inform future procurement decision-making and assess whether the key objectives specified in the contract were achieved.

## **Reporting**

The Procurement and Contracts Lead is to report annually on the effectiveness of the contract governance framework and recommend areas for improvement to the Executive.

## **Responsibility**

The General Manager is responsible for ensuring the objectives of this Policy are realised and ensuring appropriate key performance indicators are in place to promote continuous improvement across all aspects of Contract Management.

## **Effectiveness of this Policy**

Council expects this Policy to deliver the following outcomes:

- value for money is consistently achieved from contracts
- well-managed works, services and facilitates
- accountable and defensible decision-making by maximising written records
- systematic and responsible management of performance and contract risks
- capacity to capture and analyse contractor performance data to inform decision-making
- strengthening of contractor relations
- assurance staff managing contracts comply with all applicable legislation, standards, codes and other requirements to which Council subscribes
- transparency and availability of contracts and contract information
- Council's commitment to continuous improvement and best practice across all aspects of business and service delivery is reinforced

## **END OF POLICY STATEMENT**