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| Policy Title | Contract Management |
| Related Documentation | Contract Management Authorised Statement Code of Conduct Contract Management Procedure Delegations Enterprise Risk Management Authorised Statement 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> Local Government (General) Regulation (2005) NSW <i>State Records Act (1998) NSW</i> State Records Regulations (2015) NSW <i>Work Health and Safety Act (2011) NSW</i> Work Health and Safety Regulations (2017) NSW |
| 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 approach to contract management adopted in Campbelltown City Council (Council). The objective of the Policy will ensure contracts are managed in a transparent, responsible and consistent manner.

Policy Statement

Council is committed to ensuring contracts are managed in a manner that is transparent, responsible and in accordance with all relevant legislation, Council’s policies and procedures, as well as the relevant conditions of the contract.

To ensure organisational-wide assurance in contract management, Council is committed to ensuring that appropriate organisational structures, processes, systems and controls are in place.

DATA AND DOCUMENT CONTROL – GOVERNANCE USE ONLY

Division: City Planning & Corporate Services
Section: Procurement & Contracts
Record No: CDO-24/802

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Scope

The Policy applies to:

- All staff managing contracts for Council
- all business and operational activities across all sites and locations.

The Policy does not apply to contracts of employment nor non-binding arrangements.

Definitions

Contract means a legally binding arrangement whether for the provision of goods, services or otherwise, including grants, leases, licences, and memorandums of understanding entered into by Council.

Contractor includes a contractor, supplier, consultant, service provider, federal or state government agency or department (the other party).

Contract Governance Framework means the organisational structures, processes, systems and controls needed to support organisational-wide assurance in contract management.

Contract Management means the systematic and responsible management of a Contract to ensure its expected benefits are fully achieved to deliver value for money.

Contract Management Plan means a document which adequately details all key roles, responsibilities, dates, activities and financials relating to a contract.

Contract Variation means an addition or alteration to the original scope of the contract and may include a change in value, pricing or term.

Legislative Context

Section 8 of the *Local Government Act (1993) NSW* requires Council by way of 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.”

To enable Council to fully comply with its legislative obligations, Council is committed to developing an appropriate contract governance framework to support effective contract management.

Contract Governance Framework

At an organisational level, Council will develop appropriate organisational structures, processes, systems and controls to support:

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

At a transactional level, Council will develop appropriate processes, systems and controls to support:

- Contract Preparation
- Contract Implementation

- Contract Administration
- Contract Completion.

Organisational Level

Privacy and Confidentiality

Council is committed to ensuring that staff performing contract management fully comply with all relevant privacy legislation, Council's Code of Conduct and the relevant conditions of the contract.

To protect the integrity and security of personal and commercial information, all personal and commercial information will be treated as confidential and managed in accordance with privacy legislation, Council's Code of Conduct and the relevant conditions of the contract.

Ethical Behaviour, Accountability and Transparency

Council's Code of Conduct and the Statement of Business Ethics outlines the standards of behaviour expected by staff and contractors. Council acknowledges that ethical relations are constructive for delivering effective contracting outcomes and are what the community expects from Council.

Council is committed to acting honestly, fairly and with integrity in its dealings with contractors and Council will ensure that:

- written records of substantive communications, meeting minutes, material issues and reasons for decision-making are recorded in Council's content management system
- contractor performance reviews and quality assurance investigations are undertaken to ensure value for money
- site inspections to confirm compliance are carried out
- conflicts of interest are identified and managed
- contractor performance, contract variations and issues are routinely reported to key stakeholders to support in organisational-wide assurance.

Stakeholder Management

Council recognises the importance of managing the needs and expectations of stakeholders during 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 contract. All key roles and responsibilities for stakeholder management will be identified and appropriately assigned as part of the procurement stage and then actioned during contract administration.

Risk Allocation

Council will 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.

Transactional Level

Contract Preparation

Each contract will 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 a 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.

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 after 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 and securities
- arranging site inductions and any other work health and safety requirements
- establishing record management files in the corporate system.

Relationship Management

The Council is committed to maintaining good working relationships with its contractors. The contract manager will 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

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

Transition Plan

A contract that involves complex or essential services, significant assets or may have significant safety issues, should have a comprehensive transition plan developed during the procurement stage, and be 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 6 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) will 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 be resolved at an early stage before they become major issues and difficult to address.

The Council's Contract Management Procedures encourage the prompt resolution of issues by prescribing to a timely and clear dispute resolution process. Dispute resolution processes will be outlined in the relevant contract.

Contract disputes will be avoided whenever possible. Where a dispute is unavoidable, the contract manager will act to protect the interests of Council. Appropriate advice will be obtained prior to formal action being taken. Any termination of a contract will be a measure of last resort after reasonable attempts to resolve the issue have been made. Any decision to terminate a contract will 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, will be monitored on an ongoing basis.

Financial Management

Contract Variations

A contract 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 contract variations will be included in the contract and managed by the contract manager. Wherever possible, all variations will be approved in writing and the resulting variation notice will be signed by the appropriate delegate prior to the proposed variation becoming effective.

An assessment of the proposed variation will 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 and 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, will 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 – documented 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 will be outlined in the original contract and state who can exercise it and how.

Contract options will be approved in writing and in accordance with the process outlined in the particular contract and by delegated authority. In exercising an option, consideration will 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 may be put in place where the terms of contract are substantially similar to those specified in the expired contract, and the interim contract is approved by delegated authority.

In deciding whether to approve an interim contract, Council will have regard to the level of risk and the impact on delivering value for money. Approval will 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 will 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 will report annually on the effectiveness of the contract governance framework and recommend areas for improvement to the Executive.

Responsibility

The Chief Executive Officer 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:

- improved organisation assurance with respect to delivering on contracting initiatives
- value for money is consistently achieved in contracting
- well-managed works, services and facilities
- 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 that 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