



## 1. Intent of Policy

To implement a defined policy and procedure that identifies the key responsibilities associated with the management of Council contracts.

The application of this policy and procedure will commence at project approval stage and will be in place prior to the signing of a contract. This is designed to assist Council Officers in managing and monitoring contracts and to ensure all contractual objectives are realised.

## 2. Scope of Policy

The policy applies to all Council Officers responsible for the management of contracts on behalf of Council.

Oberon Council Contract Management Policy & Procedure ensures robust processes are in place for management of all Contracts including the purchase of goods and services. Management of Contracts is closely linked to Council's Procurement and Disposal Policy and ensures expenditure of council funds results in the most advantageous outcomes for the community.

This policy applies to contracts if they meet one or more of the following criteria:

- a. The procurement activity is high risk
- b. The contract value is determined to be formal in accordance with the procedure or is greater than \$50,000 (excluding GST) or where projects require Council project management oversight, in accordance with Council's Project Management Policy 1204.
- c. The term of the contract exceeds 12 months.

This policy should be read in conjunction with the Councils Procurement and Disposal Policy, Project Management Policy and Councils Contract Management Procedure.

## 3. Definitions

Contract means any contract, agreement, or lease entered into by Council with a third party.

Contract Manager is the Council staff member responsible for the management and oversight of the contract. This has the same meaning as 'project manager' in Councils Project Management Policy 1204.

## 4. Policy Principles

Council is responsible for the management of a diverse range of contracts including service, supply, building and construction-based contracts. To effectively manage these contracts Council Officers must apply the following key principles of effective contract management:

- a. Contracts are to be administered in accordance with Council's policies and procedures, local government regulations and relevant NSW State and Commonwealth legislation;
- b. A Contract Management Plan where appropriate will be included as an attachment to the Terms and Conditions of the contract;
- c. Contract Managers must be suitably qualified and/or experienced;
- d. At contract start-up the key objectives of the contract must be confirmed with the contractor and stated in the contract;
- e. During the contract term effective communication and open and collaborative business relationships are to be established and maintained with contractors and all stakeholders;
- f. Contracts must be monitored regularly and their performance assessed against Performance Measurement Indicators (PMI) as stated in the contract;
- g. The consequence of non achievement of PMI's should be stated in the contract;
- h. All risks must be reviewed annually and where applicable, risk management plans updated;
- i. All contract variations must be managed in accordance with the conditions of the contract;
- j. Contract variations exceeding 5% of the original contract value or a cumulative total of greater than 10% must be approved by the General Manager;
- k. All contract term extensions greater than 30 working days in any one occurrence or for a cumulative period greater than 60 days, must be authorised by the General Manager;
- l. Disputes are to be managed in accordance with the Resolution of Disputes clause in the contract;
- m. At the completion of a contract a formal review process must be undertaken by the Contract Manager, and provided to the General Manager for all formal contracts.
- n. The application of this policy and the attached Contract Management Procedure may be considered for shorter term (less than 12 months) procurement/contracts less than \$50,000 (including GST).

## **5. Reporting**

Council's Project Management tools including its EDRMS have been designed to ensure accurate and timely reporting. The PMP requires Project Managers to enter monthly status updates for projects under their control.

## **6. Project Related Document Management**

All documentation associated with the management of a project is to be stored within Councils document management system.

## **7. Policy Compliance**

- 7.1 All those persons involved in Council's project work are expected to read this Policy carefully so as to ensure that they are intimately aware of their responsibilities and processes to which they are to conform.
- 7.2 Non-compliance with this Policy may result in appropriate remedial action in the form of disciplinary action and/or dismissal, being taken.

## 8. Accountability, Roles and Responsibilities

### 8.1 Authorisation – General Manager

The General Manager is responsible for the authorisation of this Policy.

### 8.2 Policy Custodian – Executive Management Team

Council's Executive Management Team are accountable for managing policy compliance, initiating the policy review process, internal auditing requirements, and has responsibility for all aspects of policy implementation, unless appropriately delegated to another officer.

### 8.3 Approval – Executive Management

The relevant member of Executive Management is responsible for the overall supervision of a project within their directorate and is required to approve project initiation and approval documentation, project variances as well as project completion.

### 8.4 Compliance – Project Managers

Project Managers are responsible for the co-ordination and implementation of the processes outlined within this Policy as well as accurate reporting within the PMP.

## 9. Links to other Policies & Procedures

- 1206 – Procurement and Disposal Policy
- 1204 – Project Management Policy
- 2110 - Workplace Health and Safety Policy
- Contract Management Procedure

## 10. Relevant Legislation

- Local Government Act 1993
- Local Government (General) Regulation 2005

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