

# Contract Management Policy

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DRAFT



### INFORMATION ABOUT THIS DOCUMENT

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Further Document Information and Relationships	
<b>Related Legislation*</b>	<i>Local Government Act 1993</i> <i>Local Government (General) Regulation 2021</i> <i>Government Information (Public Access) Act 2009</i>
<b>Related Policies</b>	Code of Conduct Procurement Policy
<b>Related Documents</b>	Local Government Code of Accounting Practice and Financial Reporting (Guidelines), Update no. 23 – March 2015

*\*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*

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## 1. Purpose

The purpose of the Contract Management Policy is to provide a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers.

The effective management of Contracts with suppliers is essential in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

- Business Benefits:

Maximises outcomes to Council and our community (i.e. 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:

Enables savings and benefit opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes. It enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.

- Risk Management:

Reduces contractual risks through the robust contract management practices. Ensures Council is also aware of, and complies with, its own contractual and legislated obligations.

## 2. Commencement

This Policy is effective from the date of resolution by Council and shall remain in force until repealed by resolution of Council.

## 3. Scope

This Policy commences in the Post-Contract-Award stage of the Procurement Lifecycle. The Pre-Contract Award stage is covered by Council’s Procurement Policy.

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 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.

The following are excluded from this Policy:

- Employment contracts,
- Non-binding Memoranda of Understanding,
- Partnering and collaborative contracts with other Local or State Government organisations.

#### 4. Definitions and Interpretation

Term	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 create or which may create binding obligations on 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	A Council staff member who is ultimately accountable for the outcomes of the contract, usually the Director or Manager with the Financial Delegation. The Contract Owner approves contract variations including extensions, as well appoints the contract management roles.
Contract Manager	A Council staff member nominated to be responsible for the management of the administration and management of a contract.
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	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> <li>• The rent for the term of the lease.</li> </ul>
Contract Register	The schedule of permitted agreements valued over \$150,000.

## 5. Policy Statement

The Liverpool Plains Shire Council is committed to ensuring that all contracts are managed in a manner that is transparent, accountable, and consistent with Council's policies, procedures, and guidelines. The purpose of this policy is to establish a clear framework for the management of contracts entered by Council, with a focus on ensuring that Council's interests are protected and that all contracts are managed effectively and efficiently.

Council will ensure that a clear and comprehensive process is in place for the management of contracts, including the following steps:

### 5.1 Contract Negotiation and Preparation

Council will ensure that all contracts are negotiated and prepared in accordance with Council policies and procedures, and that all necessary approvals are obtained before contracts are executed. Council will also ensure that contracts are prepared in a manner that protects Council's interests, and that contracts are clearly and concisely written to minimise the risk of disputes.

### 5.2 Contract Execution and Signature

Council will ensure that contracts are executed in accordance with Council policies and procedures, and that the contracts are signed by authorised representatives of Council and the relevant parties. Council will ensure that contracts are executed in a manner that protects Council's interests and that contracts are executed in timely manner.

### 5.3 Contract Monitoring and Review

Council will monitor contracts regularly to ensure that they are being performed in accordance with the terms and conditions of the contract. Council will also conduct regular reviews of contracts to ensure that they are still in line with policies and procedures, and that they continue to meet Council's needs.

#### 5.4 Contract Close-out

Council will ensure that the contracts are closed out in accordance with policies and procedures, and that all necessary documentation is completed and filed appropriately. Council will also ensure that all outstanding issues and obligations under contracts are resolved before contracts are closed out.

#### 5.5 Contract Records

Council will maintain accurate and up-to-date record of all contracts entered into including contracts that have been executed, are in force, or have been closed out. Council will also ensure that all the contract records are stored securely and that they are easily accessible by authorised personnel.

#### 5.6 Contract Management Training

Council will provide training to all personnel involved in the management of contracts, including training on policies, procedures, and guidelines, and on contract management best practises.

#### 5.7 Mandatory Requirements for Applying to Contracts

The following minimum requirements apply to all Council Contracts valued at \$150,000 or more. However, Council will move to apply these requirements to all contracts regardless of value.

- 5.7.1 Staff must adhere to Council's procurement policies, procedures and processes.
- 5.7.2 Each contract must be registered and identified with a Contract Number and the contract stored in Council's electronic data management system (Content Manager).
- 5.7.3 Specific contract details must be entered into Council's Contracts Register.
- 5.7.4 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. Note, this also applies to any changes (variations) to the original price of procurement.
- 5.7.5 Council developed and recommended Contract Templates should be used.
- 5.7.6 All Contracts must include appropriate Sustainability clauses in the areas of Work Health & Safety; Quality Assurance; Environmental; Financial Capability; Insurance; Industrial Relations; Performance; Code of Conduct; Business Ethics; Exchange; and Disclosure of Information. That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.
- 5.7.7 All Contracts must include appropriate commercial clauses in the areas of Payments and Retentions (or security); Price Adjustments; Delay to

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Completion (or delivery); and Processes to Resolve Claims and Disputes.  
That allow managing or regulating variations to the original Contract, having regard to project value, Contract requirements and complexity.

5.7.8 Obtain all relevant approvals and licences prior to commencement.

## **5.8 Ethics and Probity**

Council's Code of Conduct must always be adhered to in the management of Contracts on behalf of Council, ensuring responsible decision making, declaring and appropriately managing any conflicts of interest and appropriate decline of any offered gifts or benefits.