

CONTRACT MANAGEMENT POLICY

Responsible Department:	Infrastructure Delivery
Responsible Section:	Assets and Engineering
Responsible Officer:	Manager Assets and Engineering

Objectives

Council's contract management framework aims to ensure:

- A standard approach and framework are adopted across the Council in the management of contracts;
- Council enters into and manages contracts in a manner which facilitates Councils business and minimises risk;
- Employees understand the Council's responsibilities under a contract and are adequately skilled and trained to do so;
- Employees who are appointed as contract managers understand the responsibilities of all parties under a contract;
- Obligations under a contract are performed;
- Contracts are managed and reported to ensure quality performance and value for money are achieved in line with expectations;
- Maximised supplier and industry engagement to ensure interest so a competitive and willing market exists to support the Council; and
- Council receives the full and entire benefit of the contract.

Introduction

The purpose of this Contract Management Policy is to provide clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers and other legally binding documents. The effective management of Contracts is essential to Council in maximising benefits through supplier performance, productivity, identifying opportunities for improvement, and value for money. There are also Risk Management opportunities by reducing contractual risks and ensuring Council is aware of and complies with its own contractual and legislated obligations.

The Contract Management Framework provides support to manage contracts and enhances the ability to successfully achieve contract outcomes. It provides strategies to reduce and manage risk, reduce costs, and improve success rates of contracts.

1. Definitions

Term	Definition
Acceptance	An action, whether words or otherwise, that unequivocally and unconditionally evinces an intention to accept an offer.
Agreement	An accepted offer.
Contract	An exchange of promises between Council and another party relating to the provision of goods and/or services that legally binds all parties.
Employment Contract	A contract between Council and an employee of Council for the engagement of the employee as an employee, and not a contractor or consultant.
Offer	An invitation to enter into a legal relationship involving the exchange of promises that contains certain terms, is capable of acceptance, and evinces an intention to become legally binding on acceptance.
Non-binding memoranda of understanding	An exchange of aspirational promises between Council and other parties that is explicitly not intended to be legally binding.
Private sector	All people, however described, that are not a government entity.
Significant council asset	A Council asset that: <ul style="list-style-type: none"> • Has a value of more than \$1,000,000; or • Is strategically important for Council's operations

2. Scope

- 2.1. This Policy applies to all contracts between Council and third parties from the award of a contract until its conclusion.
- 2.2. This policy does not apply to:
 - (a) Employment Contracts; and
 - (b) Non-Binding memoranda of understanding.

3. Contract Classifications

- 3.1. Contracts will be classified into three types, which are detailed in Table 1 overleaf.
- 3.2. Each classification of contract will have specific requirements, which are detailed in Table 1 overleaf.
- 3.3. In order to reach a classification, at least one criterion for classification must be met. For clarity, not all criteria need to be met for a contract to fall into a particular classification.

Type	Criteria for Classification	Specific Requirements
Routine	<ul style="list-style-type: none"> Between \$25,000 to \$50,000.00 Low Risk 	<ul style="list-style-type: none"> Simplified Contract Management Plan
Focused/Leveraged	<ul style="list-style-type: none"> Between \$50,000.01 and \$150,000.00 Low to Medium Risk 	<ul style="list-style-type: none"> Contract Management Plan Quarterly or Six-Monthly internal stakeholder meetings
Strategic	<ul style="list-style-type: none"> More than \$150,000.01 Medium to High Risk Strategic Importance 	<ul style="list-style-type: none"> Contract Management Plan Monthly or quarterly internal stakeholder meetings

Table 1 Contract Classifications

4. Form of Contracts

4.1. Where the value of a contract and the potential liability of Council under a contract is worth a combined value of \$25,000 or more, or depending on the complexity, risk, and other factors involved in the contract, contracts will be in writing.

- (a) Council will develop, or procure, and use standardised contracts. Where Council does not use a standardised contract, it will obtain internal and/or external legal advice in relation to the contract that it uses.

4.2. This clause does not affect the validity of contracts that are not entered into in writing.

5. Record Keeping and Public Disclosure Requirements

Public Contracts Disclosure

5.1. Council will maintain a public register of Council Contracts with the private sector which has, or is likely to have, a value of \$150,000.00 (including GST) or more, in accordance with its obligations under Part 3, Division 5 of the *Government Information (Public Access) Act 2009* (NSW).

5.2. Each contract will be assigned a unique contract number, which will be used to identify the contract.

5.3. The following key details will be entered into the Contracts Register:

- (a) Contract Class;
- (b) Contract ID / Reference;
- (c) Contract Name;
- (d) Effective date of contract;
- (e) Contract Term (duration);
- (f) Estimated Contract Value; and
- (g) Procurement Process.

5.4. The classes of contracts in Table 2 will be disclosed on Council's website.

Disclosure Class	Description
1	A contract with an estimated value of the goods/services/property/lease is likely to exceed \$150,000.00
2	A class 1 contract with any of the following features: <ul style="list-style-type: none"> • There has not been a tender process; • The terms and conditions have been substantially negotiated directly with the successful tenderer in the case of a tender process; • Obligations under the contract include maintaining or operating infrastructure or assets for ten years or more; • The contract or project is wholly or partly privately financed; • The contract or project involves the transfer of a significant Council asset to another party in exchange for the transfer of an asset to Council.
3	A class 2 contract with a value over \$5,000,000.00.

Table 2 Contracts to be disclosed on Narrabri Shire Council's website.

6. Administration

- 6.1. This policy will be reviewed from time to time on an as-needed basis.
- 6.2. This policy will be reviewed within twelve months of an Ordinary Council Election in any event.

References

- Local Government Act (NSW) 1993
- Local Government (General) Regulation 2021
- Government Information (Public Access) Act 2009
- Tendering Guidelines for NSW Local Government 2009

History

Minute Number	Meeting Date	Description of Change
125/2024	25 June 2024	Adopted