

Policy

Title: **Contract Management Policy**

Category: **Corporate Governance**

Date Last Adopted: 22 March 2021

1. Objectives

The objectives of this Policy are to ensure that:

- Contracts are managed in a manner that allows the City to fully realise community benefits, value for money, quality outcomes, while minimising risk.
- The City prioritises contract management and provides leadership at all levels to ensure buy-in and commitment to effective contract management.
- The City and contractor / supplier relationship is managed effectively to ensure the market continues to show interest in doing business with the City to support its programs and services.
- A consistent approach and framework is adopted to managing contracts across Council.
- Contract management roles and responsibilities are clearly identified and understood by the Officers that undertake them.
- The City's contract managers are adequately skilled and trained.
- The principles of ethical behaviour, probity and conflict of interest are adhered to in the management of all contracts.
- The City adheres to its legislative obligations and requirements.

2. Background

The City routinely seeks quotes, tenders and expressions of interest for a range of activities and requirements including consultancy work, construction and maintenance works and the purchase of goods, equipment and general services. The City does so to support the delivery of over 300 programs and services to the community as well as

delivery of the City's capital works program of new and renewed assets. As a result the City has established contracts with suppliers and service providers.

Effective and planned contract management is essential if the City is to realise value for money, manage risk, and achieve high quality outcomes and benefits for the community from its procurement and purchasing activities.

3. Scope

This Policy applies to all Council Officers and any business or organisation that is involved in the management of contracts on behalf of the City of Hobart.

While this Policy applies to all types of contracts and any legal agreement that binds Council for the procurement of goods, services and works, this Policy is particularly relevant to contracts that are high in value, risk or complexity, that are delivered over an extended period of time, have significant implementation issues and/or involve complex performance measures or service level agreements. Many one off purchases that are simple and low in value and risk may not require or benefit from a formal contract management approach although the general principles in this policy are relevant to all contracts.

This Policy applies to a contract until all contractual obligations have been met. It should be noted that depending upon the contract, this could extend beyond practical completion or the delivery/implementation of goods, services or works, particularly where there are ongoing obligations under the contract such as warranties, guarantees or maintenance agreements.

This Policy does not apply to the following activities:

- Employment contracts
- Leases
- Licences
- Grants where Council is the recipient.

While this policy is not for the express purpose of these activities, the concepts in this Policy would still be useful in managing these types of activities.

4. Policy

1. The City of Hobart will pro-actively manage all contractual relationships between a supplier and Council, including managing performance, effective relationships, risk & safety, cost, quality, service levels, deliverables and disputes, to achieve the agreed outcomes under the contract.
2. The City will pro-actively manage its contracts in order to:

- Achieve value for money for the community by ensuring that the all parties to the Contract (including Council, the supplier and any subcontractors) meet their obligations in line with agreed performance measures, timeframes, expected deliverables, payments and quality standards.
 - Ensure risk minimisation for the City including in relation to safety.
 - Prevent misunderstandings about the requirements under the Contract / scope and ensure Council's objectives are met.
 - Manage improvement in supplier performance where necessary.
 - Achieve agreed outcomes in a timely manner.
 - Achieve continual improvement and sustainability.
3. The City will manage its contracts in a manner consistent with the following procurement principles, set out in the *Local Government (General) Regulations 2015*:
- Open and effective competition
 - Value for money
 - Enhancement of the capabilities of local business and industry
 - Ethical behaviour and fair dealing.
4. Procedures and guidelines for implementation of this Policy and related policies will be contained in the City's Integrated Management System.

5. Legislation, Terminology and References

Local Government Act 1993 (Tas)

Local Government (General) Regulations 2015 (Tas)

Responsible Officer:	Manager Rates, Procurement and Finance Operations
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