

CONTRACT MANAGEMENT POLICY

Policy/Procedure Type	Council
Responsible Department	Finance and Procurement
Responsible Officer	Chief Financial Officer
Related Policies and Procedures	• Employee Code of Conduct • Unsolicited Proposals Policy • Prudential Management Policy • Disposal of Surplus Non-Community Land Policy • Risk Management Policy • Procurement Framework (Intranet) • Climate Change Policy • Environmental Policy • Caretaker Policy • Fraud and Corruption Prevention Policy • Financial Delegations • Project Management Framework
Community Plan 'Towards 2050' Link	This Policy supports the Community Plan's guiding principles of Integrity, Engagement, Financially Sustainable and Thought Leadership.
Date Originally Adopted	25 May 2026
Last Review Date	25 May 2026
Next Review Date	May 2029
ECM Document No.	9226632

1. PREAMBLE

- 1.1. The City of Unley is committed to effectively managing all contracts to ensure high-quality, value-for-money outcomes for the community. This policy establishes a consistent, transparent and risk-based approach for managing contracts across their lifecycle. It supports strong governance, responsible use of public resources and alignment with Council's strategic objectives and legislative obligations.

2. SCOPE

- 2.1. This Policy applies to

- 2.1.1. all Council employees and contracted staff who manage or administer contracts on behalf of Council, from contract commencement through performance monitoring, variations, extensions/renewals, disputes, and closure.

- 2.1.2. all contracts and agreement for the supply of goods, services and works to Council.
- 2.2. This Policy does not apply to employment agreements, the leasing and licencing of Council properties and facilities, sponsorship agreements, grants, funding arrangements or donations.

3. PURPOSE/OBJECTIVES

- 3.1. The City of Unley is committed to ensuring that it receives goods, services or works provided to the required standards of quality and quantity as intended in a contract. This Policy seeks to achieve the following:
- 3.1.1. Ensure contracts deliver agreed outcomes and value for money through consistent, proactive and transparent management across the contract lifecycle.
 - 3.1.2. Promote effective governance, accountability and probity by defining clear responsibilities, maintaining accurate records and supporting ethical supplier relationships.
 - 3.1.3. Manage contract risks systematically by applying Council's Risk Management Framework and implementing appropriate monitoring, mitigation and escalation processes.
 - 3.1.4. Strengthen supplier performance and service quality through structured performance reviews, issue resolution processes and continuous improvement practices.
 - 3.1.5. Ensure compliance with legislative and policy requirements, including WHS obligations, financial delegations, information management standards and integrity-related reporting.
 - 3.1.6. Clearly record and document all information pertaining to the end-to-end management of the contract.

4. DEFINITIONS

<u>Term</u>	<u>Definition</u>
Contract	An agreement or contract made between Council and a supplier of goods, works and/or services evidenced by a legally binding document containing conditions relating to the supply of goods, works or services and responsibilities assigned.
Contract Manager	The council officer or agent responsible for the administration of the contracts, including performance, risk management and records and record management.
Contract Owner	The Manager (or GM) with budget accountability and delegation; approves variations/extensions and appoints the Contract Manager.
Contracted Party	The supplier of goods, works and/or services to council with whom council has a contract.
Contract Register	The official register recording contract details including contracted party, contract term, contract value, and the status of the contract.

5. Roles and Responsibilities

<u>Role</u>	<u>Responsibilities</u>
Elected Members	- Responsible for the approval and adoption of this Policy - Must comply with the requirements of this Policy
Chief Executive Officer (CEO)	- Ensuring Council's procurement operations comply with the requirements of the <i>Local Government Act 1999</i> (SA); - Approving Contracts with a value over \$250,000 (excluding GST) and within the allocations provided for in the Annual Business Plan and Budget, or the annual allocated value in the Long-Term Financial Plan as outlined in Paragraph 7.1; and - Approving variations to contract with a value over \$250,000 (excluding GST) within the allocations provided for in the Annual Business Plan and Budget, or the annual allocated value in the Long-Term Financial Plan as outlined in Paragraph 7.1.
Executive Leadership Team	- Ensuring employees or contracted staff undertaking contract management are sufficiently informed of procurement and contract management requirements to be able to perform their role; and - Ensuring employees or contracted staff managing contracts with third parties are appropriately trained and resourced to manage contract relationships, outcomes and any risks or disputes that may arise.
Chief Financial Officer (CFO)	- Responsible for the review and application of this Policy and related frameworks, procedures and guidelines; and - Ensuring appropriate resourcing, systems, templates and processes are in place to support compliance with this Policy.
Procurement and Contracts Business Partner, or other procurement staff	- Providing advice and support to employees and contracted staff on the procurement process and Contract management and related frameworks, procedures and guidelines; - Implementing induction, training and education programs to ensure Council employees and contracted staff are fully informed of the requirements of this Policy; and - Maintaining the contract register.
All Employees	- Must comply with the requirements of this Policy and related frameworks, procedures and guidelines; - Acting professionally and complying with the Employee Code of Ethics; and - Retaining and maintaining access to records relating to procurement processes within ECM.

6. POLICY STATEMENT

6.1. Contract Planning

6.1.1. The following tasks are required to be undertaken prior to establishing a contract:

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- 6.1.1.1. Assigning roles and responsibilities, including confirming the contract owner and contract manager;
- 6.1.1.2. Clearly define the scope and requirements of the contract, including the term of the contract, the deliverables, performance expectations and reporting requirements;
- 6.1.1.3. Assess the risks involved in executing and managing the contract, and determine the appropriate document to execute and manage the contract. These may include:
 - Utilising one of council's contract management templates: Works Agreement, Services Agreement, Professional Services Agreement or Goods Agreement
 - A purchase order for simple, low risk requisition of goods or services;
 - An alternate form of contract/agreement where appropriate: Panel Header Agreement, Memorandum of Understanding, or Australian Standard Contracts or industry-specific agreements.
- 6.1.1.4. Identify and plan the steps required for the negotiation, execution and management of the contract, including obtaining the required approvals to execute the contract.

6.2. Contract Establishment

- 6.2.1. Contracts may only be executed by the council officers with the appropriate financial delegation.
 - 6.2.1.1. For the purposes of a contract, financial delegation will be considered as the total estimated value of the contract over its life, inclusive of all permissible extensions.
 - 6.2.1.2. During periods of caretaker, Section 91A of the Local Government (Elections) Act 1999, prevents the Council from entering into a contract, arrangement or understanding (other than a prescribed contract) that exceeds 1% of council's total rate revenue in the preceding year.
- 6.2.2. The Contract Manager is responsible for ensuring the contract is recorded in Council's document management system and registered on the contract register.

6.3. Contract Management

- 6.3.1. The contract manager is responsible for the management of the contract, including monitoring and managing contract performance, risk management and dispute resolution.
- 6.3.2. The contract manager is responsible for ensuring the contracted party is aware of the performance obligations within the contract, including the required specifications and/or scope, the delivery timeframes and agreed cost.
- 6.3.3. Where key performance indicators (KPIs) form part of the contract, the contract manager will be responsible for measuring, recording and reporting (if required) to ensure the effective performance of the contract.
- 6.3.4. The performance obligations of the contract are required to be assessed on a regular basis, depending on the duration of the contract, the processes to monitor the contract, and risks associated with the contract. At a minimum, a contract is required to be assessed annually, but in the case of the delivery of a project or defined piece of work, may be assessed weekly or fortnightly.
- 6.3.5. If the performance obligations are not met, the contract manager is responsible for:

- 6.3.5.1. advising the supplier in writing as soon as possible, and
- 6.3.5.2. undertaking any reasonable steps necessary to ensure the performance obligations are met.
- 6.3.6. In the event that the contract manager is unable to satisfactorily resolve a gap in the performance obligations of the contract with the contracted party, the contract manager must utilise the dispute resolution process within the contract, and if required, seek legal advice in consultation with the contract owner.

6.4. Contract Variations

- 6.4.1. A variation to a contract may be proposed by either party to the contract and may refer to either:
 - 6.4.1.1. adding, removing or amending an existing provision of the contract; and/or
 - 6.4.1.2. a change to the performance obligations: the contract specifications and/or scope, delivery timeframes and agreed cost.
- 6.4.2. Prior to agreeing to a contract variation, the contract manager must assess the:
 - 6.4.2.1. the impact of the variation on the original scope/specifications, timeframes, agreed cost and value for money on the contract, and
 - 6.4.2.2. any changes to the risk profile of the contract.
- 6.4.3. Any contract variations must be documented in writing with the contracted party and approved by an officer with delegated authority.
- 6.4.4. The Project Manager may approve a Variation provided that the Variation:
 - 6.4.4.1. Does not exceed ten per cent (10%) of the Agreement Cost (exclusive of GST, but includes all other duties and taxes), and
 - 6.4.4.2. Is within the approved budget for the Project; and
 - 6.4.4.3. Is within the Project Manager's financial delegation at the time the Variation is approved.
- 6.4.5. Where a proposed Variation does not meet the requirements of clause 6.4.4, the variation must be approved by a General Manager, Executive Manager or the CEO (as applicable), and the contracted party.
 - 6.4.5.1. For the purposes of such approval, Contract Variations that result in an increase to the overall known or estimated value of the Contract must be approved in accordance with the financial delegations based on the total value of the Contract as varied, and not solely by reference to the value of the variation.
- 6.4.6. Variations must not be used to mask poor performance or serious underlying problems in the delivery of the performance obligations of the contract.

6.5. Contract Extension and Renewal

- 6.5.1. A contract may be extended where the provisions of the contract allow for an extension.
- 6.5.2. In considering a contract extension, the contract manager is required to consider whether the performance obligations of the contract have been met, and document the reasons for awarding the extension.
- 6.5.3. The extension must be approved by a council officer with the delegated authority for approving the original contract.
- 6.5.4. A contract must not be extended beyond the maximum term provided for in the original contract unless an exemption is provided in accordance with paragraph 6.5.3.

- 6.5.5. In extenuating circumstances, the CEO may approve a month-by-month extension of a contract. A memo must be provided to the CEO, outlining the circumstances and action being undertaken to complete the procurement of a new contract.

6.6. Contract Termination

- 6.6.1. If a contracted party breaches a contract, the contract manager must make all reasonable endeavours to resolve the breach with the contracted party through the contract's dispute resolution process.
- 6.6.2. If the contracted party does not remedy the breach, then council may initiate action to terminate the contract in accordance with the termination clauses in the contract.
- 6.6.3. Prior to terminating a contract, the contract manager shall advise the CEO or relevant General Manager/Executive Manager in writing of the following:
- 6.6.3.1. The reasons for the proposed termination;
 - 6.6.3.2. The actions undertaken in an attempt to resolve the contract dispute,
 - 6.6.3.3. The termination process and timeframes,
 - 6.6.3.4. Any potential termination costs and damages that may be claimed against council; and
 - 6.6.3.5. The potential risks, timeframes and impact on service/project delivery in establishing an alternate contract.
- 6.6.4. The contract must not be terminated until approval is provided by the CEO, General Manager or Executive Manager.

6.7. Contract Completion

- 6.7.1. A contract is considered complete when all the performance obligations within the contract have been met, and all accounts have been paid.
- 6.7.2. Tasks that may be required by the contract manager at the completion of a contract include:
- ensuring the contract deliverables have been met in accordance with the contract requirements;
 - ensuring that permits and approval conditions have been satisfied;
 - confirming that contract records are complete and accurate;
 - acquitting and reporting any funding grants;
 - ensuring any defects, omissions or outstanding services have been rectified, completed or delivered; and
 - issuing of contract documentation i.e. certificate of practical completion and final certificate and returning any security held.

7. DELEGATIONS

7.1. Council makes the following delegations:

- 7.1.1. The Chief Executive Officer has the delegation to enter into contracts of any value that form part of the Annual Business Plan and Budget/Long-Term Financial as follows:
- 7.1.1.1. For contracts associated with the delivery of services and asset renewals, the annual value allocated in the Long-Term Financial Plan.
 - 7.1.1.2. For contracts associated with New Capital Projects and Operating Projects/Initiatives, the higher of the allocated budget or \$1,000,000 (excluding GST).

7.1.2. The Chief Executive Officer has the delegation:

- to approve, amend and review any procedures that shall be consistent with this Policy.
- make any legislative, formatting, nomenclature or other minor changes to the Policy during the period of its currency.

8. LEGISLATION

- *Local Government Act 1999 (SA)*
- *Freedom of Information Act 1991 (SA)*
- *Work Health and Safety Act 2012 (SA)*
- *Work Health and Safety Regulations 2012 (SA)*
- *Independent Commissioner Against Corruption Act 2012 (SA)*
- *Environmental Protection Act 1993 (SA)*
- *Industry Advocate Act 2017 (SA)*
- *Ombudsman Act 1972 (SA)*
- *State Records Act 1997 (SA)*
- *Competition and Consumer Act 2010 (Cth)*
- *National Competition Policy (Cth)*
- *Trades Practices Act 1974 (Cth)*

9. AVAILABILITY OF POLICY/PROCEDURE

9.1. The Policy/Procedure is available for public inspection during normal office hours at:

The Civic Centre,
181 Unley Road, Unley SA 5061.

A copy may be purchased for a fee as determined annually by Council.

It is also available for viewing, download and printing free of charge from the Council's website www.unley.sa.gov.au.

10. DOCUMENT HISTORY

Date	Version No.	Comment
25 May 2026	Version 1	Adoption of new Policy