



POLICY REGISTER

Contract Management

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1. INTRODUCTION

The Contract Management Policy provides standardised practices for negotiating, executing, and monitoring contracts. It ensures compliance with legal requirements, minimises risks, and fosters efficient resource allocation. By promoting transparency and accountability, the policy enhances stakeholder relationships and supports continuous improvement for organisational success.

2. PURPOSE

The purpose of the Contract Management Policy ("Policy") and associated procedures is to provide a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers and revenue generating contracts for the Council.

Effective management of contracts is essential to the Council in maximising the benefits and achieving the required objectives from contracts entered into by the Council.

Benefits of Contract Management include:

Business Benefits	Maximises outcomes to the Council and our customers (i.e. the 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	<ul style="list-style-type: none">• Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.• Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
Risk management	<ul style="list-style-type: none">• Reduces contractual risks through the robust contract management practices of the Contract Management Policy• Ensures the Council is aware of, and complies with, its own contractual and legislated obligations

3. POLICY OBJECTIVES

The Policy objectives are to ensure:

- End-to-end management of the purchase of goods and services, beginning with good procurement practices.
- Contracts are managed in a manner that facilitates business delivery while minimising risk.
- A standard contract management approach is undertaken.
- Contracts are managed by maximising financial and operational performance for both expenditure and revenue generating contracts.
- Role and task clarity are provided.
- Probity and fairness in contract management is achieved.
- Legislative compliance.

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4. LEGISLATION

The Policy relates to the following:

- Local Government Act 1993
- Local Government (General) Regulation 2021
- Local Government Code of Accounting Practice and Financial Reporting (Guidelines), Update No. 23 – March 2015
- Government Information (Public Access) Act 2009
- The Building and Construction Industry Security of Payment Act 2002
- Government Information (Public Access) Act 2009 ('GIPA Act')

5. SCOPE

This Policy applies to all Balranald Shire Council staff, contractors, consultants, and elected officials involved in the procurement or management of contracts on behalf of Council, regardless of the funding source.

It covers the full contract lifecycle: planning and procurement strategy, market engagement, contract award, performance monitoring, variation management, dispute resolution, and contract close-out.

This Policy applies to all contract types including, but not limited to:

- Construction and civil infrastructure works
- Professional services and consulting (engineering, planning, legal, financial)
- Goods and materials supply
- Operational and maintenance services
- Grant-funded projects (Federal and State)
- Emergency work and urgent procurements

This Policy does not govern the employment of persons as employees of Council (see Workforce Management Policy) or contracts exempt under Section 55(3) of the Local Government Act 1993.

6. DEFINITIONS

Term	Definition
Contract	A legally binding agreement between Council and a supplier, contractor, or consultant for the provision of goods, services, or works.
Contract Manager	The Council officer is designated with primary responsibility for administering a specific contract throughout its lifecycle.
Procurement	The process of identifying, selecting, engaging, and managing external parties to provide goods, services, or works.

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Tender Threshold	The monetary value above which Council must invite public tenders; currently \$250,000 (inclusive of GST) under the Local Government Act 1993 (NSW) and the Local Government General Regulation 2005 Part 7 tender.
Quotation Threshold	The lower monetary band in which written quotations rather than formal tenders are required, as prescribed by the Council's Procurement Policy.
Variation	A formal change to the scope, price, or terms of an existing contract, executed in accordance with the contract's variation clause.
Value for Money (VfM)	The optimal combination of quality, cost, risk, and service delivery outcomes relative to the use of public funds.
Probity	Integrity, uprightness, and ethical behaviour in the procurement process, free from bias, fraud, and conflicts of interest.
LGP	Local Government Procurement – a prescribed buying organisation under s55(3) of the LGA 1993 (NSW), enabling panel contract use without separate tender.
Panel Contract	A standing arrangement with pre-qualified suppliers from which Council may procure, subject to individual call-offs.
Principal Contractor	Council or its appointed contractor bearing the primary WHS duty on a construction site under the WHS Act 2011.
Modern Slavery Risk	The risk that forced labour, child labour, or other forms of modern slavery exist within a supplier's operations or supply chain.

7. GUIDING PRINCIPLES

All contracting and procurement activities at Balranald Shire Council shall be guided by the following principles:

7.1 Value for Money

Council will assess value for money on a whole-of-life basis, considering price, quality, fitness for purpose, service delivery capacity, risk, and whole-of-life costs. Value for money does not simply mean the lowest price.

7.2 Transparency and Accountability

All procurement decisions will be documented, impartial, and capable of withstanding public scrutiny. Council will maintain complete audit trails from planning through to contract close-out.

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7.3 Probity and Ethical Conduct

Council officers must avoid actual, perceived, or potential conflicts of interest. Declarations of interest must be made before participation in any procurement evaluation or decision. Gifts and benefits from tenderers or suppliers must be refused or declared in accordance with Council's Code of Conduct.

7.4 Open Competition

Council will promote competitive procurement to obtain the best available outcomes. Contract splitting to avoid tendering obligations is strictly prohibited.

7.5 Local and Regional Preference

Council recognises the economic and social benefits of supporting local Balranald Shire businesses and the broader Murrumbidgee-Murray region. Where all other evaluation criteria are comparable, preference will be given to local suppliers. This preference will be applied transparently and in accordance with Council's evaluation methodology.

7.6 Risk Management

A risk-based approach will be applied at each stage of the contract lifecycle. Contracts involving significant expenditure, complexity, or public safety implications require more rigorous risk assessment, contractor evaluation, and performance monitoring.

7.7 Sustainability

Council will consider environmental sustainability, social outcomes, and long-term community value in procurement decisions, including waste minimisation, carbon footprint, and supply chain ethics.

7.8 Modern Slavery

Council will take reasonable steps to identify and manage modern slavery risks in its supply chains, consistent with the Modern Slavery Act 2018 (Cth) and the NSW Anti-Slavery Commissioner guidance effective January 2024.

8. PROCUREMENT THRESHOLDS AND METHODS

The following thresholds define the minimum procurement method for goods, services, and works. All values are exclusive of GST unless otherwise stated. Council officers must not split procurements to circumvent applicable thresholds.

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Tier	Estimated Value (ex GST)	Required Method	Approval Authority
Tier 1	Up to \$3,000	Petty cash/direct purchase from preferred supplier	Relevant Manager/Supervisor
Tier 2	\$3,001 – \$ 15,000	Minimum two (2) written quotations	Relevant Manager
Tier 3	\$ 15,001 – \$50,000	Minimum three (3) written quotations	Manager
Tier 4	\$50,001 – \$249,999	Minimum three (3) formal written quotations (Request for Quotation)	Chief Executive Officer or Delegate
Tier 5	Above \$250,000	Public tender (mandatory) or LGP/prescribed panel	Council Resolution
Emergency	Any value	Direct engagement; report to Council within 28 days	Chief Executive Officer (emergency only)

Note: Tender threshold of \$250,000 (incl. GST) applies under Section 55 of the Local Government Act 1993 (NSW). When using LGP panel contracts, the relevant LGP call-off procedure applies in lieu of separate tendering.

9. CONTRACT PLANNING

9.1 Need Identification and Specification

Before commencing any procurement, the initiating officer must clearly define:

- The business needs and objectives to be fulfilled
- The technical and functional specifications (Statement of Requirements or Scope of Works)
- The estimated contract value, including GST, variations, and extensions
- The proposed contract term and any extension options
- Budget availability and funding source (including grant conditions if applicable)
- Key risks, including WHS, probity, environmental, and delivery risks

9.2 Procurement Strategy

For contracts above \$50,000, the Contract Manager shall prepare a Procurement Plan prior to market engagement. The Procurement Plan must address:

- Appropriate procurement method and justification
- Market analysis (availability of suppliers, LGP panel applicability)
- Evaluation criteria and weightings (including local preference weighting where applicable)

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- Risk assessment and mitigation strategies
- Probity requirements, including whether an independent probity adviser is needed
- Insurance and licensing requirements for contractors
- WHS management requirements

9.3 Avoiding Contract Splitting

Officers must estimate the total anticipated expenditure for the same or related goods, services, or works and select the appropriate threshold. Deliberately dividing contracts to circumvent tendering obligations is a serious breach of this Policy and the Local Government Act 1993 and may constitute corrupt conduct.

10. TENDERING PROCESS

10.1 Tender Documentation

All tender documents must be clear, unambiguous, and include:

- Scope of works/services specification
- Conditions of tendering and general conditions of contract
- Evaluation criteria and relative weightings
- Mandatory requirements (licenses, insurances, WHS policies)
- Pricing schedule and any schedule of rates
- Contract term, milestones, and key performance indicators

10.2 Advertising

Open tenders must be advertised on Council's website and at least one local newspaper serving the Balranald area. For works over \$250,000, Council may also advertise on NSW Vendor Panel or other platforms to broaden market reach.

10.3 Evaluation Panel

A minimum of two (2) Council officers must constitute the evaluation panel for Tier 3 and above. All panel members must sign a Conflict-of-Interest Declaration prior to commencing evaluation. For high-value or complex contracts, an independent probity adviser may be engaged.

10.4 Evaluation Criteria

Tenders shall be evaluated on a value-for-money basis using a weighted scoring matrix addressing:

- Technical capability and relevant experience - 25 %
- Price/whole-of-life cost - 40%
- WHS management system and record - 20 %
- Local and regional content/economic benefit - 5 %
- Methodology, program, and resources - 5%
- Financial capacity and insurance - 5 %

Weightings are to be stated in the tender documents before release and must not be altered after receipt of tenders.

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10.5 Contract Award

Tenders exceeding \$250,000 require a Council resolution for award. The Chief Executive Officer may award contracts within their delegation as set by Council. All contract award decisions must be documented with full evaluation records retained. Unsuccessful tenderers must be notified in writing and offered a debrief.

10.6 Register of Contracts (GIPA)

Council must maintain a Register of Contracts for all contracts \geq \$150,000 as required by Section 29 of the Government Information (Public Access) Act 2009. The register must include contractor name, contract description, value, commencement date, and term, and must be publicly available on Council's website.

11. CONTRACT ADMINISTRATION

11.1 Contract Manager Responsibilities

Each contract must have a designated Contract Manager appointed in writing prior to contract execution. The Contract Manager is responsible for:

- Ensuring the contractor performs in accordance with the contract terms
- Monitoring and documenting performance against KPIs and milestones
- Processing payment claims in accordance with the Security of Payment Act obligations
- Managing the relationship with the contractor professionally and impartially
- Maintaining a complete contract administration file
- Escalating emerging risks, disputes, or performance issues to the relevant Director

11.2 Contract Commencement

Prior to the contractor commencing on-site or delivering services, the Contract Manager must verify:

- Signed contract executed by all parties
- Evidence of current insurance certificates (public liability, professional indemnity, workers' compensation)
- Evidence of current licenses and registrations (contractor, tradespeople)
- WHS Management Plan and Safe Work Method Statements (SWMS) provided and approved
- Security (performance bond or retention) provided as required
- Environmental approvals and conditions confirmed

11.3 Performance Monitoring

The Contract Manager shall monitor contractor performance on an ongoing basis. For contracts exceeding \$250,000, formal performance reviews shall be conducted at a minimum of:

- Project commencement (kick-off meeting)
- Midpoint of the contract term or at major milestones
- Practical completion
- Post-completion review (within 3 months of final payment)

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Performance records shall be documented using Council's standard Contract Performance Review form and retained on the contract file.

11.4 Payment

Payment claims shall be assessed in accordance with the contract terms and the Building and Construction Industry Security of Payment Act 1999 (NSW). Progress payment claims shall be reviewed for:

- Conformance with the contract scope and specifications
- Achievement of milestones or agreed quantities
- Supporting documentation (delivery docket, inspection records)
- Correct GST treatment

Retention monies shall be held and released strictly in accordance with the contract terms.

12. VARIATION MANAGEMENT

Variations to contract scope, price, or terms must be managed in accordance with this section to protect Council's interests and maintain budget integrity.

12.1 Approval of Variations

Variation Value (ex GST)	Approval Authority	Requirements
Up to \$5,000	Contract Manager	Written instruction; record on contract file
\$5,001 – \$25,000	Relevant Manager	Written variation order; cost justification
\$25,001 – \$100,000	Chief Executive Officer	Written variation order; full cost assessment; budget confirmation
Above \$100,000 or >10% of contract value	Council Resolution	Report to Council; independent assessment may be required

12.2 Variation Principles

Variations must be:

- Authorised in writing before the contractor commences varied works or services
- Priced based on contract rates or, where not applicable, fair market rates
- Assessed for impact on contract program and milestones
- Recorded in the contract administration file with full documentation

Variations shall not be approved if they substantially change the character or scope of the original contract in a way that would have required a new tender process.

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13. RISK MANAGEMENT

A risk-based approach shall be applied throughout the contract lifecycle. Contract risk categories include:

- Financial risk: cost overruns, contractor insolvency, bond inadequacy
- Delivery risk: program delays, milestone failures, supply chain disruptions
- Safety risk: site incidents, inadequate SWMS, unlicensed subcontractors
- Quality risk: non-conforming works, defective materials
- Reputational risk: contractor misconduct, community complaints
- Legal and compliance risk: contract disputes, regulatory non-compliance
- Environmental risk: heritage, flora/fauna, acid sulfate soils, contamination

For contracts above \$250,000, a formal Contract Risk Register must be maintained and reviewed at each monitoring point. High-rated risks must be reported to the relevant Director.

14. DISPUTE RESOLUTION

Council will seek to resolve contract disputes at the earliest opportunity and at the lowest possible level of escalation. The preferred resolution pathway is:

1. Negotiation between the Contract Manager and the contractor's representative (within 14 days of written notice of dispute)
2. Escalation to Director level negotiation (within a further 14 days)
3. Mediation through a mutually agreed independent mediator (within 28 days)
4. Legal proceedings as a last resort, following Chief Executive Officer and legal counsel advice

The Security of Payment Act 1999 (NSW) adjudication process is available to contractors for payment disputes and Council must comply with adjudication determinations within prescribed timeframes.

All dispute correspondence shall be conducted in writing and retained on the contract file. The Chief Executive Officer must be notified of any dispute that may result in legal proceedings or financial exposure exceeding \$50,000.

15. CONTRACT CLOSE-OUT

15.1 Practical Completion

Practical completion shall be certified by the Contract Manager (or a qualified superintendent/certifier for capital works) only when:

- All works or services have been completed in accordance with the contract requirements
- Outstanding defects or minor outstanding items are documented in a defects list
- Required completion documentation has been received (as-built drawings, O&M manuals, warranties, compliance certificates)
- WHS compliance documentation is complete

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15.2 Defects Liability Period

The Defects Liability Period (DLP) is the period during which the contractor remains obligated to rectify defects at no cost to Council. The DLP is typically 12 months for civil works and as specified in the contract for other services. The Contract Manager shall:

- Maintain the performance bond/retention until expiry of the DLP
- Inspect the works towards the end of the DLP and issue a final defects list
- Release security and retention only after satisfactory rectification of all defects

15.3 Final Account

The final account shall be agreed between Council and the contractor before release of the final retention. The final account must reconcile all contract amounts, variations, deductions, and retention.

15.4 Post-Contract Review

For contracts above \$250,000, a Post-Contract Review shall be completed within 90 days of contract close-out. The review shall assess:

- Achievement of the original procurement objectives
- Contractor performance against KPIs
- Budget outturn versus approved budget
- Lessons learned for future procurement
- Whether the contractor should be recommended (or not recommended) for future engagements

Post-Contract Reviews shall be filed and made available to inform future procurement planning.

16. WORK HEALTH AND SAFETY

Balranald Shire Council takes its WHS obligations seriously as a principal contractor, client, and employer. All contracts involving physical works or activities on Council-controlled land or infrastructure must address WHS requirements.

16.1 Pre-Contract WHS Requirements

Contractors must provide before commencement:

- WHS Management Plan (for works above \$250,000 or high-risk construction work)
- Safe Work Method Statements for all identified high-risk activities
- Evidence of current workers' compensation insurance
- Evidence of contractor's WHS induction records
- Sub-contractor management plan (where subcontractors are engaged)

16.2 During Contract

The Safety Coordinator shall conduct periodic WHS site inspections or desk-top audits proportional to the risk of the works. Any serious incident or near-miss must be reported to the Director and notified to SafeWork NSW as required.

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16.3 Principal Contractor Designation

Where Council engages a head contractor for construction work, the head contractor is ordinarily designated as the Principal Contractor for the site. Council retains a duty to ensure the head contractor discharges these obligations.

17. CONTRACTOR INSURANCE REQUIREMENTS

Insurance Type	Minimum Limit	Applicable Contracts
Public Liability	\$20 million per occurrence	All contracts involving work on Council land or public spaces
Professional Indemnity	\$5 million per claim/aggregate	All professional services, engineering, and consultancy contracts
Workers Compensation	Statutory (NSW)	All contracts involving employees working in NSW
Motor Vehicle (Third Party Property)	\$20 million	Contracts involving use of vehicles on Council roads or land
Contract Works/Builder's All Risk	Full replacement value	Construction contracts above \$250,000

The Contract Manager must sight and verify current insurance certificates before contract commencement and at each renewal date during the contract term. Expired or insufficient insurance certificates must be rectified before work or services continue.

18. CONFLICTS OF INTEREST AND ETHICAL OBLIGATIONS

All Council officers and elected members involved in procurement must comply with the Model Code of Conduct for Local Councils in NSW 2020 and declare any actual, perceived, or potential conflicts of interest.

18.1 Conflict of Interest Declarations

Conflict of interest declarations must be made:

- Before participation in tender evaluation panels
- Before recommending or approving a contract award
- When any personal, financial, or professional relationship exists with a tenderer or supplier

Declarations must be in writing and filed with the Chief Executive Officer. Officers who have declared a conflict must not participate in the relevant procurement decision.

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18.2 Gifts and Benefits

Council officers must not solicit or accept gifts, benefits, or hospitality from tenderers, suppliers, or contractors. Any unsolicited gift must be declared on the Gifts and Benefits Register and dealt with in accordance with the Code of Conduct.

18.3 Reporting Corruption

Council officers who suspect corrupt conduct in the procurement process must report their concerns to the Chief Executive Officer or directly to the NSW Independent Commission Against Corruption (ICAC). Whistleblower protections apply under the Public Interest Disclosures Act 2022 (NSW).

19. RECORDS MANAGEMENT

A complete and auditable contract file must be maintained for all contracts from Tier 3 upwards. The contract file must include:

- Procurement Plan (Tier 3 and above)
- Request for Quotation or Tender documents issued
- All submissions or quotes received (sealed until opening)
- Conflict of interest declarations for all evaluation panel members
- Evaluation matrix and scoring with supporting rationale
- Recommendation report and approval documentation
- Signed contract and all contract schedules
- Insurance certificates and licenses
- Variation orders and supporting documentation
- Payment certificates and invoices
- Performance review records
- Correspondence file
- Defect lists and rectification records
- Post-Contract Review

Contract records must be retained for a minimum of 7 years after contract close-out, or longer if required by the funding body, auditors, or litigation hold. Records shall be managed in accordance with the Council's Records Management Policy and State Records Act 1998 (NSW).

20. ROLES AND RESPONSIBILITIES

Role	Key Responsibilities
Council (Elected Body)	Adopt and review this Policy; approve contracts exceeding the Chief Executive Officer's delegation; receive reports on major contract performance.
Chief Executive Officer	Ensure Policy is implemented; approve contracts within delegation; appoint Contract Managers for high-value contracts; report to Council on contract matters.

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Directors/Senior Managers	Oversee procurement activities within their business units; approve variations within delegation; ensure staff comply with this Policy.
Contract Manager	Day-to-day contract administration; performance monitoring; variation management; records maintenance; escalation of issues.
Finance Manager	Budget confirmation; payment processing in accordance with contract terms and Security of Payment obligations; maintain Contracts Register (GIPA).
Work Health & Safety Officer	Review contractor WHS documentation; conduct or coordinate site WHS audits; advise on WHS risk management.
Legal Counsel/Solicitors	Advise on contract drafting, disputes, and legal compliance; review high-risk or high-value contracts as required.

21. POLICY REVIEW AND CONTINUOUS IMPROVEMENT

This Policy shall be reviewed:

- No later than two (2) years from the date of adoption;
- Following any significant change in relevant legislation or funding conditions.
- Where significant project failures or audit findings indicate a need for revision; or
- As directed by the Chief Executive Officer or Council

Amendments to this Policy require adoption by Council. Minor administrative updates (e.g. position title changes) may be approved by the Chief Executive Officer and reported to Council at the next ordinary meeting.

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Appendix A – Procurement Decision Flowchart

The following decision framework assists Council officers in selecting the appropriate procurement pathway:

Step	Action	Responsible Officer	Ref
1	Identify need; define scope and specifications	Initiating Officer	§ 9.1
2	Estimate total contract value (incl. extensions)	Initiating Officer	§ 8
3	Determine procurement tier and method	Contract Manager	§ 8
4	Check LGP panel contract availability (if Tier 4–5)	Contract Manager	§ 8
5	Prepare Procurement Plan (Tier 4 and above)	Contract Manager	§ 9.2
6	Seek quotes/issue tender documents	Contract Manager	§ 10.1-10.2
7	Receive, open, and evaluate responses	Evaluation Panel	§ 10.3-10.4
8	Prepare a recommendation report	Contract Manager	§10.5
9	Obtain approval/Council resolution	CEO/Council	§ 10.5
10	Execute contract; verify pre-start requirements	Contract Manager	§11.2
11	Administer contract; monitor performance	Contract Manager	§11.3
12	Process payments; manage variations	Contract Manager/Finance	§11.4, §12
13	Practical completion; defects liability period	Contract Manager	§15.1-15.2
14	Final account; release retention/security	Contract Manager/Finance	§15.3
15	Post-Contract Review; update Contracts Register	Contract Manager	§15.4

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Appendix B – Financial Delegation Summary

The following is a summary of financial delegations applicable to contract award and variation approval. These delegations must be read in conjunction with Council's adopted Instrument of Delegation.

Decision	Contract Manager	Director/CEO	Council Resolution
Award contract – up to \$5,000	Yes	—	—
Award contract – \$5,001 to \$50,000	Yes	—	—
Award contract – \$50,001 to delegated limit	Yes	-	—
Award contract – above the CEO delegation	—	—	Required
Approve variation – up to \$ 50,000	Yes	—	—
Approve variation – \$50,001 to \$ 249,999	—	Yes (CEO)	—
Approve variation – > 250,000	—	-	Required
Approve variation – above \$100,000 or >10% value	—	—	Required
Certify Practical Completion	Yes (qualified)	—	—
Release of retention/security	Recommend	Yes (CEO)	—
Emergency procurement	—	Yes (CEO)	Report within 28 days

Note: The Chief Executive Officer's specific financial delegation is as set by Council's Instrument of Delegation. Officers must confirm the current delegated limit before approving any contract or variation.

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