



ABORIGINAL HOUSING VICTORIA

Contract Administration and Management Policy

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1. Purpose

The purpose of the *Contract Administration and Management Policy* is to set out the organisational approach to managing contracts entered in to by Aboriginal Housing Victoria (AHV).

The Policy and the Procedure should be read in conjunction with AHV's Cultural Statement.

2. Scope

This policy applies to the management of all contracts, including:

- Funding and Service Agreements made with funding bodies for the delivery of programs, services or projects by AHV.
- Contracts for the supply of goods and services to AHV.
- Contracts for the delivery of construction or building works.
- Memorandums of Understanding (MOUs) entered into by AHV with partner organisations to support the delivery of services, projects or advocacy work.

3. Policy context

The *Contract Administration and Management* policy has been developed in accordance with key legislative and regulatory obligations, best practice standards and AHV's risk management framework.

AHV is required to manage and maintain owned and managed housing assets within the legislative and regulatory framework and standards outlined in the Housing Act 1983 and the Residential Tenancies Act 1997 (RTA).

4. Relevant legislation and regulation

- Residential Tenancies Act 1997
- Housing Act 1983
- Fair Trading Act 1999 (Vic)
- Goods Act 1958 (Vic)

5. Policy objectives and principles

The key objective of the Administration and Management of Contracts Policy is to enable effective, efficient and timely delivery of contracts, consistent with AHV's Vision, values, objectives and priorities.

The relevant policy objectives are to:

- Negotiate contracts that are in the best interest of AHV and its stakeholders
- Manage all stages of contracting in accordance with the principles of good practice, including regular monitoring and continuous improvement
- Effectively manage the risks associated with contracts entered into by AHV
- Meet all legal and regulatory requirements when entering into and managing contracts
- Ensure contracts entered into by AHV represent value for money.

6. Responsibilities

Board	<ul style="list-style-type: none"> Approve the policy, sets strategy, monitors policy implementation and performance, and reviews policy when necessary
Chief Executive Officer (CEO) with the Executive Management Group	<ul style="list-style-type: none"> Oversee and monitors policy implementation and approves procedures to implement the policy
Directors	<ul style="list-style-type: none"> Follow and implement procedures in line with the policy.
AHV contract manager	<ul style="list-style-type: none"> Staff member nominated by the Director who is responsible for managing the contract to ensure both parties are meeting their respective obligations to deliver business and operational objectives required from the contract

7. Definitions and acronyms

AHV	Aboriginal Housing Victoria
Best Value for Money Outcome	The outcome that gives the best value for money for AHV overall. This does not necessarily mean the lowest price, or the result that just delivers the lowest cost. In many instances, the selection of a Supplier or their products should take into account other considerations such as the lowest overall Total Cost of Ownership (TCO) giving due consideration to the total cost to AHV and which covers other factors not exclusive to purchase price. These factors can include the cost of sourcing, procuring and paying for the products, the estimated cost of parts and on-going maintenance charges, installation and de-installation costs. TCO should also consider inputs to the manufacture and maintenance of a product such as energy, water, natural resources and importantly, the cost of environmentally responsible disposal at end of life.
Contract	<p>A formal and legally binding agreement. The use of the term 'contract' in this policy refers to:</p> <ul style="list-style-type: none"> A contract or agreement to provide goods or services to AHV, such as a contract to clean the AHV head office or an agreement to purchase new equipment for AHV properties. A contract or funding and service agreements for the delivery of services, programs or projects by AHV, such as an agreement with Family Safety Victoria to deliver case management support to renters impacted by family violence. Memorandums of Understanding entered into by AHV with partner organisations to support the delivery of services, projects or advocacy work. A contract where AHV is purchasing a service such as legal advice,

	ICT/IM support etc.
Contract management system	Contract management is the process and system in place for managing contract creation, execution, and analysis to maximise operational and financial performance of an organisation, while reducing financial and reputational risk.
Contract management software	While the tradition is to manage contracts manually through folder and file cabinet storage, this practice is not contemporary across the not-for-profit sector in Victoria, with inefficiencies that can only detract from an organisation's overall efficiency. Contract management software is an electronic approach to solving these problems. Contract management software organises all contract paperwork and offers an electronic calendar that is easy to manage, and it helps to track and allocate resources related to the contract management process.
Execution	An executed contract is a legal document that has been signed off by representatives of the parties with the delegated authority to bind the parties for the contract to become effective

8. Policy content

8.1. Contract management overview

The purpose of contract management is to ensure that AHV, and where applicable its clients, partners or funders, receive the goods, services or works provided at the agreed price/costs within defined timelines to the required standards of quality and quantity as intended by the contract by:

- establishing a system for monitoring and achieving the responsibilities and obligations of all parties' under the contract; and
- providing a means for the early recognition of risks, issues and performance problems and the identification of solutions;
- adhering to AHV's Risk Management Framework and adhering to the relevant Occupational Health and Safety Contractor Compliance Procedures.

All AHV contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by the staff member, the AHV contract manager, responsible for the delivery of the contracted goods, services or works to ensure AHV receives value for money.

8.2. Contract Planning

High level planning for the management of contracts generally commences in the procurement planning phase as outlined under AHV's Probity and Procurement Policy.

8.2.1. Contract management plan

To assist with contract planning, particularly for more complex or higher risk procurement, Directors will develop a contract management plan. A contract management plan can add value by outlining:

- contract objectives and outcomes;
- roles, responsibilities and obligations of the parties and their agents;
- how the contract performance management and reporting (KPIs) will be managed;
- how benefits will be tracked and reported;

- reporting and communication protocols and purpose;
- the financial management approach, including supplier health check;
- the framework for managing variations, changes to program, slippage;
- contract governance requirements;
- issue management and process; and
- negotiation strategies to improve on specification outcomes.

8.3. Contract Negotiation and Terms

During the contract scoping and negotiation process, the AHV Probity and Procurement Policy, the AHV Financial Delegations, and the AHV Risk Management Policy must be followed. Where appropriate, legal advice must be obtained to ensure the proposed contract is in the best interests of AHV.

Contract terms must be consistent with tender representations. In order to effectively evaluate tenderer pricing against value for money criteria on a like for like basis, it is highly preferable that contracts are finalised and presented as part of the tender package.

8.3.1. Standard contracts

Preference should be given where practical and appropriate, to using AHV standard contracts with a known and acceptable risk profile and commercial terms. A Contract Management Plan may still be required, depending on the risk level of the contracted activity.

Approval of standard contracts by the Board should be supported by a commercial analysis of the contract and an analysis of key risks and how they are managed within the contract.

8.3.2. Dispute Resolution

All AHV contracts shall incorporate dispute management and dispute resolution provisions. in accordance with guidance material developed under this policy and *AHV's Probity and Procurement Policy*. These provisions may apply to payment matters, contract variations and retention releases, which are appropriate to the nature of the service delivered under the contract; the value of the contract; and the level of risk associated with the contract.

8.3.3. Contract Negotiation

Directors are responsible for contract negotiation and for supporting contract approval and execution. Depending on the size, purpose and risk associated with a contract, Directors must involve the CEO and CFO, and where appropriate, seek legal advice.

Directors are responsible for ensuring that contracts are provided for approval and execution in a timely way and with all documentation supporting the approval completed to the required standard.

Contracts must be approved and executed by delegates with authority to do so, under the relevant delegation instrument approved by the Board.

Management level delegates, for example Directors and AHV contract managers, who otherwise are authorised to approve contracts, cannot approve contracts unless an AHV Standard Contract for that procurement activity is used without any amendment.

8.4. Contract management

Directors are responsible for ensuring that contracts within their respective areas of authority are effectively managed. This includes ensuring that contracts are managed in accordance with this policy and procedures under this policy. Directors are responsible for ensuring that contract management processes are in place and systems are maintained to support contract delivery as described in **section 8.1 Contract overview**. This includes allocating a staff member as the AHV contract manager for each contract, and ensuring contract management is supported by good relationship management.

8.4.1. Managing financial risks

Contract management processes include management of financial risks throughout the life of the contract.

Key processes include conducting regular reviews to assess the supplier's financial viability, and to ensure suppliers maintain appropriate insurance.

8.4.2. Record keeping

Directors are responsible for maintaining record keeping practices and systems in relation to all contracts managed within their respective areas of responsibility, to support effective and efficient contract management, compliance and reporting obligations and audit.

8.4.3. Variation management

A variation to contract is a mutually agreed amendment to vary the obligations set out in the contract. There are many reasons to vary an existing contract. For example, changes in technology, resources, needs of AHV, market conditions, etc. Variations can generally be categorised as either administrative or financial:

- administrative variations are changes that do not affect the financial details of the contract, e.g. changes to the billing process, delivery address, personnel assigned to the contract, sequencing of work, performance management and monitoring processes, etc.; and
- financial variations alter the financial details of the contract, e.g. changes to the price/cost, quantity, nature of the deliverables and terms of the contract (which increase the value).

8.4.4. Approving variations

A variation to contract needs appropriate approval. Administrative variations are generally approved by the AHV contract manager, whereas financial variations require approval by a financial delegate (refer Probity and Procurement Policy Thresholds).

When there are multiple variations to a contract, consideration should be given to:

- whether the contract planning strategy framework needs improvement to minimise the need for further variations;
- escalating the issue of project management oversight and appropriate capability through AHV's governance reporting arrangements; and
- whether to approach the market again, should there be a significant shift in the scope of the procurement.

8.4.5. Pre-approved variables

Some contractual arrangements have agreed pricing formulas or pricing review schedules for goods, services and works that allows for price changes. If the pricing formula or review was approved through the procurement process, variations are limited to the scale agreed in the contract. The variations are recorded in SDM where appropriate, and the contract is to be appropriately monitored to ensure value for money is maintained throughout the life of the contract.

9. Procedures

Contract Administration and Management Procedures will be developed to provide specific guidance on the administration of this policy in the planning and management of contracts. The scope of the procedures will include:

- Contract planning and negotiation;
- Approval and execution of contracts;
- Management of contracts including managing performance, variations, payments and disputes;
- Record keeping and records management;
- Contract reporting and acquittals;
- Contract review and sign off; and
- Monitoring and auditing contract compliance and the contract management system.

From time to time procedures may be implemented under this policy that apply to a specific project or specific procurement activity.

10. Related Policies

- AHV Probity and Procurement Policy (A003)
- AHV Risk Management Policy (F004 – D1)
- AHV Financial Delegations Policy

11. Policy log

Version	Approval date	Approved by	Changes	Review Date
1			New policy	June 2023
2				
3				