

ARF012 Contract Management Risks

Risk Status Progress Report for July 2020

Description of risk and impact

Contract management risk can arise due to contract wording, contract breaches, contract performance and relationship management.

Contract management risks have the potential to negatively impact on financial, legal, reputational, service delivery and create long term issues for the Far North District. If not managed correctly we could see delays and interruptions with lengthy drawn out disruption. Commercial resource demand could be impacted.

Existing Treatments

Treatments established:

- A. Two specialists are now in place:
1. Contract Management Specialist whose focus will be to build capability and address risk treatments; and
 2. Contract Specialist whose focus will be operational contract management in District Facilities with the primary focus on the new swimming pool contracts.
- B. A FNDC-wide Contracts Register is available in TK2 system.

High level treatment plan and progress up-date:

High level treatment plan:	Progress update:
<p>Develop a Contract Management Framework.</p> <p>The Contracts Framework will cover three main contractual arrangements with the addition of AOG (All of Government) and syndicated contracts.</p>	<p>In progress.</p> <p>Draft available for management review August 2020.</p>
<p>Develop Policy, process and templates.</p>	<p>In progress.</p> <p>Delivery planed for quarter two of the new financial year.</p> <p>Templates for contracts completed.</p>
Building capability:	Progress update:
<p>Increase internal commercial expertise.</p>	<p>In progress.</p> <p>Weekly training to develop contract management capability in the IAMs Infrastructure & Asset Management team continues. Currently working through the New Zealand standard construction contract, NZS3910.</p>
<p>Contract Management training.</p> <p>Training plan to support contract management framework roll-out to be developed.</p>	<p>Underway.</p>

Where are the gaps? / what more could we be doing?

Current environment:

We are not experiencing disruption to the delivery of current contracts due to the COVID-19 pandemic. This is a watching brief as we continue to monitor contracts and maintain essential services. It is anticipated that there may be impacts if we move into a global recession.

The plan is to continue to make progress against treatment solutions as identified in the table above.

Currently no gaps are identified .

Inherent Risk:	Trend	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	-		Responsible:	GM IAMs	Date accepted:	30/05/19	2 monthly
