

## ARF012 Contract Management Risks

### Risk Status Progress Report for February 2021

Prepared: 23/12/20

#### 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 is to build capability and address risk treatments; and
2. Contract Specialist whose focus is the 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:
Develop a Contract Management Framework. The Contracts Framework will cover three main contractual arrangements with the addition of AOG (All of Government) and syndicated contracts.	Completed. Timeline: January: peer review of the Contract Management Framework will be completed February: phase 1 of the roll out to commence with IAMs
Develop Policy, process and templates.	In progress. Delivery planed for quarter two of the new financial year. Templates for contracts completed.
<b>Building capability</b>	
Increase internal commercial expertise.	In progress. 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.
Contract Management training. Training plan to support contract management framework roll-out to be developed.	Underway.

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

#### Current environment:

Due to the number of District Facilities contracts, coming up for renewal over the next 18-months, IAMs have seconded expert technical assistance, for two years, in the role of Manager - Business Development IAMs to lead this process. The Manager - Business Development IAMs has developed a deliberate programme of work which includes Section 17A reviews and an internal assurance review. The internal assurance review is currently being scoped with District Faculties and is planned to commence in the New Year. This review will further inform this risk.

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

Currently no gaps are identified

<b>Inherent Risk:</b>	<b>Trend of risk rating</b>	<b>Residual Risk:</b>	<b>Accountable:</b>	CEO	<b>Date raised:</b>	29/11/18	<b>Report frequency:</b>
	Stable		<b>Responsible:</b>	GM IAMs	<b>Date accepted:</b>	30/05/19	2 monthly