

ARF012 Contract Management Risks

Risk Status Progress Report for October 2021

Prepared: 30/09/2021

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 in place:
 1. Contract Management Specialist, PMO
 2. Contract Specialist, District Facilities.
- B. A FNDC-wide Contracts Register is available in TK2.

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. Contract Framework peer review has been completed. Request SLT endorsement of Contract Management Framework and Policy. Waiting to get in front of SLT. Phase 1 of the roll out (to IAMs) has commence with training delivered to District Facilities and a live contract deep dive to be scheduled.
Develop Policy, process and templates.	Completed.
New treatments June 2021 Develop process to manage "Small" contractors contract management risk (health and safety, delivery and financial risk); and contract concentration risk.	In progress. PMO is developing a new process for small contractors. The process to manage contract concentration risk has been developed and published.
Building capability	
Increase internal commercial expertise.	Ongoing.

	<p>Targeted training, in contract management, will be delivered to contract owners. Contract managers will be identified through the new contract register.</p> <p>Training, to develop contract management capability in the IAMs Infrastructure & Asset Management team, continues.</p> <p>The Contract Management Specialist is providing project specific advice.</p>
<p>New treatment May 2021: Refresh of the contract register.</p>	<ul style="list-style-type: none"> • Contract register refresh <ul style="list-style-type: none"> ○ the register fields and guidance has been defined. ○ ICT to commence building the SharePoint site. • Working to determine secure locations to hold hard and soft copies of crucial contract documents such as the contract, bonds and warranties and insurance certificates.
District Facilitates Assurance Review	This is in the internal audit pipeline for scheduling.
17A reviews	<p>Scheduled reviews:</p> <ol style="list-style-type: none"> 1. Solid Waste 2. Town, parks and reserves maintenance.

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

Current environment:

Within the evolving contract scene Council is engaging with an increasing number of “small” contractors. It is anticipated that this trend will continue when we implement our Sustainable Procurement Policy. This will change the contract management risk profile.

Understanding how lease commitments will be managed (over the lease term). There is potential for the register to expand to a “commitments register”.

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

Inherent Risk:	Trend of risk rating	Residual Risk:	Accountable:	CEO	Date raised:	29/11/18	Report frequency:
	Stable		Responsible:	GM IAMs	Date accepted:	30/05/19	3 monthly