

ARF012 Contract Management Risks

Risk Status Progress Report for October 2020

Prepared: 09/09/20

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. IAMs senior management (GM-IAM; MGR-Infra OPS; MGR-Planning&AssetMgmt; MGR-Project Delivery) all have significant commercial and contract management experience to compliment their core professional competencies.
- B. Two specialists are now in place:
 - 1. Contract Management Specialist (Corp Services) whose focus will be to build capability and address risk treatments; and
 - 2. Contract Specialist (IAMs) whose focus will be operational contract management in District Facilities with the primary focus on the new swimming pool contracts.
- C. A FNDC-wide Contracts Register is available in TK2.

Treatments identified:

- D. A contracts management framework including a policy, defined process and/or guidelines, and templates
- E. Building capacity throughout the organization in good contract management practices with on-going training programmes.

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.	In progress, behind schedule. Draft will be available for management review end of October 2020.
Develop policy, process and templates.	In progress. Delivery planned for end of quarter two of the financial year. Templates for contracts completed.

Building capability	
Increase internal commercial expertise.	In progress and ongoing. 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.	In progress and ongoing.

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

Current environment:

Currently no gaps are identified.

The impact and likelihood of this risk has been assessed as unchanged.

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