



Our Ref: 8500

Mr Mat Humfrey
Chief Executive Officer
Town of Cottesloe
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COTTESLOE WA 6911

TRIMMED
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Dear Mr Humfrey

FOCUS AUDIT – LOCAL GOVERNMENT MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS

As you would be aware, the Auditor General has been undertaking this audit in your Town and a sample of other local government entities. Audit findings for your Town are included in the attached management letter for your attention. These matters have been discussed with your relevant staff and their comments have been included on the attachment for your information.

This management letter will be used to prepare the draft report which will be sent to your Town in the next few months as part of our process for ensuring factual accuracy and contextual appropriateness before we finalise the report. The final report is scheduled for tabling in Parliament in April 2020.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

I would like to take this opportunity to thank you, the management and the staff of your Town for their cooperation with the audit team during our audit.

A copy of this letter has also been sent to the Mayor. Please contact me on 6557 7574 if you have any queries.

Yours sincerely

Renuka Venkatraman

RENUKA VENKATRAMAN
DIRECTOR FINANCIAL AUDIT
21 February 2020

Attach

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Procurement Policy and Procedures	✓		
2. Contract Register	✓		
3. Contract Renewals or Extensions and Variations	✓		
4. Contract Documentation	✓		

KEY TO RATINGS

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS

1. Procurement Policy and Procedures

Finding

We reviewed the Town's procurement policy and procedures and noted that they did not:

- include a requirement to maintain a contract register, or specify the value above which contracts are to be recorded in the register
- clearly define what constitutes a contract variation or when a separate procurement process is required
- outline the key processes for contract renewals or extensions, including a requirement for a formal assessment of current contractor performance before an existing contract is extended or renewed
- include a requirement for timely review of the contract register to identify contracts that are due to expire, with the view of commencing appropriate action well before the expiry of the contract.

We further noted that the Town's Delegated Authority Register and Purchasing Authority Limits Policy did not include specific delegation limits for approval of contract renewals or extensions and variations.

**Rating: Significant
Implication**

In the absence of comprehensive procurement policies and procedures, there is an increased risk that:

- appropriate procurement procedures may not be followed for contract variations
- contract renewals or extensions may not be effectively managed, potentially resulting in failure to achieve value for money, and
- contract renewals or extensions may not be approved in accordance with approved delegations of authority. This increases the likelihood of extensions or variations that are not justified.

Recommendation

The Town's procurement policy and procedures should be updated to include:

- a requirement to maintain a contract register, with details of the key information to be included in the register
- the dollar value above which contracts are to be recorded in the register and the custodian responsible for the regular review and update of the register
- guidance on the definition of contract variations (including clarification that when variations, considered cumulatively, significantly change the scope of the original contract, then a separate procurement process may be required)
- a requirement for the custodian of the contract register to regularly review the register for contracts nearing expiry, so that negotiations can commence well before the expiry of the contract. This will ensure continuity in the supply of goods and services as well as provide best value for money
- a requirement for the evaluation of current contractor performance to be performed to ensure poor performing contractors are identified and concerns are adequately addressed, prior to exercising the contract renewal or extension option.

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS**

The Delegated Authority Register should be updated to include specific delegated authorisation limits for the approval of contract renewals or extensions and variations. This will minimise the risk of extensions and variations being approved that are not justified.

Management comment

The Town will incorporate the recommended changes listed above into the purchasing policy and where required develop accompanying procedures for the modifications. Revisions to the delegated authority register will also be considered to mitigate the risk identified.

Responsible person: Shane Collie, Manager Corporate Services and Governance
Completion date: 30 June 2020 (approximated)

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS**

2. Contract Register

Finding

An up-to-date and complete contract register was initially not available at the start of the audit. We were subsequently provided with a contract register and noted from our review that the following details were not included in the register:

- Value of contracts (including the value of any contract extensions and variations)
- Estimated dollar value of schedule of rate contracts
- Commencement, duration and end dates of contracts
- Detailed information on contract variations, such as the number and dollar value of individual variations
- Details of contract renewal or extension options available and the dates of options exercised
- Name and Position of contract manager
- Scheduling of contractor performance reviews.

Rating: Significant

Implication

Lack of complete and accurate information in the contract register could potentially limit the Town's ability to effectively monitor its contractual obligations.

Recommendation

Management should regularly review and update the contract register to ensure that the above key information relating to all current contracts are included in the register.

Management comment

The Town will take the findings into consideration and implement the recommended changes accordingly.

Responsible person: Shane Collie, Manager Corporate Services and Governance
Completion date: 30 June 2020 (approximated)

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS**

3. Contract Renewals or Extensions and Variations

Finding

We tested a sample of 2 renewals or extensions and 5 variations and found that:

- contracts were not available for all the renewals or extensions and variations sampled. As a result, we were unable to conclude if the contracts were extended per the terms of the original contract, or if the variations significantly altered the scope of the original contract
- one extension had no documented evidence that performance reviews of the contractors had been performed. We were therefore unable to conclude whether contractor performance was adequately reviewed before the extension options were exercised.

Rating: Significant

Implication

- Inadequate documentation of contractual obligations reduces transparency in decisions relating to the renewal or extension and variation of contracts
- Without comprehensive contract performance reviews before an extension is granted, there is a risk that poor performing contractors are granted extensions.

Recommendation

Documentation of all contracts should be retained in accordance with the Town's Record Keeping Plan. This is essential to be able to demonstrate that contract extension options have been exercised only if permitted under the terms of the contract and that variations to the contract have not individually or cumulatively significantly altered the scope of the original contract.

The Town should also improve review processes relating to contract extensions, including adequate assessment of contractor performance, before exercising contract renewal or extension options.

Management comment

All executed contracts are stored within our record keeping system (TRIM) as per our records management policies and plan. Due consideration will be given to the development of a contracts management plan to cover the requirements identified.

Responsible person: Shaun Kan, Manager Engineering Services
Completion date: 30 June 2020 (anticipated)

TOWN OF COTTESLOE**PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT****FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS****4. Contract Documentation****Finding**

We tested a sample of 2 contract renewals or extensions and 5 contract variations and found that:

- 2 of 5 variations were not supported by proposals with detailed description of the nature of the variation with associated cost, time and scope implications
- for all our samples, the original contracts or other formal documentation of key contract terms was not available.

This is not in accordance with the requirements of the Town's Record Keeping Plan, Regulation 5(1)(c) of the Local Government (Financial Management) Regulations 1996 and the *State Records Act 2000*.

**Rating: Significant
Implication**

In the absence of detailed variation proposals, there is a risk that inappropriate variations may be approved due to insufficient information provided to the approvers.

Without clear documentation of key contract information such as contract value, duration, extension options etc., there is a risk that contractual obligations may be more difficult to enforce in the event of disputes etc.

Further, without good record-keeping practices, the Town risks breaching its Record Keeping Plan, Local Government Regulations and the *State Records Act 2000*, while reducing accountability and transparency in decision making.

Recommendation

Contract variations should be supported by detailed proposals, to ensure that they are approved based on adequate analysis of their cost, time and scope implications.

Management should ensure that all key contract terms are adequately documented, clearly establishing mutual contractual obligations and expectations.

Important records (such as contracts, approvals and decision making correspondence) should be retained in accordance with the Town's Record Keeping Plan, to ensure compliance with the *State Records Act 2000* and promote accountability and transparency in decision making.

Management comment

A request for variation approval process has been adopted evident from the 3 out of the 5 samples tested. The outstanding 2 that could not be substantiated more than likely occurred prior to the adoption of this process. The contract management plan mentioned in item 3 will incorporate the work flow process.

The Town has contract agreements signed by all parties involved as part of the contract award. This is evident from documents recently provided.

Responsible person: Shaun Kan, Manager Engineering Services
Completion date: 30 June 2020 (anticipated)

TOWN OF COTTESLOE

PERIOD OF AUDIT: 1 JANUARY 2018 TO DATE OF AUDIT

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT- LOCAL GOVERNMENT
MANAGEMENT OF CONTRACT RENEWALS OR EXTENSIONS AND VARIATIONS**

Further OAG Comment

The contracts referred to in our finding were requested at the time of our audit in July 2019 and could not be provided to us until the finalisation of this letter. It is important that documents such as contracts etc., are readily available and accessible by staff. Our finding therefore remains unchanged.



Town of Cottesloe

PROCUREMENT MANAGEMENT PLAN

PROCUREMENT MANAGEMENT PLAN

SUMMARY

This plan sets out the procurement processes required for the different purchasing thresholds to comply with the Town of Cottesloe's Purchasing Policy and Local Government Act requirements. It ensures fairness and probity for suppliers and transparency to the public when the Town procures goods and services.

OBJECTIVES

- Value for money outcomes
- Transparent, accountable and responsible purchasing practices
- Fairness and probity in decision making process

RELEVANT POLICIES AND LEGISLATION

- Town of Cottesloe Purchasing Policy
- Local Government Act 1995
- Local Government Regulations 1996
- Engineering Services Contract Management Plan

CORPORATE TEMPLATES

- Procurement Evaluation
- Request for Quotation
- Request for Tender
- Invitation to Tender
- Expression of Interest
- Approval to Proceed and Checklist
- Appendix A - Procurement Process

PROCUREMENT FRAMEWORK

The following provides a summary of the procurement framework for purchases for different thresholds within the Town's Purchasing Policy:

- Stage 1 - Approval to Proceed Form and Checklist
- Stage 2 – Procurement
 - 3 Quote Process (\$0 to \$49,999)
 - Request for Quotation (RFQ) (\$50,000 to \$149,999)
 - Request for Tender (RFT) (\$150,000 and over)
 - Preferred Suppliers (Appointed through RFQ or RFT)
 - Expressions of Interest
- Stage 3 – Requisitions and Purchase Orders
- Stage 4 – Invoice Approvals

Stage 1 - Approval to Proceed Form and Checklist

An approval to proceed form and checklist is to be filled out for all purchases through a Request for Quotation (RFQ) and Request for Tender (RFT). The document provides basic information required to complete both method of procurement.

This must be approved by a Senior Manager. This form must be signed by the Chief Executive Officer for all procurement through public tenders.

PROCUREMENT MANAGEMENT PLAN

Stage 2 - Procurement

3 Quote Process (\$0 to \$49,999)

The quote acceptance form within the purchase order books will be used to document all requisitions.

All purchases over \$2000 will require quotes. These must be trimmed and record keeping numbers reflected accordingly. Budgetary details are required to ensure that the approving manager is endorsing expenditure with either approved or available funding.

All suppliers must be asked to provide quotes at the same time and must provide a response within a specified timeframe. All submissions received outside this period will not be considered. Manager approval is required for such non-complying quotes to be considered. All correspondence leading to the purchase must be trimmed.

\$50,000 to \$149,999 – Request for Quotation (RFQ)

There are two RFQ documents that must be used depending on the risk (Low or Medium to High) of the project that provides a specification to the scope of works, technical parameters, supply requirements and evaluation framework will be prepared.

The following parameters provide a guide to assessing the risk category:

- Estimated Project Value
- Scope of works
- Safety, Quality and Environmental Implications
- Complexity of Works
- Contract Duration

A minimum of 3 suppliers must be invited to provide a formal bid for the works over a fixed quotation period. The minimum quotation period is 14 calendar days. This is to be evaluated by a 3 member panel. All medium to high risk invitations will be through Tenderlink. Low risk quotes can be sent directly to suppliers.

A memo summarising the RFQ process and recommending the preferred supplier is to be prepared prior to appointment, when requesting for a purchase order to be approved. A Senior Manager is the recommending officer for purchases over \$50,000 that requires the Chief Executive Officer's approval.

\$150,000 and Over – Request for Tender (RFT)

All projects over this value must be advertised through a RFT. A RFT template must be used for this method of procurement. The minimum tender period is 14 calendar days and must be advertised through Tenderlink and the news papers. This is to be evaluated by a 3 member panel. A Council report is required for Council to approve this method of procurement.

Preferred Suppliers

PROCUREMENT MANAGEMENT PLAN

Preferred supplier panels can be established for frequently used services and goods supply. This would need to be either through an RFQ or RFT process depending on the expected contract value over a 3 year period. An RFQ expires when \$150,000 is reached or at 3 years, whichever occurs first.

The use of a preferred supplier panels are an option but is only limited to the scope specified within each executed contract. A contract variation approval as per the process within the Contract Management Plan is required for works outside the agreement. The arrangement should not be used for projects over \$150,000 or as a method to avoid any formal tender process.

Expressions of Interest (EOIs)

EOIs can be used to for suppliers to provide a return brief. It allows for market sounding in determining the competitiveness and the Town's general requirements for the supply of goods and / or services. All EOIs must be advertised through Tenderlink and newspapers.

Upon the completion of the process, shortlisted suppliers will be invited to provide a formal submission through an Invitation to Tender. This will be administered as per the RFT process.

Stage 3 - Requisitions and Purchase Orders

Once a successful supplier has been identified, a purchase order would need to be raised prior to the commencement of any works or the supply of goods and services. Two different officers are to raise and approve a purchase order.

Purchase orders raised by an officer are to be approved by their direct supervisors. All approving officers are to comply with the Town of Cottesloe's Purchase Order Policy. All sections of the requisition form and purchase order are to be filled out and approved. No officer is to at any time raise and approve the same purchase order.

A Senior Manager is required to counter-sign a purchase orders over \$50,000 that is to be approved by the Chief Executive Officer.

This process will remain in place till the current paper copy purchase order is superseded by an electronic system.

Stage 4 - Invoice Approvals

Two officers are required to endorse an invoice for this to be processes by Accounts Payable. One signature would be required to confirm receipt of goods and services. The second signature would be for payment approval. All invoices within the Civic Centre are to be signed by Manager of Engineering Services. The Works Manager is responsible for this approval at the Operations Centre.

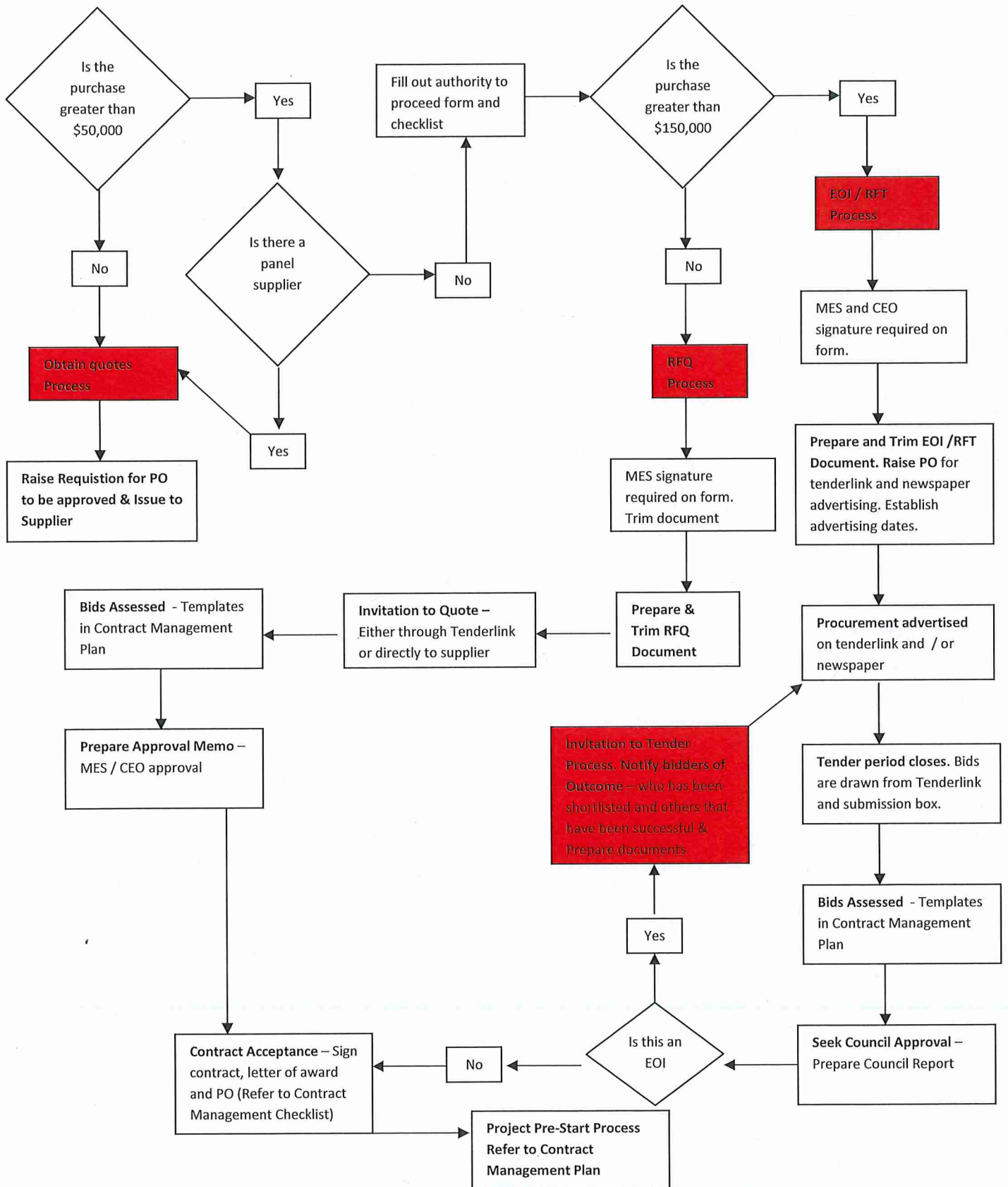
A Senior Manager is required to counter-sign an invoice over \$50,000 that is to be approved by the Chief Executive Officer.

**No officer is to at any time confirm good / services receipt and approve the same invoice.
No officer is to raise and approve the same purchase order.**

PROCUREMENT MANAGEMENT PLAN

All contract progress payments are to be administered as per the progress payment process within the Contracts Management Plan

APPENDIX A - PROCUREMENT PROCESS MAP



Conflict of Interest and Confidentiality Agreement



Town of Cottesloe

Anyone involved in a procurement activity must complete this declaration before developing tender documents, joining an evaluation panel or making a decision.

Name:	
Position:	
Tender:	
Role in the procurement activity:	

Do you have any actual, potential or perceived conflicts of interest?

Do you have any personal interest in the purchasing decision? <i>(e.g. you own shares in a supplier or related company)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Potentially (tick 'potentially' if others could perceive you have a conflict)
Are you a relative or close friend of someone with a personal interest in the goods or services being purchased or who could be personally affected by the purchasing decision? <i>(e.g. a family member is an employee or shareholder of a supplier)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Potentially (tick 'potentially' if others could perceive you have a conflict)
Do you have any personal obligations, loyalties or bias that could influence the way you evaluate offers and recommend purchases? <i>(e.g. a close friendship with an employee of a supplier)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Potentially (tick 'potentially' if others could perceive you have a conflict)
Have you recently been offered any special discounts, gifts, trips, hospitality, rewards or favours by suppliers of the goods or services being purchased? <i>(e.g. free travel; free samples for your own use)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Potentially (tick 'potentially' if others could perceive you have a conflict)
Are you aware of anything that could give the appearance that you might be biased towards or against a particular supplier? <i>(e.g. you have expressed strong views about a supplier; you worked for a supplier; you use a supplier's corporate box at a sports event)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Potentially (tick 'potentially' if others could perceive you have a conflict)

Conflict of Interest and Confidentiality Agreement



Town of Cottesloe

Confidentiality responsibilities

All of the procurement project's discussions, meetings and material (written and electronic) are confidential and I agree to keep this information safe. I will not give this information to anyone outside the immediate tender team without prior approval from the Project Manager.

Restrictions on contact with suppliers

I agree that my contact with potential suppliers is restricted during the period of the tender. I understand that until the successful supplier has been announced I will not:

- pass information or make comments to them about the tender
- receive any gift, gratuity, hospitality or any inducement from them
- meet them or have any discussion about the tender.

I will pass any requests for information and meetings from potential suppliers to the Project Manager.

Declaration of conflict of interest

<p>Actual conflict of interest is where you already have a conflict.</p> <p>Potential conflict of interest is where the conflict is about to happen or could happen.</p> <p>Perceived conflict of interest is where other people might reasonably think you are not being objective.</p>	<p>If you have answered 'Yes' or 'Potentially' to any of the above questions, please provide details here. Otherwise sign the declaration below.</p>
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Your declaration

Declaration – I confirm that the above details are correct to the best of my knowledge and I make this declaration in good faith.		
Signature:		Date:
Review by Project Manager – I confirm that I have received this declaration and noted the contents. Where a conflict of interest is declared, complete the next part of the form.		
Name:		
Signature:		Date:



Town of Cottesloe

CONTRACT MANAGEMENT PLAN

CONTRACT MANAGEMENT PLAN

SUMMARY

This plan sets out the contract management and administration processes for awarded works to ensure continued compliance with the Town of Cottesloe's Purchasing Policy, Purchase Order Policy and Local Government Act requirements. It provides a consistent approach towards managing all contracts awarded by the Town of Cottesloe in accordance with executed agreements.

OBJECTIVES

- Proper administration of contracts in accordance with executed agreements to ensure fairness to both the Town and suppliers
- Best practice documentation in accordance with Office of the Auditor General Requirements
- Documentation of the decision making process

RELEVANT POLICIES AND LEGISLATION

- Town of Cottesloe Purchasing Policy
- Town of Cottesloe Purchase Order Policy
- Local Government Act 1995
- Local Government Regulations 1996
- Engineering Services Procurement Management Plan

CORPORATE TEMPLATES

- Letter of Acceptance
- Unsuccessful Letters
- Prestart Agendas and Minutes
- Progress and Final Payment Certificates
- Contract Variation Approvals
- Practical Completion Certificates
- Contract Management Checklist
- Contract Evaluation Proforma

CONTRACT MANAGEMENT AND ADMINISTRATION FRAMEWORK

STAGE 1 – CONTRACT AWARD

Contract Documents

Upon the acceptance of a recommended supplier by Council or a Request for Quotation (RFQ) by a delegated officer, the contract document must be signed by the successful proponent and the Chief Executive Officer. This include medium to high risk RFQ agreements. An email confirming acceptance of terms and conditions of the low risk RFQ mechanism would be sufficient.

Letter of Acceptance & Purchase Order

Once this has been completed together with the method of securities either confirmed or received, a letter of award and associated unsuccessful letter can then be issued for open tender and medium to high risk RFQ Contracts. An email accepting the low risk RFQ bid is acceptable. A purchase order is to be raised at the same time and number referenced in the letter of acceptance. Both documents are to be signed by the delegated officer at the same time.

CONTRACT MANAGEMENT PLAN

The method of administering purchases through obtaining 3 quotes (less than \$50,000) will be determine on a case by case basis depending on the associated risk.

All open tender and RFQ contracts must be placed on the tender register upon award.

Securities

Securities are required for all open tender and RFQ contracts and can be held in the form of bank guarantees or retentions.

Bank Guarantees - 2 guarantees each equivalent to 5% of the total contract value would be required. One will be returned upon successful practical completion and the other at final completion.

Retentions – 10% of each progress claim will be held. 50% of the total monies held will be returned upon successful practical completion. The remaining funds will be returned at final completion.

Practical and final completion would be certified by the Superintendent.

Prestart Meetings and Compliance

A prestart meeting is to be organised upon the completion of the contract award. In addition to the project team, the Manager of Compliance and Regulatory Services and the Town's OSH Officer is to be invited. Pre-start meeting templates have been provided.

STAGE 2 – COMPLIANCE AND REGULATORY REQUIREMENTS

Depending on the nature of the contract, various approvals covering building permits, workzone permits, parking bay reservations and material on verge permits are required prior to the commencement of works. Works not within standard business hours of 7am and 7pm Monday to Saturday and all day Sunday requires the approval of Manager Compliance and Regulatory Services. The contractor is responsible for the cost of arranging these approvals.

STAGE 3 – SAFETY MANAGEMENT

Upon establishment of site, a site pre-start is to be carried out prior to the commencement of works to ensure all project specific safety requirements have been met. This includes site signage and administration procedures highlighted within the Contract Management Checklist. Midway ad hoc site safety inspections are to be carried out. Non-conformance reports are to be issued to the contractor for any breaches. Such matters must be resolved within 48 hours of the notification. The Town will attempt to work with the contractor to make such improvements before a Work Improvement Notice is issued. The contract will then be suspended at the cost of the contractor.

STAGE 4 – PROJECT CLOSE OUT

Practical Completion

The contractor is to provide a minimum of 72 hours notification for a practical completion inspection meeting. Invitees comprise of Town officers that will be responsible for maintaining the assets. A practical completion certificate highlighting the defects requiring rectification will be issued by the Superintendent. Updated post construction drawings would need to be provided by the contractor. Securities will be returned after all defects are completed and required document submitted.

Final Completion

CONTRACT MANAGEMENT PLAN

The outstanding security will be returned after the 12 month defects liability period. It would be the responsibility of the contractor to contact the Town to arrange this final inspection. A final completion certificate would need to be provided upon satisfactory inspection. This will be done by the Works Manager or a delegate.

Asset Management

The post construction information would need to be provided to the Engineering Technical Officer for a close out report to be developed would need to be developed and the Town's GIS to be updated with the new assets created. The Asset Management System would also need to be updated accordingly.

The attached contract checklist must be completed and signed off by the relevant officers before progressing.

CONTRACT VARIATIONS & PROVISIONAL SUMS

Additional out of scope works or changes to contract conditions are required at times to allow for the works to be completed. Provisional sums are included in contracts to provide the financial resources to implement the required mitigation against planned risk.

Contract Value Variation

Any changes resulting in a variation to the original contract value must be approved by either the Manager of Engineering Services or the Chief Executive Officer depending on the magnitude of the change. The contractor must provide a variation request. A request for variation memorandum must be prepared by the Superintendent to document these variations and approved accordingly. A new purchase order must be raised and signed at the same time. The contractor will not be remunerated for any such works should they fail to seek such approval of the Superintendent.

Provisional Sums

These form part of scheduled items and cannot be claimed without the prior approval of the Superintendent. The contractor must provide a variation request seeking the approval of the Superintendent when the need arises to activate the provisional sums within the contract.

A variation register documenting all out of scope works and provisional sum expenditure must be maintained and included as part of the request for approval.

All variations exceeding the Town's approved budget of 15% and \$25,000 must be approved by the Chief Executive Officer.

Contract Condition Variations

Advice must be obtained from legal services for all contract condition changes prior to agreeing to such modifications with the contractor. Such changes must be approved by the Chief Executive Officer, the delegate accepting the contract on behalf of the Town. This is to be trimmed under the tender folder.

Contract Extension and Evaluation

CONTRACT MANAGEMENT PLAN

All contract extensions must be approved by the Chief Executive Officer and can only be done as an interim arrangement whilst a tender is being sought for a longer term arrangement (3 years or more).

When making such temporary extensions, an evaluation must be carried out on the existing contract. Such an assessment also applies to contracts that awarded over 12 months.

All documents must be trimmed and reference accordingly in request for contract changes approval memos

CONTRACT MANAGEMENT CHECKLIST

CONTRACT SUMMARY	
RFQ / Contract Number/Tender Number	
Has this been placed on the Contracts or RFQ Register?	SAO Initials:
Contract Description	
Project Sub Folder	
Approval Date and Trim Number (Council Resolution / RFQ Approval Date)	
Successful Contractor / Consultant	
Contract Signed Date and Trim Number	
Purchase Order Number	
Letter of Award Date and Trim Number	
Unsuccessful Letters Sent	SAO Initials:
Prestart Meeting Date and Minutes Trim Number	
Securities (Retentions / Bank Guarantees)	(1) Bank Guarantees Received Yes No (2) Location: (3) Trim Number:
Post Contract Award Documentation Complete. The contract can proceed to Permit Applications. TO BE APPROVED BY SENIOR ADMINISTRATION OFFICER (ENGINEERING SERVICES)	
Name:	
Position Title and Signature:	
Date:	
COMPLIANCE & REGULATORY SERVICES (Where Required)	
Building Permit	Date of Issue: Trim Number:
Workzone Permit	Date of Issue: Trim Number:
Parking Bay Reservation Permit	Date of Issue: Trim Number:
Material on Verge Permit	Date of Issue: Trim Number:
After Hours Permit	Date of Issue: Trim Number:
Compliance and Regulatory Requirements have been met. The contract can proceed to construction. TO BE APPROVED BY COMPLIANCE & REGULATORY SERVICES	
Name:	
Position Title and Signature:	
Date:	