

MAV Contract Management Development Program

Cameron Spence
MAV

Chris Newman
ArcBlue

Contract Management in Local Government

- * Contract management identified as an area of high risk in many councils
- * High focus on the procurement / tendering stage and compliance
- * Procurement and contract management processes often run independently, with independent resources
- * Shortage of appropriately skilled contract managers in many functions (particularly service contracts)
- * Contract management not formally part of position description
- * Lack of relevant training
- * Majority of councils lack documented policies and procedures around contract management

Contract Management in Local Government

In 2012, MAV in partnership ArcBlue Consulting commenced a Local Government contract management development program

1. Developed guidelines to help councils implement better and more standardised contract management processes
2. Guidelines complimented by sector wide training program, “Managing contracts in local government”

Effective Contract Management

- * Effective contract management exists when:
 - * The arrangements for service delivery continue to be satisfactory to both customer and supplier
 - * Expected business benefits and value for money are being delivered and realised
 - * The supplier is co-operative and responsive
 - * All parties know their obligations under the contract
 - * Disputes are rare; and
 - * The contract is fully compliant and satisfies both legislative and audit requirements.

Procurement Lifecycle

Identify need and planning

Tender and quotation process

Evaluation of offers and negotiation

Contract award

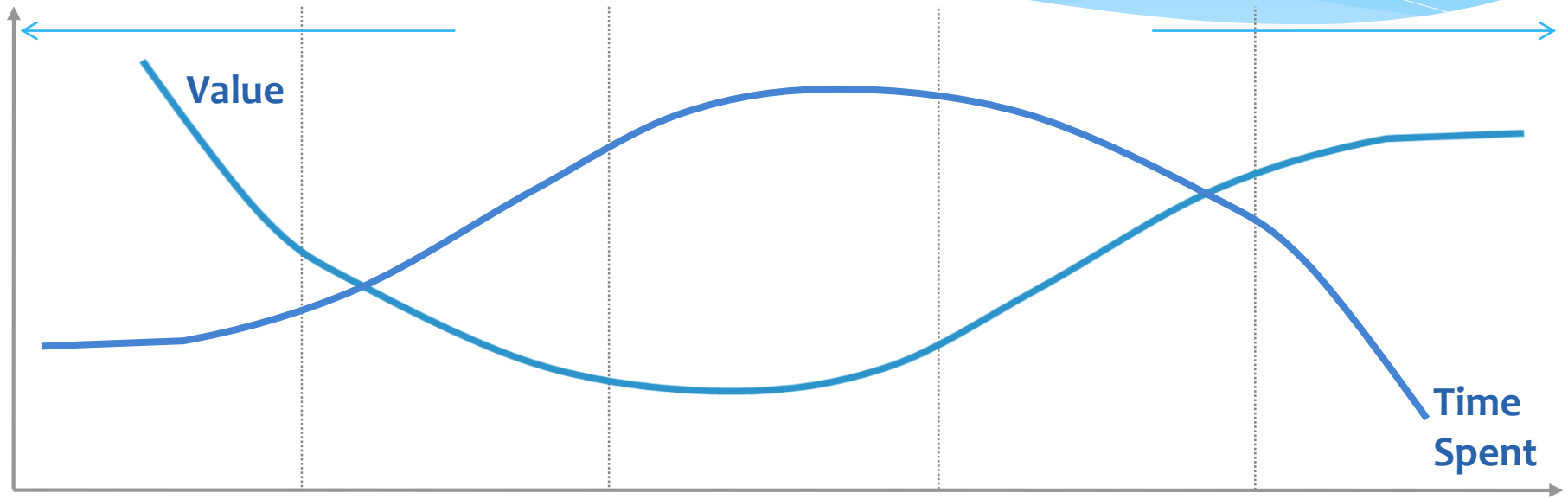
Contract management



Successful contract management is heavily dependant upon what happens during the planning, tendering, evaluation and award phases

- Planning
- Contract establishment
- Contract administration
- Contract management roles and responsibilities
- Managing relationships
- Performance management
- Negotiating contract variations
- Managing contract disputes
- Ethical business conduct
- Contract completion

Category Management and the value curve of procurement



Stages of Procurement

Need

Strategy

Market engagement

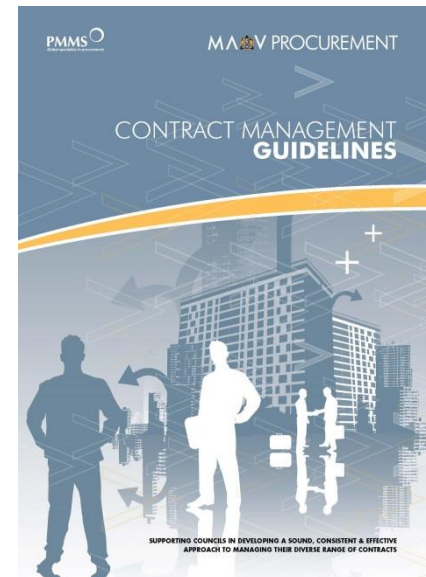
Negotiate contract

Manage contract

Training and Professional Development

Guidelines available to councils:

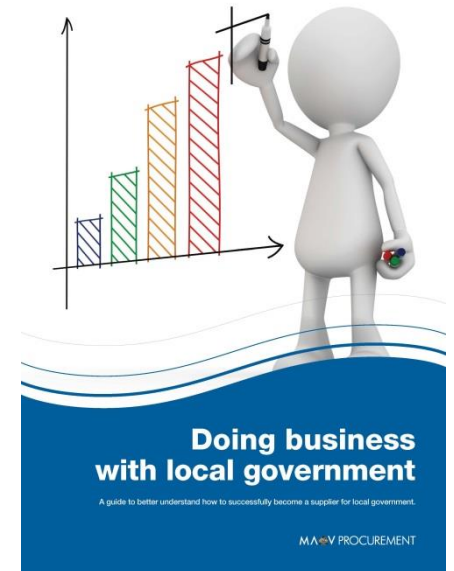
- * Contract management guidelines, incl. templates:
 - * Contract and supplier management plan
 - * Contract management checklist
 - * Contract variation form
- * Evaluation and negotiation guidelines (in development)
- * Doing business with Local Government (suppliers guide)
- * Model procurement policy
- * All available at www.mav.asn.au/



Training and Professional Development

Training programs available through MAV:

- * Managing Contracts in Local Government
 - * Procurement Planning and Specification Development
 - * Evaluation and Negotiation in Local Government
 - * Managing Contractor OH&S
 - * Social Procurement and Economic Development
-
- * Features of the Training
 - * Over 700 Councils Officers trained since 2012
 - * Mainly staff with contract management responsibilities



Capability Development

- * Contract Management Development Support Programs:
 - * Capability assessment; Training; Systems development; Guidelines & templates
- * Case Study – Gold Coast City Council
 - * Whole-of-Council Development Program
 - * New Contract Management Model – Guidance and processes
 - * Mandatory 2-day Training Program - 500 staff trained
 - * Mandatory $\frac{3}{4}$ day Executive Training – 120 Executives trained
- * Case Study – Queensland Government - Translink
 - * Online Capability Assessment – Individual/ Team Training and Development Plans
- * Case Study – South Gippsland Shire Council
 - * All Staff - One Day Introductory Contract Management Training and One Day Planning and Specification Training

Contract Management Priorities

- * Organisational/ Team/ Individual prioritisation of Contract Management
- * Resourcing and resource allocation
- * Organisational oversight and accountability
- * Clarity of roles and responsibilities
 - * Superintendent and Principal
 - * Procurement and Business Areas
- * Integration between Project Management and Contract Management
- * On-going skill development
 - * Training and education - Consistency
 - * Integration of modern practices in traditional roles
 - * Specification development/ evaluation/ negotiation/ contract law/ contractor OH&S
- * Early involvement and better planning

Strategic Opportunities

- * Long-term Integrated Planning
 - * Asset Management Plans
 - * Four year Financial Planning
 - * Capital Works Planning
 - * Procurement Planning
- * Sustained Collaboration
 - * Regional/ Sector
- * Category-based Strategies and Expertise
- * Data-based decision-making
- * Developing 'Supplier-centric' models of working
- * Stronger focus on local and regional businesses and social and economic development

Questions