

Policy P701 - Variations to Contract

Responsible Business Unit/s	Financial Services
Responsible Officer	Manager Finance
Affected Business Unit/s	All City Business Units

Policy Objectives

To determine the circumstances by which a contract for the procurement of goods and services may be varied and the requirements to inform Council of such variations.

Policy Scope

Regulation 5(1)(e) of the Local Government (Financial Management) Regulations 1996 requires the CEO to ensure the proper authorisation for incurring a liability and making payments.

Regulation 21A of the Local Government (Functions and General) Regulations 1996 prescribes the circumstances under which a local government may vary a contract for the supply of goods and services.

Policy Statement

1. Following the issue of a purchase order for the procurement of goods or services, the contract for purchase may be varied where:
 - 1.1 The contract allows for variation, and the variation is in accordance with variation provisions of the contract;
 - 1.2 Additional goods or services that were not, or could not have been foreseen, at the time the purchase order was issued, are required;
 - 1.3 The variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract;
 - 1.4 Sufficient funds are available in the capital or operating budget to meet the additional cost;
 - 1.5 The value of the variation does not exceed the purchasing limit of the Officer approving the variation; and
 - 1.6 The value of the additional goods or services required does not exceed the value of the initial contract by more than 10% to a maximum of \$100,000.

2. Contract variations that would result in the initial contract price being exceeded by more than 10% or \$100,000 may, in exceptional circumstances, be approved by the Chief Executive Officer, subject to the variation not being contrary to the requirements of Regulation 21 A of the Local Government (Functions and General) Regulations 1996. The reasons for such variations must be documented, with any variations in excess of \$100,000 being reported to Council as part of the monthly financial reports at the next available Ordinary Meeting of Council.

Legislation/ Local Law Requirements

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Functions and General) Regulations 1996

Other Relevant Policies/ Key Documents

City of South Perth Purchasing Policy P605