

9.6 Exemption from Tender - Procurement and Contract Management System

REPORT BY THE MANAGER PROCUREMENT AND FLEET
TO 18 OCTOBER 2023 ORDINARY MEETING
GOV400103, COR400678

RECOMMENDATION

That Council:

1. receive the report by the Manager Procurement and Fleet on the Exemption from Tender - Supply of a Procurement & Contract Management System;
 2. approve an exemption from tender, in accordance with Section 55 (3) (i) of the Local Government Act 1993 for the supply of a procurement and contract management system and system support for a period of five (5) years; noting that due to extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
 3. note the reasons why a satisfactory outcome would not be achieved by inviting tenders are:
 - 3.1 Council has invested a significant amount of budget and resources constructing the Portt system over the last three years, therefore going to market would not be the best 'value for money' for the community as works to date would need to be repeated and the process recommenced; and
 - 3.2 The implementation has taken three years, this exemption permits Council to continue with the selected organisation directly;
 4. accept Single Cell Mobile Consulting Pty Ltd t/a Portt (Portt) as the approved supplier for the Procurement & Contract Management System being a software as a service arrangement for a term of three (3) years with two (2) x one (1) year extension options, therefore a potential five (5) year contract period;
 5. accept the value for first three years of this Contract to be \$159,588 excluding GST, and including an agreed indexation;
 6. delegate authority to the Manager Procurement & Fleet to endorse or decline any extension period, noting that should the two years be endorsed the value of these extension periods would equate to an additional \$124,448 excluding GST, and including an agreed indexation – a total contract value of \$284,036;
 7. delegate authority to the Manager Procurement & Fleet to vary the Contract to a cumulative value of 10% of the total contract value should additional modules be identified and within budget; and
 8. delegate authority to the General Manager or their delegate to amend budgets as required should the recommendation be endorsed.
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Executive summary

Council's procurement team was instructed to implement a contract management framework based on auditor recommendations. During the course of reviewing these recommendations and considering continuous improvement, the procurement frameworks was also introduced as part of the project.

Given Council's investment to date constructing the new end to end procurement & contract management system, it would not be appropriate to test the market and potentially engage an alternate supplier. It is however appropriate based on our investment to continue with Portt to provide the software as a service solution for Council's procurement & contract management needs for the next three to five years.

Disclosure of Interest

Nil

Detailed report

In 2020, Council commenced its journey into the investigation and implementation of an appropriate contract management system based on outcomes from external auditors, this outcome was an industry wide issue for Local Government.

On the back of the Auditor Generals' feedback, Local Government Procurement in partnership with ArcBlue & Portt presented a solution for Council to achieve their contract management improvements by providing a local government tailored system and fair pricing given in comparison to other suppliers.

Council made the decision to proceed with this offer and have since delivered the contract management system across the organisation, with the procurement module to be completed at the end of the year, rolling out to the organisation early 2024.

Our system construction is almost complete, we have recently been advised that the partnership with Local Government Procurement, ArcBlue and Portt will cease, hence our request for exemption to be able to continue with our chosen provider. Portt are the software owner and provide the support & services ongoing enabling Council to continue business as usual.

All pricing presented is inclusive of an agreed indexation over the three to five year period and we also have a rate card that has provided capped costs (for one year only) should we wish to expand our requirements, particularly around Consulting. As we have not had the system in function, we are not year aware of what our additional support requirements may be, if any.

Community Plan implications

| Theme | Good Government |
|--------------|--|
| Goal | An effective and efficient organisation |
| Strategy | Pursue efficiencies and ongoing business improvement |

Strategic implications

Council Strategies

Not Applicable

Council Policies

Procurement Policy

Legislation

Local Government Act 1993

Financial implications

Increased budget required

Associated Risks

Without a system in place to support staff could lead to poor procurement and contract management practices which can lead to reputational damage, financial risk and possible litigation.

KRISTIE WARD
MANAGER PROCUREMENT AND FLEET

LEONIE VAN OOSTERUM
DIRECTOR CORPORATE SERVICES

27 September 2023

Attachments: 1. MWRC - Contract Proposal (Portt). (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER