

## Management report to Council

Agenda item 6.7

### Source to Contract System

Council

**Presenter:** Ravin Balendran, Director Procurement and Contract Management

**28 April 2020**

#### Purpose and background

1. The purpose of this paper is to request Council to approve multi-year operational expenditure for a new Source to Contract system's annual licence fees for a contract term of 4 +2 +2 years.
2. Operational spend for the licence fee is up to \$160,000 per annum for the term of the contract. Financial delegation approval to award the contract (both capital and operational expenditure) resides with the General Manager Finance and Corporate, subject to the completion of the tender process expected in early April 2020.

#### Key issues

3. A business case has been completed with the capital funding for the project (informed from the tender) approved by the Organisational Strategic ELT subcommittee on the 5 March 2020. Operational funding has also been included in the operational plan for Procurement and Contract Management.
4. The Source to Contract system will ensure:
  - 4.1. Compliance to procurement policy and legislation.
  - 4.2. An audit of procurement processes and activities.
  - 4.3. Greater efficiencies and consistency in process via the system then ensures workflow linked to appropriate tools and templates.
  - 4.4. Greater visibility of all procurement activities to identify aggregation and panel opportunities that will reduce cost and drive operational efficiencies.
  - 4.5. Improved value for money that channels procurement activities to preferred suppliers and arrangements.
  - 4.6. Improved supplier compliance against agreed pricing agreements.
  - 4.7. Effective contract management, reducing cost leakage and ensuring quality of agreed service delivery.
  - 4.8. Effective supplier management that builds supplier relationships to mutually drive innovation, quality, cost effectiveness and improvements to service delivery.

#### Recommendation from management

5. That Council approves expenditure of up to \$160,000 per annum for the financial years 2020–21 to 2024–25, for the Source to Contract system.

#### Attachment:

1. Supporting Attachment (Page 2 of 2)

**Supporting Attachment**

---

**Legal**

1. Pursuant to section 98(1)(d) of the *Local Government Act 1989*, the Council cannot delegate to a member of staff, *'the power to approve any expenditure not contained in a budget approved by the Council'*. If the expenditure is approved by the Council, the contract will be entered into under delegation.

**Finance**

2. A budget request has been put forward for consideration as part of the FY20–21 annual budgeting process. By approving this request, \$160,000 will be added to Procurement and Contract Management branch budget.

**Conflict of interest**

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Health and Safety**

4. In developing this proposal, no Health and Safety issues or opportunities have been identified.

**Stakeholder consultation**

5. A public tender process has been followed for the Source to Contract system. This included an open supplier briefing session.

**Environmental sustainability**

6. The Source to Contract system will enable sustainability factors to be included within the system for consideration during the procurement process.