

Update on Procurement and Contract Management System

Wednesday, 12 April 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

Program Contact:

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Public

Approving Officer:

Clare Mockler, Chief Executive
Officer

EXECUTIVE SUMMARY

This report responds to a specific request from the Audit & Risk Committee in February 2023, to provide a progress update on the Procurement and Contract Management System software upgrade project, currently underway.

An internal audit of the Procurement and Contracts Management function produced a number of recommendations, including upgrading and enhancing the Procurement & Contract Management System (PCMS). The objectives of the project are to optimise the Procurement and Contracts Management service through increased system functionality and efficiencies, improved insights and reporting of procurement activities. Council's Executive endorsed the audit recommendations in July 2022. Six of the remaining seven audit actions are addressed through the enhancement of the PCMS.

Implementation of the project has included engaging a third-party provider and sourcing a proposal, inclusive of investment and ongoing costs, for the PCMS. This was then analysed against available budget and supported by the Manager, Finance & Procurement.

A detailed program and timeline inclusive of software upgrade, user acceptance testing (UAT) and deliverables to suit the specific requirements of the audit outcomes has been developed and agreed, shown in **Attachment A**. The PCMS software upgrade project commenced in January 2023 and is scheduled for conclusion in June 2023.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the PCMS software upgrade project to date, as detailed in the program and timeline (Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held 12 April 2023) and acknowledges June 2023 as the target completion date.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
Policy	The PCMS upgrade projects incorporates the actions included in the Internal Audit Recommendations
Consultation	Not as a result of this report
Resource	External provider and the Procurement and Contracts Management team.
Risk / Legal / Legislative	There is a low risk that the project will be delayed due to known work volumes and available resourcing within the team to complete the stand-alone project.
Opportunities	Implementation of this project includes increased functionality and enhancement of reporting capabilities which can be used to identify process improvements, analysis of supplier performance, digitisation of forms and reporting insights to promote benefits.
22/23 Budget Allocation	\$27,730 for audit actions \$18,500 for upgrade and value add components \$46,230 total investment
Proposed 23/24 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Project forecast for completion in June 2023 with ongoing maintenance required to maintain benefits.
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	An additional \$10,500 (annual and ongoing cost component to existing licence) funded through savings from the decreased use of Vendor Panel
Other Funding Sources	Not as a result of this report

DISCUSSION

1. In late 2021, Rowe Advisory undertook an audit of the Procurement and Contracts Management function at the City of Adelaide – [Link 1](#).
 2. The report produced 18 recommendations which were endorsed by the Executive in July 2022.
 3. A proportion of the recommendations included optimisation and enhancement of the Procurement and Contracts Management System (PCMS).
 4. This report responds to a specific request from the Audit & Risk Committee in February 2023, to provide a progress update on the Procurement and Contract Management System software upgrade project, currently underway.
 5. The PCMS upgrade project addresses the following internal audit actions:
 - 5.1. I00638, I00639, I00654 KPI's and reporting capability.
 - 5.2. I00647 Digitisation of the procurement plan.
 - 5.3. I00651, I00652 Optimise usage and undertake a standalone project to configure the PCMS System.
 6. Value-add components in addition to the internal audit requirements include:
 - 6.1. Upgrade the software version of PCMS – more customer and user-friendly interface.
 - 6.2. Digitisation of the contracts award memo and conflicts of interest declarations – allowing for electronic signatures and workflows.
 - 6.3. E-tender box – future enhancement to integrate directly with Tenders SA to reduce administrative effort.
 - 6.4. Supplier module – enables suppliers to add their compliance documentation such as insurance certificates of currency, to reduce administrative effort.
 - 6.5. Supplier module – enables supplier and contract performance analysis through contract scorecard reporting, a noted concern throughout the audit and from Executive.
 - 6.6. Customisation of user profiles – enables specific user profiles based on user needs and provides insights for internal stakeholders through customised dashboard reporting.
 - 6.7. Mobile app – free of charge.
 7. The system provider was consulted in Q2 2022/2023 to provide a detailed costing and program for City of Adelaide's review and acceptance. The program is supported by the availability of the third-party provider from January 2023. Approvals were sought from authorised stakeholders.
 8. The project has commenced and is currently on target for completion in June 2023, as planned and shown in **Attachment A**.
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SUPPORTING INFORMATION

Link 1 – Rowe Advisory – Procurement Review

ATTACHMENTS

Attachment A - PCMS Software Upgrade Project Program Timeline

- END OF REPORT