

## Procurement Policy

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### Policy Statement

This policy outlines your obligations when conducting a Procurement Operation which is the process of identifying, obtaining quotes, purchasing and management of the delivery and where appropriate the disposal of goods and/or services.

All values in this document are inclusive of GST unless specified otherwise.

### 1. Policy Scope

Anyone involved in the process of identifying and purchasing any goods and/or services (Procurement Operations) must ensure they understand their obligations as defined in this policy, the *State Procurement Act 2004*, the associated State Procurement Board, State Government and departmental policies and procedures.

This policy and supporting documentation applies to all employees and any party that seeks or receives services and advice from the Procurement team.

#### **State Procurement Act 2004**

The object of this Act is to advance government priorities and objectives by a system of procurement for public authorities directed towards—

- 1) obtaining value in the expenditure of public money; and
- 2) providing for ethical and fair treatment of participants; and
- 3) ensuring probity, accountability and transparency in procurement operations.

In applying these principles to Procurement Operations, public authorities are to ensure that the process and level of effort is commensurate with the nature and value of the procurement.

Public authorities bound by directions of the State Procurement Board and responsible Minister

- 1) A public authority (including every member or officer of the authority) is bound to comply with—
  - a. any applicable policies, principles, guidelines, standards or directions issued or given by the State Procurement Board; and
  - b. any directions given by the responsible Minister on the advice or recommendation of the State Procurement Board.
- 2) A prescribed public authority (including every member or officer of the authority) is bound to comply with any directions given by the responsible Minister on the advice or recommendation of the State Procurement Board.

[Link to the State Procurement Act](#)

# Procurement Policy

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## 2. Key Considerations

The following describes the key considerations and resources when undertaking Procurement Operations:

### **Procurement Authority:**

Procurement Authority is the authority that the State Procurement Board has given the Principal Officer to approve procurements to a specified dollar value without the need for further approval.

The Principal Officer may delegate procurement authority to reporting officers.

When exercising procurement authority, you are taking responsibility for the procurement operation, its level of compliance with State Procurement Act, State Procurement Board Policy and this Procurement Policy.

The procurement team should be engaged to review and endorse or provide Procurement Authority for your procurement operations.

Note: Cabinet approval of your project does not provide Procurement approval.

### **Financial Authority:**

Financial Authority is required to proceed with a Public Sector Initiative and must be obtained in accordance with Treasurers Instruction 17.

- This authority is typically obtained recorded on an Acquisition plan (estimated value) and in the Purchase recommendation (actual value).
- The authority level is the delegated Financial Authority in accordance with Treasurers Instruction 8.

Note: Procurement operations below \$220,000 that comply with State Procurement Board and this policy may record these authorisations in a Procurement Report.

### **Contract Execution**

Execution of a contract can only be carried out by an officer with delegated Financial Authority greater or equal to the Procurement Value

- Contract variations require this authority and must consider the total Procurement Value.
- Contract execution is a financial Authority per Treasurers instruction 8 (8.11)

### **Procurement Value**

For the purposes of identifying which process or policy applies to your procurement operations the value of the procurement is the expected whole of life cost, including any up front as well as ongoing costs to the end of the contract.

- Any variations or additions to the contract are cumulative to the value of the contract.
- Officers must hold financial and authorisation for cumulative value when approving variations.

### **Procurement Registration Criteria**

All qualifying procurements must be registered with the procurement team.

# Procurement Policy

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The procurement team must be engaged to record, report and provide governance and support when your procurement meets any of the following criteria.

Registration Criteria:

- A consultancy of any value.
- Any procurement for goods and or services valued above \$33,000 inclusive of GST
- Engagement of an Aboriginal business (optional)
- Engagement of any translation services

## **Reporting**

Registered procurements will be used to collect relevant data relating to produce various mandated and required reports, including but not limited to:

- State Procurement Board Annual Report
- Contract Disclosure in accordance with DPC Circular 27
- Chief Executive KPI obligations
- FOI enquiries
- Auditor General and Internal Audit Reporting
- Divisional procurement activity reporting.
- Industry Participation Policy reporting

## **The Role of the Procurement team**

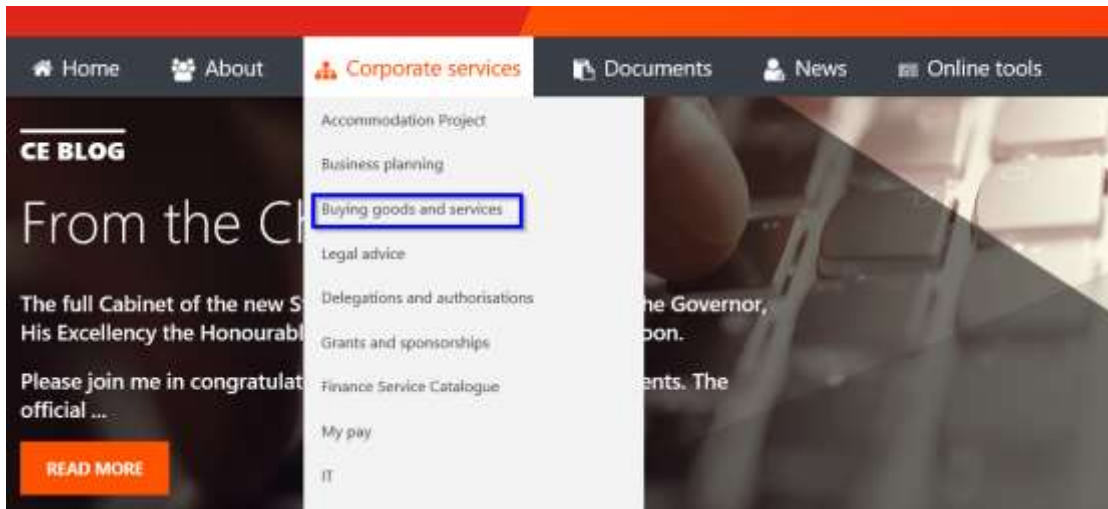
The procurement team will assist you in achieving public value and your desired business outcomes in a timely manner and support you to ensure efficient compliance with procurement policies

Other services include:

- procurement training and capability development
- quality and compliance assurance for your procurement documents and contracts
- market approach methods strategy and management.
- engagement of Crown Solicitors for bespoke contracts and terms.
- evaluation process and probity support
- engagement and liaison with State Procurement Board for approvals and assessments
- first point of contact for FOI referrals for procurement matters
- policy implementation and continual improvement process
- central record and repository for procurement and contract documents
- procurement accreditation (obtaining the Chief Executives Procurement authority)
- reporting and contract disclosure.

The procurement team also maintain and provide access to relevant procedures and templates on the Intranet. You can find them in the Corporate services tab under Buying Goods and Services.

# Procurement Policy



## **Market approach / obtaining quotes**

- Prior to engaging any supplier, the appropriate Financial and Procurement Authority must be obtained and documented. It is recommended that you consult the procurement team for advice on the best approach to the market.
- Where there is no intent to purchase, suppliers must be advised of such in advance of any information gathering exercise. The State Procurement Board Request for Information templates and procedures must be applied.
- Procurements operations meeting the Registration Criteria require authority be documented using templates or processes approved by the Procurement team or provided by the State Procurement Board website. Any procurement records must comply with the State Procurement Board policies.

## **Industry Participation Policy (IPP)**

- Chief Executives have KPI's directly tied to compliance and outcomes of the IPP
  - KPI 23: Measure and evaluate performance against the objectives of the SA Industry Participation Policy
- Any procurement operation should consider the Industry Participation Policy.
- All procurement operations above \$33,000 must apply the policy which requires either an Economic Contribution Test (ECT) or Industry Participation Plan (IPP) to be completed and evaluated prior to selecting the successful supplier.

<http://industryadvocate.sa.gov.au/industry-participation-policy>

## **Record keeping**

It is the responsibility of the business unit to retain and maintain access to records pertaining to the unit's procurement operations, the records must include the relevant authorisation.

At a minimum the following must be retained and submitted to the Procurement team.

- Acquisition plan (or equivalent)
- The Invitation to supply (this may be an email for a quote or a formal RFQ/RFP document)
- The successful vendors response, the unsuccessful vendors responses should also be retained.

# Procurement Policy

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- The Purchase recommendation (or equivalent)
- The contract or agreement. E.g. The purchase order or contract

Records for procurement operations that meet the Registration Criteria must also be provided to the Procurement Team to be entered into the central contract register and EDRMS systems.

## **Registration Criteria:**

The procurement that meet the following criteria must be registered with the Procurement Team before approaching any suppliers

- A consultancy of any value.
- Where only 1 vendor is approached, and the value of the procurement is above \$8,250 inclusive of GST (Direct Approach)
- Any procurement for goods and services valued above \$33,000 inclusive of GST

## **Contract Management**

The business unit executing the contract will be responsible for contract management.

The following applies to all registered procurements:

- Orders, contracts and agreements must be in writing and retained for reference.
- Executed contracts must be submitted to the procurement team for reference and disclosure as required.
- The State Procurement Board Contract Management Policy must be applied to contract management activities. Depending on value this includes the development of contract management plans, risk management plans and undertake relevant training.

## **State Procurement Board Policies**

The State Procurement Act and the State Procurement Board policies and Procedures apply to all activities related to the planning, identification, selection, and contracting and disposal of goods and or services of any value.

State Procurement Board, Policies, Procedures and Guidelines are available on the State Procurement Board Website [www.spb.sa.gov.au](http://www.spb.sa.gov.au) should be applied in conjunction with this policy, if any conflict arises the State Procurement Board advice will prevail.

- State Procurement Board procurement [Policies and Guidelines](#) Including but not limited to :
  - SPB Board Procurement Reporting Policy
  - SPB Risk Management Guideline
  - SPB Acquisition Planning Policy
  - SPB Supplier Selection Policy
  - SPB Contract Management Policy
  - SPB Market Approach and Contracts Documents Guideline
  - SPB Market Analysis Guideline
  - SPB Probity and Ethical Procurement Guideline
  - SPB Panel Contracts Guideline
  - SPB International Obligations Policy
  - SPB Goods and Services or Construction Checklist

# Procurement Policy

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- State Procurement Board procurement templates
  - Acquisition Plan
  - Simple Acquisition Plan
  - Simple Purchase Recommendation
  - Simple Procurement Report
  - Simple Evaluation Plan
  - Request for Quote
  - Standard Goods and Services Contract
  - Standard Purchase Order
  - Risk Management Plan
  - Contract Management Plan
  - Post Contract Review
  - Annual Contract Review
  - Contract Extension Letter

## **Treasurers Instructions**

Treasurers Instructions must be applied to procurement operations.

- 2: Financial Management
- 8: Financial Authorisations
- 10: Engagement of Legal Practitioners
- 11: Payment of Creditors Accounts
- 12: Government Purchase Cards
- 14: Ex Gratia Payments
- 15: Grant Funding (
- 17: Evaluation of and Approvals to Proceed with Public Sector Initiatives and Guidelines for the Evaluation of Public Sector Initiatives
- 20: Guarantees and Indemnities
- 23: Management of Foreign Currency Exposures
- 28: Financial Management Compliance Program

<http://www.treasury.sa.gov.au/public-sector-operations/compliance-and-resources/treasurers-instructions>

## **Premier and Cabinet Circulars.**

The Department of Premier and Cabinet Issue Circulars which describe your obligations when conducting Procurement operations:

- Premier and Cabinet Circular PC027: Disclosure of Government Contracts
- Premier and Cabinet Circular PC028: Construction Procurement Policy
- Premier and Cabinet Circular PC029: Chief Executive Performance Template
- Premier and Cabinet Circular PCO33: Industry Participation Policy
- Premier and Cabinet Circular PCO38: Unsolicited Proposals
- Premier and Cabinet Circular PCO44: Funding Policy for the Not for Profit Sector

<http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars>

# Procurement Policy

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## **Strategic Procurement and Across Government contracts**

There are numerous contracts available to State Government entities. These contracts should be considered, and must use if mandated.

Across government contracts include:

- Audit and Financial Services
- Cash Management Services
- eProjects Panel (ICT & Security Professional Services)
- ICT Equipment and Software
- Mail House Services
- Postal Services
- Small Market Electricity / Large Market Electricity / Natural Gas
- Travel Management (Flights and accommodation)
- Bulk Fuels and Lubricants
- Employee Assistance Program
- Fuel Card
- Procurement Services
- Temporary Staff Services
- Workplace Related Products (Stationary etc)

<http://extra.dpc.sa.gov.au/StrategicContracts/Pages/Strategic-Contracts.aspx>

## **Construction activity**

For projects that involve construction work, the State Procurement Board Goods and Services or Construction Checklist must be used to determine which (if any) aspects of the project are subject to the State Procurement Board requirements. Contact Education Infrastructure or Cultural Heritage and Assets for advice.

## **Supplier complaints**

The Department is committed to upholding good supplier practices and communicating effectively with suppliers at all stages of the procurement process. All complaints must be managed in accordance with the State Procurement Board's Supplier Complaints Policy.

## **Probity and Ethical Procurement**

Refer to the State Procurement Board – Probity and Ethical Procurement Policy.

## **Unusual procurement practices**

All public authorities must be vigilant in identifying, investigating and addressing unusual, unethical or fraudulent procurement practices.

All employees are required, under the Code of Ethics, to report to an appropriate authority workplace when behaviour that a reasonable person would suspect violates any law or represents corrupt conduct, mismanagement of public resources, is a danger to public health or safety or to the environment or amounts to misconduct.

# Procurement Policy

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## **Foreign currency exposure**

On occasion, the department will undertake procurement activities which have the potential to have foreign currency exposure. Foreign currency exposure can arise where prices are either quoted in a foreign currency or where currency movement 'ratchet mechanisms' apply.

All employees must seek the advice of South Australian Financing Authority (SAFA) personnel in accordance with Treasurer's Instruction 23 where a foreign currency exposure of greater than A\$250,000 (determined by total contract value) exists.

## **Ethical behaviour**

Employees involved in procurement activities must adhere to the Code of Ethics for the South Australian Public Sector and the State Procurement Board Probity and Ethical Procurement Guideline. Staff must demonstrate ethical procurement practices, particularly the principles of integrity, respect, and accountability. Ethical procurement practices include:

- fairness and impartiality to all parties
- appropriately competitive processes
- process consistency and transparency
- maintaining security and confidentiality of information
- avoiding and/or managing potential conflicts of interest (actual or perceived); and
- compliance with legislative obligations and government policies.

## **Compliance**

Staff must adhere and comply with all departmental policy and procedure documents and forms referred to in these documents in the policy environment. Other documents such as guidelines, factsheets, etc., are not mandatory but provide clarification and further guidance on the relevant topic. In addition, the Code of Ethics for the South Australian Public Sector requires all public-sector employees to uphold the values of the Public Sector.

Deliberate breach or circumvention of the principles of the policy or any documents referenced in this document may lead to the appropriate disciplinary action in accordance with the *Public Sector Act (2009)*.

## **Document Feedback**

To provide any feedback, including omissions, error or general comment on this document, email [DSDProcurement@sa.gov.au](mailto:DSDProcurement@sa.gov.au)