Procurement governance

Please note this policy is mandatory and staff are required to adhere to the content.

Policy overview
This policy has been produced to enable personnel involved in any capacity of the department’s procurement function to access information on processes, authorities, accountabilities and relationships that have been established to ensure a high performing procurement function across the department.

Scope
The policy applies to all Department for Education employees, school governing councils/school councils, preschool management committees and ministerial committees operating within the department’s Procurement authority.

The Procurement governance policy covers all activities related to the acquisition of goods and services required by the department for its operations, regardless of value, and construction works up to and including $165,000 (GST inclusive) through third party sources.

It does not apply to works above $165,000 (GST inclusive) or government office accommodation, leasing and fit outs, and grants as defined in Treasurer’s Instruction 15, which are exempt by the State Procurement Regulations 2005 (Section 5) under the State Procurement Act 2004.
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1. Policy detail

1.1 Objective
The State Procurement Act 2004 requires public authorities to achieve:

- value for money in the expenditure of public money
- ethical and fair treatment to participants, and
- probity, transparency and accountability in procurement operations.

1.2 Key stakeholders

1.2.1. State Procurement Board
The State Procurement Board (SPB) is responsible for the oversight of government’s procurement processes for the acquisition of goods and services. The primary functions of the board are:

- facilitating strategic procurement by government agencies by setting overarching strategic directions and procurement practices
- developing and disseminating government-wide procurement policies, principles, guidelines, directives and standards
- monitoring public authorities’ purchasing and contracting activities
- monitoring compliance with the SPB’s procurement initiatives, and
- developing and providing procurement training relevant to government agencies.

The SPB considers agency procurement proposals for goods and services above an agency’s delegation. Education’s delegation is currently $15m (GST inclusive). All proposals for SPB consideration must be submitted via the Procurement Governance Committee (PGC).

1.2.2. The Chief Executive
The SPB places responsibility on public authorities’ principal officers to ensure that procurement operations are efficiently and effectively managed in accordance with the SPB’s policies, principals, guidelines, standards and directions.

The Chief Executive has established a PGC to oversee the department’s procurement function and to ensure government requirements are met. Accordingly, the Chief Executive has sub-delegated the department’s procurement delegation to the PGC.

The Chief Executive has also sub-delegated specific purchasing delegations to individual officers (refer to Attachment A).

1.2.3. Department for Education PGC
The PGC has been established to assist the Chief Executive in ensuring purchasing activities are driven by business needs, utilise best practise, manage risk exposure, and comply with the government’s procurement objectives.

To comply with the government’s procurement requirements, the PGC has established the following mission and vision statement:
Mission:
To achieve value for money in the provision of required goods and services whilst displaying the highest standard of probity and accountability in procurement processes.

Vision:
The PGC aims to provide centralised oversight of the department’s procurement processes, with robust systems and processes to ensure value, integrity and fairness throughout the procurement function.

The PGC’s Terms of Reference outlines the purpose, function, membership and operating guidelines of the committee.

1.2.4. Office of the Industry Advocate (OIA)
The government has committed to ensure that small to medium enterprises are provided with full, fair and reasonable opportunity to be considered for work undertaken by the public sector in South Australia. Accordingly, the OIA has been established to perform a number of key tasks, including:

- implementing and managing the South Australian Industry Participation Policy (IPP)
- reforming procurement policies and practices to ensure local businesses are not disadvantaged
- exploring opportunities to drive local investment
- assisting local businesses tendering for government contracts, and
- encouraging local businesses and industry associations to build the skills and capabilities needed to successfully compete for government contracts.

1.2.5. Procurement unit
In supporting the department’s broader strategic objectives, the Procurement unit aims to provide quality expert services, and equip sites (including schools and preschools) with the skills and capacity to undertake effective procurement processes that meet the government’s requirements by:

- providing a secretariat role to the PGC and implementing PGC decisions
- developing, implementing, monitoring and reviewing procurement policies, guidelines and practices incorporating department and across government requirements
- providing excellence in delivering services to meet client needs through expert advice and support
- providing leadership and direction both within the Procurement unit and to clients with a focus on good practice, continuous improvement, and staff training and development
- managing tender processes and coordinating purchasing (where relevant), and
- communicating relevant procurement information throughout the department.

1.2.6. Sites
Department for Education personnel need to ensure they:

- comply with procurement policies, procedures and guidelines
- purchase goods and services from established contracts where appropriate, and
- purchase within delegated authorities (refer Attachment A).
1.3 Reporting requirements

1.3.1. SPB annual report
The SPB is required by section 22 of the *State Procurement Act 2004*, to submit an annual report to Parliament. The report is prepared by the SPB secretariat and tabled in both Houses of Parliament by the appropriate minister.

1.3.2. Department for Education procurement report
In order for the SPB to meet its statutory obligations, the Chief Executive is required to provide an end of year report to the SPB on the procurement activities for goods and services (including consultancies). The report may require information on:

- individual purchases over a nominated value
- whole-of-agency contract initiatives, and
- forward procurement plans.

1.3.3. OIA annual report
The OIA will prepare an annual report to Cabinet on South Australian IPP outcomes.
The Department for Education is required to provide industry participation data on an annual basis.

1.4 Procurement operations
A procurement operation relates to the procurement of goods and services required by the department to undertake its core operations and responsibilities and whereby the department receives the predominate benefit from the expenditure of departmental funds. [User guide: procurement operation or grants](#) provides additional information.

1.5 Approved procurement processes and delegations
An acquisition’s overall estimated cost, complexity and risk will generally determine the procurement method.
Where applicable, sites should seek [Procurement unit](#) advice on recommended procurement methods on a case-by-case basis.

Acquisition plans (where required) should nominate the proposed procurement method.

Procurement methods include:

- Request for Quotation (RFQ) – generally for acquisitions equal to and less than $550,000 (GST inclusive)
- Invitation to Supply (ITS)
- Invitation for Expressions of Interest followed by ITS
- Direct Negotiations.
1.6 Requirements within procurement threshold

Acquisitions should be undertaken which achieve value for money, by taking into account the best possible combination of price and qualitative factors for goods or services. Refer to section 1.11 regarding achieving value for money outcomes.

Generally, the value of an acquisition is the total contract cost, including whole of life costs and any contract extension options.

Where Simplified Acquisition Plans (SAP) and Simplified Purchase Recommendations (SPR) are required to be completed, the documents must be endorsed by the appropriate financial delegate before the plans are submitted to the necessary procurement delegate for approval.

Multiple quotes may not be required for purchases from across government or lead agency contracts and registered South Australian Aboriginal businesses. Refer to section 1.7 for exceptions to quotations.

Irrespective of value, a written agreement must be established were the contractor and/or its personnel are required to comply with child protection obligations. A written agreement should also be established for consultancies and where there are intellectual property, insurance, confidentiality or disclosure requirements. In these cases, the Simplified Terms and Conditions contract document should be used. Further information regarding consultancy services and child protection obligation requirements is available in sections 1.17 and 1.21 respectively.

Regardless of the financial value of an acquisition, risk should be considered in the procurement process. Attachment A of the Managing Risk in procurement procedure identifies risks that may be considered depending on the nature of the procurement. Where the outcome involves information and/or data, information security risk and privacy should be considered and, where appropriate, included within contractual arrangements. Refer to section 1.23 for further information.

Contract payments are governed by Treasurer’s instruction 11: payment of creditors’ accounts.

Purchases cannot be split to enable individual parts/ phases to fall under a particular threshold.

1.6.1. Purchases up to and including $33,000 (GST Inclusive)

Applicable to all sites including schools, preschools and ministerial committees:

A minimum of one verbal or written quote should be obtained and recorded at local level. Ensure that potential suppliers receive sufficiently clear information to base their quote on.

The purchase should be processed locally via Basware, EDSAS order or Local Purchase Order (LPO), unless exempt from this requirement as per the Purchase order exemption policy.

Corporate sites must refer all minor works to Asset Services.

1.6.2. Purchases above $33,000 and up to and including $220,000 (GST Inclusive)

Corporate/education offices and ministerial committees:

A SAP must be developed and submitted to the Chief Procurement Officer prior to obtaining quotes, unless otherwise approved by the Chief Procurement Officer. The SAP must also document the risks associated with the procurement, which may target key categories including planning and preparation, the procurement process, contract management, information security and the sensitivity and value of information associated with the contract. Further information is available in the Managing risk in procurement procedure.

At least three written quotes are to be obtained for purchases valued above $33,000 and up to and including $220,000 where possible and appropriate. To ensure compliance with IPP, sites are required to seek at least one quote from a local source. Regional sites must seek at least one quote from a supplier within their specified region, as defined by the OIAs regions map.
In addition, an **Economic Contribution Test (ECT)** must be provided to each supplier to complete and submit with their quote. The ECT must be used in determining the successful supplier, where two or more quotes are relatively even in terms of price and quality. An ECT must also be completed for direct negotiations and single sourcing arrangements.

All potential suppliers must receive the same information to base their quote on and it is preferable to invite offers in writing. The **Procurement unit** can assist in developing a formal RFQ if required, particularly for the purchase of services. Sites will generally develop the specification component of the RFQ.

If quotations cannot be obtained from at least three bona fide suppliers the reasons must be documented and recorded for audit purposes.

A **SPR** shall be developed after the quotes have been received and evaluated, and submitted to the Chief Procurement Officer for approval. Justification must be provided to support the chosen supplier in addition to any reasons for passing over lower offers.

The requirement for at least three quotes is considered to have been met if three or more suppliers are approached but less than three responses are received. Any unsuccessful suppliers that submitted a quote must be offered the opportunity to receive feedback on their quote.

Upon approval to purchase, process the purchase via Basware, unless exempt under the **Purchase order exemption policy**.

All minor works must be referred to **Asset Services**.

**Schools and preschools:**

A minimum of **three** written quotes are to be sought for goods and services valued above $33,000 and up to and including $220,000 (GST inclusive) and construction/minor works up to & including $165,000 (GST inclusive). To ensure compliance with the IPP, sites are required to seek at least one quote from a local source.

All potential suppliers must receive the same information to base their quote on and it is preferable to invite offers in writing. The **Procurement unit** can assist in developing a formal RFQ if required, particularly for the purchase of services. Sites will generally develop the specification component of the RFQ.

If quotations cannot be obtained from at least three bona fide suppliers the reasons must be documented and recorded for audit purposes.

The requirement for at least three quotes is considered to have been met if three or more suppliers are approached but less than three responses are received. Any unsuccessful suppliers that submitted a quote must be offered the opportunity to receive feedback on their quote.

Purchases may be processed locally via LPO or EDSAS orders, unless exempt under the **Purchase order exemption policy**.

SAPs and SPRs are not required to be completed by schools and preschools in this threshold.

However, schools and preschools should process orders locally in accordance with all other requirements outlined above, and ensure that appropriate documentation is maintained to enable the Chief Executive to submit annual compliance statements and other procurement activity information to the SPB as required.

**Schools and preschools must maintain all documentation and ensure it is readily available at the department’s request.**

Refer construction/minor works over $165,000 (GST inclusive) to **Asset Services**.
1.6.3. Purchases above $220,000 and up to and including $550,000 (GST Inclusive)

**Applicable to all sites including schools, preschools and ministerial committees:**

A **SAP** must be developed and submitted to the appropriate procurement delegate prior to obtaining quotes. The **SAP** must also document the risks associated with the procurement, which may target key categories including planning and preparation, the procurement process, contract management, information security and the sensitivity and value of information associated with the contract. Further information is available in the *Managing risk in procurement procedure*.

At least **five** written quotes are to be obtained for purchases valued above $220,000 and up to and including $550,000 where possible and appropriate. To ensure compliance with IPP, sites are required to seek at least one quote from a local source. Regional sites must seek at least one quote from a supplier within their specified region, as defined by the OIA’s regions map.

In addition, corporate sites must provide an **ECT** to each supplier to complete and submit with their quote. An **ECT** must also be completed for direct negotiations and single sourcing arrangements. The **ECT** requirement is not mandated for schools and preschools.

The **ECT** must constitute a minimum 15% weighting of the evaluation criteria. In accordance with OIA’s *Procedural Guidelines Supplement – Northern Economic Plan Region* and *Procedural Guidelines Supplement – Upper Spencer Gulf Region*, the **ECT** must constitute a minimum 20% weighting of the evaluation criteria for procurements within the boundaries of the northern economic plan region.

For any procurement valued above $220,000 and up to and including $550,000, no formal approach to the market should be undertaken without the approval of a completed **SAP**.

All potential suppliers must receive the same information to base their quote on and it is preferable to invite offers in writing. The **Procurement unit** can assist in developing a formal RFQ if required, particularly for the purchase of services. Sites will generally develop the specification component of the RFQ.

If quotations cannot be obtained from at least five bona fide suppliers the reasons must be documented and recorded for audit purposes.

A **SPR** shall be developed after the quotes have been received and evaluated, and submitted to the appropriate procurement delegate for approval. Justification must be provided to support the chosen supplier in addition to any reasons for passing over lower offers.

The requirement for at least five quotes is considered to have been met if five or more suppliers are approached but less than five responses are received. Any unsuccessful suppliers that submitted a quote must be offered the opportunity to receive feedback on their quote.

Upon approval to purchase, process the purchase via Basware, EDSAS order or LPO unless exempt under the **Purchase order exemption policy**.

**Schools and preschools must maintain all documentation for each purchase and ensure it is readily available at the department’s request.**

1.6.4. Purchases of goods/services above $550,000 (GST Inclusive)

**Applicable to all sites including schools, preschools and ministerial committees:**

Public tenders shall be called unless otherwise approved by the PGC. The **Procurement unit** manages the tender process including advertising tenders.

Minor works purchases over $165,000 (GST inclusive) must be referred to **Asset Services**.

Stages that may apply for procurements above $550,000 (GST inclusive) are as follows:
• Acquisition initiation

Acquisition initiation results in identifying a clear and justifiable need linked to business objectives. Tasks include:

- identifying the purpose and requirements of the procurement; and
- confirming the availability of funds and seeking expenditure approval (including Cabinet where required).

• Acquisition planning

Acquisition planning must be undertaken for all procurements above $550,000 (GST inclusive) regardless of procurement strategy and approving authority.

This stage produces a strategy detailing the processes to be followed in approaching the market and a development timeframe. The strategy should be based on the business need, value, risk and market conditions.

The documentation required for the acquisition should match the complexity and/or cost of the intended purchase.

For purchases above $550,000 (GST inclusive) and up to and including $15 million, the Acquisition Plan must document the risks associated with the procurement, including information security and the sensitivity and value of information associated with the contract.

For purchases above $4.4 million, a separate risk management plan must be developed and attached to the Acquisition Plan. Further information is available in the Managing risk in procurement procedure. In addition, for purchases above $4.4 million, supply positioning and supplier preferencing market analysis must be utilised to develop an appropriate acquisition strategy.

Acquisition plans must be submitted to the PGC through the Procurement unit for approval unless authorisation is received from the Procurement unit to submit a SAP. Single sourcing market approaches above $550,000 (GST inclusive) must also be approved by the Chief Executive.

The Acquisition Plan must clearly state the procurement delegate assigned to approve the purchase recommendation.

Where an acquisition is for a period contract with extension options, then the estimated value must reflect the total acquisition value over the entire period of the contract.

Likewise, where an acquisition from a particular supplier is for an item made up of a number of parts or numerous items are required, the aggregate must be taken as the value of the total acquisition.

• Development of market approach documentation

At this stage the site finalises the specification and works with the Procurement unit to complete the tender documentation, comprising of four parts:

- invitation and bid rules
- requirements and specifications
- draft conditions of contract, and
- response requirements.

Sites are required to contact the Procurement unit for direction on the preparation of relevant documents.
Refer to the Writing procurement specifications guideline or contact the Procurement unit for assistance in completing specifications if required.

- Approaching the Market

The Procurement unit is responsible for placing advertisements and seeking formal offers via the procurement methodology approved in the Acquisition Plan. A Procurement unit officer will act as the contact person for the approach to the market and will manage communication with suppliers and the project team throughout the acquisition process.

Public Invitations to Supply are advertised on the SA Government Tenders and Contracts website. The eProjects portal is available as a specific advertisement tool for IT-related projects. Some acquisitions via across government or lead agency contracts may be exempt from these processes and the Procurement unit will advise sites accordingly.

- Tender closing stage and late tenders

The Procurement unit schedule the tenders received and forward the tenders to the project team for evaluation.

If a tender is not received by the due date and time it is considered to be a “late tender” and as such can only be considered when it can be clearly demonstrated that exceptional circumstances have arisen. These circumstances may include:

  - a fault in the department’s receiving arrangements for tenders
  - a fault outside the control of the tenderer (natural disaster, mishandling by the department, significant postal or courier service delay, major security incident, e-delivery system downtime).

Late tenders can only be accepted subject to approval by the chair of the PGC or the Chief Procurement Officer, and only if it can be clearly demonstrated that accepting the late tender will not compromise the integrity and competitiveness of the tendering process.

- Tender evaluation stage

The evaluation of tender responses is a critical stage in identifying the best value for money solution. The process must ensure probity and transparency. An Evaluation Plan must be approved by the PGC or Chief Procurement Officer prior to the opening and scheduling of responses. Evaluation team members identified in the Evaluation Plan are required to endorse the Evaluation Plan prior to examining responses.

The Evaluation Team usually comprises the project manager and other key personnel that the project manager may require from a technical or expertise standpoint. The Evaluation team must follow the predetermined evaluation process. Any deviation from the original evaluation plan must be documented in the Purchase Recommendation. A Procurement unit officer will assist to oversee the evaluation process.

- Negotiation stage

There are two distinct negotiation phases (which may be combined for low complexity/low cost projects):

  - commercial negotiation involves establishing the parameters for the acquisition(s) including pricing structures, obligations, quality, timeframes and reporting requirements
  - contractual negotiation involves establishing the contractual terms and conditions for the acquisition(s) in line with government requirements.

A Negotiation Plan must be approved by the Chief Procurement Officer (or referred to the PGC for approval if warranted) before negotiations commence.
The Negotiation team is usually chaired by a Procurement unit officer and comprises the project manager and other key personnel that the project manager may require from a technical or expertise standpoint.

- **Purchase recommendation**
  A [Purchase Recommendation](#) is developed by the project manager in conjunction with the Procurement unit officer and approved by the appropriate delegate (usually at director level or above).
  
  The Purchase Recommendation summarises the results of the market approach and puts forward a recommended supplier (or suppliers if applicable) for approval. The document details the level of compliance with the Acquisition Plan, highlighting any deviations and identifying the residual risks to the Minister that have not been mitigated through the market approach.
  
  The Purchase Recommendation must include reference to the acceptance/non-acceptance of a late tender.

- **Contract development and finalisation**
  This stage considers the finalisation of the contract document, incorporating negotiated terms and conditions and contract execution.
  
  The Procurement unit is responsible for managing the finalisation and execution processes of the contract(s) in conjunction with the project manager and the [Legal Services Directorate](#), if required.
  
  Purchase orders may be required to accompany a contract. In these instances sites are responsible for creating LPO, EDSAS orders or Basware orders where required, with the exemption of purchases where an approved exemption is in place as identified in the [Purchase order exemption policy](#).

- **Contract management and evaluation**
  The Procurement unit has developed a [Contract management procedure](#) for use by sites to assist in effectively managing contracts and ensure compliance with SPBs contract management requirements.
  
  The Contract management procedure must be followed for relevant contracts as defined in the procedure.

- **Contract variations**
  All contract variations must be approved in accordance with the contract, [Treasurer’s Instruction 8: Financial Authorisations](#) and SPBs guidance on managing contracts. Refer to the department’s [Contract management procedure](#) for further information.

1.6.5. **Industry participation requirements**

- **Purchases valued above $33,000 and up to and including $220,000**
  
  For procurements above $33,000 (GST inclusive) and up to and including $220,000 (GST inclusive) sites must seek at least three written quotes and one must be from a local supplier. Regional sites must seek at least one quote from a supplier within their specified region, as defined by the OIAs regions map.
  
  An [ECT](#) must also be provided to each supplier to complete and submit with their quote. The ECT must be used to determine the successful supplier, where the quotes are otherwise relatively even in terms of price and quality. An ECT must be completed for direct negotiations.
and single sourcing arrangements. The ECT requirement is not mandated for schools and preschools.

- **Purchases valued above $220,000 and up to and including $550,000**

Procurements above $220,000 (GST inclusive) and up to and including $550,000 (GST inclusive) sites must seek at least five written quotes and one must be from a local supplier. Regional sites must seek at least one quote from a supplier within their specified region, as defined by the OIAs regions map.

An ECT must be sought from each supplier and represent a minimum 15% weighting in the evaluation criteria. In accordance with OIAs [Procedural Guidelines Supplement – Northern Economic Plan Region](#) and [Procedural Guidelines Supplement – Upper Spencer Gulf Region](#), the ECT must constitute a minimum 20% weighting of the evaluation criteria for procurements within the boundaries of the northern economic plan region. The ECT requirement is not mandated for schools and preschools.

- **Purchases valued above $550,000 and less than $4 million ($1 million in regional South Australia)**

ECTs are required to be completed for procurements above $550,000 (GST inclusive) and shall have a minimum 15% weighting applied as a component of the overall evaluation criteria. In accordance with OIAs [Procedural Guidelines Supplement – Northern Economic Plan Region](#) and [Procedural Guidelines Supplement – Upper Spencer Gulf Region](#), the ECT must constitute a minimum 20% weighting of the evaluation criteria for procurements within the boundaries of the northern economic plan region. This weighting will be built into the approved evaluation plan.

- **Purchases valued at $4 million ($1 million in regional South Australia) and above**

An Industry Participation Plan must be completed for all purchases of goods and/or services valued at $1 million (GST inclusive) and above in regional South Australia and $4 million (GST inclusive) in metropolitan Adelaide. A tailored Industry Participation Plan must be completed for purchases valued at $50 million and above.

A minimum weighting of 15% will apply for Industry Participation Plans, with the evaluation of these plans to be undertaken by the OIA. In accordance with OIAs [Procedural Guidelines Supplement – Northern Economic Plan Region](#) and [Procedural Guidelines Supplement – Upper Spencer Gulf Region](#), the IPP Plan must constitute a minimum 20% weighting of the evaluation criteria for procurements within the boundaries of the northern economic plan region. This process will be coordinated by the Procurement unit.

### 1.6.6. Contracting with the not-for-profit sector

For all low to medium risk, non-complex service procurement with the not-for-profit (NFP) sector, which includes up-front block funding a standard NFP funded services agreement must be utilised. The department must establish contractual agreements of three years plus three years plus three years (3+3+3) for all NFP procurements where deemed appropriate. In addition, where there is funding certainty a minimum of six months’ notice must be provided to NFP organisations regarding whether the long term contract will be renewed.

### 1.7 Panel contracts

A panel contract, or panel arrangement, is a contractual arrangement established with at least two or more suppliers for the anticipated provision of goods or services, as and when required over a specified period of time.
Agencies utilise standard procurement principles to establish panel contracts.

The set of rules for selecting suppliers from the panel, in addition to the replacement or removal of suppliers, must be documented in the Acquisition Plan. The panel contracts must also include the right to remove panel members or goods and services as circumstances arise.

During the development of a panel contract, the procurement strategy and supporting documentation should clearly detail the parties to the contract and whether the utilisation of the panel is mandatory or optional for these parties.

All secondary procurements undertaken under the panel contract must be approved in line with the department’s standard procurement processes.

- **Panel Industry Participation Policy requirements**

  For panel contracts above $33,000 (GST inclusive) and less than $4 million ($1 million in regional South Australia), an ECT must be completed for every competitive secondary procurement process undertaken under the panel, unless otherwise exempt from the OIA.

  For panel contracts valued at $4 million and above, the following requirements must be met:
  
  - a declaration of intent is completed as part of the initial panel tender response
  - an ECT is completed for competitive secondary procurement process above $33,000 and less than $4 million ($1 million in regional South Australia) unless otherwise exempt by the OIA
  - a standard Industry Participation Plan is completed for any competitive secondary quotes valued at $4 million and above.

  For panel contracts above $50 million, a tailored Industry Participation Plan must be completed for the collective panel arrangement.

### 1.8 Exceptions to quotations and tender requirements

#### 1.8.1. Purchases from across government or lead agency contracts

The prescribed quotation or tender process may not be required for purchases from across government or lead agency contracts.

In these cases an initial procurement process (the primary procurement process) will have already been undertaken, thus further procurement processes under these contracts would be classed as secondary procurements and would not be subject to the same requirements as the initial process.

Additionally, in some cases a panel contract or lead agency contract may be mandated for certain agencies, or for all agencies, which will negate the need for alternative quotes to be sought from other suppliers.

Contact the Procurement unit for additional information or assistance.

#### 1.8.2. Purchases from registered South Australian Aboriginal businesses

Sites should be aware of the modified procurement processes involved in purchasing goods and services from registered South Australian Aboriginal businesses, as defined in section 4.5 of OIAs IPP Procedural Guidelines.

The Aboriginal Business Connect website is a one-stop-shop for anyone looking to procure from a South Australian Aboriginal business.
Please note that where there is conflicting information between the South Australian Aboriginal Business Register and across government or lead agency contracts, the directives associated with the across government or lead agency contracts shall prevail.

1.9 Pre-procurement authority

Pre-procurement authorisation is the written endorsement from an appropriate financial delegate that confirms the availability of relevant funding and the procurement can proceed.

Funds must be available and approval obtained from an appropriate delegate before any procurement process is initiated.

Delegations can be located in the financial and procurement authorisations listing, which are maintained by the Financial Management Compliance unit and are reviewed on an annual basis as a minimum.

1.10 Procurement authority

The Chief Executive has sub-delegated procurement authority to individual officers as per Attachment A.

In addition, principals and preschool directors may sub-delegate their purchase authority to other key staff if required, provided that it is ratified and minuted by the relevant school governing council/school council/preschool management committee.

1.11 Contractual authority

Contractual authority is unique and differs to both expenditure and procurement authority.

Refer to the Contractual and commercial agreements section of the department’s Specific Financial Authorisation Register for information on the delegates approved to authorise specific contracts and agreements.

1.12 Achieving value for money

A key requirement of procurement within government is to achieve value for money.

Cost is not the only determining factor in assessing value for money. Value for money is the optimum outcome from the combination of whole of life costs and qualitative factors.

For the purchase of standard, low value items, the cost of the items may be the defining factor. However, for more complex purchases a value for money assessment should include consideration of a range of factors, including:

- quality of product
- potential additional costs
- maintenance, running costs, delivery charges
- warranties
- disposal costs at end of life, and
- environmental and sustainability considerations.

The SPBs Supplier Selection Policy provides practical guidance for evaluating proposals and selecting suppliers to ensure the best value for money is achieved.
1.13 Ethical purchasing requirements
The government and members of the public have a reasonable expectation that public sector employees will maintain a high level of honesty when carrying out their duties.

The Code of Ethics for the South Australian Public Sector, stemming from the Public Sector Act 2009, details the ethical and behavioural requirements for public sector employees. The Code of Ethics applies to all public sector employees regardless of the nature or level of employment.

The SPB has also issued a Probitity and Ethical Procurement Guideline which prescribes the process for public authorities to investigate suspected unethical procurement practices and seek to resolve them.

Where an unethical procurement practice is suspected at a site, the Procurement unit should be notified. The Procurement unit will determine an appropriate course of action and will provide relevant details to the SPB in accordance with the guideline.

1.14 Limitation of liability
The default liability cap for standard goods and services contracts is one times the contract value.

The Chief Executive is authorised to approve cap limits outside this range. Where a default liability cap is not applicable, the Chief Executive has sub-delegated limitation of liability approval to the Chief Procurement Officer. This authority may be exercised on projects classed as low risk and which fall below the value of $110,000 (GST inclusive).

Where the standard goods and services contract is not applicable, the Crown Solicitor’s Office must be consulted to develop a contract with appropriate liability provisions. The Procurement unit will provide assistance to sites regarding liability limitation provisions.

1.15 Developing specifications
The extent of the documentation required to obtain quotes or call tenders depends on the acquisition value, complexity and risk. The description or specification of goods and/or services must be clear and not biased towards a product or supplier.

Writing procurement specifications guideline has been developed to assist sites with this process.

1.16 Leasing
Lease arrangements should not be considered unless it is determined to be the only viable method of procurement (property leasing and vehicle leasing through the mandated across government fleet arrangements are exempt from this directive).

When considering any leasing option, contact the Procurement unit for further information and advice.

1.17 Engaging consultants
A ‘consultant’ is defined as:
*A person who is engaged by an entity for a specified period to carry out a task that requires specialist skill and knowledge not available in the entity. The objectives of the task will be achieved by the
consultant free from direction by the entity as to the way it is performed and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative”1.

The engagement of a consultant is appropriate when specific skills, knowledge or expertise required to carry out certain functions are not available from within the organisation and are not conveniently available elsewhere within the public sector.

Prior to engaging a consultant, irrespective of the contract value, contact the Procurement unit for assistance and advice to ensure the correct procurement and departmental processes are followed.

1.18 Employment of former public sector employees

Employees who accept and are paid a separation package are not eligible to be re-employed within the South Australian Public sector for a period equivalent to the number of weeks’ pay paid to the employee, effective from the date of their separation, where such an engagement may breach the conditions of the separation package.

This includes work for a third party, or via the employee (or any associated entity of the employee) entering into any contract to provide services to the South Australian Public Sector.

The only exception is where a person who has accepted a Targeted Voluntary Separation Package (TVSP) and resigned from the South Australian Public Sector seeks to return in a voluntary capacity to the public sector. The Chief Executive (at their discretion) may accept any individual as a volunteer in the department.

The above amendment does not extend to membership of, or appointment to, a South Australian Public sector/Government board or committee (whether statutory, advisory or otherwise) and appointment to a court or tribunal.

Refer to the Office for the Public Sector’s Guideline of the commissioner for public sector employment: recruitment and associated documentation for further information.

1.19 Emergency situation procurement procedures

Emergency provisions should be limited to situations where a real emergency has arisen and financial approvals must be obtained in accordance with Treasurer’s Instructions for any procurement undertaken. An emergency (as defined in the Emergency Management Act 2004) is an event that causes, or threatens to cause:

- the death of, or injury or other damage to the health of, any person, or
- the destruction of, or damage to, any property, or
- a disruption to essential services or to services usually enjoyed by the community, or
- harm to the environment, or to flora or fauna.

In an emergency situation the procurement process must remain in line with the Procurement governance policy where possible, however this requirement may be waived if early response to an emergency is warranted.

Where a site believes that an emergency situation requires the procurement of goods/services outside of the Procurement governance policy, the Chief Procurement Officer (telephone 8226 3332 or 8226 1610) should be contacted in the first instance to provide direction on an appropriate procurement process.

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1 As defined in the Department of Treasury and Finance, Accounting Policy Framework VI Definitions
Where the Chief Procurement Officer is unable to be contacted, direction should be sought from the relevant director.

Procurement in an emergency situation should encompass any risk management, health and safety and business continuity plans currently in place within the department.

1.20 Supplier complaints

Timely investigation and resolution of complaints regarding the procurement process is an essential requirement for maintaining good relationships between the Procurement unit, sites and suppliers. Any complaints regarding the procurement process should be referred to the Chief Procurement Officer.

The Chief Procurement Officer must ensure the supplier complaints resolution process provided in the Board’s Supplier Complaints Policy is documented and followed.

All contractual complaints should be managed in conjunction with the established resolution of dispute provisions detailed in the contract.

1.21 Child protection obligations

In accordance with the Children’s Protection Act 1993 to the extent that it remains operational, Debelle Recommendation 19 and the department’s screening policy, staff are required to ensure that any contractor and/or its personnel (third party provider) engaged to:

- work with children and young people
- work in proximity to children and young people without constant supervision by a Department for Education employee
- have access to records relating to children and young people, or
- manage or supervise personnel undertaking these roles

must have a child-related employment screening assessment undertaken through the Department of Human Services (DHS) and be inducted as to their child protection responsibilities at the site.

For any new arrangement with third party providers where child-related employment screening assessments are required, a written agreement must be established which contains the model “Suitability of Persons” clause as developed by the Crown Solicitor’s Office. The written agreements are in various forms with the appropriate type applied depending on the nature of the purchase, viz:

- for Basware – answer the four mandated questions when prompted
- for EDSAS or LPO - tick the “YES” box in the order form
- if the Procurement unit’s Standard goods and services agreement is used - tick the “YES” box in the Schedule
- for a range of standard contracts, the Crown Solicitor’s Office has already included the model clause in these types of contracts, and
- for any other contracts that require the clause to be included, please contact the Procurement unit who will liaise with the Crown Solicitor’s Office in order to develop the appropriate agreement.
1.22 Use of established government facilities

Established government facilities are those government owned and managed agencies, organisations, entities or statutory authorities that are able to provide goods or services to other areas of government.

In such cases, public authorities are encouraged to utilise these established government facilities without undertaking a competitive process.

1.23 Information security and privacy

Where information and/or data is involved in the procurement of goods and services, in accordance with the Information Security Management Framework, and Cabinet’s Top 10 Cyber Security Resilience and Preparedness Objectives, staff are required to:

- consider the value of information and/or data that may be stored, processed or transmitted
- consider information security and privacy risk, and
- information security and privacy clauses should be included, where appropriate, to protect information and/or data commensurate to the risk.

For assistance in determining the value of information, information security and privacy risk and protection advice, liaise with ICT Assurance (DECD.ICTAssurance@sa.gov.au).
2. Roles and responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Authority/responsibility for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>The Chief Executive is responsible for the department’s procurement activity including the provision of reports to the SPB regarding procurement activity.</td>
</tr>
<tr>
<td></td>
<td>The Chief Executive has sub-delegated procurement authority to the PGC and specific officers.</td>
</tr>
<tr>
<td>Managers</td>
<td>Managers are responsible for ensuring staff undertaking procurement processes are sufficiently informed about relevant procurement policies and guidelines.</td>
</tr>
<tr>
<td></td>
<td>Managers should take reasonable steps to ensure staff are fully informed of legislative, government and department requirements in relation to the procurement of goods and/or services.</td>
</tr>
<tr>
<td></td>
<td>Managers include executive directors, directors, assistant directors, education directors, principals and supervisors.</td>
</tr>
<tr>
<td>Employees</td>
<td>Employees that are required to undertake procurement functions on behalf of their site should familiarise themselves and maintain currency with legislation, government and/or procurement requirements.</td>
</tr>
<tr>
<td>Procurement unit</td>
<td>Monitor and evaluate the effectiveness of the procedure and conduct periodical reviews as required.</td>
</tr>
</tbody>
</table>

3. Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value for money</td>
<td>Value for money is the optimum outcome from the combination of whole of life costs and qualitative factors.</td>
</tr>
<tr>
<td>Total contract value</td>
<td>The total contract value includes whole of life costs and any contract extension options.</td>
</tr>
<tr>
<td>Complexity and risk assessment</td>
<td>Assessment of complexity and risk must be made on an acquisition basis with varying factors taken into account. Factors for consideration in determining complexity and risk may include but is not limited to: compliance with Australian standards, intellectual property issues, information security and privacy, indemnity and insurance, consequences for failure, new versus established products, standard versus custom-built products.</td>
</tr>
<tr>
<td>Contract delegation</td>
<td>An authority enabling the Minister, or nominated delegate, to execute contracts.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Contractor</td>
<td>A person engaged by an entity for a specified period to carry out a defined task subject to direction by the entity as to the way in which that task is performed and in circumstances in which the engagement of a person under normal employment conditions is not a feasible alternative.</td>
</tr>
<tr>
<td>Pre-procurement delegation</td>
<td>An authority that enables a nominated delegate to authorise the commitment of expenditure within the department’s budget framework.</td>
</tr>
<tr>
<td>Purchase delegation</td>
<td>Authority enabling the nominated delegate to authorise the purchase of goods and/or services.</td>
</tr>
<tr>
<td>Risk</td>
<td>A future condition or circumstance which could impact on objectives if it occurs.</td>
</tr>
<tr>
<td>Across government contract</td>
<td>A contract established for and on behalf of all government agencies, the use of which may be mandated.</td>
</tr>
<tr>
<td>OIA</td>
<td>Office of the Industry Advocate</td>
</tr>
<tr>
<td>PGC</td>
<td>Procurement Governance Committee</td>
</tr>
<tr>
<td>ECT</td>
<td>Economic Contribution Test</td>
</tr>
<tr>
<td>SPB</td>
<td>State Procurement Board</td>
</tr>
<tr>
<td>SEG</td>
<td>Senior Executive Group</td>
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<td>Department</td>
<td>Department for Education</td>
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<tr>
<td>DHS</td>
<td>Department of Human Services</td>
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<td>RFQ</td>
<td>Request for Quotation</td>
</tr>
<tr>
<td>LPO</td>
<td>Local Purchase Order</td>
</tr>
<tr>
<td>ITS</td>
<td>Invitation to Supply</td>
</tr>
<tr>
<td>SAP</td>
<td>Simplified Acquisition Plan</td>
</tr>
<tr>
<td>SPR</td>
<td>Simplified Purchase Recommendation</td>
</tr>
<tr>
<td>TVSP</td>
<td>Targeted Voluntary Separation Package</td>
</tr>
<tr>
<td>IPP</td>
<td>Industry Participation Plan</td>
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<tr>
<td>NFP</td>
<td>Not-for-profit</td>
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**Procurement governance policy** | **April 2019**
### Attachments

**Attachment A:** Procurement delegations

**Attachment B:** Ministerial boards and committees operating within the Department for Education’s procurement governance

**Attachment C:** Procurement flowchart

### SUPPORTING INFORMATION

<table>
<thead>
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<th>Published</th>
<th>January 2019</th>
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#### Related legislation

- State Procurement Act 2004

#### Related policy and other documents

- Simplified and Acquisition Plan Templates
- Simplified and Purchase Recommendation Templates
- Writing procurement specifications guideline
- Managing risks in procurement procedure
- Purchase order exemption policy
- Disposal of goods and equipment procedure
- Contract management procedure
- DPC’s Information Privacy Principles Instruction
- SPB Procurement Policy Framework and associated documents
- Industry Participation Policy
- Screening and Suitability – Child Safety Policy
- Treasurer’s Instructions and Guidelines
- Information Security Management Framework

#### Keywords

- Procurement, Governance, Policy, Contract, Purchase, Quote, Tender, Consultant

### REVISION RECORD

<table>
<thead>
<tr>
<th>Version</th>
<th>Approved by</th>
<th>Approved date</th>
<th>Review date</th>
<th>Amendments</th>
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<tr>
<td>v2.1</td>
<td></td>
<td>December 2014</td>
<td></td>
<td></td>
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</table>

- Addition of IPP requirements (including limitations of liability).
- Insertion of Procurement flowcharts.
- Amended leasing provisions.
- Inclusion of reference to
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<tr>
<th>Version</th>
<th>Date</th>
<th>Changes</th>
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<tr>
<td>v2.2</td>
<td>December 2015</td>
<td>Insertion of reference to the Aboriginal Business Procurement Policy and South Australian Aboriginal Business Register (Section 4.9.2).</td>
</tr>
<tr>
<td>v2.3</td>
<td>January 2016</td>
<td>Updated IPP requirements (including changes to weighting)</td>
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<tr>
<td>v2.4</td>
<td>August 2016</td>
<td>Mandated State Procurement Board Policy updates to increase thresholds and include an additional threshold of $220,000 to less than $550,000. Updated DECD Procurement delegations.</td>
</tr>
<tr>
<td>v2.5</td>
<td>March 2017</td>
<td>Inclusion of information relating to Information Security and Privacy and Panel Contracts. Inclusion of additional risk management requirements. Removal of Constitution of PGC information due to creation of PGC Terms of Reference. Changes to terminology to ensure consistency with revised SPB documents.</td>
</tr>
<tr>
<td>v2.6</td>
<td>October 2017</td>
<td>Updated IPP requirements. Updated DECD procurement authority.</td>
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<tr>
<td>v2.7</td>
<td>05/06/2018</td>
<td>Updated IPP requirements due to MOG changes. Updated requirements for engaging with former public sector employees.</td>
</tr>
<tr>
<td>Version</td>
<td>Date</td>
<td>Author</td>
</tr>
<tr>
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<td>------------</td>
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</tr>
<tr>
<td>v2.8</td>
<td>18/01/2019</td>
<td>Director, Procurement and Transport</td>
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<tr>
<td>v2.9</td>
<td>19/03/2019</td>
<td>Director, Procurement and Transport</td>
</tr>
</tbody>
</table>
**Attachment A**  
**Procurement delegations**

**PROCUREMENT DELEGATIONS - Approving Authority – Table 1**

*(all values are GST inclusive)*

<table>
<thead>
<tr>
<th>Procurement process</th>
<th>Up to and including $33,000*</th>
<th>Goods and services above $33,000 and up to and including $220,000, and minor works above $33,000 and up to and including $165,000*</th>
<th>Goods and services above $220,000 and up to and including $550,000*</th>
<th>Above $550,000 and up to and including $15M*</th>
<th>Above $15 million*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Schools / pre_schools</strong></td>
<td><strong>Corporate (inc ministerial committees)</strong></td>
<td><strong>Schools / pre_schools</strong></td>
<td><strong>Corporate (inc ministerial committees)</strong></td>
<td><strong>CE / COO / Chair PGC(1)</strong></td>
<td>State Procurement Board</td>
</tr>
<tr>
<td><strong>Purchasing delegation</strong></td>
<td>Nominated officer - Refer Table 2</td>
<td>Principal/pre-school director</td>
<td>Chief Procurement Officer (1)</td>
<td>Principal/pre-school director</td>
<td>Chief Procurement Officer (1)</td>
</tr>
<tr>
<td><strong>Evaluation plans and Negotiation plans</strong></td>
<td>Not applicable.</td>
<td>Not applicable.</td>
<td>Evaluation team endorsement. Chief Procurement Officer approval.</td>
<td>Procurement delegate</td>
<td>Evaluation team endorsement. Chief Procurement Officer approval.</td>
</tr>
<tr>
<td><strong>Purchase recommendation</strong></td>
<td>Not applicable.</td>
<td>Not applicable.</td>
<td>Financial delegate endorsement. Chief Procurement Officer approval.</td>
<td>Financial delegate endorsement. Chief Procurement Officer approval.</td>
<td>Financial delegate, Chief Procurement Officer endorsement. Approval by PGC.</td>
</tr>
<tr>
<td><strong>Signing of contract</strong></td>
<td>Minister or nominated delegate.</td>
<td>Minister or nominated delegate.</td>
<td>Minister or nominated delegate.</td>
<td>Minister or nominated delegate.</td>
<td>Minister or nominated delegate.</td>
</tr>
<tr>
<td><strong>Reporting</strong></td>
<td>Maintained at site level and made available upon request.</td>
<td>Procurement unit maintains records for reporting purposes.</td>
<td>Maintained at site level and made available upon request.</td>
<td>Procurement unit maintains records for reporting purposes.</td>
<td>Procurement unit maintains records for reporting purposes.</td>
</tr>
</tbody>
</table>
### PROCUREMENT DELEGATIONS (Cont) - Approving Authority - Table 2

<table>
<thead>
<tr>
<th>DELEGATE</th>
<th>PURCHASE DELEGATION (GST Inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive(1), Chief Operating Officer(1), Chair PGC(1)</td>
<td>$15 million</td>
</tr>
<tr>
<td>Chief Procurement Officer(1) (3)</td>
<td>$550,000</td>
</tr>
<tr>
<td>Principals / pre-school directors (1) (2)</td>
<td>$550,000</td>
</tr>
<tr>
<td>Statutory authorities and ministerial committees that have elected to operate within Education’s procurement governance</td>
<td>$33,000</td>
</tr>
<tr>
<td>Work site financial delegates (where not specified above)</td>
<td>Commensurate with financial delegation up to a maximum of $33,000</td>
</tr>
<tr>
<td>Purchase card holders</td>
<td>Up to designated transaction limit</td>
</tr>
<tr>
<td>Petty cash</td>
<td>Up to designated transaction limit</td>
</tr>
</tbody>
</table>

1. Where contracts exist, the purchase authority is up to value of the contract & within the expenditure approval.
2. Principals / pre-school directors may sub-delegate their purchase authority to their key staff if required, providing that the sub-delegations are ratified and minuted by the school’s governing council.
3. PGC has sub-delegated the approval of Acquisition Plans and Purchase Recommendations to the Chief Procurement Officer for the procurement of cleaning services, canteen services, out of schools hours care services, provision of uniform and accessories services and transport services.
### Ministerial boards and committees operating within the Department for Education’s procurement governance

| Ministerial Advisory Committee – Children and Students with Disabilities |
| Multicultural Education and Languages Committee |
| Education Standards Board |
| Office of the Commissioner for Children and Young People |
| Child Development Council |
| Child Death and Serious Injury Review Committee |
| Office of the Guardian for Children and Young People |
User Identifies Need

 Identify value of project (estimate if not known)

1. Obtain appropriate authority to incur expenditure.
2. Ensure funds are available.

Up to and including $33,000
Minimum 1 verbal or written quote required — process locally via Basware order, EDSAS order, or Local Purchase Order in accordance with department policy.
Liaise with Procurement unit if engaging Consultants.

Value above $33,000 and up to and including $220,000
3 written quotes required and completion of Economic Contribution Test* by each supplier.

Corporate — Prepare separate Simplified Acquisition Plan and Simplified Purchase Recommendation as required and forward to the Chief Procurement Officer.
Simplified market approach documents are available to assist sites approach suppliers for quotes.

Upon procurement approval, the site is to prepare a Basware Purchase order unless a specific exemption has been granted as per the Purchase order exemption policy.

Value above $220,000 and up to and including $550,000
5 written quotes required and completion of Economic Contribution Test* by each supplier.
Schools & preschools — Prepare separate Simplified Acquisition Plan and Simplified Purchase Recommendation as required and forward to the principal/preschool director for approval.
*Exempt from ECT requirement.

Corporate — Prepare separate Simplified Acquisition Plan and Simplified Purchase Recommendation as required and forward to the Chief Procurement Officer for approval.
Simplified market approach documents are available to assist sites approach suppliers for quotes.
Upon procurement approval, the site is to prepare a Basware Purchase order, EDSAS order or LPO unless a specific exemption has been granted as per the Purchase order exemption policy.

Value above $550,000
Prepare Acquisition Plan and forward to Chief Procurement Officer.

CONTINUED
Procurement governance policy

April 2019

Require details of the Project committee (names) representing end-users and relevant parties.

Develop the executive summary

Create File

Check funds & project approval

If funds & project are approved, Procurement unit will seek Procurement Governance Committee (PGC) approval if ≤ $15 million, or State Procurement Board approval (through the PGC) if over $15 million.

Approvals above the Department’s authority require external approval viz:

- Minister expenditure approval less than $15 million except for works, land and office accommodation (leasing and fitout)
- Cabinet approval is required for all expenditure above the Minister’s delegation.

Tender Process (unless an alternative procurement process is approved by relevant procurement delegate)

Once acquisition plan has been approved Procurement unit will:

Follow up specifications/ evaluation criteria/weightings with user

Finalise tender documents and confirm details with project manager. Approval by the Chief Procurement Officer.

Seek legal advice if required

Advertise on SA Tenders and Contracts website.

Calling Tender

Procurement unit will:

Send tender documents to prospective tenderers if required.

Close tender at appropriate time.

CONTINUED
**Evaluation/Recommendation**
Overseen by Procurement unit in consultation with Project team

- Procurement unit & Project team develop Evaluation plan
- Procurement unit opens & schedules tenders & forwards tenders to project manager
- Project team undertakes evaluation process

Recommendation to:
- Chief Procurement Officer valued up to & including $550,000
- Procurement Governance Committee if valued above $550,000 (unless otherwise specified by the State Procurement Board)

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**Finalisation Stage**
Managed by Procurement unit
Upon receipt of approved Purchase Recommendation

- Contract negotiation finalisation.
- Procurement / legal finalise contract. Work site confirms contract details.
- Letters sent to successful/ unsuccessful tenderers.

Send final contract to tenderer for execution.
- Contract executed by Minister or nominated delegate.
- Details to contracts officer for recording & filing.

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**Contract Managed by Business unit/Site**

Contract Management Plan required for contracts valued at $4.4M and above and contracts below $4.4M which have an ‘extreme’ risk rating. Contract Management Plan template will be provided by Procurement unit to work site for completion.