



Government of South Australia

Department of the Premier
and Cabinet



Government of South Australia

Department of Treasury
and Finance

PROCUREMENT PROCESS APPROVALS GUIDELINE

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Principal Contact	Chair, Accredited Purchasing Unit

For Official Use Only-I2-A1

1. Introduction

This guideline is issued by the Accredited Purchasing Unit (“**APU**”) in accordance with its authority under the Department of the Premier and Cabinet (“**DPC**”) *Procurement Governance Policy* and the Department of Treasury and Finance (“**DTF**”) *COR168: Procurement Governance Policy*.

The purpose of this guideline is to define the requirements within the DPC / DTF procurement governance framework for obtaining formal approval of procurement proposals and processes.

2. Scope

Subject to the exemptions detailed in DPC *Procurement Governance Policy* and DTF *COR168: Procurement Governance Policy*, this guideline applies to all employees of DPC and DTF. Divisions and branches may adopt procedures in addition to, but not in contradiction to, the minimum requirements defined in this guideline.

3. Government Procurement Requirements

This guideline should be read in conjunction with the State Procurement Board (“**Board**”) *Acquisition Planning Policy, Simple Procurement Policy and Panel Contracts Guideline*.

4. Procurement Approvals

The approval requirements for the procurement process are dependent on the value (total potential value including all options and GST inclusive) of the proposed contract. All values referred to in this guideline are inclusive of GST.

Prior to the commencement of a procurement process, the approval of the business decision must be obtained from the appropriate DPC delegate (for DPC projects) or the Chief Executive, Department of Treasury and Finance (for DTF projects) for the procurement of all consultants where the value exceeds \$11,000.

The following approval categories apply to procurement operations within DPC and DTF:

4.1. Category 1: Low value procurement (less than or equal to \$33,000)

An acquisition plan and purchase recommendation is not required, however, it is expected that value-for-money outcomes will be pursued in the procurement of goods and services. Undertake purchase with minimal effort and paperwork.

In the majority of cases, a minimum of one (1) verbal quote is sufficient.

4.2. Category 2a: Simple procurement (\$33,001 to \$220,000)

A simple acquisition plan must be approved by the appropriate procurement authority delegate prior to the market approach. A simple purchase recommendation must be approved by the appropriate procurement authority delegate after completion of the market and evaluation process.

A minimum of three (3) written quotes with at least one quote from a South Australian supplier must be sought where possible and appropriate. A brief justification for the selection of suppliers should be included in the acquisition plan. Where obtaining three written quotes or at least one quote from a South Australian supplier is not possible, appropriate justification must

be documented. The economic contribution test must be applied in accordance with the South Australian *Industry Participation Policy*.

4.3. Category 2b: Simple procurement (\$220,001 to \$550,000)

A simple acquisition plan must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

After completion of the market and evaluation process, a simple purchase recommendation must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

A minimum of five (5) written quotes with at least one quote from a South Australian supplier must be sought where possible and appropriate. A brief justification for the selection of suppliers should be included in the acquisition plan. Where obtaining five written quotes or at least one quote from a South Australian supplier is not possible, appropriate justification must be documented. The economic contribution test must be applied in accordance with the requirements of the South Australian *Industry Participation Policy*.

4.4. Category 3a: Premier and Cabinet (\$550,001 to \$1.5m)

This category applies to procurement projects undertaken within DPC only.

A detailed acquisition plan must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

After completion of the market and evaluation process, a detailed purchase recommendation must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

The economic contribution test must be applied in accordance with the requirements of the South Australian *Industry Participation Policy*.

The Chief Executive, Department of the Premier and Cabinet must approve the acquisition plan and purchase recommendation (unless otherwise delegated) for all single source procurements (e.g. direct negotiations). Authority to approve the purchase recommendation for single source procurements may be delegated at the acquisition planning stage.

4.5. Category 3b: Treasury and Finance (\$550,001 to \$15m)

This category applies to procurement projects undertaken within DTF only.

A detailed acquisition plan must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

After completion of the market and evaluation process, a detailed purchase recommendation must be submitted to and endorsed by the APU and then approved by the appropriate procurement authority delegate.

For all procurement projects valued less than \$4 million (\$1 million in regional South Australia) the economic contribution test must be applied in accordance with the requirements of the South Australian *Industry Participation Policy*.

For all procurement projects valued greater than \$4 million (\$1 million in regional South Australia) an industry participation policy plan must be completed in accordance with the requirements of the South Australian *Industry Participation Policy*.

The Chief Executive, Department of Treasury and Finance must approve the acquisition plan and purchase recommendation (unless otherwise delegated) for all single source procurements (e.g. direct negotiations). Authority to approve the purchase recommendation for single source procurements may be delegated at the acquisition planning stage.

4.6. Category 4a: Premier and Cabinet (Above \$1.5m)

This category applies to procurement projects undertaken within DPC only.

All procurement projects valued greater than \$1.5 million require a detailed acquisition plan, which must be submitted to and endorsed by the APU and the Chief Executive, Department of the Premier and Cabinet, and then approved by the Board.

The detailed acquisition plan may nominate the Chief Executive, Department of the Premier and Cabinet as the approval authority for the detailed purchase recommendation. The Chief Executive, Department of the Premier and Cabinet may further nominate an appropriate delegate to approve purchase recommendations valued greater than \$1.5 million where authority to approve has been delegated by the Board.

Subject to Board approval, where the Chief Executive, Department of the Premier and Cabinet is the approval delegate, the detailed purchase recommendation must be submitted to and endorsed by the APU and then approved by the Chief Executive, Department of the Premier and Cabinet.

Where the detailed acquisition plan does not nominate the Chief Executive, Department of the Premier and Cabinet as the approval authority, the detailed purchase recommendation must be submitted to and endorsed by the APU and Chief Executive, Department of the Premier and Cabinet, and then approved by the Board.

For all procurement projects valued less than \$4 million (\$1 million in regional South Australia) the economic contribution test must be applied in accordance with the requirements of the South Australian *Industry Participation Policy*.

For all procurement projects valued greater than \$4 million (\$1 million in regional South Australia) an industry participation policy plan must be completed in accordance with the requirements of the South Australian *Industry Participation Policy*.

4.7. Category 4b: Treasury and Finance (Above \$15m)

This category applies to procurement projects undertaken within DTF only.

All procurement projects valued greater than \$15 million require a detailed acquisition plan, which must be submitted to and endorsed by the APU and the Chief Executive, Department of Treasury and Finance, and then approved by the Board.

The detailed acquisition plan may nominate the Chief Executive, Department of Treasury and Finance as the approval authority for the detailed purchase recommendation. The Chief Executive, Department of Treasury and Finance may further nominate an appropriate delegate to approve purchase recommendations valued greater than \$15 million where authority to approve has been delegated by the Board.

Subject to Board approval, where the Chief Executive, Department of Treasury and Finance is the approval delegate, the detailed purchase recommendation must be submitted to and endorsed by the APU and then approved by the Chief Executive, Department of Treasury and Finance.

Where the detailed acquisition plan does not nominate the Chief Executive, Department of Treasury and Finance as the approval authority, the detailed purchase recommendation must be submitted to and endorsed by the APU and Chief Executive, Department of Treasury and Finance, and then approved by the Board.

An industry participation policy plan must be completed in accordance with the requirements of the South Australian *Industry Participation Policy*.

4.8. Category 5: Secondary procurement

Numerous contracts have been established throughout the South Australian government with provision for access by all agencies. A secondary procurement process, or accessing an established across government or lead agency contract, requires the same sound procurement planning and evaluation processes as applied to other agency procurement activity. Care should be taken to ensure that the pre-established contracts are used appropriately and that all proposed acquisitions are within the scope of the contract.

As many aspects of the procurement process have been determined in the development of the pre-established contract, a simple acquisition plan, primarily focusing on the process to be adopted in selecting the preferred supplier, and a simple purchase recommendation outlining the outcomes of the evaluation process are required.

In the circumstance where the procurement is valued between \$33,000 and \$220,000 and is for homogenous goods and/or services or for goods and/or services where the majority of the evaluation process has been undertaken in the establishment of the across-government contract, a simple procurement report (combined acquisition plan / purchase recommendation) can be completed.

The delegation to approve the simple acquisition plan and simple purchase recommendation for a secondary procurement process is dependent on the value of the proposed contract. Approval must be sought as required by this guideline, except for the requirement for Board approval, where the Chief Executive, Department of the Premier and Cabinet (for DPC projects) has authority to approve all secondary procurements valued greater than \$1.5 million and the Chief Executive, Department of Treasury and Finance (for DTF projects) has authority to approve all secondary procurements valued greater than \$15 million.

5. Responsibilities

The Manager, Procurement (Procurement Services) is authorised to approve minor changes or updates to this guideline (e.g. reference to positions and related documents, dates, version control, formatting) provided that the amendments do not alter the substance or intent of the guideline.

6. Related Documents

DPC Procurement Governance Policy
DTF COR168: Procurement Governance Policy
Board Acquisition Planning Policy
Board Simple Procurement Policy
Board Panel Contracts Guideline
South Australian Industry Participation Policy

7. Further Information

All queries on this guideline should be directed to:

Section: Procurement Services
Division: Office of the Chief Procurement Officer
Telephone: 8226 2605
Email: DPC.ProcurementServices@sa.gov.au
Address: Westpac House
Level 7 / 91 King William Street
Adelaide SA 5000

Reference Table

Estimated Value (GST inclusive)	Acquisition Plan / Purchase Recommendation		Approval / Endorsement
	<u>Simple</u>	<u>Detailed</u>	
Up to \$33,000	Not applicable	Not applicable	Appropriate delegate
\$33,001 to \$220,000	Yes	Optional	Appropriate delegate
\$220,001 to \$550,000	Yes	Optional	APU endorsement and then appropriate delegate approval
DPC: \$550,001 to \$1.5m	No	Yes	APU endorsement and then appropriate delegate approval
DTF: \$550,001 to \$15m	No	Yes	APU endorsement and then appropriate delegate approval
DPC: Above \$1.5m	No	Yes	Chief Executive, DPC and APU endorsement and then Board approval*
DTF: Above \$15m	No	Yes	Chief Executive, DTF and APU endorsement and then Board approval*
Secondary procurement	Yes	Optional	As above except there is no requirement for Board approval

* Subject to the Board delegating approval of the purchase recommendation, APU endorsement and then principal officer (Chief Executive, Department of the Premier and Cabinet for DPC projects or Chief Executive, Department of Treasury and Finance for DTF projects) or appropriate delegate approval is required. Board delegation of this approval must be sought at acquisition plan stage. Otherwise, the purchase recommendation requires APU and principal officer endorsement prior to forwarding to the Board for approval.