



Procurement Process Approvals Guideline

Introduction

This guideline is issued by the Procurement Oversight Committee (“**POC**”) in accordance with its authority under the Department of the Premier and Cabinet (“**DPC**”) *Procurement Governance Policy* (“**Governance Policy**”).

The purpose of this guideline is to define the requirements within DPC’s Internal Procurement Framework (IPF) for obtaining formal approval of procurement proposals and processes.

Scope

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

Government Procurement Requirements

This guideline should be read in conjunction with Procurement Services SA’s (PSSA) Procurement Planning Policy.

Refer to [DPC Financial Authorisations](#) in determining who is an appropriate procurement authority delegate.

Procurement Approvals

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

The following approval requirements apply to all procurements greater than \$55,000, except secondary procurement processes (Category 5):

- A procurement must be reported to PSSA through the Procurement Activity and Reporting System (PARS) at least 3 months before an approach to market is made for the procurement, unless the Chief Executive approves that the procurement is an urgent and pressing need that could not have been foreseen.
- Only the Chief Executive can approve a direct market approach to a non-South Australian business.
- The Chief Executive must sign off on procurements where the successful tenderer is not a South Australian business, except where the public authority determines that there is no South Australian business that could supply the required good or service.

The following approval categories apply to procurement operations within DPC:



Category 1: Low value procurement (less than or equal to \$55,000)

An acquisition plan and purchase recommendation are 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 and the procurement is not required to be reported on PSSA's Procurement Activity Reporting System (PARS). A minimum of one (1) written quote is required to be sought.

Category 2: Procurement with an estimated cost greater than \$55,000 and less than or equal to \$220,000

An acquisition plan must be completed and approved by the appropriate procurement authority delegate before approaching the market for quotes.

A minimum of three (3) written quotes, with at least one quote from a South Australian business, must be sought unless a direct or limited sourcing arrangement for less than three (3) quotes has been authorised by the appropriate procurement authority delegate for one of the reasons listed in the acquisition plan template.

If three suppliers with one being from a South Australian business cannot be identified to seek a quote from, the procurement must be advertised as an open tender on *SA Tenders and Contracts* for a minimum period of 14 calendar days (unless a direct or limited sourcing arrangement has been approved by the appropriate procurement authority delegate for one or more of the reasons listed in the acquisition plan template).

After completion of the evaluation process, a purchase recommendation must be completed and approved by the appropriate procurement authority delegate for all limited and open market approaches.

For direct market approaches, no further procurement approval is required unless any the following occurs:

- the value of the procurement changes from the approved value in acquisition plan;
- there are departures from PSSA's Procurement Planning Policy and / or Sourcing Policy;
- there are departures from the approved acquisition plan and / or evaluation plan where the level of departure is assessed as High or Extreme per the matrix in the PSSA's Sourcing Policy; or
- the recommended supplier is not a South Australian business (in relation to the procurement); and the Chief Executive did not initially approve the direct market approach.

For any of the above occurrences, a purchase recommendation must be prepared and approved by the appropriate procurement authority.

Category 3: Procurement with an estimated cost greater than \$220,000 and less than or equal to \$550,000

An acquisition plan must be submitted to the POC for endorsement and then approved by the appropriate procurement authority delegate before approaching the market for quotes.

A minimum of three (3) written quotes, with at least one quote from a South Australian business, must be sought unless a direct or limited sourcing arrangement for less than three (3) quotes has been authorised by the appropriate procurement authority delegate for one of the reasons listed in the acquisition plan template.

If three suppliers with one being from a South Australian business cannot be identified to seek a quote from, the procurement must be advertised as an open tender on *SA Tenders and Contracts* for a minimum period of 14 calendar days (unless a direct or limited sourcing arrangement has been approved

by the appropriate procurement authority delegate for one or more of the reasons listed in the acquisition plan template).

After completion of the evaluation process, a purchase recommendation must be submitted to the POC for endorsement and approved by the appropriate procurement authority delegate for all limited and open market approaches.

For direct market approaches, no further procurement approval is required unless any of the following occurs:

- the value of the procurement changes from the approved value in acquisition plan;
- there are departures from PSSA's Procurement Planning Policy and / or Sourcing Policy;
- there are departures from the approved acquisition plan and / or evaluation plan where the level of departure is assessed as High or Extreme per the matrix in the PSSA's Sourcing Policy; or
- the recommended supplier is not a South Australian business (in relation to the procurement); and the Chief Executive did not initially approve the direct market approach.

For any of the above occurrences, a purchase recommendation must be submitted to the POC for endorsement and approval of the procurement outcome must be from the appropriate procurement authority.

A standard industry participation policy plan is optional for this category and where used must be completed in accordance with the requirements of the *South Australian Industry Participation Policy*.

Category 4: Procurement with an estimated cost above \$550,000

An acquisition plan must be submitted to the POC for endorsement and then approved by the appropriate procurement authority delegate before approaching the market for quotes.

An open market approach must be used (unless a direct or limited sourcing arrangement has been authorised by the appropriate procurement authority delegate for one of the reasons listed in the acquisition plan template). The procurement will be released on the SA Tenders and Contracts website for a minimum period of 25 calendar days (in accordance with the government's international obligations for all covered procurements).

A standard industry participation policy plan is a mandatory requirement for this category and must be completed in accordance with the requirements of the *South Australian Industry Participation Policy*. This is submitted through the Procurement Activity and Reporting System (PARS).

The Chief Executive may request the DTF's Procurement Review Committee (PRC) undertake a review of procurement activities or related matters. The PRC comprises a small number of senior public officers that provides strategic oversight of and reviews high-risk and/or high value acquisitions. The PRC is not a decision-making body, however, will endorse submissions or make recommendations in line with the functions outlined in PSSA's *Procurement Governance Policy*.

For procurement projects valued greater than \$50 million, a tailored industry participation policy plan is a mandatory requirement and must be completed in accordance with the requirements of the *South Australian Industry Participation Policy*.

After completion of the evaluation process, a purchase recommendation must be submitted to the POC for endorsement and approved by the appropriate procurement authority delegate for all limited and open market approaches.

For direct market approaches, no further procurement approval is required unless any of the following occurs:

- the value of the procurement changes from the approved value in acquisition plan;

- there are departures from PSSA's Procurement Planning Policy and / or Sourcing Policy;
- there are departures from the approved acquisition plan and / or evaluation plan where the level of departure is assessed as High or Extreme per the matrix in the PSSA's Sourcing Policy; or
- the recommended supplier is not a South Australian business (in relation to the procurement); and the Chief Executive did not initially approve the direct market approach.

For any of the above occurrences, a purchase recommendation must be submitted to the POC for endorsement and approval of the procurement outcome must be from the appropriate procurement authority.

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 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.

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

The delegation to approve the acquisition plan and purchase recommendation for a secondary procurement process is dependent on the value of the proposed contract and approval must be sought in line with the 4 categories above.

Limiting the number of suppliers

The acquisition plan template includes legitimate reasons for limiting the number of suppliers in accordance with PSSA's *Procurement Planning Policy* and sufficient information must be provided in support of this reason.

The procurement authority delegate must not approve a limitation of the number of suppliers without appropriate justification being documented in the acquisition plan.

Aboriginal Economic Participation

The *South Australian Industry Participation Policy* encourages South Australian Government departments to support the Aboriginal economic participation strategy.

This strategy contributes to the sustainability and development of Aboriginal-owned business enterprises by enabling government departments to procure goods and services directly from businesses listed on South Australia's online Aboriginal business register, Aboriginal Business Connect, up to the value of \$550,000.

Business categories include: cultural training, accommodation and food services, administrative and business support, labour and equipment hire, and education and training.

The purchase of goods and services up to the value of \$550,000 from an eligible business may occur provided:

- at least one written quotation is obtained
- the process is in accordance with the requirements of the SA Procurement Framework and DPC's IPF

- the offer demonstrates value in the expenditure of public money
- supplier capability and past performance is considered

Responsibilities

The Manager, Procurement and Contract 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.

Related Documents

- DPC Internal Procurement Framework (IPF)
- DPC Procurement Governance Policy
- DPC Financial Authorisations
- Treasurer's Instructions 18 - Procurement
- PSSA Procurement Governance Policy
- PSSA Procurement Planning Policy
- PSSA Sourcing Policy
- South Australian Industry Participation Policy

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Date of approval: 7/03/2024

Revision number: 1.1

Date of review: 23/06/2022

Revision number: 1.2

Date of review: 29/02/2024

Next review date: 7/03/2025
