



**Government  
of South Australia**

State Procurement  
Board

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**Simple Procurement Policy**

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## 1. Purpose

This policy outlines the State Procurement Board's (Board) mandated requirements and advises on the procurement of simple goods and services.

This policy includes information on the:

- simple procurement process
- specific requirements for determining the number and type of quotes sought
- use of the standard documentation and templates.

## 2. General Principles

The object of the *State Procurement Act 2004* (Act) is to advance government priorities and objectives by a system of procurement for public authorities directed towards:

- a) obtaining value in the expenditure of public money
- b) providing for ethical and fair treatment of participants
- c) ensuring probity, accountability and transparency in procurement operations.

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

All expressions defined in the Act have the same meaning in this policy.

## 3. Policy Statement

Public authorities are required to undertake an efficient, timely and cost effective process while ensuring appropriate levels of diligence and accountability in accordance with the mandated requirements outlined in this policy.

## 4. Policy Scope

This policy applies to all public authorities as defined in the Act.

This policy applies to procurements up to and including \$550,000 (including construction works up to and including \$165,000<sup>1</sup>) and excludes procurements above \$550,000 that are undertaken in accordance with the *Acquisition Planning Policy*.

All dollar values are GST inclusive.

## 5. Better Customer Charter for Business

The *Better Customer Charter for Business* released in July 2016 outlines the South Australian Government's commitment to being the best public service customer to suppliers and sets out what current and potential suppliers can expect from the government when they bid for procurement opportunities.

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<sup>1</sup> The State Procurement Board is only responsible for construction projects up to this value. This value aligns with the Government's *Construction Procurement Policy: Project Implementation Process*. See section 5 of the *State Procurement Regulations 2005* for further information.

The *Better Customer Charter for Business* requires that:

- suppliers be treated fairly, equally and with respect
- documents utilised during the simple procurement process use clear, simple and easy to understand language
- consistent information is provided to all suppliers
- feedback from the supplier community be used to identify opportunities for improvement
- barriers to good procurement practice are removed.

Other specific elements of the charter have been incorporated into this policy.

## 6. Definitions

The *Simple Acquisition Plan* outlines the simple procurement process to be undertaken and is used to seek approval from the delegate before approaching the market.

The *Simple Purchase Recommendation* outlines the evaluation process undertaken and is used to seek approval from the delegate once the preferred supplier has been chosen.

The *Simple Procurement Report* combines elements of the *Simple Acquisition Plan* and *Simple Purchase Recommendation* and outlines the evaluation process undertaken. The *Simple Procurement Report* is also used to seek approval from the delegate once the preferred supplier has been chosen but does not require obtaining approval before approaching the market.

The *Request for Quote* is a document used to invite suppliers to bid on goods and/or services and outlines the purchasers requirements, applicable terms and conditions, the proposed contract and a response form.

## 7. Procurements up to and including \$33,000

Public authorities are to:

- seek a minimum of one quote in accordance with local public authority procurement procedures
- minimise the effort associated with very low value purchases
- comply with local public authority procurement procedures
- reduce the effort associated with high transaction, high volume purchases by adopting strategies including the use of across government contracts, period contracts, standing orders and the use of purchasing cards.

A simple acquisition plan is not required.

## 8. Simple Procurement Process (>\$33,000 and up to and including \$550,000)

The simple procurement process follows a three stage process:



## Simple Acquisition Planning

Simple acquisition planning consists of:

- defining the requirement (e.g. quantity, quality, delivery, timing)
- assessing other strategies such as utilising existing period contract arrangements
- identifying how to approach the market
- undertaking a risk assessment to consider and address relevant risks
- obtaining financial authorisation
- determining the selection/evaluation process
- developing a written specification to suppliers where appropriate
- determining a time and location for the submission of quotes.

**Commercial Focus:** Procurements are to be undertaken efficiently and effectively in accordance with good commercial practice.

**Record Keeping:** Records supporting the purchase need to be maintained and appropriate documentation completed to seek relevant approvals, commensurate with the nature and complexity of the transaction.

**Risk Management:** Project risks for simple procurements greater than \$33,000 **must** be documented including the identified risk, the likelihood of the risk occurring, the potential impact of the risk, a risk rating, and the proposed mitigation or treatment of the risk. Further information is provided in the *Risk Management Policy*.

**Contractual Documents:** For low or medium risk procurements, the *Standard Goods and Services Contract* is to be used, as far as practicable, for simple procurements greater than \$33,000. For high risk or non-standard procurements, the *Standard Goods and Services Contract* may not be appropriate. Advice may be required from the public authority's procurement staff on the format of the contract to be utilised.

For low risk procurements up to \$220,000, the *Standard Purchase Order* may be utilised.

Further information on contracting options is available in the *Market Approach and Contract Documents Guideline*.

**Liability:** Agencies are required to undertake a risk assessment for all procurements to determine the appropriate risk treatment to be applied.

Low to medium risk procurements that use the *Standard Goods and Services Contract* are to include a default liability limit selected at between one and five times the total value of the contract, as determined by the risk of the procurement (Global Liability Cap).

A minimum of one times the value of the contract is applicable for procurements at the low end of the risk range, with the upper limit of five times the value of the contract for procurements at the higher end of the medium risk range.

For standing offer contracts (e.g. panel contracts), the total contract value is the aggregate value of all purchase orders that have been issued at the time that a claim is made.

The Global Liability Cap applies to all loss, both direct and indirect (consequential) and there are no heads of liability that are uncapped.

Agency chief executives are authorised to approve cap limits outside this range.

Example risks to be considered in arriving at a limit include:

- personal injury including sickness and death
- loss of or damage to tangible property
- infringement of intellectual property rights
- any liability to a third party arising from any negligent or wrongful act or omission of the supplier, its employees, agents or subcontractors, or arising from any breach of the Supplier's contractual obligations to the public authority
- an intentional tort
- a breach of trust
- fraud or dishonesty.

The selected default liability limit is to be reflected in the market approach and contract documents issued.

Suppliers are not required to provide indemnities.

Where a Consultant is being contracted and is a member of an occupational association that has a scheme for limiting the occupational liability of members approved under the *Professional Standards Act 2004 (SA)*, then under the *Standard Goods and Services Contract* the Consultant may choose *either* to have its liability to the Principal for any loss or causes of action arising in relation to the provision of Services limited in the manner provided by the scheme *or* to have its liability limited under the Global Liability Cap.

For simple procurements up to \$220,000 that use the *Standard Purchase Order*, the Supplier's liability is limited to an amount equal to the value of the goods and/or services purchased under the *Standard Purchase Order*.

Where the *Standard Goods and Services Contract* is not appropriate, for example, for high risk procurements, the Crown Solicitor's Office is to be consulted to develop a bespoke contract with appropriate liability provisions.

Insurance: There are three key types of insurance cover for the supply of goods and/or services:

- Public Liability
- Product Liability
- Professional Indemnity

The type(s) of insurance required will depend on what is being procured as outlined in more detail below.

The State is not required to be named on the Supplier's insurance policy and the Supplier is not required to provide a copy of the insurance certificate (including subsequent renewals).

**Public Liability Insurance** covers the Supplier against legal liability for personal injury or property damage arising as a consequence of the Supplier's duty of care to third parties.

Public Liability insurance is required for all goods and/or services procurements.

The minimum level of Public Liability insurance required for low to medium risk goods and/or services procurements is \$1,000,000.

**Product Liability Insurance** covers the Supplier against the legal liability for personal injury or property damage arising as a consequence of the supply of a defective product. Products includes goods sold, supplied, repaired etc. This cover is often included as an addition to Public Liability or can be issued as a separate policy.

Product Liability Insurance is required where the Supplier supplies products under a contract and the required level of cover under the contract is equivalent to the amount of cover held by the Supplier.

**Professional Indemnity Insurance** covers the Supplier against legal liability which may arise out of an act, omission or breach of professional duty in the course of the Supplier's business such as the provision of negligent advice.

Professional Indemnity Insurance is only required where professional advice or services are being supplied (for example, auditing, economic analysis or accounting services, and consultancies).

Where professional services are being contracted, the Consultant must effect and maintain Professional Indemnity insurance during the Agreement at the minimum level of cover required in the ordinary course of the Consultant's business and such cover must continue for three years after the expiry of the Agreement.

Where the procurement risk is deemed high, please contact the Underwriting Insurance Section of SAICORP for advice about appropriate levels of insurance to be held by the supplier.

Adjusting Approval Templates: When utilising the *Simple Acquisition Plan*, *Simple Purchase Recommendation* and *Simple Procurement Report* template, extra details under the relevant template heading can be added as long as these do not contradict other Board policies and guidelines or other aspects of the template. Additional information can also be added in the template section entitled Public Authority Additional Requirements. Public authorities can brand the templates to suit their own internal requirements.

Approvals: Where the procurement value exceeds the procurement authority of the public authority, the *Simple Acquisition Plan* **must** be submitted to the Board for approval, except when using Across-Government or Lead Agency contracts as discussed in the *Panel Contract Guideline*.

## Simple Supplier Selection

Simple supplier selection consists of:

- seeking quotes from suppliers
- evaluating quotes received against evaluation criteria
- clarifying and negotiating the quote as appropriate
- obtaining approval to engage the successful supplier/s
- executing a contract
- debriefing unsuccessful suppliers.

Managing Conflicts of Interest: Any actual, potential or perceived conflict of interest that has the potential to unfairly affect or influence the proper outcome of a decision or process, **must** be identified and managed in accordance with the *Code of Ethics for the South Australian Public Sector*.

Meeting Time-frames: Public authorities are to undertake procurements within the time-frames specified to suppliers and keep suppliers informed of the progress of their quote.

Request for Quote: A *Request for Quote* (RFQ) template is to be used, as far as practicable, for simple procurements greater than \$33,000. The RFQ is to be tailored to the procurement with only the minimum information necessary to fairly evaluate quotes sought.

All information received from suppliers is to be treated as confidential.

Debriefing Unsuccessful Suppliers: Unsuccessful suppliers **must** be offered the opportunity to receive feedback on their quote.

Simple Evaluation Plan: A *Simple Evaluation Plan* can be used, where required, especially for more complicated and multifaceted simple procurements.

### Simple Contract Management

Simple contract management consists of:

- ensuring roles and responsibilities for managing the contract have been identified and understood by the relevant parties
- ensuring the contract is effectively implemented and that the supplier delivers the requirements of the contract
- addressing any issues that arise
- processing invoices for payment within 30 days of the supplier’s invoice being received by a public authority unless stipulated otherwise in a contract.

Contract Register: Public authorities **must** maintain a contract register to record contracts valued at greater than \$33,000 as set out in the *Contract Register Policy*.

## 9. Simple Procurement Process Requirements

Threshold and Requirement	Up to and including \$33,000.	Greater than \$33,000 and up to and including \$220,000.	Greater than \$220,000 and up to and including \$550,000.
<b>Quotes to be sought</b>	A minimum of one quote <b>must</b> be sought.	A minimum of three written quotes <b>must</b> be sought, with at least one quote from a South Australian supplier where possible.	A minimum of five written quotes <b>must</b> be sought, with at least one quote from a South Australian supplier where possible.
<b>Approval Documentation</b>	Comply with local public authority procurement procedures. An acquisition plan is not required.	A <i>Simple Acquisition Plan</i> template and subsequent <i>Simple Purchase Recommendation</i> template <b>or</b> <i>Simple Procurement Report</i> template <b>must</b> be used and approved by the appropriate delegate.	A <i>Simple Acquisition Plan</i> template and subsequent <i>Simple Purchase Recommendation</i> template <b>must</b> be used and approved by the appropriate delegate. A <i>Simple Procurement Report</i> template <b>cannot</b> be used in lieu of the separate documents.

Threshold and Requirement	Up to and including \$33,000.	Greater than \$33,000 and up to and including \$220,000.	Greater than \$220,000 and up to and including \$550,000.
<b>Request for Quote</b>	Comply with local public authority procurement procedures.	The <i>Request for Quote</i> template is to be used, as far as practicable.	
<b>Risk Management</b>	Comply with local public authority procurement procedures.	Project risks <b>must</b> be documented and a risk assessment undertaken to determine the default liability cap.	
<b>Purchase Order</b>	The <i>Standard Purchase Order</i> can be utilised for low risk procurements.		Not applicable.
<b>Contracts</b>	Comply with local public authority procurement procedures.	For low to medium risk procurements, the <i>Standard Goods and Services Contract</i> is to be used, as far as practicable.	For low to medium risk contracts, the <i>Standard Goods and Services Contract</i> is to be used, as far as practicable.
<b>Employment Contribution Test</b>	No specific requirements.	A metropolitan or regional Employment Contribution Test (ECT) <b>must</b> be completed. No weighting is given to the ECT, but is used to differentiate bids that represent good value and that meet the needs of Government.	A metropolitan or regional Employment Contribution Test (ECT) <b>must</b> be completed with a weighted evaluation methodology adopted, with a minimum weighting for the ECT of 15 percent applied as a component of the overall evaluation criteria.
<b>Aboriginal Business Procurement</b>	Public authorities can procure goods and services directly from eligible businesses in accordance with the <i>Aboriginal Business Procurement Policy</i> .		Not applicable.

## 10. Limiting the Number of Suppliers

The number of quotes sought can be restricted to less than the required number if there are legitimate reasons for limiting the number of suppliers. Reasons include:

- only a limited number of suppliers with the capability, experience and suitability to meet the public authority's needs and no alternative or substitute exists
- the need for compatibility with existing equipment or services
- obligations under warranty or other contractual arrangements that require the use of goods or services from a particular supplier
- an absence of competition due to technical reasons (e.g. exclusive licence, proprietary

- information or protection of patents)
- there is significant public risk or threats to life and property
- the cost of changeover is prohibitive
- the item is an original work of an artistic/cultural nature (e.g. works of art or artists engaged for a performance)
- a response to an urgent government policy decision
- an unsolicited proposal with very advantageous conditions and appropriate approval
- the requirement can be met by an eligible Aboriginal business in accordance with the *Aboriginal Business Procurement Policy*.

The justification for limiting the number of suppliers **must** be outlined in the relevant *Simple Acquisition Plan* or *Simple Procurement Report* and approved by the appropriate delegate who needs to ensure that limiting the number of suppliers is not due to avoiding competition and that the integrity of the procurement process is maintained.

Public authorities **must** have in place controls to ensure the number of limited supplier procurements are minimised. This may include additional approval or review requirements, for example, through the central procurement unit, or the use of a restricted number of delegates.

## 11. Use of Established Government Facilities

Established government facilities are defined as government owned and managed agencies, organisations, entities or statutory authorities that are able to provide goods or services to other areas of government. Examples include the provision of training services from TAFE SA, professional and technical services from Rural Solutions SA, the sale of plants from State Flora, and general printing and publishing services from Government Publishing SA.

Where public authorities are satisfied that value for money can be achieved, they are encouraged to source goods and services from an established government facility.

Public authorities are required to develop and maintain appropriate documentation when sourcing goods or services from an established government facility without undertaking a competitive process.

However, if a public authority chooses not to utilise an established government facility by seeking to approach the market for a suitable alternative, they are required to develop an appropriate market strategy in line with procurement policies and processes.

## 12. Further Information

State Procurement Board Secretariat  
Phone: (08) 8226 5001  
Email: [stateprocurementboard@sa.gov.au](mailto:stateprocurementboard@sa.gov.au)  
[www.spb.sa.gov.au](http://www.spb.sa.gov.au)

## 13. Related Policies and Guidelines

SPB Risk Management Guideline  
SPB Acquisition Planning Policy  
SPB Supplier Selection Policy  
SPB Contract Management Policy  
SPB Market Approach and Contracts Documents Guideline  
SPB Probity and Ethical Procurement Guideline



SPB Board Procurement Reporting Policy  
SPB Contract Register Policy  
SA Government *Industry Participation Policy*  
*DPC Circular PCO33 Industry Participation Policy*  
*Better Customer Charter for Business*  
*SAICORP Government Contracts: A Guide to the Insurance Issues*

## **14. Templates**

Simple Acquisition Plan  
Simple Purchase Recommendation  
Simple Procurement Report  
Simple Evaluation Plan  
Request for Quote  
Standard Goods and Services Contract  
Standard Purchase Order