



Government of South Australia

State Procurement Board

Annual Report 2008-09



Office Address

Level 1
12 Victoria Place
Adelaide SA 5000

Telephone

08 8226 5001

Email

Website: www.spb.sa.gov.au
Email: spb@saugov.sa.gov.au

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The Annual Report is available on the
State Procurement Board website at **www.spb.sa.gov.au**



Government of South Australia
State Procurement Board



Our Commitment to the Environment

This Annual Report was produced as an electronic version in order to keep the carbon emissions from its production to an absolute minimum.

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Chair's Report

In accordance with section 23 of the *State Procurement Act 2004*, I am pleased to present the State Procurement Board's Annual Report for the year ending 30 June 2009.

Over the past 12 months the State Procurement Board (the Board) has focused on achieving the goals it set out in its Strategic Plan 2008-10, in particular its aim to improve procurement practices and skills across government.

In 2008-09 the Board developed and commenced the implementation of its Capability Development Plan. The Plan outlines a range of initiatives that are designed to assist public authorities address the shortage of procurement staff and provide mechanisms for the sustainable development of the capacity and capability of resources over the medium and longer term.

The Board's Procurement Review Program also commenced in 2008-09. This program will assess whether public authorities' procurement operations are being undertaken in accordance with the Board's policy framework and will provide chief executives with an assessment of the procurement capability and procedures within their public authorities.

In the coming year the Board will look to consolidate the gains made from the procurement reform program, with its focus strongly on developing public authority and staff capacity and capability.

On behalf of the Board, I would like to thank the Hon Michael Wright MP, the former Minister responsible for the Board, and the Hon Kevin Foley MP, Deputy Premier and Treasurer, now the Minister responsible for the Board, for their support during the last year.

I would like to also take this opportunity to thank the management and staff of the former Contract Services (now Government Accounting, Reporting and Procurement), Department of Treasury and Finance, who provide secretariat support to the Board. The commitment and service provided to the Board has assisted it in meeting its objectives.

Lastly, I would like to express my gratitude to my fellow Board members for their dedication and support throughout the year.

Gino DeGennaro
CHAIR

About the Board



About the Board

The State Procurement Board

The *State Procurement Act 2004* (the Act) establishes the State Procurement Board. Under this Act, the Board must have regard for and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for public authorities directed towards:

- obtaining value for money in the expenditure of government funds on goods and services;
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in procurement operations.

Board Membership

Board members bring a mix of private and public sector expertise to assist public sector procurement. The Act requires that Board members together have a practical knowledge of and experience in:

- procurement;
- private commerce or industry;
- industry development;
- industrial relations;
- information technology;
- risk management;
- environmental protection and management;
- community service; and
- social inclusion.

Apart from the Chair, who is appointed in accordance with the Act, the Governor in Executive Council appoints Board members for a period up to two years. Members can be re-appointed.

The Act also requires that at least one female and one male be appointed as members.

About the Board

Board Members

Current Board Members Appointed



Mr Gino DeGennaro
Chair
10 July 2006



Mr Steve Archer
5 June 2008



Mr Roy Arnold
4 October 2005



Ms Debbie Black
4 October 2007



Mrs Judith Carr
10 May 2007



Ms Virginia Deegan
5 June 2008



Ms Nicole Rantanen
25 September 2008



Ms Catherine Schultz
4 October 2005

Former Board Members during 2008-09

Ms Heather Haselgrove, Member 5 June 2008 – 20 June 2009

Appendix A outlines the Board members' attendance at Board meetings for 2008-09.
More extensive details of Board members' experience can be found at www.spb.sa.gov.au



Governance

Role and Functions of the Board

The Board's functions are set out in section 12 of the Act, and can be summarised as:

- to facilitate strategic procurement by public authorities by setting the strategic direction of procurement practices across government;
- to develop, issue and keep under review policies, principles and guidelines relating to the procurement operations of public authorities;
- to develop, issue and keep under review standards for procurement by public authorities using electronic procurement systems;
- to investigate and keep under review levels of compliance with the Board's procurement policies, principles, guidelines, standards and directions; and
- to assist in the development and delivery of training and development courses and activities relevant to the procurement operations of public authorities.

Functions under the Gaming Machines Act 1992

The Board has responsibility for administering the Gaming Machine Supplier's Licence under the *Gaming Machines Act 1992* as amended.

Subject to the Gaming Machines Act and the conditions of the licence, a gaming machine supplier's licence authorises the licensee, acting through

an approved agent, to purchase from a licensed gaming machine dealer, and to sell or supply to the holders of gaming machine licences, approved gaming machines, prescribed gaming machine components and gaming equipment.

During 2008-09, the Board approved:

886	New machines
2,086	Game/denomination changes to installed machines
175	Second hand machines sold from dealers
1,061	Second hand machines sold to or traded-into dealers
179	Second hand machines sold from venue to venue
608	Machines sold through sale of venues

Governance Arrangements

The Board has a members' handbook which provides members with a framework to guide their activities. The handbook sets out the:

- role and charter of the Board;
- operating principles and philosophy;
- code of conduct; and
- governance framework.

The Governance Framework provides that the Board will facilitate strategic procurement by:

- establishing the policy environment and setting the policy direction;
- developing and issuing procurement authorities;

- monitoring and reporting on consolidated outcomes and specific control matters; and
- providing leadership in strategic issues such as capability development across public authorities.

Sub-Committees of the Board

In accordance with section 13 of the Act, the Board has established two sub-committees to assist the Board in undertaking its functions under the Act.

Procurement Approvals Committee

The Procurement Approvals Committee (PAC) was established to consider and approve public authority procurement transactions on behalf of the Board. The PAC schedules fortnightly meetings to consider transactions above the procurement authority of the public authority. This has improved Board responsiveness and reduced delays in decision-making.

In 2008-09 the PAC consisted of four members: two senior Contract Services staff; and two Board members, one private sector and one public sector member per meeting on a rotating roster system.

Board members were rostered to attend the PAC for two months at a time, whilst the Contract Services representatives attended all meetings.

The PAC has the authority to approve high-risk procurement transactions up to a value of \$11 million (GST inclusive), and transactions not considered to be high risk (ie quadrants 1, 2 and 3) of any value in accordance with the Board's Acquisition Planning Guideline.

In the event that the PAC considers a transaction to be sensitive or high risk, it can be referred to the Board.

Further membership details of the PAC can be found in Appendix A.

Stakeholder Engagement Committee

The Stakeholder Engagement Committee (SEC) was established to facilitate inter agency collaboration, consultation and the advancement of procurement.

The SEC provides a direct communication link between the Board and public authorities and is used as the mechanism to consult and develop initiatives that will continuously improve procurement across government.

Membership of SEC is comprised of representatives of large public authorities, nominated by their chief executives. The Chair of the Board also chairs the SEC.

Strategic Priorities



Strategic Priorities

Background

The Board provides the South Australian Government with an independent arm to oversee the objects of the Act.

The Board has established a number of policies, strategies and initiatives to address and further the objectives under the Act. These support the achievement of South Australia's Strategic Plan initiatives relating to the performance of the public sector, specifically the area of government decision-making (T1.8).

Strategic Plan 2008-2010

The Board's Strategic Plan 2008-2010 focuses on two key result areas, namely:

- establishing the Board as less regulatory and more strategic; and
- recognising procurement as a profession of value.

Some of the initiatives outlined in the Strategic Plan include:

- developing strategies to support public authorities to attract, recruit and retain procurement staff;
- developing and implementing a procurement development framework to ensure that procurement staff have sufficient capability to undertake and manage procurements;
- implementing more contracts across government for goods and services which are commonly used across the public sector;
- facilitating greater across government opportunities and identifying opportunities for collaboration;

- strengthening the recognition of procurement as a profession of value; and
- developing a detailed review framework to assist in objectively assessing the effectiveness of key procurement activities in public authorities.

In 2008-09 the Board implemented a number of initiatives in order to achieve the key outcomes it has set in its Strategic Plan:

Training and Capability Development

The development and implementation of the Board's Capability Development Plan has provided public authorities with a number of strategies and projects to achieve the key result area of *'procurement is recognised as a profession of value'*.

The development of a Generic Procurement Recruitment and Selection system (GPRS system) has been completed. The GPRS system provides guidance to public authorities on identifying and developing an appropriate position description and appropriate recruitment and selection processes and criteria.

The position descriptions are based on the whole-of-government endorsed classifications standards, the Australian Qualifications Framework competencies for public sector procurement, and the Australian Procurement and Construction Council's 'Aspirational Capability Matrix for Government

Procurement Professionals' (this publication outlines nationally agreed standard job descriptions and core competencies).

The recruitment guidance was developed using the Commissioner for Public Employment's standards and whole of government recruitment practices, and the Government Reform Commission's Good Practice Guide – Recruitment.

To further assist building capacity and capability of procurement officers across SA public authorities, the Procurement Cadetship Development Program and Procurement Graduate Development Program have been developed. These two programs are designed to provide public authorities with an opportunity to participate in the coordinated development of their procurement officers.

Twenty-one workshops of the Procurement Capability Development (pCAPd) Program were conducted during the year, involving 241 participants, which is an increase from last year. The pCAPd program has been developed based on the public sector procurement competencies.

The Board is contributing to the redevelopment of the public sector procurement competencies so that they better reflect the demands of procurement officers. A new suite of vocational qualifications is being developed with a greater focus on the technical requirements of procurement. In an aligned project, the Board is working with TAFE SA to develop

Strategic Priorities

flexible delivery of learning outcomes for procurement vocational qualifications including using e-learning techniques. The courses are being developed through 2009 and 2010 for Certificate IV, Diploma and Advanced Diploma qualifications.

The Board is also in discussion with the University of South Australia for the development of a Masters in Management (Strategic Procurement). The resulting qualification will be accredited to the Member of the Chartered Institute of Purchasing and Supply professional award (MCIPS). The project is aligned with a national initiative being undertaken by the Australian Procurement and Construction Council to have at least one MCIPS accredited university program in each state.

The Board's initiative to establish a professional masters class is progressing and it is anticipated that a tailored program will be made available during 2010.

A skills audit was conducted in SA public authorities by Government Skills Australia to quantify the gap between procurement operation practice and the appropriate qualifications level. The audit will be used to:

- provide supporting data for a business case to have procurement vocational qualifications added to the Federal Government's register of skills shortages;
- establish a benchmark of skills in SA Government procurement;
- provide a report on the status of

procurement skills and qualifications levels in SA Government; and

- provide individual public authority reports to support their workforce planning.

A second audit is planned for 2012 to assess the effectiveness of the Board capability development initiatives.

Procurement Review Program

The Board commenced its program of reviews of public authority procurement operations. As at 30 June 2009, one public authority review was finalised and three others were in progress.

The current program involves assessments in the following areas:

- achievement against procurement objectives identified in approved acquisition plans;
- internal procurement policies, procedures and delegations comply with the Board's policies and guidelines, and that processes exist which facilitate timely approval, updating and promulgation;
- compliance to the Board's policies and guidelines through a review of transactions approved in the public authority; and
- the public authority continues to meet the conditions applied to its procurement authority approval, in particular its progress against action plans.

Operational Priorities



Operational Priorities

Board Procurement Policy Framework

The Board's procurement policy framework provides public authorities with an overarching set of policies, guidelines and principles for undertaking effective procurement operations, within the requirements of the Act.

The policy framework ensures that the effort, time and resources utilised by public authorities when undertaking procurements are commensurate with the risk, value and complexity of the procurement and provides greater flexibility, increased efficiencies and improved risk management processes. Additionally, public authorities have been able to streamline their approval processes and determine their own internal procurement management and acquisition planning arrangements.

Policy Development and Review

In 2008-09, the Board released a Life Cycle Costing Guideline.

In addition, the Board released revised versions of the following policies and guidelines:

- Use of Established Government Facilities Policy;
- Risk Management Policy and Guideline;
- Procurement Approvals Guideline;
- Standard Tender and Contract Documents Policy and Guideline;
- Disposal Policy and Guideline; and
- Purchases with Imported Content Policy.

In August 2008 the Board released its Invitation and Response Documents Policy and Guideline (now called the Standard Tender and Contract Documents Policy and Guideline). The policy mandates the use of standard 'bid rules' (rules by which tenders are conducted) and six terms and conditions of a contract. The guideline includes invitation and response templates for routine market approaches.

In 2008 public authorities trialed the standardised documents and provided feedback on implementation, before the bid rules and standard contracts were officially mandated for use from 1 July 2009. The feedback, collected in March 2009, was combined with advice from the Crown Solicitor's Office and an independent consultancy and was used to revise the policy and guideline.

Future Policy Development

In 2009-10, the Board will further progress the policy framework by providing guidance to public authorities on supplier selection and evaluation practices, and procurement management planning.

In addition, as part of its ongoing policy review program, the Board will conduct a review of the:

- International Obligations Policy;
- Panel Contracts Guideline; and
- Unsolicited Proposals Policy.

A copy of the Board's policies can be found at: www.spb.sa.gov.au and a list of all policies in Appendix A of this report.

Across Government Contracts

The Board is responsible for overseeing a number of strategic across government contracts for the supply of certain goods and services. Contract Services (Strategic Contracts), Department of Treasury and Finance (DTF), is responsible for the establishment and management of these across government contracts on behalf of the Board.

During 2008-09 Contract Services was responsible for the management of 14 across government contracts comprising 66 individual suppliers at a total estimated value of \$253,580,221 per annum. They are:

- Auction Services - General Equipment & Furniture;
- Audit & Related Services;
- State Government Electricity Contract (Major Sites consuming > 160MWh);
- State and Local Government Retail Electricity (Un-metered Supplies);
- State and Local Government Retail Electricity (General Sites consuming <160 MWh);
- Fuel Supplies (Card);
- Fuel Supplies (Bulk);
- Industrial Gas;
- Liquefied Propane Gas (LPG);
- Medical Gases;
- Natural Gas (Major Sites consuming > 10TJ);
- Printing Services Contract;
- Temporary Staff Placement Services; and

- Travel & Associated Services.

Strategic Contracts commenced procurement activity to establish new arrangements for the following contracts during 2008-09:

- DTF Lead Agency Stationery and Related Products;
- DTF Lead Agency Printing Services;
- Across Government Natural Gas;
- Across Government Electricity contract(s) for sites consuming below 160 MWh pa and Unmetered Lighting assets;
- Across Government Travel Management Services; and
- Across Government Fuels and Lubricants (card and bulk requirements).

In addition, it exercised the Board's option to negotiate extensions to the following across government contracts during the past year:

- Auction Services (General Equipment and Office Furniture) for a further 12 months;
- Travel Management Services to 31 December 2009 (including negotiation an extension to the Qantas Airline Memorandum of Arrangement); and
- Temporary Staff Placement Services for a further 12 months.

Operational Priorities

The across government contracts for the supply of medical, industrial and liquefied petroleum gases, previously managed by Strategic Contracts, were transitioned (following agreement between the parties) to SA Health and the Department of Further Education, Employment, Science and Technology as key stakeholders to pursue future contracts in their own right as lead agency contracts. Additionally, Contract Services also handed over responsibility for the Photovoltaic contract to Department of Education and Children's Services.

The Board continues to pursue improved government efficiencies by collaborating with other jurisdictions and the Australian Procurement and Construction Council (APCC). South Australia continues to actively participate in the following across jurisdictional initiatives:

- New South Wales government contract for international airfare arrangements (complementing the Board's own contract for Travel Management Services);
- APCC Travel Management Working Group - investigating opportunities in the procurement of travel services and related commodities;
- APCC Strategic Fuel Working Group - examining opportunities to improve and leverage procurement capability in the fuel market; and
- APCC Across Jurisdictional Electricity Benchmarking study.

Seminars and Workshops

The Professional Development Seminar Series, first established in 2007-08, was continued and external speakers included a broader private sector experience.

The Board held the first of its Executive Breakfasts in March 2009 for senior executives from across SA government.

Similar events are being planned to support the Board's desire to promote the value of procurement in achieving organisational goals.

The Board continued to provide technical workshops for across SA government procurement officers. Four workshops were held:

- Strategic Procurement in the Public Sector;
- What the economic climate means for the public sector buyer;
- Getting the best from supply chain management in the public sector; and
- Measuring and sharing best practice in an agency environment.

Public Authority Procurement Activity



Public Authority Procurement Activity

Public Authorities

DECS	Department of Education and Children's Services
DEH	Department for Environment and Heritage
DFC	Department for Families and Communities
DFEEST	Department for Further Education, Employment, Science and Technology
DPC	Department of the Premier and Cabinet
DTED	Department of Trade and Economic Development
DTF	Department of Treasury and Finance
DTEI	Department for Transport, Energy and Infrastructure
DWLBC	Department of Water, Land and Biodiversity Conservation
SA Health	Department of Health
ICT	Information, Communication and Technology
Justice	Department of Justice
PIRSA	Department of Primary Industries and Resources SA
SAMSB	South Australian Motor Sport Board

Certificate of Compliance

Agency principal officers with a procurement authority are required to complete a Certificate of Compliance, which indicates the extent to which the Board's policies and guidelines have been adhered to.

In 2008-09 five agencies reported non-compliance issues.

Across Government Procurement Timeline Measurement

In April 2008, as part of an ongoing procurement timeline measurement project, the Board established average timeline targets for procurements valued in excess of \$110,000 (GST inclusive). The target averages were established for contracts that would be awarded in 2008-09 based on an analysis of 2006-07 data and will be subject to ongoing review. The across government target averages and actual results over a three year period are shown in Table 1.

The target averages do not commit any individual public authority to specific action for any single procurement. Some procurements of a more complex nature will require longer timeframes to be planned than the averages targeted. Simpler procurements with lower value / risk profiles in each quadrant will continue to be conducted well within the targets set.

The setting of target averages and ongoing measurement of individual public authority performance provides:

- a better understanding of procurement timelines as a key input to the planning process;
- benchmark information to facilitate continuous process improvement; and
- an indicator for the Board's contribution to government red-tape reduction.

The Board's policy framework, which includes increased procurement authority thresholds and simplified procurement processes, has been a significant contributor to the reduction in the average time taken to complete procurements across government for contracts valued over \$110,000. The latest results indicate an overall improvement in excess of 30% when compared to 2004-05 benchmark data.

Table 1 – Timeline Targets

Average Procurement Timelines (calendar days) ¹	Quadrant 1 Low value / Low risk	Quadrant 2 Low value / High risk	Quadrant 3 High value / Low risk ²	Quadrant 4 High value / High risk ²	Overall Procurements > \$110K
2006-07 actual	143	230	297	527	200
2007-08 actual ³	136	207	343	527	194
2008-09 Target	135	205	300	505	185
2008-09 actual	127	153	225	680	174

¹ The measure covers the total number of calendar days elapsed from the commencement of the acquisition planning effort following the determination of the business need, to the date the purchase order is issued or the contract is signed by all parties.

² The results for quadrant 3 and 4 reflect some volatility resulting from the relatively small sample size and the scope of the procurement profile in any given year.

³ 2007/2008 results were based on procurements undertaken entirely under the old acquisition planning regime but adjusted to the new quadrant thresholds (\$1.1M in lieu of \$220K).

Public Authority Procurement Activity

Procurement Spend

In 2008-09 the Board oversaw purchases for goods and services of approximately \$3.4 billion by public authorities.

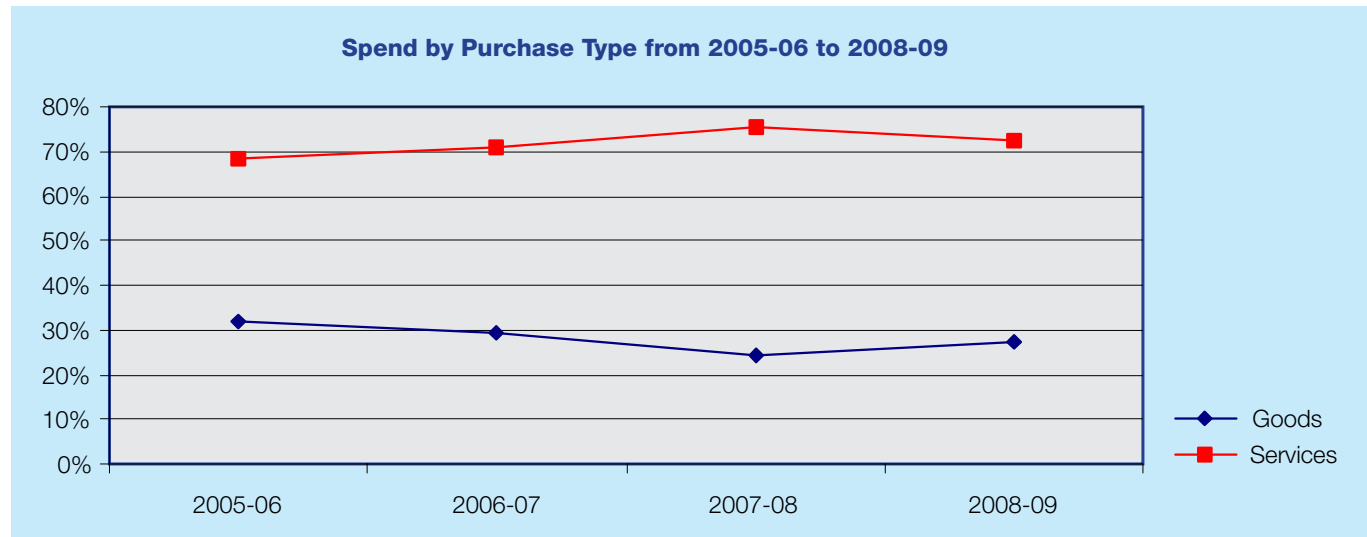
Table 1 displays total spend from 2005-06 to 2008-09. Total spend in 2008-09 decreased by approximately \$180 million (i.e. approximately 5%) from 2007-08.

Table 1 – Procurement Spend Summary

Purchase Type	2008-09	2007-08	2006-07	2005-06
Goods	\$938,308,691	\$881,007,367	\$967,705,355	\$985,763,392
Services	\$2,470,264,982	\$2,708,725,124	\$2,354,687,303	\$2,104,915,570
Total	\$3,408,573,673	\$3,589,732,491	\$3,322,392,658	\$3,090,678,962

Figure 1 displays the percentage of total spend by purchase type for the last four financial years. The breakdown of total spend between goods and services has remained relatively stable during the period displayed.

Figure 1 - Spend by Purchase Type from 2005-06 to 2008-09



Public Authority Procurement Activity

Figure 2 reflects each public authority's spend as a percentage of total spend. In 2008-09 SA Health incurred the highest spend (over one third of the total), followed by DTEI (approximately one-fifth of the total).

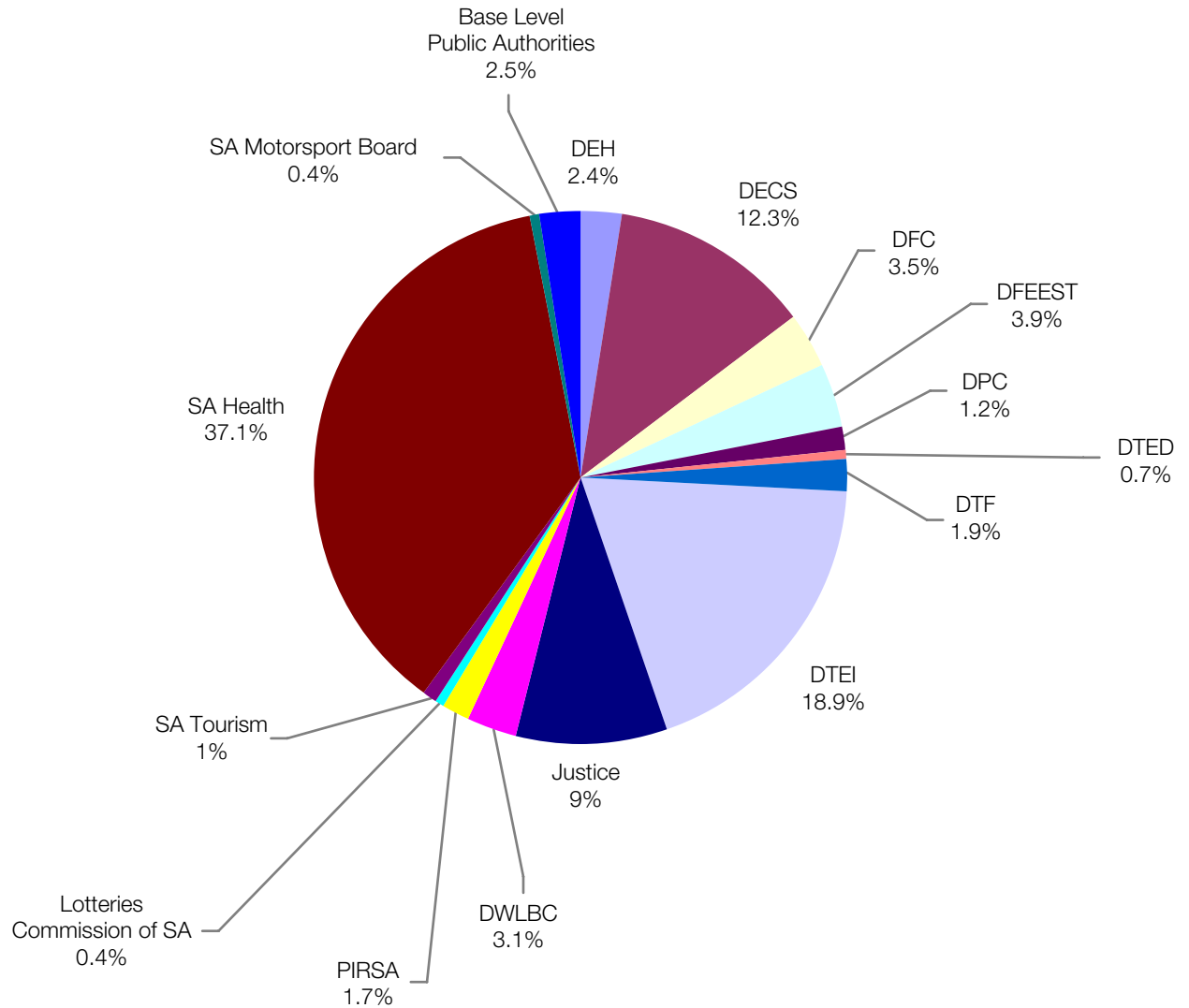


Figure 2 - Percentage Spend by Public Authority 2008-09

Public Authority Procurement Activity

Contracting Activity

Each year public authorities disclose to the Board details of all contracts entered into over \$110,000 (GST inclusive). The information below refers to this data.

In 2008-09 public authorities undertook procurements using various market approaches, as displayed in Figure 3. The Public Request for Tender remains the most widely used market approach, with 44% of procurements sourced this way.

However, 56% of procurements were undertaken utilising a variety of market approaches, and reflects the flexibility within the Board's policy framework and the maturity of public authorities to employ appropriate market strategies, in accordance with their requirements.

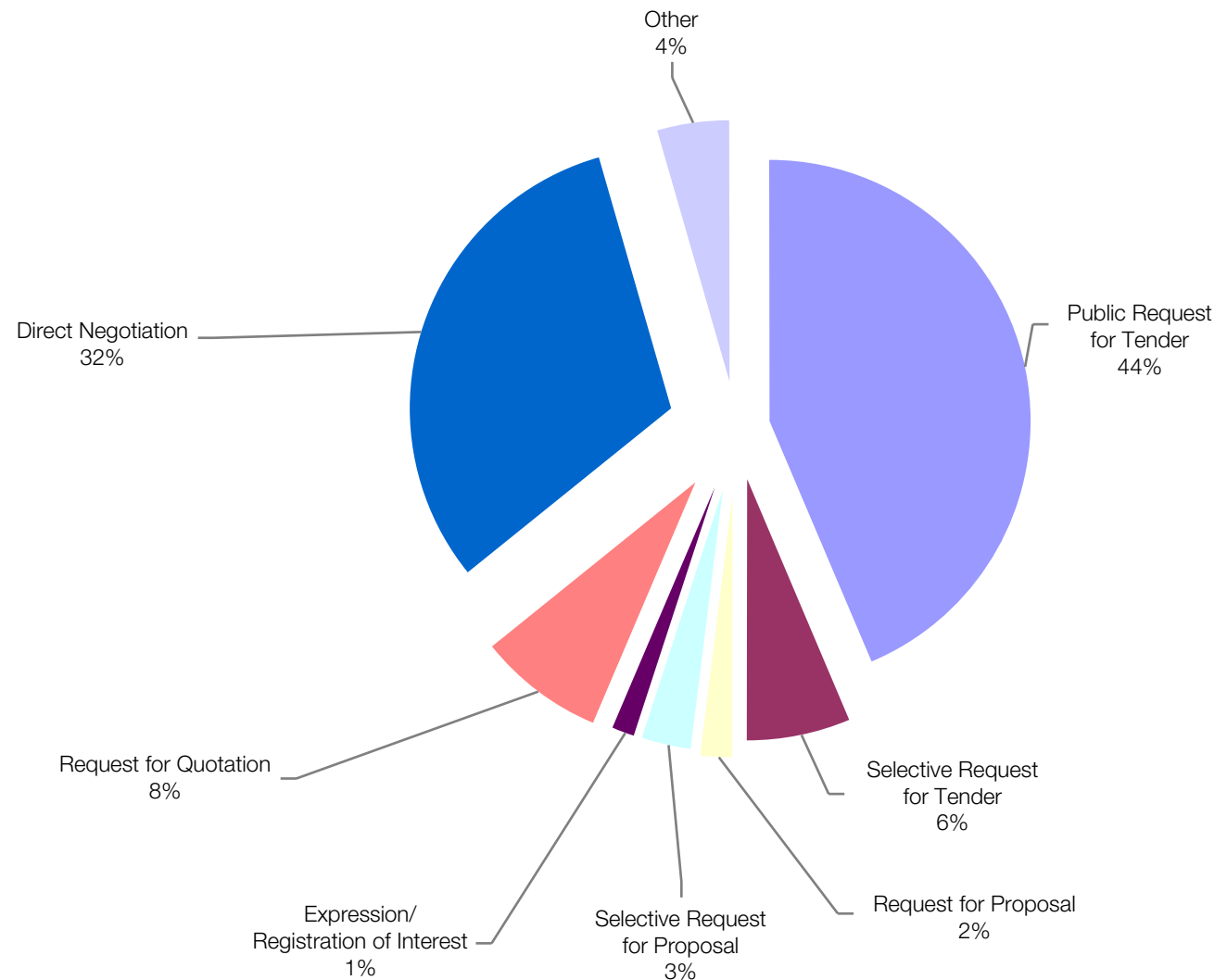


Figure 3 – Market Approach 2008-09

Public Authority Procurement Activity

Figure 4 displays the percentage of contracts public authorities entered into during 2008-09, categorised by supplier location.

The overwhelming majority (95%) of all contracts were entered into with Australian and New Zealand suppliers (including South Australian suppliers), comparable to 2007-08 (98%). 73% of all contracts were entered into with suppliers located in South Australia, very similar to 2007-08 (74%), and reflects the continuing high participation of suppliers located in South Australia.

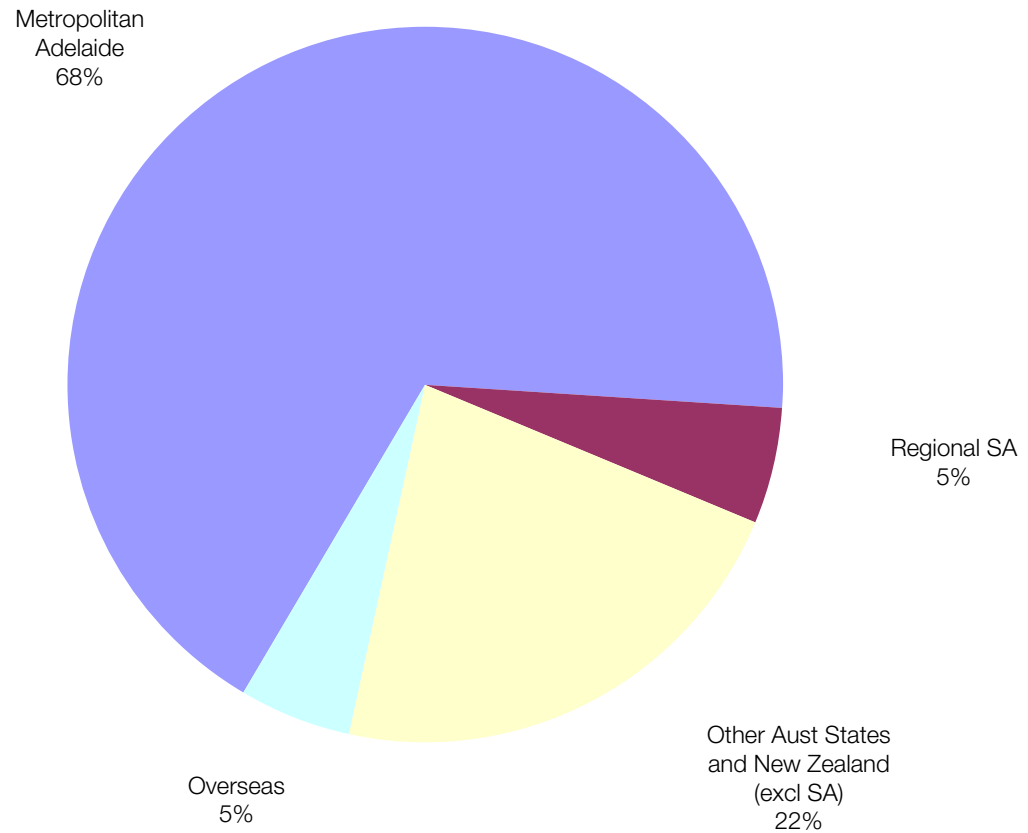


Figure 4 – Contracts by Supplier Location 2008-09

Public Authority Procurement Activity

Figure 5 displays the value of contracts public authorities entered into in 2008-09, by supplier location.

Approximately 84% of the total value of contracts were with Australian and New Zealand suppliers (including South Australian suppliers). Approximately 16% of total contract value was with overseas suppliers, mainly due to the large value procurements of tramcars and a new lotteries system sourced from overseas suppliers in 2008-09.

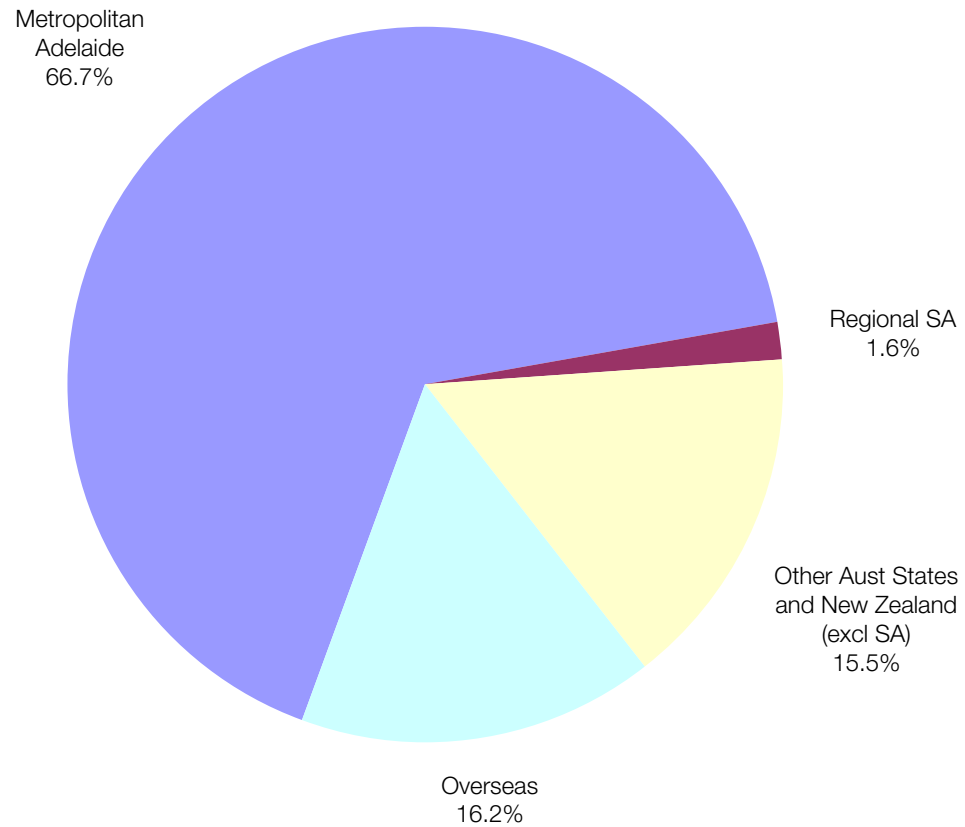


Figure 5 – Contract Value by Supplier Location 2008-09

Public Authority Procurement Activity

Tables 2 and 3 below provide a summary of the total value and number of contracts entered into by public authorities in the last four financial years, by supplier location.

Between 2005-06 and 2008-09:

- SA suppliers were awarded approximately 76% of contracts by value and approximately 77% of contracts by number.
- Australian and New Zealand suppliers (including South Australian suppliers) were awarded 96% of contracts by value and 97% of contracts by number.
- Overseas suppliers were awarded approximately 4% of contracts by value and 3% of contracts by number. The increase in value of contracts entered into with overseas suppliers in 2008-09 is largely due to the procurement of tramcars and a new lotteries system.
- Overall, suppliers located in South Australia and Australia continue to benefit from high participation in SA Government contracting.

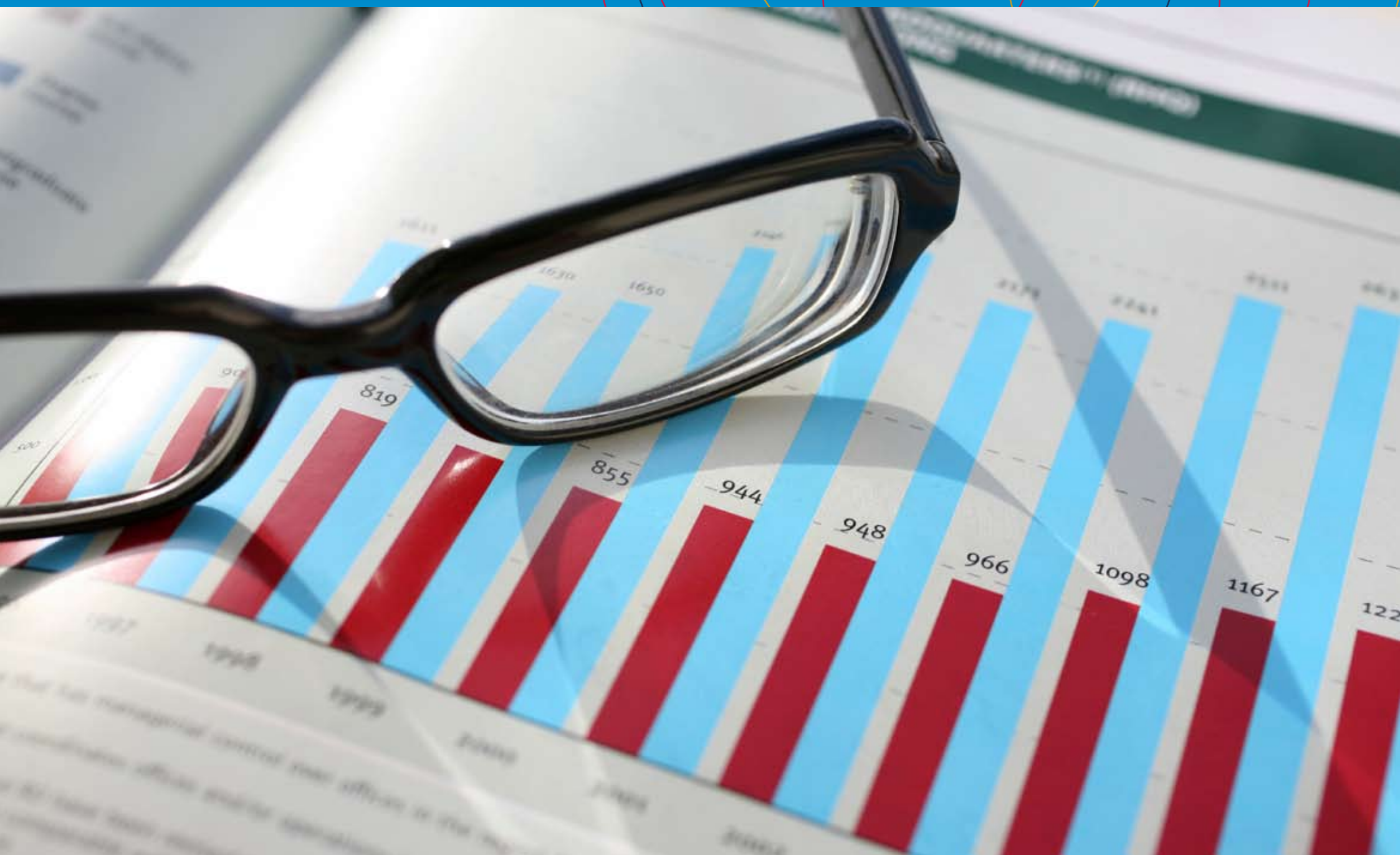
Table 2 - Contract Value by Supplier Location

	2008-09	2007-08	2006-07	2005-06	2005-06 to 2008-09	
					Total	%
Metropolitan Adelaide	\$607,476,346	\$533,686,749	\$1,172,398,309	\$1,412,252,198	\$3,725,813,602	75%
Regional SA	\$14,201,776	\$18,668,879	\$12,787,573	\$20,094,103	\$65,752,331	1%
Other Aust States and New Zealand (excl SA)	\$140,806,254	\$594,085,943	\$198,572,232	\$71,650,994	\$1,005,115,423	20%
Overseas	\$147,639,221	\$3,633,504	\$28,696,041	\$16,253,233	\$196,221,999	4%
	\$910,123,597	\$1,150,075,075	\$1,412,454,155	\$1,520,250,528	\$4,992,903,355	100%

Table 3 - Contract Number by Supplier Location

	2008-09	2007-08	2006-07	2005-06	2005-06 to 2008-09	
					Total	%
Metropolitan Adelaide	416	320	415	320	1,471	70%
Regional SA	33	34	32	41	140	7%
Other Aust States and New Zealand (excl SA)	136	115	106	73	430	20%
Overseas	30	9	11	13	63	3%
	615	478	564	447	2104	100%

Other Information



Other Information

Freedom of Information

Freedom of Information Statement:

This information is published pursuant to section 9 of the *Freedom of Information Act 1991*.

State Procurement Board Functions:

Details of the Board's functions are set out elsewhere in this Annual Report.

The Board's website www.spb.sa.gov.au provides an overview of the functions and structure of the Board and provides general information relating to the Board.

Functions of the State Procurement Board Affecting Members of the Public:

As the Government's principal procurement body for goods and services, the Board's objective is to oversee a system of procurement for public authorities directed towards obtaining value for money in the expenditure of public money, providing for ethical and fair treatment of participants and ensuring probity, accountability and transparency in procurement operations. The role of the Board is detailed throughout this annual report.

Public Participation:

The Board's membership includes members of the public who contribute to the development of policies on a range of programs and issues.

Description of documents held by the State Procurement Board:

- Administrative Records;
- Strategic Planning Records;

- Correspondence Files;
- Financial Records;
- Policy Documents; and
- Tender Documentation.

State Procurement Board Documents:

A detailed list of the Board's policies as at 30 June 2009 can be found in Appendix A of this Report. The Board's policies are also available on the Board's website www.spb.sa.gov.au

Arrangements for Seeking Access to Records and Policies:

Applications or inquiries regarding access to documents and policies in the possession of the Board should be addressed to:

State Procurement Board Secretariat
GPO Box 1045
ADELAIDE SA 5001
Telephone: (08) 8226 5001
Office hours are between 9:00 am and 5:00 pm, Monday to Friday.

Public Authorities

Apart from the major public authorities, there are many small to medium public authorities that are subject to the Act. In accordance with the Board's Procurement Authority Policy, the Board is required to approve a formal procurement authority to these bodies, which enables them to undertake procurement operations to their approved authority level, without reference to the Board.

A full list of public authorities can be found in Appendix B.

Prescribed Public Authorities

Prescribed public authorities (as defined by section 4 of the Act and declared by regulation) have a different relationship to the Board than those public authorities to which the Act applies. These public authorities are exempt from the Act and subsequently are not required to comply with Board policies and guidelines. The following public authorities are prescribed for the purpose of the Act:

- Chiropractic and Osteopathy Board of South Australia
- Construction Industry Training Board
- Land Management Corporation
- Legal Practitioners Conduct Board
- Local Government Finance Authority of South Australia
- Local Government Superannuation Board
- Medical Board of South Australia
- Motor Accident Commission
- Occupational Therapy Board of South Australia
- Optometry Board of South Australia
- Physiotherapy Board of South Australia
- Podiatry Board of South Australia
- South Australian Centre for Trauma and Injury Recovery Incorporated
- South Australian Forestry Corporation
- South Australian Housing Trust
- South Australian Psychological Board
- South Australian Water Corporation

- Superannuation Funds Management Corporation of South Australia
- The Architects Board of South Australia
- TransAdelaide
- WorkCover Corporation of South Australia

Appendices



Appendix A

State Procurement Board Member Attendance at Meetings

	Eligible Full Meetings	Meetings Attended	Eligible Special Meetings	Special Meetings Attended
Current Board Members				
Gino DeGennaro	12	10	1	1
Steve Archer	12	10	1	1
Roy Arnold	12	12	1	1
Debbie Black	12	11	1	1
Judith Carr	12	11	1	0
Virginia Deegan	12	12	1	0
Nicolle Rantanen	9	5	0	0
Catherine Schultz	12	8	1	1
Former Board Members				
Heather Haselgrove	12	9	1	1

Procurement Approvals Committee Member Attendance at Meetings

The Procurement Approvals Committee is comprised of four members: two senior Contract Services staff; and two Board members, one private sector and one public sector member. The Board members attend meetings on a rotating roster system.

There were 16 Procurement Approvals Committee meetings held in 2008-09.

	PAC Meetings Attended
Current Board Members	
Gino DeGennaro	3
Steve Archer	2
Roy Arnold	1
Debbie Black	3
Judith Carr	3
Virginia Deegan	8
Nicolle Rantanen	2
Catherine Schultz	4
Contract Services Members	
Rosemary Ince	16
Peter Psaroulis	12
Former Board Members	
Heather Haselgrove	6

Stakeholder Engagement Committee Members as at 30 June 2009

- Gino DeGennaro, Chair, State Procurement Board (Chair)
- Alix Rollond, Manager, Procurement and Records Management, DEH
- Steve Moro, Director Procurement, SA Health
- Angela Allison, Director, Corporate Services, DTED
- Isabel Tsakiri, Manager, Procurement, DFEEST
- John Scalzi, Assistant Director, Procurement/Contracts, DECS
- Andrew Richmond, Director, Procurement, DFC
- Mark O'Shea, Manager Business Services, PIRSA
- Oliver Beres, Principal Officer, Procurement, DWLBC
- Mark Pickford, Director Business Operations, Justice
- Peter Cirillo, Manager Procurement Services, DTF/DPC
- Wayne Buckerfield, Director, Contracting and Procurement, DTEI
- Rosemary Ince, Director Contract Services, DTF

Existing Board Policies at time of printing

Procurement Governance

- Procurement Authority Policy
- Base Level Procurement Authority Policy
- Base Level Procurement Reporting Guideline

Procurement Planning and Reporting

- Board Procurement Reporting Policy
- Common Identification Systems

Government Requirements

- Approvals Process Policy
- Procurement Approvals Guideline
- Emergency Situation Procurement Policy
- Environmental Impact Policy
- Use of Established Government Facilities Policy
- International Obligations Policy
- Purchases with Imported Content

Procurement Context

- Lifecycle Costing Guideline
- Risk Management Policy
- Risk Management Guideline
- Unsolicited Proposals Policy

Procurement Process

- Acquisition Planning Guideline
- Contract Management Guideline
- Disposal Policy
- Disposal Guideline
- Late Tenders Policy
- Market Approaches Guideline
- Panel Contracts Guideline
- Simple Procurement Guideline
- Standard Tender and Contract Document Policy
- Standard Tender and Contract Document Guideline
- Supplier Communication and Complaints Policy

Appendix B

Procurement Authorities as at 30 June 2009

Name of Authority	Value (GST Inc.)
Department for Transport, Energy and Infrastructure Public Authorities Aligned with the DTEI Procurement Authority: <ul style="list-style-type: none"> • Energy Consumers Council • Natural Gas Authority • Office of the Technical Regulator 	\$11,000,000
Department of Justice Public Authorities Aligned with the Justice Procurement Authority: <ul style="list-style-type: none"> • Attorney General's Department • Courts Administration Authority • Department of Correctional Services • Forensic Science Advisory Committee • Legal Services Commission • Public Trustee • South Australian Fire and Emergency Services Commission • South Australian Multicultural and Ethnic Affairs Commission • South Australia Police • State Electoral Office 	\$11,000,000
SA Health Public Authorities Aligned with the Health Procurement Authority: <ul style="list-style-type: none"> • Central Northern Adelaide Health Service Incorporated • Children, Youth and Women's Health Service Incorporated • Country Health SA Incorporated • South Australian Ambulance Service • Southern Adelaide Health Service Incorporated 	\$11,000,000

Department for Families and Communities \$4,400,000

Public Authorities Aligned with DFC's Procurement Authority:

- Charitable and Social Welfare Fund Board
- Child Death and Serious Review Committee
- Council for the Care of Children
- Dame Roma Mitchell Trust Fund Board
- Disability Advisory Council of SA
- Homestart Finance
- Housing and Urban Development Advisory Committee
- Housing Appeal Panel
- Ministerial Advisory Board on Ageing
- Minister's Strategic Housing Advisory Committee
- State Emergency Relief Fund Committee
- Supported Residential Facilities Advisory Committee

Department of Education and Children's Services \$4,400,000

Public Authorities Aligned with DECS's Procurement Authority:

- Advisory Committee on Non-Government Schools
- Children's Services Consultative Committee
- Ethnic Schools Board
- Ministerial Advisory Committee: Students with Disabilities
- Multicultural Education Committee
- Non-Government Schools Registration Board
- Planning Committee for Non-Government Schools
- Scaling and Tertiary Selection Monitoring Committee
- School Loans Advisory Committee
- Teachers Appeal Board

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Department of Further Education, Employment, Science and Technology Public Authorities Aligned with DFEEST's Procurement Authority: \$4,400,000

- Education Adelaide
- Playford Centre
- TAFE SA Adelaide North
- TAFE SA Adelaide South
- TAFE SA North Council
- TAFE SA Regional
- TAFE SA Regional Council
- TAFE SA South Council

Department for Environment and Heritage Public Authorities Aligned with DEH's Procurement Authority: \$1,100,000

- Board of the Botanic Gardens and State Herbarium
- Coast Protection Board
- Dog and Cat Management Board
- Environment Protection Authority
- General Reserves Trust
- Maralinga Lands Mamungari Conservation Park Board of Management
- Vulkathana-Gammon Ranges National Park Co-management Board
- Zero Waste SA

Department of Primary Industries and Resources Public Authorities Aligned with the PIRSA Procurement Authority: \$1,100,000

- Abalone Fishery Management Committee
- Advisory Board of Agriculture
- Angas Mine Community Consultative Committee
- Aquaculture Advisory Committee
- Aquaculture Tenure Allocation Board
- Barley Exporting Advisory Committee
- Beef Industry Development Board
- Blue Crab Fishery Management Committee

- Board of Examiners for Mine Mangers
- Brukunga Minesite Remediation Board
- Dairy Industry Development Board
- Extractive Areas Rehabilitation Fund Project Assessment Panel
- FARMBIS State Planning Group III
- Fisheries Council of South Australia
- Flaxley Agricultural Centre Management Advisory Committee
- Genetically Modified Crop Advisory Committee
- Horticulture Industry Development Board
- Industry Development Boards – Resources
- Inland Fisheries Management Committee
- Marine Scalefish Fishery Management Committee
- Meat Food Safety Advisory Committee
- Mining Act Review Steering Committee
- Mintabie Consultative Committee
- Northern Zone Rock Lobster Fishery Management Committee
- Olympic Dam Community Consultative Forum
- Olympic Dam Environmental Consultative Committee
- Pig and Poultry Institute Advisory Board
- Pilchard Fishery Working Group
- Pork Industry Development Board
- Rural Assistance Appeals Committee
- Rural Solutions SA
- Sheep Industry Development Board
- South Australian Alpaca Advisory Group
- South Australian Apiary Industry Advisory Group
- South Australian Cattle Advisory Group
- South Australian Deer Advisory Group
- South Australian Goat Advisory Group
- South Australian Horse Industry Advisory Group
- South Australian Pig Industry Advisory Group
- South Australian Sheep Advisory Group
- Southern Zone Rock Lobster Fishery Management Committee
- Spencer Gulf, West Coast & Gulf St Vincent Prawn Fishery Management Committee

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Department of the Premier and Cabinet Public Authorities \$1,100,000

Aligned with the DPC Procurement Authority:

- Agent General
- Anzac Day Commemoration Council
- Art Gallery of South Australia
- Asbestos Advisory Committee
- Boxing and Martial Arts Advisory Committee
- Carrick Hill Trust
- Construction Industry Long Service Leave Board
- Disciplinary Appeals Tribunal
- Industrial Relations Advisory Committee
- Libraries Board of South Australia
- Occupational Health, Safety & Welfare Act – Review Committee
- Premier’s Climate Change Council
- Privacy Committee of South Australia
- Promotion & Grievance Appeals Tribunal
- Silicosis Committee
- Social Inclusion Board
- South Australian Museum
- South Australia’s Strategic Plan Community Engagement Board
- State Aboriginal Heritage Committee
- State Emergency Management Committee
- State Records Council
- Workers Rehabilitation and Compensation Advisory Committee

Department of Trade and Economic Development \$1,100,000

Department of Treasury and Finance \$1,100,000

Public Authorities Aligned with the DTF Procurement Authority:

- Distribution Lessor Corporation
- RESI Corporation
- South Australian Asset Management Corporation
- South Australian Parliamentary Superannuation Board
- South Australian Superannuation Board

Department of Water, Land and Biodiversity Conservation \$1,100,000

Public Authorities Aligned with the DWLBC Procurement Authority:

- Adelaide Mount Lofty Ranges Natural Resource Management Board
- Alinytjara Wilurara NRM Board
- Central Local Dog Fence Board
- Centre for Natural Resources Management Board
- Dog Fence Board
- Eyre Peninsula Natural Resource Management Board
- Fowlers Bay Local Dog Fence Board
- Frome Local Dog Fence Board
- Kangaroo Island NRM Board
- Marree Local Dog Fence Board
- Native Vegetation Council
- Natural Resource Management Council
- Northern and Yorke Natural Resource Management Board
- Pastoral Board
- Penong Local Dog and Fence Board
- Pureba Local Dog Fence Board
- SA Arid Lands Natural Resource Management Board
- SA Murray Darling Basin Natural Resource Management Board
- South East Natural Resource Management Board
- South Eastern Water Conservation and Drainage Board

Lotteries Commission of South Australia \$1,100,000

South Australian Motor Sport Board \$1,100,000

South Australian Tourism Commission \$1,100,000

Public Authorities Aligned with the SATC Procurement Authority:

- Office of Venue Management

Aboriginal Lands Trust \$110,000

Adelaide Cemeteries Authority \$110,000

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Adelaide Convention Centre Corporation	\$110,000
Adelaide Entertainments Corporation	\$110,000
Adelaide Festival Centre Trust	\$110,000
Adelaide Festival Corporation	\$110,000
Adelaide Film Festival	\$110,000
Australian Children's Performing Arts Company	\$110,000
Bio Innovation SA	\$110,000
Dairy Authority of South Australia	\$110,000
Defence SA	\$110,000
Dental Board of South Australia	\$110,000
Department of Planning and Local Government Public Authorities Aligned with the DPLG Procurement Authority:	\$110,000
<ul style="list-style-type: none"> • Boundary Adjustment Facilitation Panel • Building Advisory Committee • City of Adelaide Development Plan Committee • Development Assessment Commission • Development Policy Advisory Committee • Local Heritage Advisory Committee • Minister's State/Local Government Forum • Outback Areas Community Development Trust • Port Waterfront Redevelopment Committee • Public Space Advisory Committee • South Australian Local Government Grants Commission 	
Electricity Supply Industry Planning Council	\$110,000
Essential Services Commission of South Australia	\$110,000
History Trust of South Australia	\$110,000
Independent Gambling Authority	\$110,000

Nurses Board of South Australia	\$110,000
Pharmacy Board of South Australia	\$110,000
Phylloxera and Grape Industry Board of South Australia	\$110,000
SACE Board of South Australia (formally SSABSA)	\$110,000
South Australian Citrus Industry Development Board	\$110,000
South Australian Country Arts Trust	\$110,000
South Australian Film Corporation	\$110,000
South Australian Police Superannuation Board	\$110,000
State Opera of South Australia	\$110,000
State Theatre Company of South Australia	\$110,000
Teacher's Registration Board	\$110,000
Veterinary Surgeons Board of South Australia	\$110,000
West Beach Trust	\$110,000
Aboriginal Justice Consultative Committee	Nil
Accident Towing Roster Review Committee	Nil
Adelaide Dolphin Sanctuary Advisory Board	Nil
Adult Community Education Reference Group	Nil
Animal Ethics Committee – PIRSA/SARDI	Nil
Animal Ethics Committee – Wildlife	Nil
Animal Ethics Committee – Women's and Children's Hospital	Nil
Animal Welfare Advisory Committee	Nil
Border Groundwater Review Committee	Nil
Branched Broomrape Community Focus Group	Nil

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Captive Fauna Reference Group	Nil
Classification of Theatrical Performances Board	Nil
Community Service Advisory Committee – State	Nil
Community Services Committee – Adelaide	Nil
Community Services Committee – Berri	Nil
Community Services Committee – Noarlunga	Nil
Community Services Committee – Port August	Nil
Community Services Committee – Port Lincoln	Nil
Community Services Committee – Port Pirie	Nil
Community Services Committee - Whyalla	Nil
Consultative Committee – Adelaide	Nil
Consultative Committee – Kangaroo Island	Nil
Consultative Committee – Murraylands	Nil
Consultative Committee – Northern and Yorke	Nil
Consultative Committee – South East	Nil
Consultative Committee – The Outback	Nil
Consultative Committee – West	Nil
Controlled Substances Advisory Council	Nil
Conveyancers Act, Industry/Consumer Assessor Panel	Nil
Coorong and Lower Lakes Ramsar Taskforce	Nil
Correctional Services Act 1982 Prisoner Assessment Committee	Nil
Correctional Services Advisory Council	Nil

Credit Administration Act 1995, Industry/Consumer Assessor Panel	Nil
CSIRO Animal Ethics Committee	Nil
Defence SA Advisory Board	Nil
Dental Professional Conduct Tribunal	Nil
Department of Education and Children's Services – Animal Ethics Committee	Nil
Economic Development Board	Nil
Eight Mile Creek Water Conservation & Drainage Advisory Committee	Nil
Electricity Act 1996 Consumer Advisory Committee	Nil
Electricity Act Panel of Experts	Nil
Equal Opportunity Tribunal	Nil
Firearms Consultative Committee	Nil
Flinders University Animal Ethics Committee	Nil
Guardianship Board	Nil
Health Performance Council	Nil
Higher Education Council	Nil
Homes for the 100 Project Committee	Nil
Horticulture Industry Charges Panel	Nil
IMVS/CNAHS Animal Ethics Committee	Nil
Industries Development Committee	Nil
Kangaroo Management Reference Group	Nil
Land Agents Act 1994, Industry/Consumer Assessor Panel	Nil

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Land Board	Nil
Land Valuers Act, Industry/Consumer Assessor Panel	Nil
Legal Practitioners Disciplinary Tribunal	Nil
Manufacturing Consultative Council	Nil
Marine Parks Council of South Australia	Nil
Medical Professional Conduct Tribunal	Nil
Millicent Water Conservation Drainage Advisory Committee	Nil
Ministerial Advisory Committee on Branched Broomrape	Nil
Ministerial Advisory Committee on Victims of Crime	Nil
Ministerial Reference Group on Tobacco	Nil
Minister's Youth Council	Nil
Motor Vehicles Act 1959 Review Committee	Nil
National Electricity Tribunal	Nil
Ngaut Ngaut Conservation Park Co-Management Committee	Nil
Non-Government Schools Animal Ethics Committee	Nil
Northern Metropolitan Region Committee	Nil
Parole Board of South Australia	Nil
Passenger Transport Standards Committee	Nil
Perpetual Lease Accelerated Freeholding Project Review Panel	Nil
Petroleum Products Retail Outlets Board	Nil
Playford Capital	Nil

Police Complaints Authority	Nil
Police Disciplinary Tribunal	Nil
Port Centre Revitalisation Ministerial Advisory Group	Nil
Power Line Environment Committee	Nil
Premier's Council for Women	Nil
Premier's Taxi Council	Nil
Protective Security Officers Disciplinary Tribunal	Nil
Public and Environment Health Council	Nil
Public Employees Housing Advisory Committee	Nil
Quality Reference Group	Nil
Radiation Protection Committee	Nil
Regional Communities Consultative Council	Nil
Remuneration Tribunal	Nil
Reproductive Technology Eligibility Review Panel	Nil
Residential Tenancies Tribunal	Nil
Retail Shop Leases Advisory Committee	Nil
Road Safety Advisory Council	Nil
Second Hand Vehicle Dealers Act Industry/Consumer Assessor Panel	Nil
Security & Investigation Agents Act 1995 Industry Consumer Assessor Panel	Nil
Small Business Development Council	Nil
South Australia's Strategic Plan Audit Committee	Nil
South Australian Boating Facility Advisory Committee	Nil

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South Australian Bushfire Prevention Advisory Committee	Nil
South Australian Classification Council	Nil
South Australian Council on Reproductive Technology	Nil
South Australian Export Council	Nil
South Australian Heritage Council	Nil
South Australian Metropolitan Fire Service Disciplinary Committee	Nil
South Australian Metropolitan Fire Service Panel	Nil
South Australian Multicultural and Ethnic Affairs Commission Northern Regional Advisory Committee	Nil
South Australian Multicultural and Ethnic Affairs Commission Riverland Regional Advisory Committee	Nil
South Australian Multicultural and Ethnic Affairs Commission South East Regional Advisory Committee	Nil
South Australian National Parks and Wildlife Council	Nil
South Australian Trade and Investment Corporation	Nil
South Eastern Water Conservation and Drainage Act 1992 Review Committee	Nil
Southern Region Integrated Transport Study Steering Committee	Nil
State Advisory Committee for Public Transport	Nil
State Advisory Committee on Accessible Transport	Nil
State Crewing Committee	Nil
TAFE SA Animal Ethics Committee	Nil
Tail Docking Advisory Panel	Nil

Technical Advisory Committee – Electricity	Nil
Technical Advisory Committee – Gas	Nil
Third Party Premiums Committee	Nil
Training and Skills Commission	Nil
Training Centre Review Board	Nil
Travel Agents Act 1986, Industry/Consumer Assessor Panel	Nil
University of Adelaide Animal Ethics Committee	Nil
Upper South East Program Board	Nil
Volunteer Ministerial Advisory Group	Nil
Water Security Council	Nil
Western Metropolitan Region Committee	Nil
Wilderness Advisory Committee	Nil
Witjira National Co-Management Board	Nil
Yumbarra Ministerial Advisory Committee	Nil

*Public authorities with a nil procurement authority do not require an authority as they do not undertake procurement operations.

Financials



State Procurement Board 2008-09 Audit



Government of South Australia
State Procurement Board

Our Ref: A09/233

30 September 2009

Mr G DeGennaro
Chair
State Procurement Board
Level 1, 12 Victoria Place
ADELAIDE SA 5001

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +61 8 8226 9640
Fax +61 8 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Dear Mr DeGennaro

STATE PROCUREMENT BOARD 2008-09 AUDIT

The audit of the State Procurement Board (the Board) has recently been completed. The scope of the audit covered the Board's major accounting functions and included the test verification of financial transactions processed and recorded during the year.

The financial statements of the Board for the year ended 30 June 2009 are returned herewith together with my Independent Auditor's Report.

I wish to express my appreciation for the assistance afforded to Audit staff during the conduct of the audit.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S O'Neill'.

S O'Neill
AUDITOR-GENERAL

Independent Auditor's Report



Government of South Australia
State Procurement Board

To the Chair

State Procurement Board

As required by Section 31 of the Public Finance and Audit Act 1987 and subsection 22(2) of the State Procurement Act 2004, I have audited the accompanying financial report of the State Procurement Board for the financial year ended 30 June 2008. The financial report comprises:

- A Statement of Comprehensive Income
- A Statement of Financial Position
- A Statement of Changes in Equity
- A Statement of Cash Flows
- Notes, comprising a summary of significant accounting policies and other explanatory information
- A Certificate from the Chair and the Director, Financial Services.

The Responsibility of the State Procurement Board for the Financial Report

The State Procurement Board is responsible for the preparation and fair representation of the financial statements in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the State Procurement Board, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Procurement Board as at 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

A handwritten signature in blue ink, appearing to read 'S. O'Neill'.

S. O'Neill
AUDITOR-GENERAL
30 September 2009

9th Floor
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +61 8 8226 9640
Fax +61 8 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the State Procurement Board:

- comply with relevant Treasurer's instructions issued under section 41 of the Public Finance and Audit Act 1987, and relevant Australian accounting standards;
- are in accordance with the accounts and records of the Board; and
- presents a true and fair view of the financial position of the State Procurement Board as at 30 June 2009 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the State Procurement Board for the financial year over its financial reporting and its preparation of the general purpose financial report have been effective throughout the reporting period.



Gino DeGennaro
CHAIR
STATE PROCUREMENT BOARD
September 2009

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Paul Williams
DIRECTOR, FINANCIAL SERVICES
DEPARTMENT OF TREASURY AND FINANCE
September 2009

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Statement of Comprehensive Income for the year ended 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
EXPENSES			
Employee benefits expenses	4	69	44
Supplies and services	6	377	209
Total Expenses		446	253
INCOME			
Revenues from fees and charges	8	70	104
Total Income		70	104
NET COST OF PROVIDING SERVICES		(376)	(149)
REVENUES FROM/PAYMENTS TO SA GOVERNMENT			
Grants from SA Government	9	477	469
Total Revenues from SA Government		477	469
NET RESULT		101	320
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE RESULT		101	320

THE NET RESULT AND COMPREHENSIVE RESULT ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

The above Statement should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
CURRENT ASSETS			
Cash and cash equivalents	10	892	642
Receivables	11	13	12
Total Current Assets		905	654
TOTAL ASSETS		905	654
CURRENT LIABILITIES			
Payables	12	49	12
Employee benefits	13	2	1
Other Current Liabilities	14	112	-
Total Current Liabilities		163	13
TOTAL LIABILITIES		163	13
NET ASSETS		742	641
EQUITY			
Retained Earnings		742	641
TOTAL EQUITY		742	641
THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER			
Unrecognised and Contractual Commitments	15		
Contingent Assets and Liabilities	16		

The above Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2009

	Retained Earnings \$'000
Balance at 30 June 2007	321
Net Result for 2007-08	320
Total comprehensive result for 2007-08	320
Balance at 30 June 2008	641
Net result for 2008-09	101
Total comprehensive result for 2008-09	101
Balance at 30 June 2009	742

ALL CHANGES IN EQUITY ARE ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER

The above Statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2009

	Note No.	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(68)	(64)
Payments for Supplies and services		(342)	(252)
Cash used in operations		<u>(410)</u>	<u>(316)</u>
Cash Inflows			
Fees and charges		183	91
Cash generated from operations		<u>183</u>	<u>91</u>
CASH FLOWS FROM SA GOVERNMENT			
Receipts from SA Government		477	469
Cash generated from SA Government		<u>477</u>	<u>469</u>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		<u>250</u>	<u>244</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		250	244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		642	398
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>892</u>	<u>642</u>

The above Statement should be read in conjunction with the accompanying notes.

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Note 1	Objectives of the State Procurement Board
Note 2	Summary of Significant Accounting Policies
Note 3	New and revised accounting standards and policies

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Note 4	Employee Benefits Expenses
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Note 15	Unrecognised and Contractual Commitments
Note 16	Contingent Assets and Liabilities
Note 17	Cash Flow Reconciliation
Note 18	Financial instruments/Financial risk management
Note 19	Events after the end of the reporting period

1 Objective of the State Procurement Board

The State Procurement Board was established under the *State Procurement Act 2004 (The Act)*. On 4 October 2005 the *State Procurement Act 2004* came into operation to repeal the *State Supply Act 1985*. The Act states the Board is the same body corporate as the State Supply Board established under the *State Supply Act 1985*.

Under the Act the Board must have regard and seek to further the object of the Act by advancing government priorities and objectives by a system of procurement for public authorities directed towards:

- Obtaining value for money in the expenditure of Government funds;
- Providing for ethical and fair treatment of participants; and
- Ensuring probity, accountability and transparency in procurement operations

The Board is serviced for administrative and financial functions, together with strategic and managerial support by the Department of Treasury and Finance (State Procurement and Support Operations branch).

2 Summary of Significant Accounting Policies

2.1 Statement of Compliance

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian accounting standards and Treasurer's instructions and accounting policy statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

Except for the amendments to AASB 101 Presentation of Financial Statements (September 2007 version) including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101), which the Board has early adopted, Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Board for the reporting period ending 30 June 2009. These are outlined in Note 3.

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;
- accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and
- compliance with accounting policy statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in these financial statements:
 - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
 - b) expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
 - c) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
 - d) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Board's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented.

2.2 Reporting Entity

The Board is a body corporate established by statute. Its financial arrangements are administered, but not controlled, by the Department of Treasury and Finance through a non-interest bearing Deposit Account named the "State Procurement Board". The account is established for the purpose of recording all the activities of the Board including recurrent and capital expenditures, income from various activities, injections of funds provided from the Consolidated Account and borrowings.

2.3 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except were adjusted to reflect the early adoption of AASB 101 Presentation of Financial Statements and specific revised accounting standards and accounting policy statements.

2.4 Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

2.5 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax, and goods and services tax (GST).

The Department of Treasury and Finance (DTF) prepares the Business Activity Statement on behalf of the Board under the grouping provisions of the GST legislation. Under these provisions, DTF is liable for the payments and entitled to the receipt of GST. As such, GST applicable to the Board forms part of the Statement of Comprehensive Income and Statement of Financial Position of DTF.

2.6 Events after the end of the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2009.

Note disclosure is made about events between 30 June and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June and which may have a material impact on the result of subsequent years.

2.7 Income

Income is recognised to the extent that it is probable that the flow of economic benefits to or from the Board will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

Notes

The notes accompanying the financial statements disclose income where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Contributions received

Grants for program funding are recognised as revenues when the Board obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Fees and charges

Revenues from fees and charges are derived from the provision of training to other SA government agencies and to the public. The revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

2.8 Expenses

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Board will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose expenses where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

Employee benefits expenses

Employee benefit expense includes all cost related to employment including wages and salaries and leave entitlements. These are recognised when incurred.

Superannuation

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Board to the superannuation plan in respect of current services of current Board staff.

2.9 Current and Non-Current Classification

Assets and liabilities are characterised as either current or non-current in nature. The Board has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

2.10 Assets

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial assets where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position includes cash at bank and deposits at call that are readily converted to cash and which are subject to insignificant risk of change in value.

Cash is measured at nominal value.

The Board's physical cash balance is included within a bank account, namely the Department of Treasury and Finance Support Operations Account, which comprises of cash balances for several deposit accounts and is managed in accordance with Treasurer's Instruction 6 Deposit Accounts and Banking.

Receivables

Receivables include amounts receivable from goods and services, prepayments and other accruals

Receivables arise in the normal course of selling goods and services to other Government agencies and to the public. Receivables are generally settled within 30 days of the invoice date provided the goods and services have been received.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Board will not be able to collect the debt.

2.11 Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose financial liabilities where the counterparty/ transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

Payables

Payables include creditors and accrued expenses.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Board.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

2.12 Gaming Machines

The Board is also responsible for the purchase and on-selling of gaming machines under the Gaming Machine Act 1992. The financial transactions for the Gaming Machines are included in the Department of Treasury and Finance Administered Items financial statements.

3 New and revised accounting standards and policies

The Board has early adopted the September 2007 version of AASB 101 Presentation of Financial Statements including AASB 2007-8 and AASB 2007-10 (these standards make consequential amendments to other standards as a result of the revised AASB 101) - this includes the preparation of a single Statement of Comprehensive Income.

Notes

Issued or amended but not yet effective

Except for the amendments to AASB 101 Presentation of Financial Statements, which the Board has early-adopted, the Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Board for the period ending 30 June 2009. The Board has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the Board.

4 Employee Benefits Expenses	2009	2008
	\$'000	\$'000
Board fees	62	38
Employment on-costs - superannuation	4	3
Employment on costs - payroll tax	3	3
Total Employee Benefits Expense	69	44

5 Remuneration of Board Members

Members that were entitled to receive remuneration for membership during the 2008-09 financial year were:

State Procurement Board

- Mr Gino DeGennaro (Chair) *
- Mr Steven Archer*
- Mr Roy Arnold
- Ms Deborah Black
- Ms Judith Carr*
- Ms Virginia Deegan
- Ms Heather Haselgrove* (resigned 20/06/2009)
- Ms Catherine Schultz
- Ms Nicolle Rantanen (appointed as a member on 25 September 2008)

The number of members whose remuneration received or receivable falls within the following bands:

	2009	2008
\$1 - \$9,999	-	1
\$10,000 - \$19,999	4	2
\$20,000 - \$29,999	-	1
Total Number of Board Members	4	4

Remuneration of members reflects all costs of performing board member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$65,564.

Amounts paid to a superannuation plan for board members was \$4,101.

*In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

6 Supplies and Services

	2009	2008
	\$'000	\$'000
Supplies and Services provided by entities within the SA Government		
Management services (1)	5	15
Professional fees	26	18
Advertising/marketing and promotions	-	3
Training and development	1	4
Total Supplies and Services - SA Government entities	32	40

Supplies and Services provided by entities external to the SA Government

Professional fees	216	54
Information technology	18	15
Advertising/marketing and promotions	9	1
Training and development	83	83
General administration and consumables	4	5
Other	15	11
Total Supplies and Services - Non SA Government entities	345	169
Total Supplies and Services	377	209

(1) Management Services represent operational expenses including accommodation and associated costs and fees paid to Shared Services SA.

The total supplies and services amount includes GST amounts not recovered from the Australian Taxation Office due to the Authority not holding a valid tax invoice.

7 Auditor's Remuneration

	2009	2008
	\$'000	\$'000
Total Audit Fees	6	6

Other Services

No other services were provided by the Auditor-General's Department.

Notes

8 Revenues from Fees and Charges	2009	2008
	\$'000	\$'000
Fees and charges received/receivable from entities within the SA Government		
Other fees and charges	<u>70</u>	104
Total Fees and Charges - SA Government entities	<u>70</u>	<u>104</u>
Total Fees and Charges	<u>70</u>	<u>104</u>

9 Revenues from SA Government	2009	2008
	\$'000	\$'000
Grants, subsidies and transfers	<u>477</u>	469
Total Revenues from SA Government	<u>477</u>	<u>469</u>

10 Cash and Cash Equivalents	2009	2008
	\$'000	\$'000
Deposits with the Treasurer	<u>892</u>	642
Total Cash and Cash Equivalents	<u>892</u>	<u>642</u>

Interest Rate Risk

Deposits with the Treasurer are non-interest bearing. The carrying amount of cash and cash equivalents represents fair value.

11 Receivables	2009	2008
	\$'000	\$'000
Current		
Receivables from SA Government entities		
Receivables	<u>10</u>	10
Accrued Revenue	<u>1</u>	-
Total Receivables from SA Government entities	<u>11</u>	<u>10</u>
Receivables from Non SA Government entities		
Prepayments	<u>2</u>	2
Total Receivables from Non SA Government entities	<u>2</u>	<u>2</u>
Total Receivables	<u>13</u>	<u>12</u>

Interest rate and credit risk

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Receivables and accrued revenues are non-interest bearing. Other than recognised in the Allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Maturity Analysis of Payables - please refer to table 18.3 in note 18.

Categorisation of financial instruments and risk exposure information - please refer to note 18.

12 Payables	2009	2008
	\$'000	\$'000
Current		
Accrued Expenses	<u>49</u>	12
Total Current Payables	<u>49</u>	<u>12</u>
SA Government/Non SA Government Payables		
Payables to SA Government entities		
Accrued expenses	<u>15</u>	12
Total Payables to SA Government entities	<u>15</u>	<u>12</u>
Payables to Non SA Government entities		
Accrued expenses	<u>34</u>	-
Total Payables to Non SA Government entities	<u>34</u>	<u>-</u>
Total Payables	<u>49</u>	<u>12</u>

Interest Rate and Credit Risk

Creditors are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days of the invoice date provided the goods and services have been received. All payables are non-interest bearing. The carrying amount of payables approximates net fair value due to the amounts being payable on demand. There is no concentration of credit risk.

Maturity Analysis of Payables - please refer to table 18.3 in note 18.

Categorisation of financial instruments and risk exposure information - please refer to note 18.

13 Employee Benefits	2009	2008
	\$'000	\$'000
Current		
Accrued salaries and wages	<u>2</u>	1
Total Current Employee Benefits	<u>2</u>	<u>1</u>

Notes

14 Other Current Liabilities	2009	2008
	\$'000	\$'000
Current		
Unearned Revenue	112	-
Total Current Other Liabilities	112	-

15 Unrecognised and Contractual Commitments
The Board has no commitments for expenditure.

16 Contingent Assets and Contingent Liabilities
The Board is not aware of any contingent assets or liabilities. In addition the Board has made no guarantees.

17 Cash Flow Reconciliation	2009	2008
Reconciliation of Cash - Cash at year end as per:	\$'000	\$'000
Cash Flow Statement	892	642
Balance Sheet	892	642

Reconciliation of Net Cash provided by (used in) Operating Activities to Net Cost of providing services	2009	2008
	\$'000	\$'000
Net cash provided by/(used in) operating activities	250	244
Add Revenue from SA Government	(477)	(469)
Movements in Assets and Liabilities		
Increase (Decrease) in Receivables	1	12
(Increase) Decrease in Payables	(37)	46
(Increase) decrease in Employee Benefits	(1)	18
(Increase) Decrease in Provision	(112)	-
(Increase) decrease in Other Liabilities	(112)	-
Net Cost of Providing Services	(376)	(149)

18 Financial instruments/Financial risk management

Table 18.1 Categorisation of financial instruments

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 2 Summary of Significant Accounting Policies.

Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount 2009 \$'000	Fair value 2009 \$'000	Carrying amount 2008 \$'000	Fair value 2008 \$'000
Financial assets	Cash and cash equivalents	10	892	892	642	642
Cash and cash equivalents Receivables	Receivables(1)	11	13	13	12	12
	Total financial assets at cost		905	905	654	654
Financial liabilities	Payables(1)					
Financial liabilities at cost Other Financial Liabilities	Unearned Revenue	12 14	49 112	49 112	12 -	12 -
	Total financial liabilities at cost		161	161	12	12

(1) Receivable and payment amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as an enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost) except for employee on cost which are determined via reference to the employee benefit liability to which they relate.

Credit risk

Credit risk arises when there is the possibility of the Board's debtors defaulting on their contractual obligations resulting in financial loss to the Board. The Board measures credit risk on a fair value basis and monitors risk on a regular basis.

The Board has minimal concentration of credit risk. The Board does not engage in high risk hedging for its financial assets.

The following table discloses the ageing of financial assets, past due, including impaired assets past due.

Notes

Table 18.2 Ageing analysis of financial assets

2009	Past due by			Total \$'000
	Overdue for < 30 days \$'000	Overdue for 30 – 60 days \$'000	Overdue for > 60 days \$'000	
Not impaired				
Receivables	8	4	1	13
2008				
Not impaired				
Receivables	9	2	1	12

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax, audit receivables/payables etc they would be excluded from the disclosure. The standard defines contract as an enforceable by law. They are carried at cost.

The following table discloses the maturity analysis of financial assets and financial liabilities.

Table 18.3: Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2009				
Financial assets				
Cash & cash equivalent	892	892	-	-
Receivables	13	13	-	-
Total financial assets	905	905	-	-
Financial liabilities				
Payables	49	49	-	-
Other Financial Liabilities	112	112	-	-
Total financial liabilities	161	161	-	-

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2008				
Financial assets				
Cash & cash equivalent	642	642	-	-
Receivables	12	12	-	-
Total financial assets	654	654	-	-
Financial liabilities				
Payables	12	12	-	-
Total financial liabilities	12	12	-	-

Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they fall due. The continued existence of the Board is dependent on State Government policy and on continuing appropriations by Parliament for the Board's administration and programs. The Board settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The State Procurement Board's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in Table 18.1 represent the board's maximum exposure to financial liabilities.

Market risk

Board does not have exposure to interest rate risk. There is no exposure to foreign currency or other price risks.

19 Events after the end of the reporting period

The State Procurement Board is not aware of any after the end of the reporting period events.



Government of South Australia

State Procurement Board