



**Government
of South Australia**

State Procurement
Board

www.spb.sa.gov.au

Acquisition Planning Policy

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1. Purpose

This policy outlines the State Procurement Board's (Board) mandated requirements and advises on acquisition planning, a key element of undertaking a procurement.

This policy includes information on:

- what acquisition planning is, and when it is required
- why acquisition planning is important
- how acquisition planning efforts depend on the risk and value of a procurement
- the mandated acquisition planning requirements.

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.

The development of acquisition plans is to have regard to, and be consistent with, these objectives.

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

The *South Australian Funding Policy for the Not-For-Profit Sector* identifies best practice principles for government and Not-For-Profit (NFP) funding relationships across eight categories:

- Robust planning and design
- Collaboration and partnership
- Proportionality
- An outcomes orientation
- Achieving value with relevant money
- Governance and accountability
- Probity and transparency
- Community development principles.

These best practice principles have been incorporated into this policy where relevant.

3. Policy Statement

Public authorities are required to undertake effective acquisition planning 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 greater than \$550,000 and excludes procurements valued up to and including \$550,000 undertaken in accordance with the *Simple Procurement Policy*.

There are additional specific requirements when undertaking procurements with the not-for-profit sector. These requirements apply for procurements where not-for-profit organisations form the primary supplier base. These requirements are identified in this policy through the use of a shaded text box.

This policy does not apply to grants as defined in Treasurer's Instruction 15.

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. The *Better Customer Charter for Business* requires that:

- suppliers be treated fairly, equally and with respect
- documents utilised during the acquisition planning 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

Acquisition planning is the process undertaken when commencing the procurement acquisition process and includes the development of procurement objectives based on a clear understanding of the business needs, and the inclusion of a market approach that reconciles the business needs with the character of the supply market.

An *acquisition plan* is a document that outlines the procurement methodology and strategy to be undertaken in procuring the required goods or services. This plan is approved by the appropriate approving body/person before the procurement strategy is commenced.

A not-for-profit organisation is an organisation that is operating for its purpose and not for the profit or gain (either direct or indirect) of its individual members.

NFP organisations fall within two broad categories:

- charities, and
- other NFP organisations that are not charities, for example: most sporting and recreational clubs, community service organisations, professional and business associations and social organisations.

Charities must register with the Australian Charities and Not-for-profits Commission (ACNC).

(Refer <https://www.ato.gov.au/Non-profit/Getting-started/Starting-an-NFP0/>)

7. Acquisition Planning Process

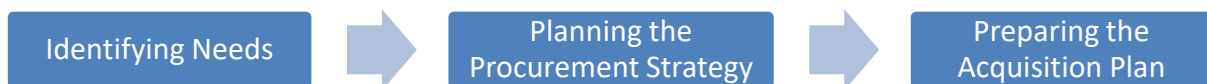
Successful acquisition planning ensures the most appropriate acquisition strategy is selected to meet the public authority's procurement objectives in a timely manner and at an acceptable cost and results in:

- improved risk identification and risk management
- better value for money outcomes
- improved identification of innovative opportunities for better outcomes
- improved relationships with suppliers.

Robust planning supports efficient, effective, economical and ethical procurement and needs to commence as soon as possible, so that opportunities can be identified and risks mitigated.

The rigour of acquisition planning needs to be proportional to the scale and risk profile of the procurement activity.

The acquisition planning process consists of three stages as outlined in more detail below.



7.1 Identifying Needs

A clear and justifiable need linked to the public authority's business objectives or procurement strategy needs to be identified. Options to satisfy this need (including non-procurement alternatives) are to be explored to determine whether procurement is the best means to deliver a value for money outcome. For example, there may be an existing contract that can meet the identified need (including across government contracts).

Key stakeholders, both internal to the public authority and external, need to be identified and consulted to determine their needs. Discussions with key stakeholders can assist to identify issues related to the procurement and provides an opportunity to learn from stakeholder's experiences in order to improve the quality of the proposed procurement. Discussion also creates opportunity for innovation through exploration of improved ways of meeting the procurement need, and emerging supply market trends and practices.

Prior to commencing a procurement process, the availability of funds needs to be confirmed. For some procurements, a business case may be required to justify the expenditure of funds.

Stakeholder Engagement with the Not-For-Profit Sector

Public authorities and the NFP sector need to work together, wherever possible, when planning and developing procurement strategies to identify the community outcome, or the desired impact or change being sought, and to ensure outcomes are based on community need. Co-design and consultation on priorities, goals or defined outcomes being sought in the procurement are to be agreed as far as practicable to ensure community needs are met. The requirement for the specific service within the community, as well as the service delivery models and selection strategies can also be discussed.

Where possible, procurements with the NFP sector need to build resilience and capacity in the community over time rather than simply supplying a service to a client. These procurements need to promote community and personal empowerment in regard to client outcomes.

7.2 Planning the Procurement Strategy

The time taken to plan, research and analyse a procurement significantly contributes to the identification of the best value for money strategy and to achieving better outcomes. As such, it is important to devote greater time, resources and effort in the acquisition planning phase of the procurement process.

When planning the procurement strategy, preliminary analysis of the market is important to identify factors that impact procurement decisions. A preliminary scoping of procurement requirements to identify outcomes, objectives and logistics/supply chain factors needs to be undertaken. Planning needs to define the expected outcomes and measures of success.

The total value of the procurement needs to be estimated for the purposes of assessing requirements of the procurement process (for example procurements valued at greater than \$4.4 million have additional requirements) and other financial and logistical requirements.

Splitting a procurement to avoid approval thresholds or other policy requirements is not permitted.

Public authorities may not be able to forecast future demand, and may rely upon estimates, in which case the best estimated data is to be used. Where historical data is available, contract values can be based upon the historical spend against a contract, subject to factoring in pending changes with levels of activity. If there is an optional extension period, even though this is not guaranteed, the procurement value needs to reflect the options.

Public authorities **must** allocate appropriate resources for the procurement process (facilities, information technology, personnel, contractors etc) to ensure that procurement objectives are achieved and risks managed. It is important that procurement practitioners from the public authority's central procurement area are consulted for the procurement process.

Market Research and Engaging with Suppliers

Market research enables understanding of the supply market for the procurement being undertaken including market structure, competition, product availability, suppliers etc. Market research is to be undertaken prior to formulating a market approach and determining a subsequent course of action.

Innovative methods of engaging with potential suppliers are encouraged to create an environment of open engagement to identify potential improvements to public value outcomes. For example, public authorities may seek information from, and further discussion with, interested potential suppliers through a briefing and discussion session.

Where appropriate, public authorities may talk to current or potential suppliers who can contribute to specification and strategy development. Alternatively, public authorities can engage specialist consultants or industry bodies to provide information on particular commodity or industry sectors, which could be used to inform a business case and any future procurement strategy. The outcome of this process is for public authorities to have a better

understanding of the market and the response they are likely to obtain in a competitive process. Methods such as a Request for Information may also be utilised.

Public authorities choosing to engage in informal discussions with potential suppliers are encouraged to use the *Potential Supplier Engagement Checklist* (Attachment One).

Probity arrangements do not prevent discussions with potential suppliers, but care needs to be exercised to ensure that no supplier has, or is perceived to have, received information that provides them with an unfair advantage in a subsequent procurement process. When undertaking market research, potential suppliers are to be treated fairly and no competitive advantage/disadvantage is to result from the market research process.

Interactions with the supply market are best undertaken with a representative cross-section of suppliers and are not to be limited to a few 'favoured' or 'dominant' suppliers. Activities may include attending trade fairs, exhibitions, or running workshops and conferences.

Market Research for the Not-For-Profit (NFP) Sector

When developing procurement strategies, the following community development principles need to be considered:

- the desired impact or change that is being sought within the community
- the potential for the procurements to improve social, cultural and/or economic outcomes for South Australia
- a community development approach which builds resilience in the community and the capacity to respond to change and crisis and empowers individuals in the process of development and service delivery.

Following an engagement process with the NFP sector, the key service requirements will be better understood, and can inform the procurement strategy. The service requirements then need to be specified in documentation such as a business plan and/or in the Acquisition Plan.

Contracting Options with the Not-For-Profit (NFP) Sector

When developing a specific procurement strategy for contracting with the NFP sector, a fee-for-service arrangement is to be used wherever possible. Fee-for-service arrangements require organisations to be paid for services delivered. There may still be a requirement for up front funding of the NFP organisation to ensure capacity is in place to provide the service.

There may be some situations when contracting with a NFP organisation where it may be more suitable to provide up-front block funding. This method of payment may assist to create capacity to meet expected service demands.

If up-front funding is required, public authorities are to ensure that they comply with *Treasurer's Instruction 11 Payment of Creditors' Accounts*.

Determining the Contract Period

The contract period is the length of the contract including approved extension options. The contract period is a key factor in determining the procurement strategy and needs to be carefully considered in terms of offering the supplier sufficient time to recover any initial

investment in mobilising to provide the good or service, without damaging competition in the longer term.

Factors to consider when setting contract periods include the:

- client-specific startup costs of the supplier, and the payback period
- switching costs from the incumbent to another supplier
- likelihood of economies of scale achieved by a longer term contract
- likelihood of market change during the contract, in terms of product/service innovation and/or market changes such as changes in costs or new entrants
- loss of competitive tension during the contract
- costs of approaching the market

Consideration also needs to be given to potential contract extensions, subject to satisfactory supplier performance. An optional extension period/s can be included in the contract term, so that the public authority can retain some competitive tension. Contract extensions can avoid the perceived complacency that may be associated with the award of longer term contracts, especially if the public authority undertakes systematic performance and contract reviews in sufficient time to objectively decide whether to extend the agreement.

Factors to consider in determining the duration of the possible contract extension

- the likelihood of market change in the mean time
- the need to secure and demonstrate value for money
- the switching costs to change from the incumbent to another supplier
- the costs of approaching the market

Determining the Contract Period: Not-For-Profit (NFP) Sector

The South Australian Government is seeking to create a stronger partnership with the NFP sector. Repeated short-term contracts make it difficult for the NFP sector to make long-term financial decisions, guarantee consistency of service delivery to their clients, and to manage and develop their workforce.

In order to provide greater certainty and improve sustainable service delivery, public authorities **must** establish contractual agreements of three years plus three years plus three years (3 + 3 + 3) for all NFP procurements longer than two years where appropriate (i.e. where risk is low and there are no linked funding arrangements with the Commonwealth Government).

In agreeing to award a 3 + 3 + 3 contract, reviews need to be undertaken prior to each extension term to ensure:

- there is a continuing need
- the service specifications, quality standards and contractual requirements are being met
- the contract is operating efficiently and effectively
- there is active engagement to continuously improve and provide the best possible service to the community.

The appropriateness of long-term contracts needs to be assessed on a case-by-case basis and needs to represent value for money, and be balanced against the potential for new suppliers, whilst also considering the potential to encourage innovation in service delivery and new service models.

7.3 Preparing the Acquisition Plan

Acquisition Plans **must** be prepared for procurements valued above \$550,000 by addressing the requirements set out in the *Acquisition Planning* template.

The template is structured as follows:

1. Sign Off
2. Executive Summary
3. Acquisition Details
4. Procurement Governance
5. Market Analysis
6. Risk Analysis
7. Liability
8. Insurance
9. Acquisition Strategy
10. Probity
11. Evaluation
12. Public Authority Additional Requirements
13. Procurement Timeframe
14. Approvals
15. Recommendation

The detail and scope of the Acquisition Plan will vary according to the nature risk and value of the procurement being undertaken. Public authorities **must** adopt the acquisition planning template (including headings and detailed requirements) but can add extra details under the relevant heading, as long as these do not contradict other Board policies and guidelines or other aspects of the template. Alternatively, public authorities can include additional information in the template at Section 12 - Public Authority Additional Requirements.

Public authorities are able to brand the acquisition planning template to suit their own internal requirements.

For procurements considered high in risk and/or valued greater than \$4.4 million, a Procurement Risk Management Plan **must** be prepared and attached to the Acquisition Plan.

For all procurements greater than \$4.4 million, public authorities **must** use the Supply Positioning and Supplier Preferencing market analysis models outlined in the *Market Analysis Guideline* to assist with the development of an appropriate acquisition strategy.

8. Contract Renewals

Where a contract is currently in place, it is important that forward planning is undertaken to ensure that sufficient time is allowed for an appropriate acquisition strategy to be developed, approved and implemented before the contract expires.

Where a contract has not yet expired and does not contain any extension options, it can be extended before expiration by enacting a mutually agreed variation to the contract, in accordance with the *Contract Management Policy*, which provides guidance to assist public authorities to meet a short term need or imperative when this occurs.

Where a contract has expired without an approved variation to extend but the supply of goods and/or services under the expired contract is required to continue for a short time after the expiration, a new interim contract will need to be executed. In such situations, where the supplier/s are willing to continue supply under the same terms and conditions, procurement approval for the extended arrangements may be obtained via the same process used for variations as mentioned above. Although an acquisition plan is not required, the public authority still needs to consider risk and value for money by assessing any negative impact of the extended arrangements on the contract deliverables, price, timeframes and objects of the

Act (including value for money, probity, transparency and accountability).

This option is to be utilised only as an interim measure on the condition that a new procurement process is undertaken within a reasonable time-frame. For longer term extensions and/or those requiring more complex negotiations, an acquisition plan should be used.

Contract Renewals: Not-For-Profit (NFP) sector

Where there is funding certainty, a minimum of six months' notice must be provided to not-for-profit organisations regarding whether long term contracts are to be renewed. This notice will assist to prevent unnecessary loss of staff and reduce the impact on individuals who rely on these services.

Funding uncertainty exists where the public authority is dependent on state or Commonwealth government funding and the funding outcomes are not advised with sufficient lead time to enable six months' notice to be provided to the not-for-profit sector.

9. 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.

Procurements undertaken with an established government facility, must be approved through the public authority's normal approval processes. Where the value of the procurement exceeds the public authority's procurement authority, the principal officer can approve the procurement without reference to the Board.

However, if a public authority chooses not to directly engage an established government facility and seeks to test the broader market to meet its requirements, they are required to develop an acquisition plan in line with the Board's policy framework.

10. Industry Participation Policy

The Government's South Australian Industry Participation Policy (IPP) outlines various requirements to be applied when undertaking procurements. Of relevance, to acquisition planning, the policy states that public authorities are required to:

- check if the project is within the scope of the IPP
- seek assistance and advice from the Office of the Industry Advocate for review of all projects over \$4m (\$1m Regional)
- forward the draft acquisition plan to the Office of the Industry Advocate for review for all projects over \$4m (\$1m Regional)



- if Regional, apply a Regional IPP Plan
- consider if the minimum weighting should be increased, and complete an expanded economic opportunity assessment
- if Cabinet approval is required, consult with the Office of the Industry Advocate

Other policy requirements are documented below.

*For procurements over \$220,000 and under \$4 million (\$1 million in Regional SA), public authorities **must** ensure that a metropolitan or regional ECT is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For procurements equal to or greater than \$4 million (\$1 million in Regional SA) but less than \$50 million, public authorities **must** ensure that a metropolitan or regional Standard IPP Plan is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For procurements of \$50 million and over, public authorities **must** ensure that a Tailored IPP Plan is completed and that a **minimum weighting of 15%** is applied as a component of the overall evaluation criteria.*

*For panel contracts less than \$4 million (\$1 million in Regional SA) public authorities **must** ensure that an ECT is completed for competitive secondary procurement processes above \$33,000 unless otherwise exempted by the Office of the Industry Advocate (OIA).*

For panel contracts equal to or greater than \$4 million (\$1 million in Regional SA), OIA will assist public authorities to determine the most appropriate industry participation requirement. Where a panel is established and there is no tailored IPP Plan, the ECT and IPP plans will apply to the individual purchases made off the panel when above the relevant value.

Where requested, public authorities are to assist suppliers to complete the ECT or direct them to the OIA if required.

11. Liability

Public authorities 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.

Principal Officers 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.

Where the Standard Goods and Services Contract is not appropriate, for example, for ICT, multi-agency or high risk procurements, the Crown Solicitor's Office is to be consulted to develop a bespoke contract with appropriate liability provisions. Principal Officers are responsible for approving contract provisions that allocate and manage liability under these types of contracts that are consistent with the public authority's risk assessment. Responsibility for accepting any limitation or exclusion of liability rests with the public authority, and ultimately the Principal Officer.

12. Insurance

There are three key types of insurance cover for the supply of goods and 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
- is required for all goods and services procurements
- is to be set at a minimum level of \$1,000,000 for low to medium risk goods and services procurements.

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 include goods sold, supplied, repaired etc)
- 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
- is often included as an addition to Public Liability or can be issued as a separate policy.

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
- 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.

13. Reasons for Limiting the Number of Suppliers

It may be appropriate, in some extenuating circumstances, to restrict the procurement to one or more suppliers due to the following factors:

- 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 due to:
 - an absence of competition because of technical reasons (e.g. exclusive licence, proprietary information or protection of patents)
 - the protection of patents, copyrights, or other exclusive rights, or proprietary information.
- Potential suppliers have already been identified in market research, a pre-qualification or EOI exercise.
- No submissions are received in an open market approach process or bids received did not meet the requirements.
- The need for compatibility with existing equipment or services.
- Obligations under warranty or other contractual arrangements require the use of goods or services from a particular supplier.
- There is significant public risk or threats to life and property (also refer to the *Emergency Situation Procurement Policy*).
- The item is an original work of an artistic/cultural nature (for example, works of art or artists engaged for a performance).
- A response to an urgent government policy decision is required.
- exceptionally advantageous conditions have arisen in the very short term, such as from unusual disposals, unsolicited innovative proposals, liquidation, bankruptcy or receivership and appropriate approval is received.
- A prototype is purchased that is intended for limited trial or is developed for a particular

contract for research, experiment, study or original development.

- A contract is awarded to the winner of an independently judged design contest
- for reasons of extreme urgency brought about by unforeseen events, the goods or services could not be obtained in time by means of an open market approach

Several issues and questions need to be considered in the development of acquisition plans for limited market approaches involving a single or a small number of suppliers, including:

- Is the proposed supplier/s currently the incumbent? If so, for how long?
- What is the rationale for undertaking a procurement with a limited number of suppliers (based on the criteria provided in the guideline)?
- Explain how this decision was reached (e.g. market research, industry knowledge).
- Can the specification requirement be amended to provide for greater competition? If not, why not?
- What is being done to foster future competition in this area in order to provide more supplier options in the future?
- What would we do if the supplier/s went out of business?
- Does the procurement demonstrate reasonable value in the circumstances and if so, on what basis has this been assessed (e.g. market research, comparisons with other jurisdictions, cost-benefit analysis)?
- What are the key risks in undertaking this procurement with a limited number of suppliers and how they are being addressed?

Reasons for Limiting the Number of Suppliers: Not-For-Profit Sector/Community Services

In the community services sector, there are innovative strategies that can be used to address deeply entrenched social problems. Collective impact is one such framework which involves a collaborative approach between government, the business sector, the not-for-profit sector and clients to address significant social problems.

Where a collective impact approach is operational in any given area (geographic or issue-based) which addresses the purpose for which the funding has been made available, a contract can be negotiated with appropriate not-for-profit organisations if such negotiation is beneficial to the community.

Limiting the number of suppliers in the community services sector may be appropriate where no supplier exists with the necessary skills and there is a need to develop competitive suppliers, or the requirements being sought are so specialised that there is one or limited suppliers with the necessary skills and experience. In sensitive policy areas such as domestic violence support or foster care, there may be requirements to contract specific not-for-profit organisations with appropriate experience, skills or organisational alignment to the objectives to be achieved from the procurement. In these cases, directly negotiating with the not-for-profit organisations may be appropriate.

In some instances, to ensure service continuity, public authorities may need to retain an existing supplier without openly approaching the market. In these situations, public authorities must assess and document in writing that the supplier is:

- meeting a continuing need
- meeting the agreed service specifications, quality standards and contractual requirements
- operating efficiently and effectively
- actively engaged in continuously improving services to provide the best possible service to the community.

14. Approval of Acquisition Plans

Acquisition plans **must** be approved by the public authority principal officer (or delegate) prior to approaching to the market.

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

An approval made by the Board in relation to a proposed procurement assumes that the public authority:

- has provided the Board with accurate information (containing no omissions or representations) enabling the Board to make a proper assessment of the proposal
- principal officer remains accountable for the procurement as the Board's decision is based on the recommendation of the principal officer
- has answered all questions or clarified aspects of the proposal, to the Board's satisfaction, where requested by the Board
- will undertake all actions associated with the approval if requested by the Board
- will advise the Board of any material change in the nature or circumstances of the procurement (following approval)
- will undertake the proposal with due process and comply with all relevant Board policies, guidelines or legislation.

In some cases, the approving authority may provide approval subject to certain conditions being met. Where the Board is the approving authority, the Board has the option to approve, approve subject to conditions, or not approve the acquisition plan. The Board may also defer its approval pending the provision of additional information, or determine that its approval is not required.

Where a procurement presents an extremely high level of risk to government (including reputational risk) or where it has a potential across government impact, public authorities may forward the Acquisition Plan to the Board to gain an independent assessment, irrespective of its value.

As a general rule, funding approval **must** be obtained before procurement approval is sought and obtained. However, in cases where funding approval cannot be obtained prior to the acquisition planning stage, approval of the Acquisition Plan by the delegate or Board will be conditional on obtaining the required funding approval before the market approach is undertaken. This applies to both one stage and two stage market approaches.

A Probity Plan is optional but can be considered for higher value and risk procurements.

Approval of Single Source Procurements

Single supplier sourcing strategies **must** only be made in extenuating circumstances in accordance with the 'Reasons for Limiting the Number of Suppliers'. It is important that the single supplier sourcing strategy is not chosen to avoid competition and that the integrity of the procurement process is maintained.

Acquisition plans that involve a single supplier market approach, within the limits of the public authority's procurement authority, **must** be approved by the principal officer.

Where the procurement value exceeds this limit, it **must** be endorsed by the principal officer

before being sent to the Board for consideration. In both situations, this endorsement by the principal officer cannot be delegated.

15. Purchase Recommendations

The acquisition plan approver is responsible for approving the purchase recommendation; however, this authority may be delegated at the time of approving the acquisition plan. The acquisition plan **must** clearly identify who will approve the purchase recommendation.

16. Further Information

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

17. Related Policies and Guidelines

SPB Risk Management Guideline
SPB Panel Contracts Guideline
SPB International Obligations Policy
SPB Market Approaches and Contracts Guideline
SPB Market Analysis Guideline
SPB Probity and Ethical Procurement Guideline
SPB Contract Management Policy
SPB Supplier Selection Policy
SPB International Obligations Policy
South Australian Industry Participation Policy
DPC Circular PC033 *Industry Participation Policy*
Better Customer Charter for Business
DPC Circular PC044 - South Australian Funding Policy For the Not-For-Profit Sector
Treasurer's Instruction 11 Payment of Creditors' Accounts

18. Templates

Acquisition Plan
Standard Goods and Services Contract

Attachment 1: Potential Supplier Engagement Checklist

This Potential Supplier Engagement Checklist provides guidelines for conducting and documenting informal discussions with potential suppliers, their representatives and other interested parties.

Name of supplier

Name/s of supplier participants

Name of public authority participants

Date and time of discussion . . . / . . . / am/pm

Location

Nature of procurement being discussed

File reference

- The following statement has been read to all participants before commencing discussions:
 - These discussions are for the purpose of (pick one):
 - undertaking research only, are exploratory and will assist in better understanding the nature of the current supply market or
 - determining what goods, services or outcomes you may be able to provide to address a potential procurement requirement or to ascertain what may be feasible.
 - No commitment is given that these discussions will lead to further processes or activity and the outcomes of these discussions may not be utilised.
 - All discussions and information provided and received are confidential and will not be divulged to any other parties outside of government.
- All discussions and communication (by telephone, email, verbally or in writing) have been documented to ensure an audit trail. A final report has been submitted to the relevant project coordinator disclosing all communications with participants for probity purposes.
- All participants have been treated fairly, ethically and have not been misled.
- All conflicts of interest have been resolved before discussions were held.
- No benefits, hospitality, invitations or other gifts have been accepted.
- All discussions and information provided and received have been treated as confidential and have not been divulged to any unauthorised parties.

Signature of public authority participants (at completion):

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Date . . . / . . . /