



Procurement And Grants Approvals And Processes Policy

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Issued by:	Procurement and Grants
Delegated authority:	Peter Bull, Executive Director Youth Justice, Community and Organisational Support
Policy custodian:	Kelly Tattersall, Director Screening, Procurement and Improvement
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Confidentiality:	For Official Use only
DCSI strategic objective	Provide the best service
SA Strategic Plan:	Target 32

1 Intent

The South Australian Government's Procurement policy framework is underpinned by the following principles:

- value for money
- ethical and fair treatment of participants
- probity, accountability and transparency

2 Context

This policy applies to:

- the procurement of all construction, goods and services for the Department for Communities and Social Inclusion (DCSI) including contractors and consultancy services;
- the procurement of construction, goods and services for the South Australian Housing Trust (SAHT), including contractors and consultancy services; and
- the provision of grants to Non-Government Organisations (NGO) for provision of community welfare services.

3 Risk

The integrity of procurement and grants processes may be impeded with the absence of an appropriate approvals and processes policy, which may result in value for money not being achieved and probity issues arising.

4 Reference Documents

4.1 Directive Documents

- Approvals Process Policy
- Simple Procurement Guideline
- Acquisition Planning Guideline
- Social Responsibility in Procurement Policy
- Contract Register and Disclosure Policy

4.2 Supporting Documents

- Department of the Premier and Cabinet Circular 27 Disclosure of Government Contracts
- Treasurer's Instruction 8 Financial Authorisations
- Memoranda of Administrative Arrangement for the provision of Allocated Funds Procedure
- YCO/37 Grants Management Policy

5 Scope

Employees involved in the:

- acquisition of construction services, goods and services, including in the engagement of contractors and consultants; and
- the provision of grants to Non-Government Organisations (NGO) for provision of community welfare services,

are required to maintain the integrity of the procurement process, ensuring appropriate approvals and procedures are followed.

This policy is applicable to all metropolitan and regional departmental business units

Included:

All Units with in the Department

6 Definitions and Terminology

Consultant is a person who is engaged by an entity for a specified period to carry out a task that requires specialist skills and knowledge not available in the entity. The objectives of the task will be achieved by the consultant free from direction by the entity as to the way it is performed, and in circumstances in which the engagement of a person under normal conditions is not a feasible alternative.

Contractor is a person who is engaged by an entity for a specified period to carry out a defined task, subject to direction by the entity as to the way in which that task is to be performed, and in circumstances in which the engagement of a person under normal circumstances of employment is a feasible alternative.

The department further defines a contractor as an individual or organisation engaged:

- to provide goods, works or services which implement a decision;
- to perform all or part of a new or existing ongoing function to assist an agency to carry out its defined activities and operations functions; and
- to perform a function involving skills or perspectives which would normally be expected to reside within the agency but which the agency has determined to outsource.

Where an external employee or contractor is appointed to an existing or new position which has a job and person specification, then the appointment of that contractor is to be undertaken as part of a human resource management process, not a procurement process and is therefore, not in the scope of this policy.

The following table outlines the difference between consultants and contractors:

Consultant	Contractor
Develops the methodology for the assignment	Undertakes defined tasks/activities
Defines resource requirements	Performs an existing or newly created function within an organisation
Formulates the outcome based on expert knowledge and input from appropriate resources	Works under close direction
Is responsible, in full, for the final outcome	Contributes to, but is not responsible for, the final outcome

Expenditure Authority applies to the approval of the expenditure of funds against budget. Delegates with expenditure authority are responsible for:

1. confirming that the purchase is approved in line with budgetary and operational priorities;
2. ensuring that funding exists for the purchase; and
3. authorising the financial commitment and expenditure.

Grant, pursuant to Treasurer’s Instruction 15, a grant refers to “money given by a department, including subsidies, to an entity in order to fund or to assist with the funding of any program or project”.

Procurement Authority applies to the approval of the purchase or contract outcome, and the conduct and management of the purchasing process, to ensure that value for money outcomes are achieved.

Delegates with procurement authority must ensure government procurement policies and guidelines are satisfied and purchase outcomes are in accordance with State Procurement Board policy. This authority can only be exercised to the value designated, which includes GST.

The State Procurement Board has accredited the Chief Executive, DCSI with a procurement authority of \$4,400,000 (GST inclusive) which has been sub-delegated to the DCSI SPGC.

Where purchases above the department’s accredited limit are undertaken, these must be referred to the State Procurement Board for approval.

The SAHT is a prescribed public authority for the purposes of the State Procurement Act 2004. The SAHT Board has delegated procurement authority to the DCSI SPGC for all SAHT acquisitions above \$550,000 (GST inclusive).

The provision of grants to non profit Non-Government Organisations (NGO) for provision of community welfare services is an excluded procurement pursuant to the State Procurement Act 2004. The Chief Executive has authorised the SPGC to consider all grants exceeding \$500,000 (GST exclusive).

Strategic Procurement and Grants Committee (SPGC) is a committee of senior executives from the departments agencies who the Chief Executive and SAHT Board has authorised to monitor the execution of DCSI's Procurement Authority and the provision of grant funding.

Value for Money is achieved by applying cost-effective purchasing approaches to deliver the best overall result for money spent.

Value for money is not achieved simply by acquiring the product with the lowest price, but by comparing a number of elements. These include cost related factors such as whole-of-life and transaction costs associated with acquiring, using, holding, maintaining and disposing of the goods or services, and non-cost factors such as fitness for purpose, quality, service and support.

Procurement within the department must achieve the best return and performance for the money being spent.

7 Policy Detail

7.1 Procurement and Grants

The Procurement and Grants Unit (PAG) is responsible for managing the procurement of goods and services across the department (including contractors and consultancy services) to ensure that value for money outcomes are achieved in accordance with Government, State Procurement Board and departmental policies.

PAG provides procurement advice and management services including:

- undertaking market analysis to identify suitable suppliers to approach;
- managing the quotation, tender and negotiation process and final selection of suppliers;
- managing contract and supplier performance; and
- reviewing key documents and monitoring procurement outcomes.

7.2 Management of low value acquisitions (up to \$110, 000 GST inclusive)

All employees involved in the acquisition of goods and services, including in the engagement of contractors and consultants, are required to consider whether broader social responsibility goals can be pursued as part of the procurement, while still ensuring the best value for money outcome.

7.3 Management of acquisitions (over \$110,000 GST inclusive)

Higher value acquisitions require a strategic procurement approach, which involves analysing market opportunities, and formulating market strategies to leverage the departments buying power and to achieve savings, all supported by a comprehensive risk assessment.

PAG will support divisions in the acquisition of higher value goods and services by conducting and managing the acquisition throughout the procurement process.

For higher value acquisitions, PAG, in consultation with divisions, will ensure consideration of broader Government goals (including social responsibility) are considered as part of the evaluation process, while still ensuring the best value for money outcome.

7.4 Management of the provision of grants

All employees involved in the provision of grants are required to consider whether broader social responsibility goals can be pursued as part of the grant, while still ensuring the best value for money outcome.

The provision of all grants, regardless of value, must be referred to PAG.

8 Aboriginal Impact Statement Declaration

The needs and interests of Aboriginal people have been considered in the development of the policy and there is no direct or indirect impact on Aboriginal people.

9 Policy Approval

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