

# DEWNR PROCEDURE



Government of South Australia  
Department of Environment,  
Water and Natural Resources

Ref: DEWNR 06 / 2180

## Procurement Procedure

This procedure applies to the procurement of goods, services, and works across DEWNR, Environment Protection Authority (EPA), Green Industries SA (GISA) and supported Boards and Committees.

It aims to ensure that procurements are conducted in line with legislative requirements and across government policies and procedures, directed towards:

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

### What guides this Procedure?

*DEWNR Procurement Policy.*

### What is the context of this Procedure?

The *State Procurement Act 2004* established the State Procurement Board (SPB) during 2005 to oversee procurement operations of public authorities. The SPB aims to build an efficient and consistent system of public procurement by promoting best practice through its policies, guidelines and templates. DEWNR has adopted the SPB policy framework and has developed corresponding supporting material directed towards achieving the *State Procurement Act 2004* objectives.

### Who is responsible for what?

#### DEWNR Chief Executive:

- ensures compliance with State Procurement Board policies and guidelines
- ensures the efficient and cost effective management of DEWNR's procurement operations
- implements strategic procurement reforms and processes
- approves procurement to the level of DEWNR's procurement accreditation
- delegates procurement authority to the staff member as per DEWNR procurement accreditation.

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## Accredited Purchasing Unit (APU):

- ensures a Procurement Framework is in place that:
  - provides policies, procedures and guidelines to govern procurement activities
  - enables procurement risks to be identified and managed
  - meets legislative and across-government requirements
- oversees significant procurement activity
- progresses strategic procurement reform
- monitors and reports on compliance and procurement activities
- advises the Chief Executive DEWNR, including supported Agencies, Boards and Committees and Procurement Authorisers, on procurement matters
- enforces the use of DEWNR procurement policies and procedures across DEWNR, EPA, GISA and supported Boards and Committees
- evaluates procurement outcomes and leads continuous improvement of procurement activities.

## Executive Directors/Directors/Regional Directors/Branch Managers/Delegates:

- approve procurement to the level of their procurement authorisation
- ensure that the appropriate procurement policies and procedures are implemented in their directorate
- ensure that employees involved in procurement operations seek training and support from the DEWNR Procurement Unit.

## Business Managers and Staff:

- operate within the policy and procedures set by the APU, the Corporate Business Model Services Charter and the State Procurement Board
- attend appropriate training and seek support from the DEWNR Procurement Unit to gain the necessary knowledge to undertake procurement operations
- ensure compliance with relevant requirements, policies and guidelines
- act as a quality control to provide the delegate(s) with confidence that due process has been followed
- establish and maintain adequate records of any procurement operations undertaken.

## DEWNR Procurement Unit:

- Executive Officer service to the APU
- develops and reviews procurement policies, frameworks, systems, procedures, and templates
- co-ordinates training of procurement authorisers and staff who undertake procurement on behalf of their manager or colleagues
- provides procurement advice and support to all staff
- coordination of procurement and contract management audits and reports on procurement performance

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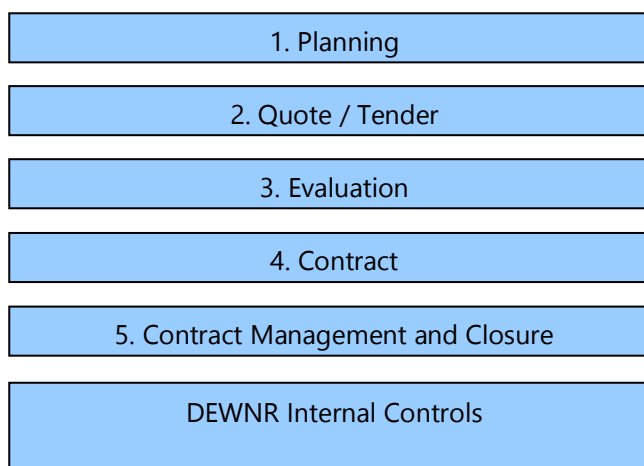


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## What are the steps?

The procurement process is defined as a five stage process in DEWNR. Business units must undertake procurement activities in accordance with the Procurement Matrix.

This procedure must be complied with for procuring goods and services and low value works (see Procurement Matrix). When procuring construction works you are required to contact the DEWNR Procurement Unit prior to beginning a procurement process.



## Stage 1: Planning

### Acquisition Planning

Acquisition planning facilitates a structured and considered approach to procurement. The Acquisition Plan includes details such as procurement scope, objectives and strategy (sourcing, evaluation and contract management). Depending on the complexity, cost and risk associated with the procurement, the Acquisition Plan can be relatively simple or complex.

### Market Analysis/Research

Market analysis/research is undertaken prior to formulating a market approach and determining a subsequent course of action. Market research addresses the nature of the supply market for the procurement being undertaken and seeks to understand the market structure, competition, product/service availability, and suppliers.

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## Market Approach

The choice of market approach when engaging a supplier will be influenced by various factors, including the nature of the procurement (value, complexity, time, location, etc.), the characteristics of the market research and objectives of the Department. The range of available market approaches includes, but is not limited to:

- Request for Quote (Verbal or Written)
- Expression of Interest
- Request for Tender (Public or Selective)
- Request for Proposal (Public or Selective)
- Request for Information (Public or Selective)
- Direct Negotiation

## Risk Management

Risk management in procurement ensures potential risks associated with the purchase of goods, services or works are identified, assessed and managed to ensure unexpected or undesirable outcomes are minimised while achieving maximum benefit from the procurement. Business units must ensure that risk management takes place in the context of wider goals and objectives and is to be applied to all stages of procurement in accordance with DEWNR's Risk Management Procedure and SPB Risk Management guideline.

## **Stage 2: Quote/Tender**

### Specification Development

A specification is a clearly written description of what you want to procure. It is the basis on which suppliers make offers and usually forms part of the contract. All procurements, regardless of cost or complexity, require a written specification to be provided to the supplier where appropriate.

### Request for Quote/Tender Documentation

Tendering documentation details the process, bid rules, specification and evaluation criteria and requirements to potential suppliers for all Department procurement activities. Tendering documentation must be used for all market approaches, from direct negotiation, selective request for quote/proposal/tender, or a public call for tenders.

## **Stage 3: Evaluation**

### Evaluation of Quotes/Tenders

An evaluation process is undertaken following a market approach to select a preferred supplier. Establishing your evaluation process occurs during the acquisition planning phase. The intended process must aim to maximise value for money, provide ethical and fair treatment of suppliers and ensure probity, accountability and transparency.

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## Purchase Recommendation

A Purchase Recommendation is used to document the procurement process undertaken and any deviations from the approved Acquisition Plan, supplier evaluation summaries and contract management considerations. Depending on the complexity, cost and risk associated with the procurement, the Purchase Recommendation can be relatively simple or complex.

## Stage 4: Contract

### Contract

A contract is a binding agreement between two or more parties that is enforceable by law. Depending on the complexity, cost and risk associated with the procurement, the contract can be relatively simple or complex.

## Stage 5: Contract Management

### Contract Management

Contract management consists of monitoring the performance of suppliers, varying and extending contracts, recording the contract on the DEWNR Contract Register, publicly disclosing contracts when required and completing appropriate contract closure activities. Undertaking contract management is crucial to meeting audit and legislative requirements, as well as achieving the intended objectives of the procurement process.

### Supplier Complaints

DEWNR must manage supplier complaints in a transparent, fair, equitable and non-discriminatory manner that will result in timely resolution of the complaint and maintenance of effective relationships between the Department and its suppliers.

Supplier complaints must be forwarded to DEWNR's Independent Officer as specified in the tender documents. Supplier complaints must be resolved in accordance with the SPB Supplier Complaints Policy. DEWNR has established a FAQ - Handling Supplier Complaints to guide the process within DEWNR.

### Records Management

As appropriate to the procurement, the Project Manager/Contract Manager or Business unit must establish and maintain all information and correspondence relating to procurement in a project file, using a records management system, in accordance with DEWNR's Records Management Policy.

## DEWNR Internal Controls

DEWNR has established a framework of procurement control activities that are undertaken to ensure that the SPB, Auditor-General, and the DEWNR Chief Executive and APU are confident that the Department is achieving procurement objectives economically and efficiently, with an acceptable degree of risk, while adhering to legislative requirements and whole of government policies and procedures.

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DEWNR has five key aspects of procurement internal control:

## *Sources of Authority*

- authorisations must be maintained to ensure appropriateness and relevance
- APU must oversee procurement activities in line with the Procurement Matrix, set business rules and procedures, assess high value transactions and issue comments to authorisers. All submissions to the APU must be forwarded through the DEWNR Procurement Unit
- procurement policies, procedures and supporting material must articulate the required actions, methods, and parameters of procurement operations.

## *Risk Management*

- Risk Management policies, procedures and supporting material must articulate required actions and methods for identifying, assessing and managing procurement risk
- templates must be used wherever possible throughout the procurement cycle
- procurement analysis and profiling should be undertaken at least once every three years to assist the APU in understanding the nature of procurement in the Department and to manage the associated risks.

## *Monitoring*

- monitoring of procurement operations must be conducted through regular reviews of the Contract Register, General Ledger and APU activity.

## *Communication*

- procurement training must be available to all employees
- procurement iShare Information Suite must contain reference material including templates, guides, policies, procedures and standards. This information must be available to all employees
- a central helpdesk must be available to assist and advise employees as required.

## *Reporting*

- reporting on procurement operations and internal control activities must be regularly provided to the Chair of the APU
- the DEWNR Procurement Unit, on behalf of DEWNR, EPA, GISA and supported Boards and Committees, must undertake annual reporting of procurement activity and strategy in accordance with the SPB Board Procurement Reporting Policy.

## **Other relevant documents**

This procedure details the key aspects of procurement practice in DEWNR, and along with the associated policy, are further supported by the iShare Procurement Information Suite (including templates, checklists, best practice guidelines, FAQs and the Procurement Matrix).

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## Definitions

APU	Accredited Purchasing Unit is a committee of skilled officers that oversee procurement activities, set business rules and procedures, assess high value transactions, and issue directions to authorisers.
Authorisation	The amount an officer has the authority to commit on behalf of the Crown in accordance with a Formal Instrument of Authority.
Construction	State Procurement Board Regulations contain a very specific definition for construction. To avoid confusion, please see the Regulations under the <i>State Procurement Act 2004</i> for a full definition.
Works	Adding or demolishing a building; or the whole or part of the work of excavating or filling a site; or the whole or part of the work of excavating or filling land not constituting a building; undertaken in accordance with <i>DPC Circular 28 – Construction Procurement Policy: Project Implementation Process</i> and the Procurement Matrix.
Consultant	A person or firm who is engaged by a public authority for a specified period to carry out a task which requires specialist skills and knowledge not available in the public sector. The objectives of the tasks will be achieved by the consultant free from direction by the public authority as to the ways it is performed and in circumstances in which the engagement of person under normal conditions is not a feasible alternative (Accounting Policy Framework, Department of Treasury and Finance, March 2012, APS 4.6).
Goods	A tangible product that can be consumed or used by an end user.
Principal:	The legal entity (Minister or authorised representative) that enters into a Contract with a Contractor.
Procurement	Obtaining goods, services, or works through the expenditure of Government funds.
Services	An intangible product that cannot be stored or transported, existing at time of service bought and consumed immediately.

## Contact

DEWNR [Procurement Unit](#)

Ben Bruce

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**CUSTOMER, COMMERCIAL AND CORPORATE**

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