

State Procurement Board



2013-2014



Government of South Australia
State Procurement Board

ANNUAL REPORT

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The Annual Report is available on the
State Procurement Board website at

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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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In accordance with section 23 of the *State Procurement Act 2004* (Act), I am pleased to present the State Procurement Board's Annual Report for the year ending 30 June 2014.

The Board has continued to focus its efforts on furthering the object of the Act by maintaining an effective and efficient system of public procurement and by overseeing the procurement operations of public authorities. This provides the South Australian Government with better value for money and supports implementation of government policy.

In particular, the Board has accomplished a number of significant achievements including the:

- completion of 13 agency accreditation reviews which revalidated agency procurement authorities, and eight compliance reviews which assessed agency performance in complying with the Act;
- development of five better practice handbooks which are an important tool to assist agencies to improve their procurement operations; and
- continued support and coordination for procurement qualification programs delivered at the tertiary and vocational levels, as well as the management of targeted training workshops.

The Board has initiated, and participated in, a number of activities to foster greater stakeholder engagement with public authorities and industry stakeholders, including:

- the commencement of a regular forum involving agency Heads of Procurement;

- the sponsoring of the SA Government Procurement Forum, attended by 360 people, with the Hon. Justice Bruce Lander, Independent Commissioner Against Corruption as keynote speaker;
- participating at a 'Meet the Buyer' event facilitated by the Office of the Industry Advocate;
- developing a new guideline, in support of the Industry Participation Policy (IPP), that provides assistance and advice to agencies on the key requirements of the IPP and the impact on the procurement process;
- developing and publishing a consolidated list of planned procurement activity over the next three years; and
- piloting a new supplier feedback tool that will assist in gaining an improved insight into the supply market's experience with government procurement processes.

Through its policy framework, the Board has supported Government's objective to achieve greater economic contribution to the State from procurement. This has ensured that, within the context of value for money, capable South Australian businesses are given full, fair and reasonable opportunity to tender and participate in publicly funded work.

On behalf of the Board, I thank the Hon Tom Koutsantonis, Minister for Finance, as the Minister responsible for the Board, for his ongoing support. I also thank my predecessor, Mr Gino DeGennaro, who resigned in September 2013 after serving on the Board for seven years. Mr DeGennaro was a valued and respected member of the Board and led many reforms and procurement initiatives during his term.

The Board expresses its gratitude to the management and staff of Procurement Policy and Governance, Department of Treasury and Finance, who provide secretariat support to the Board and whose hard work and diligence has greatly assisted the Board in meeting its objectives.

Lastly, I acknowledge the contribution of my fellow Board members throughout the year, including Mr Roy Arnold and Mr Steve Archer who departed following extensive periods of service.

I am sure my colleagues share my excitement in looking forward to the challenges ahead.

Chris Oerman
CHAIR



About the Board



The State Procurement Board

The Act establishes the Board. Under the 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 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 of up to two years. Members can be reappointed.

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

Board Members

The Board Chair and members as at 30 June 2014 are listed on the following page.

More extensive details of Board members' experience can be found at www.spb.sa.gov.au.

Board Members



Mr Chris Oerman
Chair
11 November 2009



Ms Catherine Schultz
4 October 2005



Ms Debra Contala
31 October 2013



Ms Debbie Black
4 October 2007



Mr David Henschliffe
14 November 2013



Mrs Judith Carr
10 May 2007



Ms Julieann Riedstra
21 November 2013



Ms Katrina Ball
10 June 2010



Ms Virginia Deegan
5 June 2008



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 follows:

- 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.

Governance Arrangements

The Board has a members' handbook which provides Board 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.

Members are required to observe the public sector code of conduct with respect to conflicts of interest. At Board meetings there is a standing item on the Board's meeting agenda that requires members to declare any potential conflicts of interest.

Conflicts of duty for public sector Board members can arise when public authority procurement submissions are considered by the Board. Public sector Board members have been provided with a release of duty from their relevant Chief Executive. Where the Board considers any matter that a public sector member has direct involvement in, notwithstanding their release of duty, that public sector member does not participate.

Procurement Approvals Committee

In accordance with section 13 of the Act, the Board has established the Procurement Approvals Committee (PAC) as a sub-committee to assist the Board in undertaking its functions.

The Board has delegated to the PAC consideration and approval of acquisition plans and purchase recommendations above the procurement authority of public authorities, including deviations/variations to procurements/contracts resulting from a PAC approval.

This delegation does not extend to procurements that are high in complexity and greater than \$11 million (GST inclusive), unless such transactions are referred by the Chair of the Board. The PAC can refer a transaction to the Board if it considers it to be sensitive or high risk or of strategic interest to the Board.

The PAC Terms of Reference requires the scheduling of twice monthly meetings with three Board members attending on a two month rotational basis. A balance of both private and public sector members attend, and the Chair is decided at the commencement of each meeting. Staff from Procurement Policy and Governance, Department of Treasury and Finance, also attend the meetings in an advisory capacity.

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



Strategic Priorities

Background

The Board provides the Government of South Australia with independent oversight of the object of the Act.

The Board has established a number of policies, strategies and initiatives to address and further the object of the Act. These support the achievement of South Australia's Strategic Plan initiatives (2011 update) relating to the performance of the public sector, specifically the area of government planning decisions (Target 33).

The Board's policy framework recognises the potential for procurement to deliver a greater economic contribution to the State.

This year, the Board oversaw a range of activities which focused on supporting public authorities in the following areas:

- improved policies and guidelines, tools and information, to assist them to improve their procurement operations;
- delivering a capability development program, from basic procurement induction, through to specific policy and technical training sessions for practitioners, and higher educational opportunities for those seeking formal qualifications. The program also focuses on non-procurement participants and decision makers at the executive levels of government;
- ensuring the most effective governance model is in place that best facilitates the Board's future direction in line with the Board's obligations under the Act; and

- continuing the Board's ongoing regulatory role including reviews of public authority submissions to the Board and complaint investigation and resolution processes. These processes also inform the Board's capability development and policy review program.

Significant achievements include:

- improvement of capability of public authorities through continued support and coordination of programs delivering procurement qualifications at the tertiary and vocational levels, management of the targeted training workshops and coordination of procurement forums and networks;
- review and further development of the Public Authority Compliance Review Program;
- implementation of the Accreditation Program to revalidate public authority procurement authorities; and
- continuation of ongoing business activities including review of public authority submissions to the Board, the development of new policies and guidelines, the review of existing policies and guidelines, secretariat support, complaint investigation and resolution and issuing procurement authorities to newly established public authorities.

Public Authority Compliance Review Program

In 2013-14, the Board continued its Public Authority Compliance Review Program. The review function is an important element of the Board's operations as it enables the Board to meet its statutory obligations under section 12, (1)(e) of the Act, that is "to investigate and keep under review levels of compliance with the Board's procurement policies, principles, guidelines, standards and directions".

The objective of the Board's Compliance Review Program is to assess the performance of each public authority in complying with the Act, and the Board's procurement policies, principles, guidelines and directions. The Program applies to all public authorities, including base level public authorities.

The Program focuses on the way in which public authorities manage their procurement risks through reviewing and validating public authority procurement controls and involves assessments in the following areas:

- the achievement against procurement objectives identified in approved acquisition plans;
- internal procurement policies, procedures and delegations comply with the Board's policies and guidelines, and 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 their procurement authority approval, in particular their progress against action plans.

The three year compliance cycle began in July 2012 and is due for completion in December 2015.

Eight compliance reviews were completed during the year.

Accreditation Program

In 2013-14, the Board continued its Accreditation Program to revalidate public authority procurement authorities that were last accredited in 2006. The objective of the Program is to ensure there is sufficient capability, capacity and appropriate systems/ processes in place within agencies to provide the Board with confidence that procurement is being managed effectively.

The Accreditation Program applies to all public authorities with a procurement authority of \$1.1m or greater. In 2013-14, 13 of the 18 public authorities completed their accreditation review.

The accreditation reviews focus on the following performance categories:

- Leadership and Strategy;
- Organisation and People;
- Governance and Performance Management;
- Processes and Systems; and
- Relationships – Internal and External.

All public authorities were assessed by an independent Lead Reviewer and all were accredited by the Board.

The accreditation reviews identified a number of common themes that require attention in government procurement generally; in particular whether there is sufficient capacity and capability in public authorities was a common issue. There were also improvement opportunities identified in the areas of:

- contract management – ensuring contracts are being effectively managed by skilled contract managers;
- progressing the development of the procurement process in each public authority;
- simplifying procurement governance; and
- focusing on the contribution of procurement in terms of value for money, and public authority strategic goals.

Better Practice Handbooks

A set of five better practice handbooks are being developed as an outcome of the Accreditation Program. These handbooks will identify and document better practice for the five performance categories against which public authorities were assessed as part of the Accreditation Program.

These five handbooks will be an important tool to assist public authorities to benchmark themselves and improve their procurement function. The focus of the handbooks is on commercial procurement strategies to assist public authorities to identify cost savings and business improvement opportunities as well as identifying strategies to improve governance and manage risks. The handbooks are structured to provide guidance scaled for public authorities with \$1.1m, \$4.4m or \$11m procurement authority.

Statutory Authorities Review Committee

On 4 April 2013, SA Parliament's Statutory Authorities Review Committee wrote to the Board Chair advising of its inquiry into the State Procurement Board.

The Chair of the Board attended a hearing of the Statutory Authorities Review Committee in July 2013 as part of that Committee's inquiry. The Board made a formal submission, which outlined its role and objectives, its achievements to date and the issues and challenges it faces.

As at 30 June 2014, the review had yet to be concluded.

Training and Capability Development

Masters Program

Under the Act, the Board's obligations include the requirement "to assist in the development and delivery of training and development courses and activities relevant to the procurement operations of public authorities". This continues to be facilitated in a number of ways within the Board's Capability Development Program.

The Board continued to support agencies by matching 40% funding for nominated government employees to undertake the University of South Australia's (UniSA) Masters in Management (Strategic Procurement) qualification. Seven government employees were supported through the program during 2013-14.

This UniSA course aligns with the Australasian Procurement and Construction Council's (APCC) 'National Professionalisation of Procurement' initiative aimed at providing academic qualifications for strategic procurement in each State and Territory jurisdiction. The course is accredited for Membership of the Chartered Institute of Purchasing and Supply (MCIPS), the recognised procurement professional body.

Vocational Qualifications

The Board continued to offer opportunities for employees to gain a qualification in procurement. In 2013-14, training for the following qualifications was undertaken:

Qualification	Number of Employees
Certificate IV in Government (Procurement & Contracting)	1
Diploma of Government (Procurement & Contracting)	18
Advanced Diploma of Government Procurement & Contracting)	9



Targeted Training Program

The Board continued its successful Targeted Training Program with 752 attendees participating in 38 workshops during 2013-14. The Program includes topics focused on increasing understanding of specific Board policies and guidelines as well as those targeted generically at aspects of good procurement practice. The suite of workshops is delivered by two preferred Registered Training Organisations and caters for those new to, or with an interest in, procurement right through to experienced practitioners seeking to refresh their knowledge.

The Board also embarked on a project to ascertain the effectiveness of its Targeted Training Program. A trial of learning effectiveness surveys commenced, to obtain feedback and qualitative metrics to aid continuous improvement of the training delivered. This will be fully implemented during 2014-15.

Stakeholder Engagement

The Board commenced a regular forum involving agency Heads of Procurement to facilitate improved networking, information sharing and learning. Meetings are facilitated by the Chair of the Board and are both planned and conducted in an inclusive and collaborative manner. The initiative was well received by the agencies and a high level of participation was achieved as a consequence.

The Board sponsored the 'SA Government Procurement Forum' at the Adelaide Convention Centre in December 2013.

The key themes of the forum were the implementation of recent SA Government policy initiatives impacting on procurement and the resultant implications and challenges for agencies and procurement practitioners across the public sector.

The forum included presentations by:

- Mr Chris Oerman – Chair, State Procurement Board;
- Hon. Justice Bruce Lander - Independent Commissioner Against Corruption; and
- Mr Ian Nightingale – Industry Participation Advocate,

and was followed by an opportunity for participants to pose questions to the speakers.

The Board and its staff participated in a 'Meet the Buyer' event held at Adelaide Oval in November 2013. The event highlighted the capabilities of local businesses to help access and secure contracts with government agencies and raised the awareness of agency procurement staff about particular market sectors and what products or services exist that may match agency needs.

The Board also commissioned the development of a supplier feedback tool to gain an improved insight into the supply market's experience with government procurement. A prototype survey tool was trialled successfully by two agencies towards the end of 2013-14 with a target implementation of late 2014, following final agency consultation.

The Board's staff represented South Australia on the APCC's Procurement Capability Development Working Group, which met regularly to develop and progress strategies aimed at building government procurement capability and enhancing the growth of the procurement profession.

Use of Single Source Procurements

As 37% of contracts established in 2012-13 were awarded through direct negotiations with a single supplier, the Board completed a review of such procurements to gain a better understanding of their incidence.

As a result of the review, the Board updated the Simple Procurement Guideline and Market Approaches Guideline to clearly articulate the Board's expectations in relation to single source procurements. When approving single source market strategies, approving delegates must be satisfied that extenuating circumstances exist, that the sourcing strategy is not for the purpose of avoiding competition and that the integrity of the procurement process is maintained.



Policy Development and Review

In 2013-14, the Board released revised versions of the following:

- Acquisition Planning Guideline;
- Panel Contracts Guideline;
- Standard Tenders and Contracts Guideline;
- Simple Procurement Guideline;
- Probity and Ethical Procurement Guideline (minor update);
- Procurement Authority Policy (minor update);
- Supplier Selection Guideline (minor update);
- Board Procurement Reporting Policy (minor update); and
- Contract Management Guideline (minor update).

The following new guidelines were developed:

- Contract Register Policy; and
- Industry Participation Guideline.

The Contract Register Policy requires public authorities to maintain a contract register. The Policy defines what contracts and what contract information is to be recorded.

The Industry Participation Guideline outlines the key requirements of the Government's Industry Participation Policy (IPP) and its application to the procurement of goods and services. The guideline highlights the impact of the IPP on the procurement process from acquisition planning through to contract management. The IPP has also been reflected in the Board's standard tender and contract documents and other relevant Board documents.

In order to simplify its policy framework, the Board rescinded the Approvals Process Policy and Guideline. Key parts of these documents were integrated into other policies (Procurement Authority Policy, Acquisition Planning, Supplier Selection and Contract Management).

In 2013-14, the Board continued its development of a range of templates to assist public authorities with the procurement process. These templates include:

- Acquisition Planning Template;
- Request for Information Template;
- Disposal Plan Template;
- Negotiation Plan Template;
- Purchase Recommendation Template;
- Letter Acknowledging Receipt of Responses;
- Letter Preferred Respondent; and
- Letter Unsuccessful Respondent.

Future Policy Development

In 2013-14, the Board developed a methodology to review its policy framework. In 2014-15, the Board will review its policy framework, which includes Board policies, guidelines, templates and other guidance documents. The objective of the review is to ensure that the current framework fulfils the Board's obligations under the Act, provides public authorities with adequate and appropriate guidance, is structured appropriately, and is clear and unambiguous in terms of its mandatory and optional policy requirements.

A copy of the Board's policies can be found at: <http://www.spb.sa.gov.au>. A listing of current policies (as at 30 June 2014) is provided in Appendix A of this report.



Public Authority Procurement Activity

Public Authority Procurement Activity

Public Authorities Required to Report Detailed Procurement Activity

AGD	Attorney-General's Department
CAA	Courts Administration Authority
DCSI	Department for Communities and Social Inclusion
DCS	Department for Correctional Services
DECD	Department for Education and Child Development
DMITRE	Department for Manufacturing, Innovation, Trade, Resources and Energy
DEWNR	Department of Environment, Water and Natural Resources
DFEEST	Department of Further Education, Employment, Science and Technology
DPTI	Department of Planning, Transport and Infrastructure
PIRSA	Department of Primary Industries and Regions SA
DPC	Department of the Premier and Cabinet
DTF	Department of Treasury and Finance
SA Health	SA Health
SAPOL	South Australia Police
SAFECOM	South Australian Fire and Emergency Services Commission
SAMSB	South Australian Motor Sport Board
SATC	South Australian Tourism Commission
TAFE SA	TAFE SA

Certificate of Compliance

As part of the Board's annual reporting regime, public authority principal officers with a procurement authority are required to complete a Certificate of Compliance. The certificate indicates the extent to which the Board's policies and guidelines have been adhered to by the public authority during the course of the reporting period.

The information obtained from public authorities through the annual reporting process is used by the Board to improve its policies, to feed into its review and compliance program, and to promote dialogue with public authorities on matters of importance.

State Procurement Board's Annual Procurement Reporting Policy

This chapter of the annual report is based on information reported by public authorities as required by the State Procurement Board's Annual Procurement Reporting Policy.

The scope of the procurement information to be reported is limited by the Act and excludes construction procurement valued over \$165,000 (inclusive of GST) and procurement by prescribed public authorities. Information is reported on procurement spend and contracting activity (valued over \$110,000).

Public Authority Procurement Activity

Procurement Spend

In 2013-14, total spend reported by public authorities on goods and services was approximately \$4.05 billion.

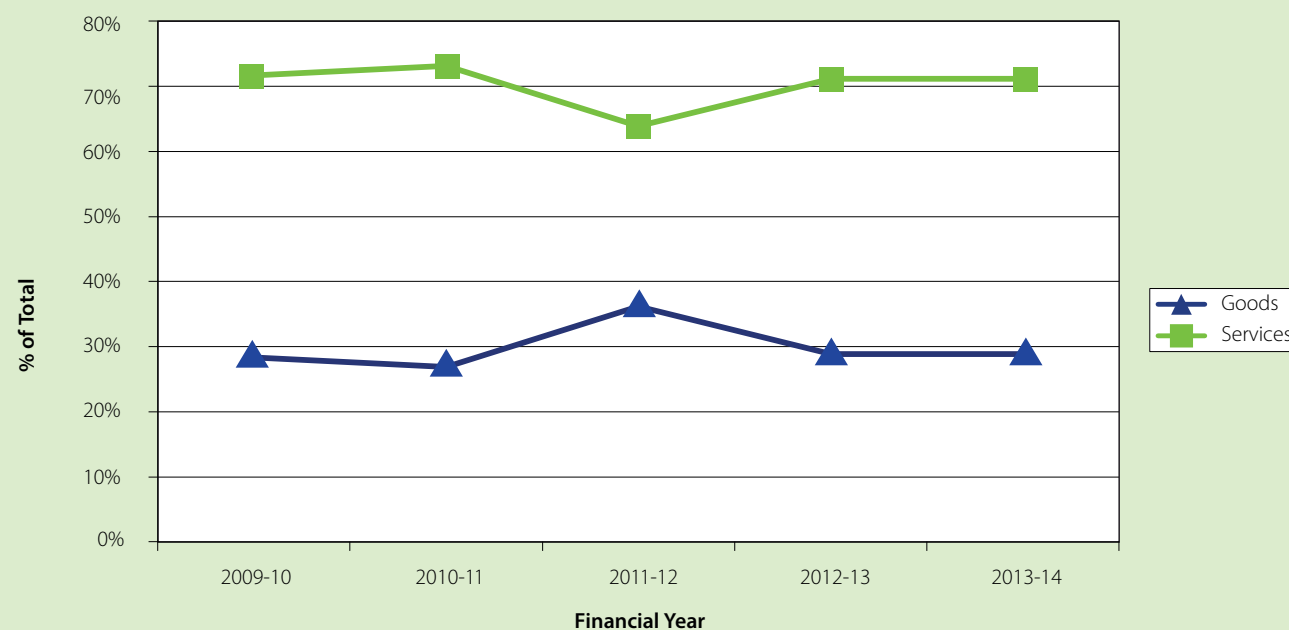
Table 1 displays total spend from 2009-10 through to 2013-14 and indicates an increase in total spend of approximately 2% over total spend in 2012-13.

Figure 1 displays the percentages of total spend by purchase type for the last five financial years. The figure shows that the breakdown of total spend between goods and services has remained relatively stable over the past few years. Fluctuations are due to the cyclical nature of procurement spending and/or the influence of significant procurements in any given year.

Table 1 – Procurement Spend Summary

PURCHASE TYPE	2013-14	2012-13	2011-12	2010-11	2009-10
Goods	\$1,167,899,985	\$1,107,618,825	\$1,398,830,014	\$1,040,535,220	\$1,070,837,356
Services	\$2,883,972,238	\$2,864,997,557	\$2,473,611,162	\$2,832,035,016	\$2,713,798,753
Total	\$4,051,872,223	\$3,972,616,382	\$3,872,441,177	\$3,872,570,236	\$3,784,636,109

Figure 1 – Spend by Purchase Type from 2009-10 to 2013-14

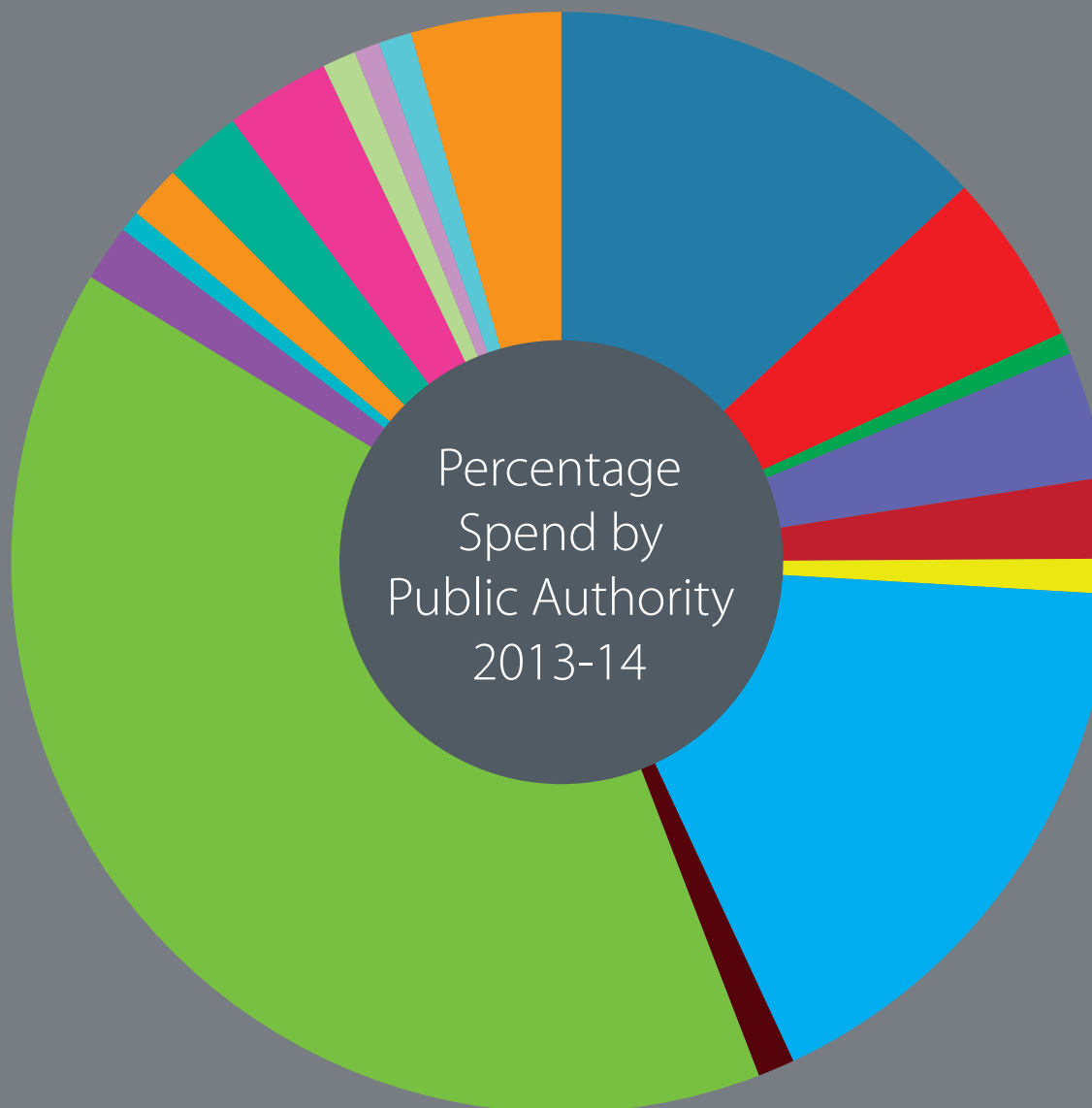


Public Authority Procurement Activity

Figure 2 shows each public authority's spend as a percentage of overall total spend. Consistent with previous years, in 2013-14 SA Health incurred the highest spend (39.5%), followed by DPTI (17.1%) and DECD (13.1%).

Figure 2 - Percentage Spend by Public Authority 2013-14

DECD	13.1%
DCSI	5.1%
DFEEST	0.6%
DEWNR	3.7%
DPC	2.4%
DMITRE	1.0%
DPTI	17.1%
DTF	1.1%
SA Health	39.5%
AGD	1.7%
CAA	0.6%
DCS	1.6%
SAFECOM	2.3%
SA Police	3.1%
PIRSA	1.0%
SAMSB	0.8%
SATC	1.0%
BASE LEVEL	4.4%



Contracting Activity

Each year, public authorities disclose to the Board information on contracts that were executed during the reporting period and are valued over \$110,000 (GST inclusive). The information below is based on that data.

Supply Market Approach

There are various market approaches that may be used by a public authority to undertake a procurement process.

Figure 3 shows the number of contracts by the type of market approach utilised. It shows that in 2013-14, excluding the 'other' category, contracts that were undertaken by competitive processes accounted for 61.3% of the number of reported contracts entered into in that period. Direct negotiation accounted for 36.6% of the reported number of contracts executed in 2013-14.

Figure 3 – Number of Contracts by Market Approach 2013-14

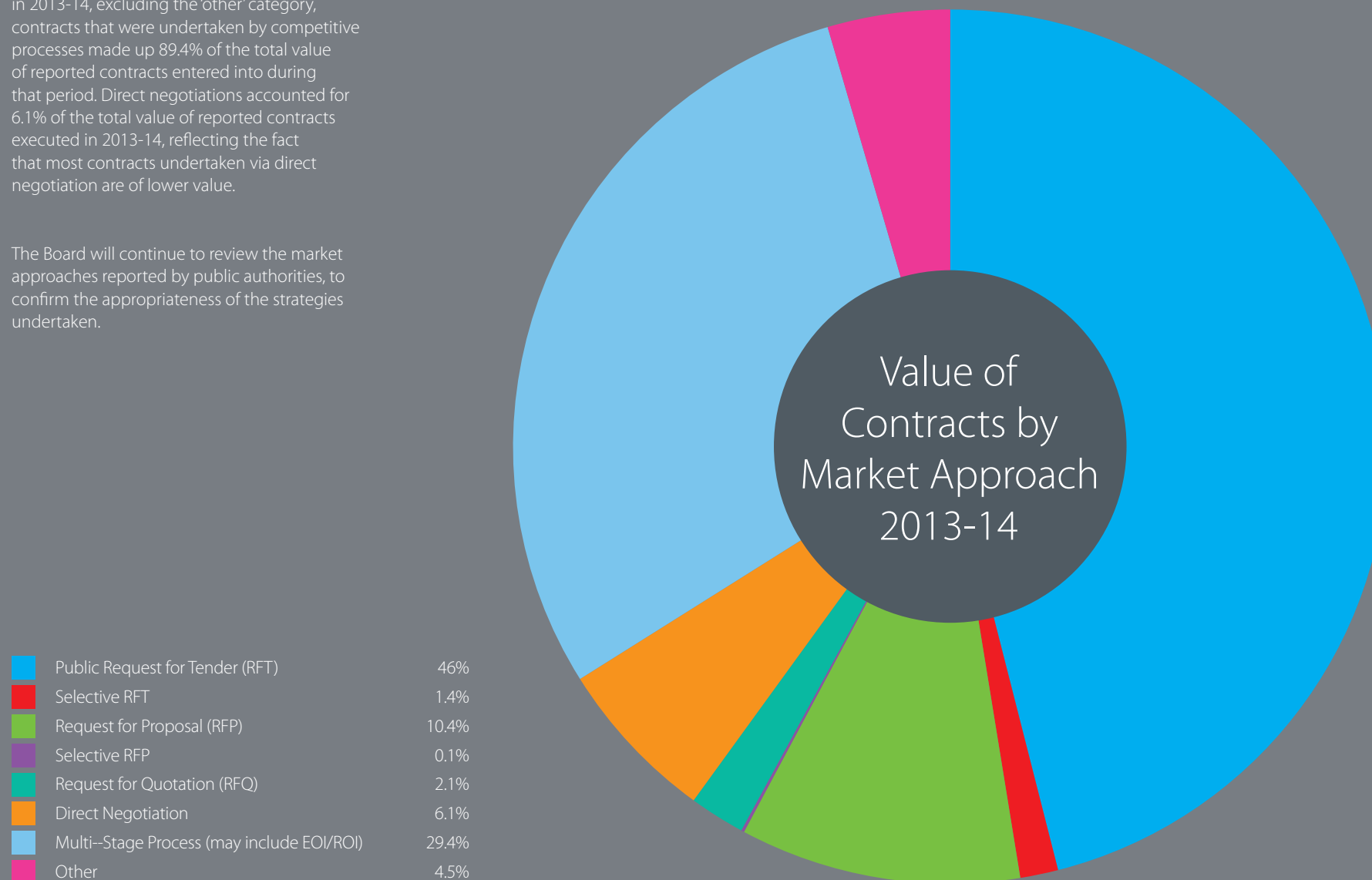


Public Request for Tender (RFT)	23.1%
Selective RFT	8.9%
Request for Proposal (RFP)	3.8%
Selective RFP	0.8%
Request for Quotation (RFQ)	23.1%
Direct Negotiation	36.6%
Multi-Stage Process (may include EOI/ROI)	1.6%
Other	2.2%

Figure 4 shows the value of contracts by the type of market approach. It indicates that in 2013-14, excluding the 'other' category, contracts that were undertaken by competitive processes made up 89.4% of the total value of reported contracts entered into during that period. Direct negotiations accounted for 6.1% of the total value of reported contracts executed in 2013-14, reflecting the fact that most contracts undertaken via direct negotiation are of lower value.

The Board will continue to review the market approaches reported by public authorities, to confirm the appropriateness of the strategies undertaken.

Figure 4 – Value of Contracts by Market Approach 2013-14

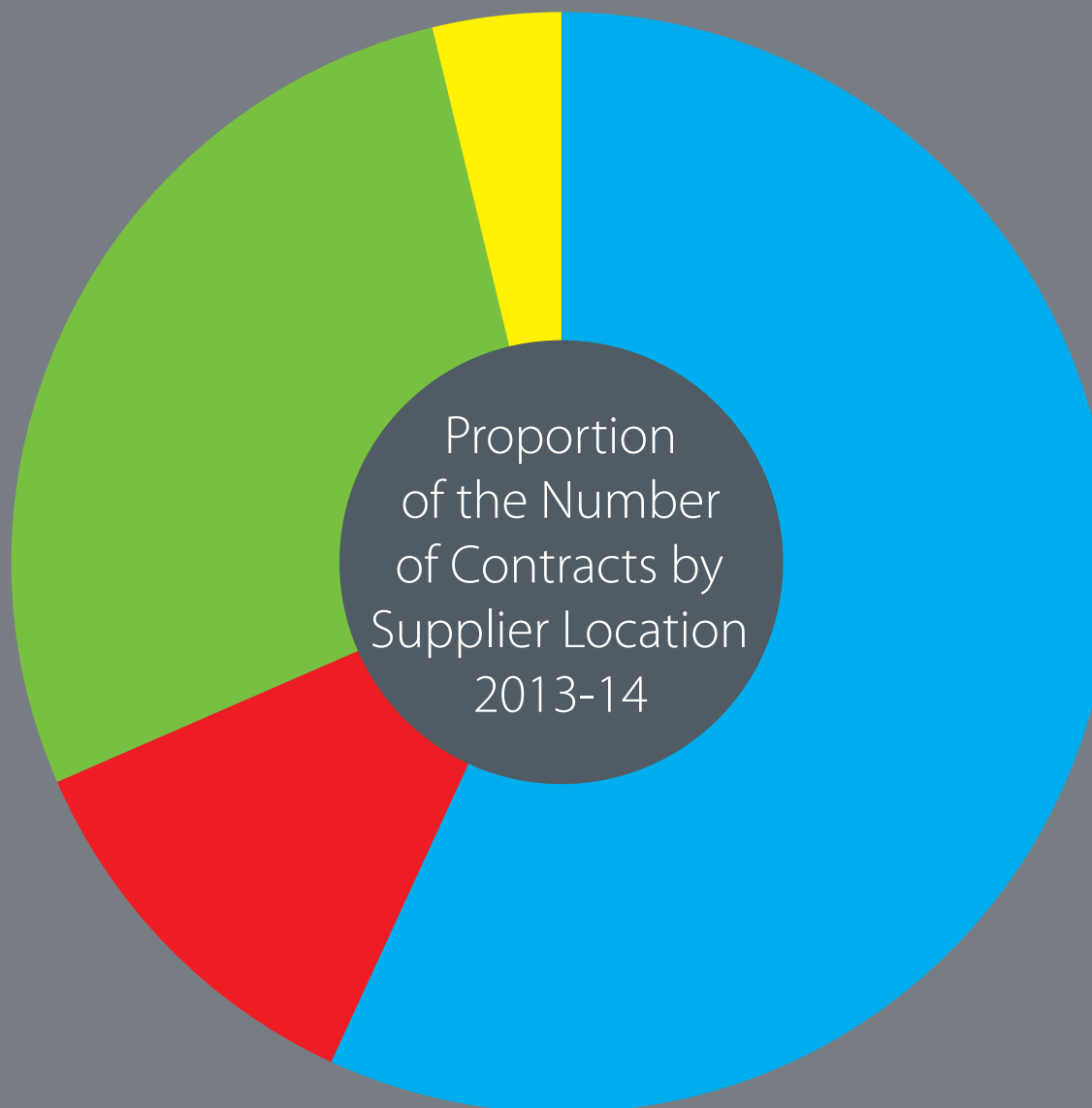


Source of Supply

Public authorities are required to report on supplier location for contracts reported during 2013-14. The key factors used to determine where a supplier is located are the location of the office of the supplier who is actually undertaking the work to service the contract, and where most of the employment activity under the contract was undertaken.

Figure 5 shows the proportion of contracts public authorities entered into during 2013-14, categorised by supplier location. The majority (96%) of all contracts were entered into with Australian and New Zealand suppliers (including South Australian suppliers). According to information provided by public authorities, over 68% of the number of contracts executed in 2013-14 were entered into with suppliers located in South Australia compared to 64% in 2012-13.

Figure 5 – Proportion of the Number of Contracts by Supplier Location 2013-14



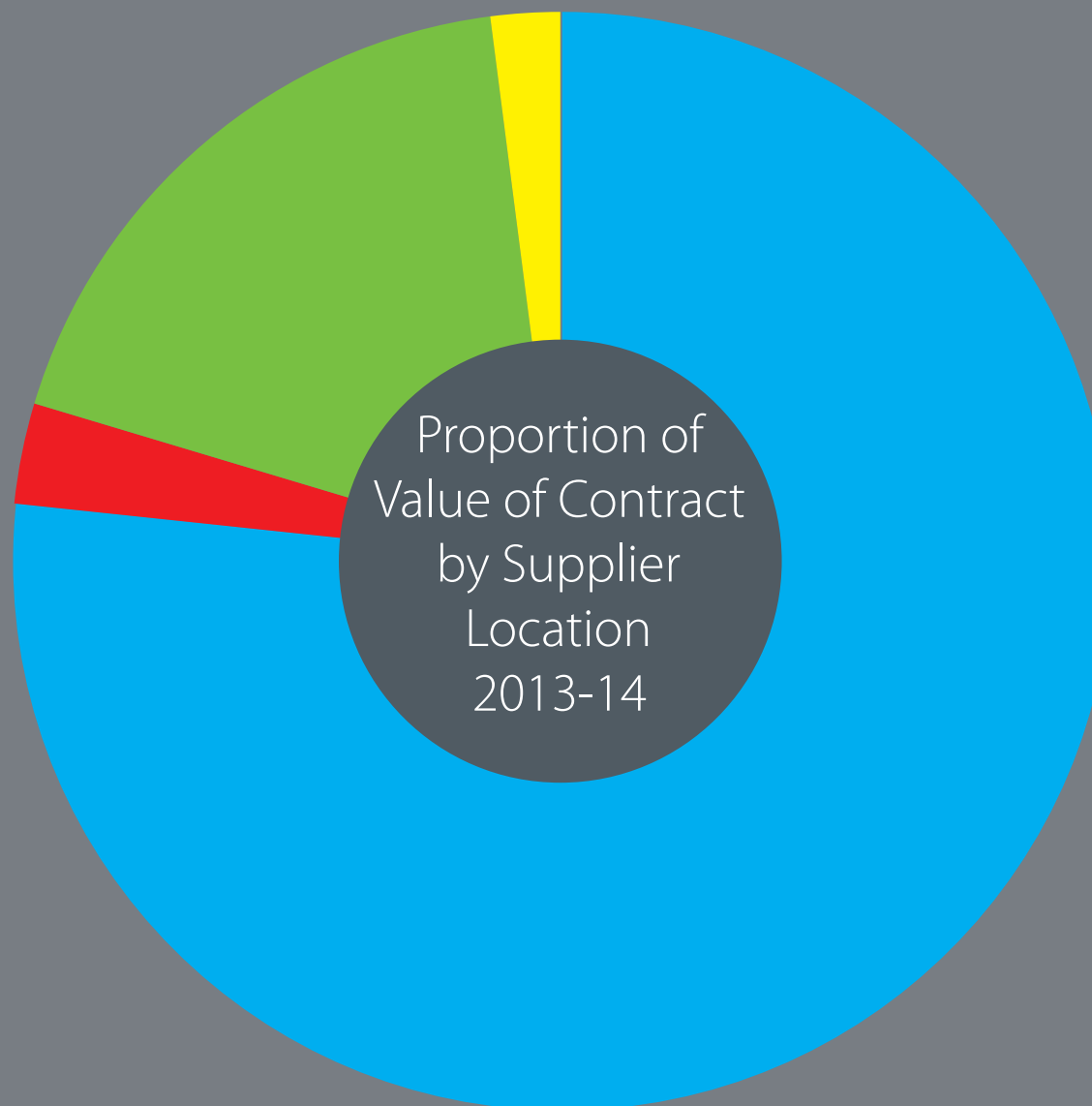
■	Metropolitan Adelaide	57.0%
■	Regional SA	11.6%
■	Other Aust States / Territories & NZ	27.7%
■	Overseas	3.8%

Figure 6 displays the percentage of contracts (by value) that public authorities entered into in 2013-14, by supplier location.

Consistent with previous years, the majority of the total value of contracts (98% in 2013-14) were entered with Australian and New Zealand suppliers (including South Australian suppliers). According to information reported by public authorities, 79.7% of the value of contracts were entered into with suppliers located in South Australia (metropolitan and regional) in 2013-14. This compares to 51% in 2012-13 and 42% in 2011-12.

When considering the above data, it is important to appreciate that the cyclical nature of contract activity can have a significant impact on the contract activity data in any one year.

Figure 6 – Proportion of Value of Contract by Supplier Location 2013-14



■	Metropolitan Adelaide	76.7%
■	Regional SA	3.0%
■	Other Aust States / Territories & NZ	18.3%
■	Overseas	2.0%

Public Authority Procurement Activity

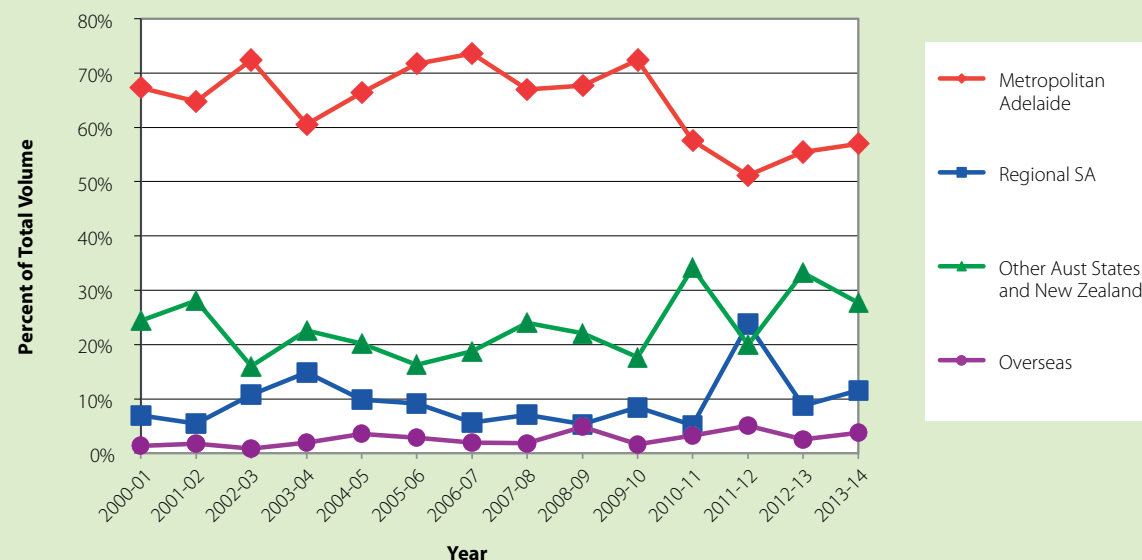
Figures 7 and 8 show the total value and number of contracts entered into by public authorities in the last fourteen financial years, by location of supplier.

Based on assessed contracts (valued over \$110,000), over the period between 2000-01 and 2013-14:

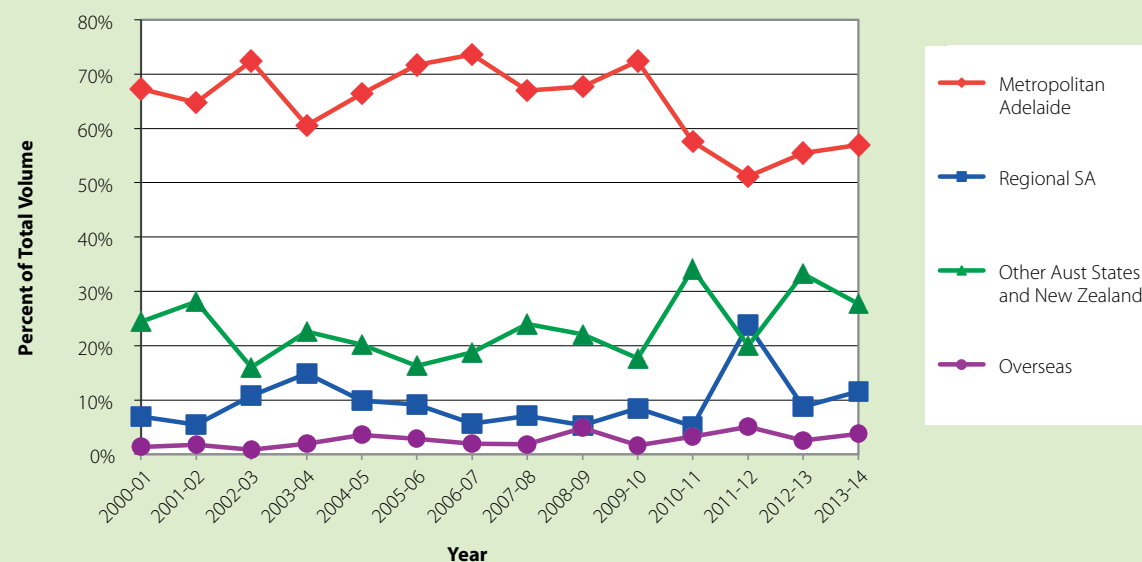
- approximately 74% of the number of contracts and 59% of the value of contracts were awarded to South Australian suppliers; and
- over 97% of the number and value of contracts were awarded to Australian and New Zealand suppliers (including South Australian suppliers).

As shown in the above figures, there are fluctuations from year to year in supplier location statistics due to the cyclical nature of contract establishment and renewals, and the influence of particularly large value procurements in any one year. The data does indicate that over the past fourteen years, according to the information reported by public authorities, South Australian supplier participation in SA government contracts has remained high overall, from both a value and volume perspective.

**Figure 7 –
Number of
Contracts
by Supplier
Location, 2000-
01 to 2013-14**



**Figure 8 –
Contract Value
by Supplier
Location, 2000-
01 to 2013-14**



Across Government Procurement Timeline Measurement

The Board monitors an ongoing timeline measurement program to quantify the median process duration for procurements. The timeline data only includes those procurements valued in excess of \$220,000 (including GST).

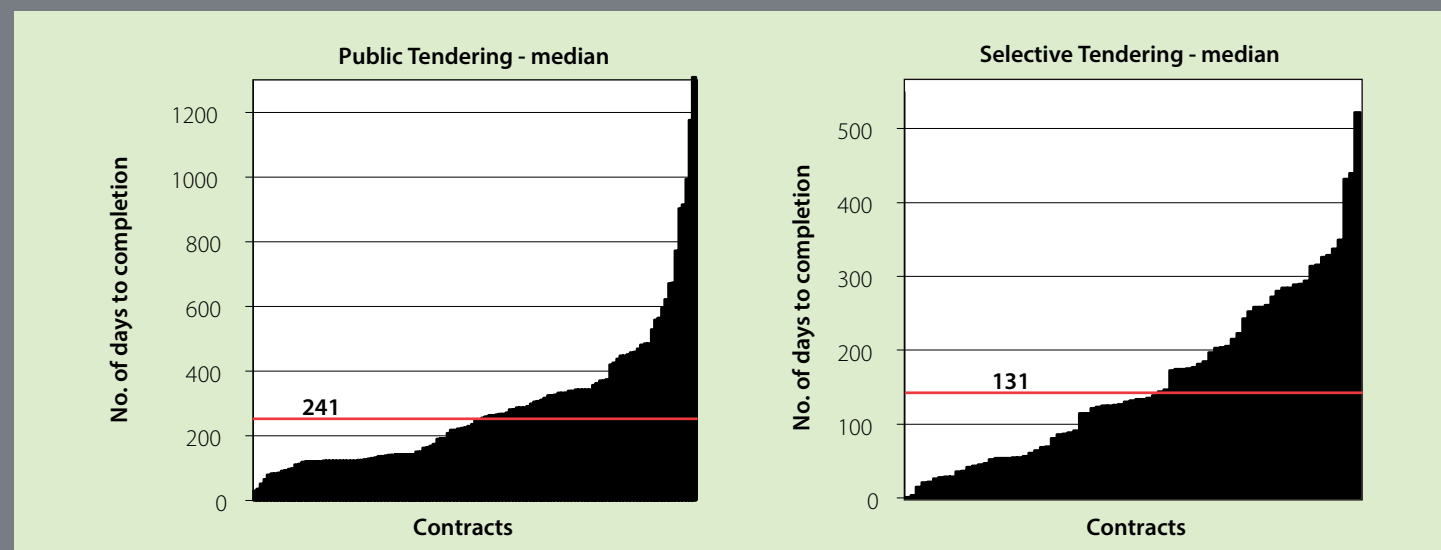
In 2013-14, there has been an overall reduction in the median time taken to complete both public and selective tendering processes. Public authorities are required to provide information if the time taken to complete a procurement process was 12 months or longer. The only reported increase in median days was for quadrant 4 (high complexity / high value) contracts undertaken via public tendering. Information reported by public authorities indicates that the increase was due to a few contracts that involved particularly complex negotiations and evaluation.

Table 2: Median number of days to complete the procurement process (a)

	Quadrant 1 Low Complexity / Low Value		Quadrant 2 High Complexity / Low Value		Quadrant 3 Low Complexity / High Value		Quadrant 4 High Complexity / High Value		Overall	
	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14	12-13	13-14
Public Tendering										
Median number of days	234	150	144	n/a (b)	380	343	337	771	252	241
Number of contracts	83	86	6	4	29	29	20	9	138	128
Selective Tendering										
Median number of days	128	128	n/a (b)	137	278	248	412	252	157	131
Number of contracts	54	59	4	6	20	12	8	5	86	82

Notes: (a): Number of days to complete a procurement process is measured from commencement of acquisition planning to contract execution.
(b): Due to a very low number of reported contracts, the median would not provide a reliable basis for comparison.

Figure 9: Comparison of the median number of days to complete the procurement process, contracts executed 2013-2014





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 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 2014 can be found in Appendix A of this Annual 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 as at 30 June 2014

Prescribed public authorities (as defined by section 4 of the Act and declared by regulation) are not required to comply with Board policies and guidelines. The following public authorities are prescribed for the purpose of the Act:

- Adelaide Convention Centre Corporation
- Adelaide Entertainments Corporation
- Architectural Practice Board of South Australia
- Construction Industry Training Board
- Health Services Charitable Gifts Board
- Legal Profession Conduct Commissioner
- Local Government Finance Authority of South Australia
- Motor Accident Commission
- South Australian Forestry Corporation
- South Australian Housing Trust
- South Australian Water Corporation
- Superannuation Funds Management Corporation of South Australia
- Urban Renewal Authority
- WorkCover Corporation of South Australia



Appendices

State Procurement Board Member Attendance at Meetings

Current Board Members	Eligible Full Meetings	Meetings Attended	Eligible Special Meetings	Special Meetings Attended
Chris Oerman	12	11	2	2
Debbie Black	12	10	2	2
Judith Carr	12	12	2	1
Virginia Deegan	12	12	2	2
Catherine Schultz	12	12	2	2
Katrina Ball	12	9	2	2
Debra Contala	8	6	1	1
Julieann Riedstra	7	5	1	1
David Henchcliffe	7	7	1	1
Gino DeGennaro*	3	3	0	0
Steven Archer^	3	3	0	0
Roy Arnold°	3	1	0	0

Procurement Approvals Committee Member Attendance at Meetings

There were 18 Procurement Approvals Committee meetings held in 2013-2014.

Board Members	PAC Meetings Attended
Judith Carr	8
Catherine Schultz	7
Debra Contala	6
Debbie Black	5
Virginia Deegan	5
David Henchcliffe	4
Katrina Ball	4
Chris Oerman	3
Roy Arnold°	2
Steven Archer^	2
Julieann Riedstra	1
Gino DeGennaro*	0

* Mr DeGennaro resigned from the Board on 27 September 2013

^ Mr Archer resigned from the Board on 30 September 2013

° Mr Arnold retired from the Board on 4 October 2013

Policy Framework as at 30 June 2014

Procurement Governance

- Procurement Authority Policy
- Procurement Accreditation Guideline
- Procurement Compliance Policy
- Procurement Compliance Guideline

Procurement Planning and Reporting

- Base Level Procurement Reporting Guideline
- Board Procurement Reporting Policy

Government Requirements

- Contract Register Policy
- Emergency Situation Procurement Policy
- Industry Participation Guideline
- International Obligations Policy
- Probity and Ethical Procurement Guideline
- Sustainable Procurement Guideline
- Use of Established Government Facilities Policy

Procurement Context

- Risk Management Guideline

Procurement Process

- Acquisition Planning Guideline
- Contract Management Guideline
- Disposal Guideline
- Market Approaches Guideline
- Panel Contracts Guideline
- Simple Procurement Guideline
- Standard Tender and Contract Documents Policy
- Standard Tender and Contract Documents Guideline
- Supplier Selection Guideline

Procurement Authorities as at 30 June 2014

Name of Public Authority	Procurement Authority Level (GST Incl)
--------------------------	--

Department of Planning, Transport and Infrastructure (DPTI)

Public authorities aligned under DPTI's procurement authority:

■ Natural Gas Authority	\$11,000,000
-------------------------	--------------

SA Health

Public authorities aligned under SA Health's procurement authority:

■ Balaklava and Riverton Health Advisory Council Inc.	
■ Barossa and Districts Health Advisory Council Inc.	
■ Berri Barmera District Health Advisory Council Inc.	
■ Bordertown and District Health Advisory Council Inc.	
■ Ceduna District Health Services Health Advisory Council Inc.	
■ Ceduna Koonibba Aboriginal Health Advisory Council Inc.	
■ Central Adelaide Local Health Network	
■ Coorong Health Service Health Advisory Council Inc.	
■ Country Health SA Local Health Network	
■ Country Health SA Local Health Network Governing Council	
■ Eastern Eyre Health Advisory Council Inc.	
■ Eudunda Kapunda Health Advisory Council Inc.	
■ Far North Health Advisory Council	
■ Gawler District Health Advisory Council Inc.	
■ Hawker District Memorial Health Advisory Council	
■ Hills Area Health Advisory Council Inc.	
■ Kangaroo Island Health Advisory Council Inc.	
■ Kingston/Robe Health Advisory Council Inc.	
■ Leigh Creek Health Services Health Advisory Council	
■ Lower Eyre Health Advisory Council Inc.	
■ Lower North Health Advisory Council Inc.	
■ Loxton and Districts Health Advisory Council Inc.	
■ Mallee Health Service Health Advisory Council Inc.	
■ Mannum District Hospital Health Advisory Council Inc.	
■ Mid North Health Advisory Council Inc.	
■ Mid-West Health Advisory Council Inc.	
■ Millicent and Districts Health Advisory Council Inc.	
■ Mount Gambier and Districts Health Advisory Council Inc.	

Name of Public Authority	Procurement Authority Level (GST Incl)
--------------------------	--

■ Naracoorte Area Health Advisory Council Inc.	
■ Northern Adelaide Local Health Network	
■ Northern Yorke Peninsula Health Advisory Council Inc.	
■ Penola and Districts Health Advisory Council Inc.	
■ Pika Wiya Health Advisory Council Inc.	
■ Port Augusta, Roxby Downs, Woomera Health Advisory Council	
■ Port Broughton District Hospital and Health Services Health Advisory Council Inc.	
■ Port Lincoln Health Advisory Council	
■ Port Pirie Health Service Advisory Council	
■ Quorn Health Services Health Advisory Council	
■ Renmark Paringa District Health Advisory Council Inc.	
■ SA Ambulance Service Volunteer Health Advisory Council	
■ South Australian Ambulance Service	
■ South Coast Health Advisory Council Inc.	
■ Southern Adelaide Local Health Network	
■ Southern Flinders Health Advisory Council	
■ The Murray Bridge Soldiers' Memorial Hospital Health Advisory Council Inc.	
■ Waikerie and Districts Health Advisory Council Inc.	
■ Whyalla Hospital and Health Services Advisory Council	
■ Women's & Children's Health Network	
■ Yorke Peninsula Health Advisory Council Inc.	\$11,000,000

Attorney-General's Department (AGD)

Public authorities aligned under AGD's procurement authority:

■ Electoral Commission SA	
■ Employee Ombudsman	
■ Industrial Relations Commission	
■ Industrial Relations Court	
■ Medical Panels SA	
■ Office for Public Integrity	
■ Public Trustee	
■ South Australian Health Practitioners Tribunal	
■ Workcover Ombudsman	\$4,400,000

Name of Public Authority	Procurement Authority Level (GST Incl)
Department for Education and Child Development (DECD)	
<i>Public authorities aligned under DECD's procurement authority:</i>	
■ Advisory Committee on Non-Government Schools	
■ Child Death and Serious Injury Review Committee	
■ Council for the Care of Children	
■ Dame Roma Mitchell Trust Fund for Children and Young People Board	
■ Education and Early Childhood Services Registration and Standards Board of South Australia	
■ Ethnic Schools Board	
■ Ministerial Advisory Committee: Students with Disabilities	
■ Multicultural Education Committee	
■ Planning Committee for Non-Government Schools	
■ Scaling and Tertiary Selection Monitoring Committee	
■ School Loans Advisory Committee	
■ South Australian Teacher Certification Committee	
■ Teachers Appeal Board	
■ School Governing Councils	
■ Preschool Management Committees	\$4,400,000
South Australia Police	\$4,400,000
TAFE SA	\$4,400,000
Department for Communities and Social Inclusion (DCSI)	
<i>Public authorities aligned under DCSI's procurement authority:</i>	
■ Charitable and Social Welfare 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	
■ South Australian Multicultural and Ethnic Affairs Commission	
■ State Emergency Relief Fund Committee	
■ Supported Residential Facilities Advisory Committee	\$4,400,000
Courts Administration Authority	\$1,100,000

Name of Public Authority	Procurement Authority Level (GST Incl)
Department for Correctional Services	\$1,100,000
Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE)	
<i>Public authorities aligned under DMITRE's procurement authority:</i>	
■ Angas Mine Community Consultative Committee	
■ Board of Examiners for Mine Managers	
■ Brukunga Minesite Remediation Board	
■ Energy Consumer's Council	
■ Extractive Areas Rehabilitation Fund Project Assessment Panel	
■ Industry Development Boards - Resources	
■ Mining Act Review Steering Committee	
■ Mintabie Consultative Committee	
■ Office of the Technical Regulator	
■ Olympic Dam Community Consultative Forum	
■ Olympic Dam Environmental Consultative Committee	
■ Olympic Dam Taskforce	
■ Small Business Commissioner	\$1,100,000
Department of Environment, Water and Natural Resources (DEWNR)	
<i>Public authorities aligned under DEWNR's procurement authority:</i>	
■ Adelaide and Mount Lofty Ranges Natural Resource Management (NRM) Board	
■ Alinytjara Wilurara NRM Board	
■ Board of the Botanic Gardens and State Herbarium	
■ Centre for Natural Resources Management (NRM) Board	
■ Coast Protection Board	
■ Dog and Cat Management Board	
■ Environment Protection Authority	
■ Eyre Peninsula NRM Board	
■ Flinders Ranges National Park Co-management Board	
■ General Reserves Trust	
■ Kangaroo Island NRM Board	
■ Lower South East NRM Group	
■ Maralinga Lands Mamungari Conservation Park Board of Management	
■ Native Vegetation Council	
■ Natural Resources Management (NRM) Council	
■ Northern and Yorke NRM Board	

Name of Public Authority	Procurement Authority Level (GST Incl)
■ Pastoral Board	
■ SA Arid Lands NRM Board	
■ SA Murray Darling Basin NRM Board	
■ South East NRM Board	
■ South Eastern Water Conservation and Drainage Board	
■ Upper South East NRM Group	
■ Vulkathuna-Gammon Ranges National Park Co-management Board	
■ Zero Waste SA	\$1,100,000

Department of Further Education, Employment, Science and Technology (DFEEST)

Public authorities aligned under DFEEST's procurement authority:

■ Education Adelaide	
■ Training Advocate	
■ Training and Skills Commission	\$1,100,000

Department of the Premier and Cabinet (DPC)

Public authorities aligned under DPC's procurement authority:

■ Agent General	
■ Anzac Day Commemoration Council	
■ Art Gallery of South Australia	
■ Asbestos Advisory Committee	
■ Boundary Adjustment Facilitation Panel	
■ Carrick Hill Trust	
■ Construction Industry Long Service Leave Board	
■ Industrial Relations Advisory Committee	
■ Libraries Board of South Australia (State Library of South Australia)	
■ Mining and Quarrying Occupational Health and Safety Committee	
■ Minister's State/Local Government Forum	
■ Occupational Health, Safety & Welfare Act - Review Committees	
■ Outback Communities Authority	
■ Premier's Climate Change Council	
■ Privacy Committee of South Australia	
■ Public Sector Grievance Review Commission	
■ South Australian Aboriginal Advisory Council	
■ South Australian Local Government Grants Commission	
■ South Australian Museum	

Name of Public Authority	Procurement Authority Level (GST Incl)
■ 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	\$1,100,000

Department of Primary Industries and Regions (PIRSA)

Public authorities aligned under PIRSA's procurement authority:

■ Advisory Board of Agriculture	
■ Aquaculture Advisory Committee	
■ Aquaculture Tenure Allocation Board	
■ Central Local Dog Fence Board	
■ Dog Fence Board	
■ Fisheries Council of South Australia	
■ Fowlers Bay Local Dog Fence Board	
■ Frome Local Dog Fence Board	
■ Genetically Modified Crop Advisory Committee	
■ Horticulture Industry Development Board	
■ Marree Local Dog Fence Board	
■ Meat Food Safety Advisory Committee	
■ Penong Local Dog Fence Board	
■ Pureba Local Dog Fence Board	
■ Rural Solutions SA	
■ 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	\$1,100,000

Department of Treasury and Finance (DTF)

Public authorities aligned under DTF's procurement authority:

■ Distribution Lessor Corporation	
■ Generation Lessor Corporation	

Appendix B

Name of Public Authority	Procurement Authority Level (GST Incl)
■ Lifetime Support Authority of South Australia	
■ South Australian Financing Authority	
■ South Australian Parliamentary Superannuation Board	
■ South Australian Superannuation Board	
■ Southern Select Superannuation Corporation Board	
■ Transmission Lessor Corporation	\$1,100,000
South Australian Fire and Emergency Services Commission	\$1,100,000
South Australian Motor Sport Board	\$1,100,000
South Australian Tourism Commission (SATC)	\$1,100,000
Aboriginal Lands Trust	\$220,000
Adelaide Cemeteries Authority	\$220,000
Adelaide Festival Centre Trust	\$220,000
Adelaide Festival Corporation	\$220,000
Adelaide Film Festival	\$220,000
Anangu Pitjantjatjara Yankunytjatjara	\$220,000
Australian Children's Performing Arts Company (Windmill Performing Arts)	\$220,000
Bio Innovation SA	\$220,000
Dairy Authority of South Australia	\$220,000
Defence SA	\$220,000
Essential Services Commission of South Australia	\$220,000
History Trust of South Australia	\$220,000

Name of Public Authority	Procurement Authority Level (GST Incl)
Independent Gambling Authority	\$220,000
Legal Services Commission	\$220,000
Lotteries Commission of South Australia	\$220,000
Maralinga Tjarutja	\$220,000
Pharmacy Regulation Authority SA	\$220,000
Phylloxera and Grape Industry Board of South Australia	\$220,000
SACE Board of South Australia	\$220,000
South Australian Country Arts Trust (Country Arts SA)	\$220,000
South Australian Film Corporation	\$220,000
South Australian Police Superannuation Board	\$220,000
State Opera of South Australia	\$220,000
State Theatre Company of South Australia	\$220,000
Teachers Registration Board of South Australia	\$220,000
Veterinary Surgeons Board of South Australia	\$220,000
West Beach Trust	\$220,000

140 public authorities that do not undertake procurement operations have been issued a "nil" procurement authority.



Appendix C - Financials

For Official Use Only



Government of South Australia
Auditor-General's Department

Our Ref A14/233

29 September 2014

Mr C Oerman
Chair
State Procurement Board
GPO Box 1045
ADELAIDE SA 5001

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Dear Mr Oerman

**The audit of the State Procurement Board
for the year ended 2013-14**

The audit of the accounts of the State Procurement Board for the year ended 30 June 2014 has been completed.

The scope of the audit covered the principal areas of the financial operations of the State Procurement Board and included the test review of systems and processes and internal controls and financial transactions. The main areas of audit coverage included:

- cash
- expenditure
- remuneration of board members
- revenue
- payables.

The audit coverage and its conduct is directed to meeting statutory audit responsibilities under the *Public Finance and Audit Act 1987* and also the requirements of Australian Auditing Standards.

In essence, two important outcomes result from the annual audit process, notably:

- the issue of the Independent Auditor's Report (IAR) on the integrity of the State Procurement Board financial statements
- the issue during the year or at the time of financial statement preparation and audit or close thereto, of an audit management letter advising of deficiencies/weaknesses in areas of governance, financial system and process and control and financial reporting, together with recommendations for improvement in controls.

In this regard, returned herewith are the financial statements of State Procurement Board together with the IAR, which is unmodified.

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The audit did not identify matters that were assessed as not meeting a sufficient standard of governance and financial control. Consequently a management letter was not required for the 2013-14 audit.

In my opinion, the controls exercised by the State Procurement Board in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the State Procurement Board have been conducted properly and in accordance with law.

Finally, I would like to express my appreciation to the management and staff of State Procurement Board in providing assistance to my officers during the conduct of the annual audit.

Yours sincerely

S O'Neill
AUDITOR-GENERAL

Enc.

INDEPENDENT AUDITOR'S REPORT



Government of South Australia
Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair State Procurement Board

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 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 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2014
- a Statement of Financial Position as at 30 June 2014
- a Statement of Changes in Equity for the year ended 30 June 2014
- a Statement of Cash Flows for the year ended 30 June 2014
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair of the State Procurement Board and Director, Financial Services, Department of Treasury and Finance.

The Board's Responsibility for the Financial Report

The Members of the Board are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Members of the Board determine necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report 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 comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Members of the Board, as well as the overall presentation of the financial report.

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

Opinion

In my opinion, the financial report gives a true and fair view of the financial position of the State Procurement Board as at 30 June 2014, 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.

S O'Neill
AUDITOR-GENERAL
29 September 2014

STATE PROCUREMENT BOARD

AUDITED FINANCIAL STATEMENTS

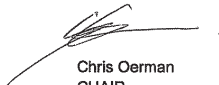
for the year ended 30 June 2014

State Procurement Board

Certification of the Financial Statements

We certify that the:

- financial statement of the State Procurement Board:
 - _ are in accordance with the accounts and records of the authority;
 - _ comply with relevant Treasurer's instructions;
 - _ comply with relevant accounting standards; and
 - _ present a true and fair view of the financial position of the authority at the end of the financial year and the results of its operations and cash flows for the financial year.
- Internal controls employed by the State Procurement Board over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.


Chris Oerman
CHAIR
STATE PROCUREMENT BOARD
29 September 2014


Paul Williams
DIRECTOR, FINANCIAL SERVICES
DEPARTMENT OF TREASURY AND FINANCE
29 September 2014

State Procurement Board

Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
EXPENSES			
Employee benefit expenses	4	67	68
Supplies and services	6	486	418
Total expenses		553	486
INCOME			
Revenues from fees and charges	8	151	97
Total income		151	97
NET COST OF PROVIDING SERVICES		(402)	(389)
REVENUES FROM SA GOVERNMENT			
Grants from SA Government	9	418	408
Total Revenues from SA Government		418	408
NET RESULT		16	19
TOTAL COMPREHENSIVE RESULT		16	19

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.

State Procurement Board

Statement of Financial Position as at 30 June 2014

	Note	2014 \$'000	2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	10	878	979
Total current assets		878	979
TOTAL ASSETS		878	979
CURRENT LIABILITIES			
Payables	11	33	186
Other current liabilities	12	36	—
Total Current Liabilities		69	186
TOTAL LIABILITIES		69	186
NET ASSETS		809	793
EQUITY			
Retained earnings		809	793
TOTAL EQUITY		809	793

THE TOTAL EQUITY IS ATTRIBUTABLE TO THE SA GOVERNMENT AS OWNER.

Unrecognised Contractual Commitments 13

Contingent Assets and Liabilities 14

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

State Procurement Board

Statement of Changes in Equity for the year ended 30 June 2014	
	Retained Earnings
	\$'000
Balance at 30 June 2012	774
Net result for 2012-13	19
Total comprehensive result for 2012-13	19
Balance at 30 June 2013	793
Net result for 2013-14	16
Total comprehensive result for 2013-14	16
Balance at 30 June 2014	809

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

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

State Procurement Board

Statement of Cash Flows for the year ended 30 June 2014			
	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Outflows			
Employee benefit payments		(67)	(68)
Payments for supplies and services		(639)	(281)
Cash used in operations		(706)	(329)
Cash Inflows			
Fees and charges		187	97
Cash generated from operations		187	97
Cash Flows from SA Government			
Receipts from SA Government		418	408
Cash generated from SA Government		418	408
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	15(b)	(101)	176
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(101)	176
Cash and cash equivalents at the beginning of the period		979	803
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15(a)	878	979

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

State Procurement Board

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State Procurement Board

Notes to and forming part of the Financial Statements

1 Objective of the State Procurement Board

The State Procurement Board (the Board) was established under the *State Procurement Act 2004 (The Act)*. 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, Government Accounting, Reporting and Procurement Branch and Shared Services SA.

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 comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Board has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Board is a not-for-profit entity.

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 2014. Refer Note 3.

2.2 Basis of Preparation

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 this financial report:
 - 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) 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.

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 2014 and the comparative information presented.

State Procurement Board

2.3 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 Account". 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.

2.4 Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific revised accounting standards and/or accounting policy statements has required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation in these financial statements unless impracticable.

2.5 Rounding

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

2.6 Taxation

The Board is not subject to income tax. The Board is liable for payroll tax, fringe benefits tax, 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.

2.7 Events after 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.

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.

2.8 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.

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.

State Procurement Board

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.

2.9 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 following are specific recognition criteria:

Employee benefit expenses

Employee benefit expenses includes all costs 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.

2.10 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.

2.11 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.

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*.

2.12 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.

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.

State Procurement Board

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.

3 New and Revised Accounting Standards and Policies

The Board did not voluntarily change any of its accounting policies during 2013-14.

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 2014. 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.

State Procurement Board

	2014	2013
	\$'000	\$'000
4 Employee benefit expenses	69	61
Board fees	5	4
Employment on-costs - superannuation	3	3
Employment on-costs - payroll tax	67	68
Total Employee benefit expenses		

The Board has no other employee expenses.

5 Remuneration of Board Members

Board membership during the 2013-14 financial year were:

State Procurement Board	Date Appointed/Resigned
Chris Oerman (Chair)*	1-Oct-13
Judith Carr*	10-May-13
Katrina Ball*	10-Jun-14
Deborah Black	3-Oct-13
Catherine Schultz	3-Oct-13
Virginia Deegan	10-Jun-14
Debra Contalia *	31-Oct-13
David Henschliffe	14-Nov-13
Julieann Riedstra *	21-Nov-13
Roy Arnold	4-Oct-2013 (Retired)

The members named above also belong to the Procurement Approval Committee (PAC) and their remuneration is included in Note 4.

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

	2014	2013
	\$	\$
\$0	5	5
\$1 - \$9,999	1	—
\$10 000 - \$19 999	4	4
Total Number of Board Members	10	9

Remuneration of members reflects all costs of performing board/committee 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 \$64,000 (\$65,000).

Amounts paid to a superannuation plan for board/committee members was \$5,000 (\$4,000).

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

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

	2014	2013
	\$'000	\$'000
6 Supplies and services	444	378
Supplies and services	1	9
Professional fees	6	5
Information technology	5	—
Advertising/marketing and promotions	26	10
Training and development	4	16
General administration and consumables	486	418
Other		
Total Supplies and services		
Supplies and services provided by entities within the SA Government	83	34
Professional fees	3	6
Other	86	40
Total Supplies and services by entities within the SA Government		

State Procurement Board

7 Auditor's Remuneration	2014	2013
	\$'000	\$'000
Audit Fees paid or payable to the Auditor-General's Department	7	5
Total Audit Fees	7	5

Other Services

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

8 Revenues from fees and charges	2014	2013
	\$'000	\$'000
Fees and charges received/receivable		
Other fees and charges	151	97
Total Fees and charges	151	97

Fees and charges received/receivable from entities within the SA Government:

	2014	2013
	\$'000	\$'000
Other fees and charges	151	97
Total Fees and charges from entities within the SA Government:	151	97

9 Revenues from SA Government	2014	2013
	\$'000	\$'000
Grants, subsidies and transfers	418	408
Total Revenues from SA Government	418	408

10 Cash and cash equivalents	2014	2013
	\$'000	\$'000
Deposits with the Treasurer	878	979
Total Cash and cash equivalents	878	979

Interest rate risk

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

11 Payables	2014	2013
	\$'000	\$'000
Current		
Accrued Expenses	33	186
Total Current Payables	33	186
Total Payables	33	186

Payables to SA Government Entities

	2014	2013
	\$'000	\$'000
Accrued Expenses	10	14
Total Payables to SA Government Entities	10	14

Interest rate and credit risk

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.

(a) Maturity Analysis of Payables - refer to Table 16.2 In Note 16.

(b) Categorisation of financial instruments and risk exposure information - refer to Note 16.

12 Other liabilities	2014	2013
	\$'000	\$'000
Current		
Unearned revenue	36	—
Total Current Other liabilities	36	—

State Procurement Board

13 Unrecognised Contractual Commitments

Commitments for the payment of consultants and contractors in existence at the reporting date but not recognised as liabilities are payable as follows:

	2014	2013
	\$'000	\$'000
Within one year	—	65
Total Other commitments	—	65

14 Contingent Assets and Contingent Liabilities

The Board is not aware of any contingent assets or liabilities. In addition the Board has made no guarantees.

15 Cash Flow Reconciliation	2014	2013
	\$'000	\$'000

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period		
Statement of Cash Flows	878	979
Statement of Financial Position	878	979

(b) Reconciliation of Net Cash provided by Operating Activities to Net Cost of providing Services

Net cash provided by operating activities	(101)	176
Less revenues from SA Government	(418)	(408)

Changes in Assets / Liabilities

Decrease (Increase) in payables	153	(157)
(Increase) decrease in other liabilities	(36)	—
Net Cost of Providing Services	(402)	(389)

State Procurement Board

16 Financial Instruments/Financial Risk Management

Table 16.1 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.

2014				
Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2014	2014
			\$'000	\$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	10	878	878
	Total Financial Assets		878	878
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	11	27	27
Other financial liabilities	Unearned Revenue	12	36	36
	Total Financial Liabilities		63	63

2013				
Category of financial asset and financial liability	Statement of Financial Position line item	Note	Carrying amount	Fair value
			2013	2013
			\$'000	\$'000
Financial assets				
Cash and cash equivalents	Cash and cash equivalents	10	979	979
	Total Financial Assets		979	979
Financial liabilities				
Financial liabilities at cost	Payables ⁽¹⁾	11	181	181
	Total Financial Liabilities		181	181

⁽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.

State Procurement Board

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

Table 16.2: Maturity analysis of financial assets and liabilities

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2014				
Financial assets				
Cash and cash equivalents	878	878	—	—
Total financial assets	878	878	—	—
Financial liabilities				
Payables	27	27	—	—
Other financial liabilities	36	36	—	—
Total financial liabilities	63	63	—	—

	Carrying amount \$'000	Contractual Maturities		
		< 1 year \$'000	1-5 years \$'000	> 5 years \$'000
2013				
Financial assets				
Cash and cash equivalents	979	979	—	—
Total financial assets	979	979	—	—
Financial liabilities				
Payables	181	181	—	—
Total financial liabilities	181	181	—	—

Liquidity risk

Liquidity risk arises where the Board 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 16.1 represent the Board's maximum exposure to financial liabilities.

Market risk

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

17 Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.

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