

# State Procurement Board



Government of South Australia  
State Procurement Board

## 2015-2016 ANNUAL REPORT



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

**[www.spb.sa.gov.au](http://www.spb.sa.gov.au)**



**Government of South Australia**

State Procurement Board



### **Our Commitment to the Environment**

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

Front Cover Photo: © ApplePi Design 2016



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# Presiding Member's Report

STATE PROCUREMENT BOARD ANNUAL REPORT 2015-2016

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 2016.

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

- the development of a new strategic plan for 2016-18, which included a focus on the delivery of value to government, the setting of standards for capability and good practice, and the update of its policy framework
- the completion of the Board's multi-year assistance program (covering 40% of tuition fees) for nominated government employees undertaking the University of South Australia (UniSA) Masters in Management (Strategic Procurement) with four officers gaining the full qualification and one achieving the Graduate Certificate in Management (Strategic Procurement)
- the publication of its "Building Capability to Improve Government Procurement Practice" booklet, which espoused the 70:20:10 learning principles
- the development and issue of a Procurement Job Description Matrix, which will assist in recruitment, workforce development and career planning in agencies.

The Board 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. Its ongoing business activities included the review of public authority submissions to the Board, the development and review of policies and guidelines, secretariat support, complaint investigation and resolution and issuing procurement authorities to newly established public authorities.

Through its policy framework, the Board continued to support Government's objective of achieving greater economic contribution to the State from procurement.

In June 2016, Cabinet approved a procurement reform strategy that aims to reduce red tape and process complexity, improve timeliness and transparency, develop a more commercial approach to procurement and increase productivity and efficiency. The Board will play a key role in the delivery of the strategy, which will be implemented during the first half of 2016-17.

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, Ms Judith Carr, who resigned in April 2016, for her leadership of the Board since March 2015 and her many years of service since 2007. Ms Carr was a respected member of the Board and her guidance and support was most valued. I also acknowledge the long and loyal service provided by members Virginia Deegan, Catherine Schultz, Katrina Ball and Julieann Riedstra.

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

Lastly, I acknowledge the important contribution of my fellow Board members, whose service has been very much appreciated.



**Nicolle Rantanen**  
Presiding Member



# About the Board



## The State Procurement Board

The *State Procurement Act 2004* (Act) establishes the State Procurement Board (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
- 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 at least one female and one male be appointed as members and that 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
- social inclusion.

Apart from the Presiding Member, 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.

## Board Members

The Board Presiding Member and members as at 30 June 2016 are listed on next page.

Details of Board members' experience can be found at [www.spb.sa.gov.au](http://www.spb.sa.gov.au).

# Board Members

STATE PROCUREMENT BOARD ANNUAL REPORT **2015-2016**



**Ms Nicole Rantane**  
Presiding Member  
14 March 2016



**Ms Debbie Black**  
4 October 2007



**Ms Debra Contala**  
31 October 2013



**Mr David Henchcliffe**  
14 November 2013



**Mr Phil McMahon**  
22 November 2015



**Ms Marielle Smith**  
8 October 2015



**Mr Jamin Woolcock**  
8 October 2015



# 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
- 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
- governance framework.

The governance framework provides that the Board will strategically facilitate 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
- 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 Board 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 Presiding Member 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 require 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, attend the meetings in an advisory capacity. Appendix A contains further membership details of the PAC together with a breakdown of public authority procurement approvals at the Board, PAC and delegate level for 2015-2016.

## Low Value/Risk Transactions

The Board has provided authority to the Director, Procurement Policy and Governance to approve low value/risk transactions up to \$1.1 million, and various administrative matters.

# The Board's Work





## Background

The Board provides the Government of South Australia with independent oversight of public sector procurement.

An overview of the key activities throughout 2015-2016 is outlined below.

## Accreditation Program

The Board undertakes an Accreditation Program, which is designed to assess the quality and appropriateness of the goods and services procurement operations of public authorities.

Public authorities are required to demonstrate clearly defined and implemented procurement strategies, governance, processes and systems in order for the Board to provide a procurement authority to the public authority's principal officer. This authority allows the public authority to undertake and approve procurements, up to a designated dollar value, without reference to the Board.

The Accreditation Program applies to all public authorities with a procurement authority greater than \$220,000 and has a focus on the following performance categories:

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

All public authorities with a procurement authority greater than \$220,000 have been reviewed by an independent lead reviewer in previous years. Due to machinery of government changes the Department of State Development (DSD) was established. As a consequence, an accreditation review was initiated. The reviewer assessed how DSD fulfilled each of the designated five high level procurement categories, which incorporate 35 performance principles that define good practice. A development plan was prepared for DSD to address issues requiring improvement or rectification.

The Accreditation Program has provided public authorities the opportunity to identify development opportunities to improve their procurement function and the progress of these are monitored and reported to the Board on a regular basis.

The current Program is now complete. However, public authorities may be reviewed again where there are major organisational changes that impact the procurement function.

## Assurance Review Program

The review function 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 Assurance 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, and applies to all public authorities.

The program focuses on how public authorities manage their procurement risks through reviewing and validating the following areas:

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

Eight compliance reviews of public authorities with a procurement authority greater than \$220,000 were completed during the year, which completed the assurance review program.

The Board also recognised that the assurance review requirements, appropriate for public authorities with significant procurement operations and expenditure, may be onerous for small public authorities with low levels of expenditure. To address this, the Board developed a much simplified, modified assurance review suitable for low spending public authorities. In 2015-2016, seven base level public authorities were reviewed.

## Statutory Authorities Review Committee

On 4 April 2013, SA Parliament's Statutory Authorities Review Committee (Committee) advised the Board's Presiding Member of its inquiry into the Board's operations.

The Presiding Member of the Board attended hearings of the Committee in July 2013, June 2014 and August 2015 as part of the inquiry. The Board also made formal submissions to the Committee and responded to questions on notice.

In December 2015, the Committee provided its final report to the Board. The report noted that 'evidence to the Committee indicates there were no significant concerns in the community regarding the Board's statutory functions'.

The finding acknowledges the work the Board has done in strengthening and facilitating good procurement practice across government since its establishment in 2005.

## Policy Development and Review

An important element of the Board's work program during the year was the review and update of a number of key policies and guidelines. These are detailed below.

## South Australian Aboriginal Business Procurement Policy and the Industry Participation Policy

The Board incorporated the *South Australian Aboriginal Business Procurement Policy* into the Simple Procurement Guideline, reflecting:

- That there are no specific requirements for procurement less than \$22,000, however public authorities should use local businesses wherever possible
- The specific requirements for undertaking an Economic Contribution Test (ECT) for procurement between \$22,000 and \$220,000.

The *South Australian Aboriginal Business Procurement Policy* "enables all State Government agencies and instrumentalities to procure goods and services up to the value of \$220,000 from an eligible Aboriginal business".

The Board also updated the Acquisition Planning Guideline, Supplier Selection Guideline and Contract Management Guideline to incorporate *Industry Participation Policy* (IPP) changes including:

- For government procurement over \$220,000, the minimum weighting for Employment Contribution Tests and Industry Participation Plans shall be 15 per cent
- Procurements between the IPP Plan threshold and \$10 million will now have a mandatory requirement for an Industry Participation Plan
- 'Special' categories have been removed.

## International Obligations Policy

The International Obligations Guideline was amended to reflect the revised Australia – United States Free Trade Agreement (AUSFTA) thresholds:

- For procurement of goods and services – from \$551,000 to \$614,000
- For procurement of construction services – from \$7,769,000 to \$8,652,000

## Contract Register Policy

The Board approved amendments to contract recording and reporting requirements for the IPP ECT to reduce reporting requirements with a reduction in the number of fields to be reported relating to an ECT from seven to one field.

## Annual Board Reporting Policy

The Board approved amendments to reporting requirements for the IPP ECT to reduce reporting requirements. The amendments included:

- Amended explanation for timeline milestones (Tender Called and Tender Closed)
- Amended explanation for 'no ECT / IPP' (IPP section)
- Deleted transition arrangements for contracts valued \$22,000 to \$110,000 (now all contracts valued at \$22,000 and above must be reported).

The Contract Register Policy was amended to reflect the reduction in ECT fields.

The following amendments were also made to the policy:

- Reduced the value threshold at which public authorities must report on planned procurement activity from around \$550,000 (or the AUSFTA threshold) to \$220,000. The reduction is consistent with an approved cabinet submission on Procurement Reform and enables a wider range of planned activity to be published.
- Various other minor amendments were made which do not alter the scope of the policy. For example, additional explanatory notes on determining the location of the supplier and milestone, information on the benefits of published planned activity etc.

## Training and Capability Development

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

### Masters Program

The Board's multi-year assistance program (covering 40% of tuition fees) for nominated government employees undertaking the University of South Australia (UniSA) Masters in Management (Strategic Procurement) was completed in December 2015 with four officers having completed the full qualification and one other achieving the Graduate Certificate in Management (Strategic Procurement).

The 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 in Australia.

## Vocational Qualifications

The Board continued to facilitate opportunities for employees to gain vocational qualifications in procurement. A further cohort of 12 will commence study towards an Advanced Diploma of Government (Procurement & Contracting) early in the next financial year.

## Targeted Training Program

The Board's successful Targeted Procurement Training Program hosted 642 attendees participating in 45 workshops during 2015-16. The program included topics that focussed on increasing understanding of specific Board policies and guidelines as well as broader aspects of good procurement practice. The suite of workshops is delivered by 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 continued to monitor participant feedback including a sample of participant/manager follow-up on the application of knowledge in the workplace. A quantitative score was included for overall satisfaction in 2015 and the program achieved an average rating of 84%.

## Networking and Professional Development

The Board held two Procurement Forums for practitioners during 2015-16, both providing a learning and networking opportunity for over 100 participants. A range of informative speakers, from both the public and private sector, shared their experiences across the chosen themes of Contract Management and Procurement Innovation.

The Board hosted an Executive Breakfast in May 2016 with 58 attendees from across government. Mr Danny Samson, Professor of Management at the University of Melbourne, delivered an insight into different aspects of innovation in and through procurement, the prerequisites and the benefits that follow.

The Board continued to host a regular forum for agency heads of procurement, facilitated by the Presiding Member of the Board. The forum is an important communication mechanism for sharing ideas and discussion on procurement topics of interest.

The supplier survey, designed to elicit the experiences of suppliers that have tendered for government procurements on the SA Tenders and Contracts website, continued to provide valuable feedback for integration into the policy framework and the capability development program.

The Board released a publication entitled "Building Capability to Improve Government Procurement Practice" which espoused 70:20:10 learning principles and the shared responsibility with agencies in maximising the improvement opportunities available.

It also updated its procurement job description matrix, in consultation with agencies and the Office of the Public Sector, which will assist in recruitment, workforce development and career planning.

The Board's staff continued to represent 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.



# Public Authority Procurement Activity



## Public Authorities

The following public authorities are 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
DEWNR	Department of Environment, Water and Natural Resources
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
DSD	Department of State Development
SA Health	SA Health
SAPOL	South Australia Police
SAFECOM	South Australian Fire and Emergency Services Commission
SATC	South Australian Tourism Commission
TAFE SA	TAFE SA

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 assurance programs, and to promote dialogue with public authorities on matters of importance.

Table 1 – Procurement Spend Summary

PURCHASE TYPE	2015-16 (b)	2014-15 (b)	2013-14 (b)	2012-13 (b)	2011-12 (b)
Goods	\$1.331	\$1.242	\$1.191	\$1.108	\$1.399
Services	\$3.121	\$3.041	\$2.933	\$2.865	\$2.474
<b>Total</b>	<b>\$4.452</b>	<b>\$4.283</b>	<b>\$4.123</b>	<b>\$3.973</b>	<b>\$3.872</b>

## 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.

## Annual Procurement Reporting Policy

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

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

## Procurement Spend

In 2015-16, total spend reported by public authorities on goods and services was approximately \$4.45 billion.

Table 1 displays total spend for the past five years from 2011-12 through to 2015-16. There has been an increase of approximately 4% in total spend from 2014-15 to 2015-16.

The breakdown of total spend between goods and services has remained relatively stable over the past few years with around 30% spent on goods and 70% spent on services. Fluctuations are due to the cyclical nature of procurement spending and/or the influence of significant procurements in any given year.

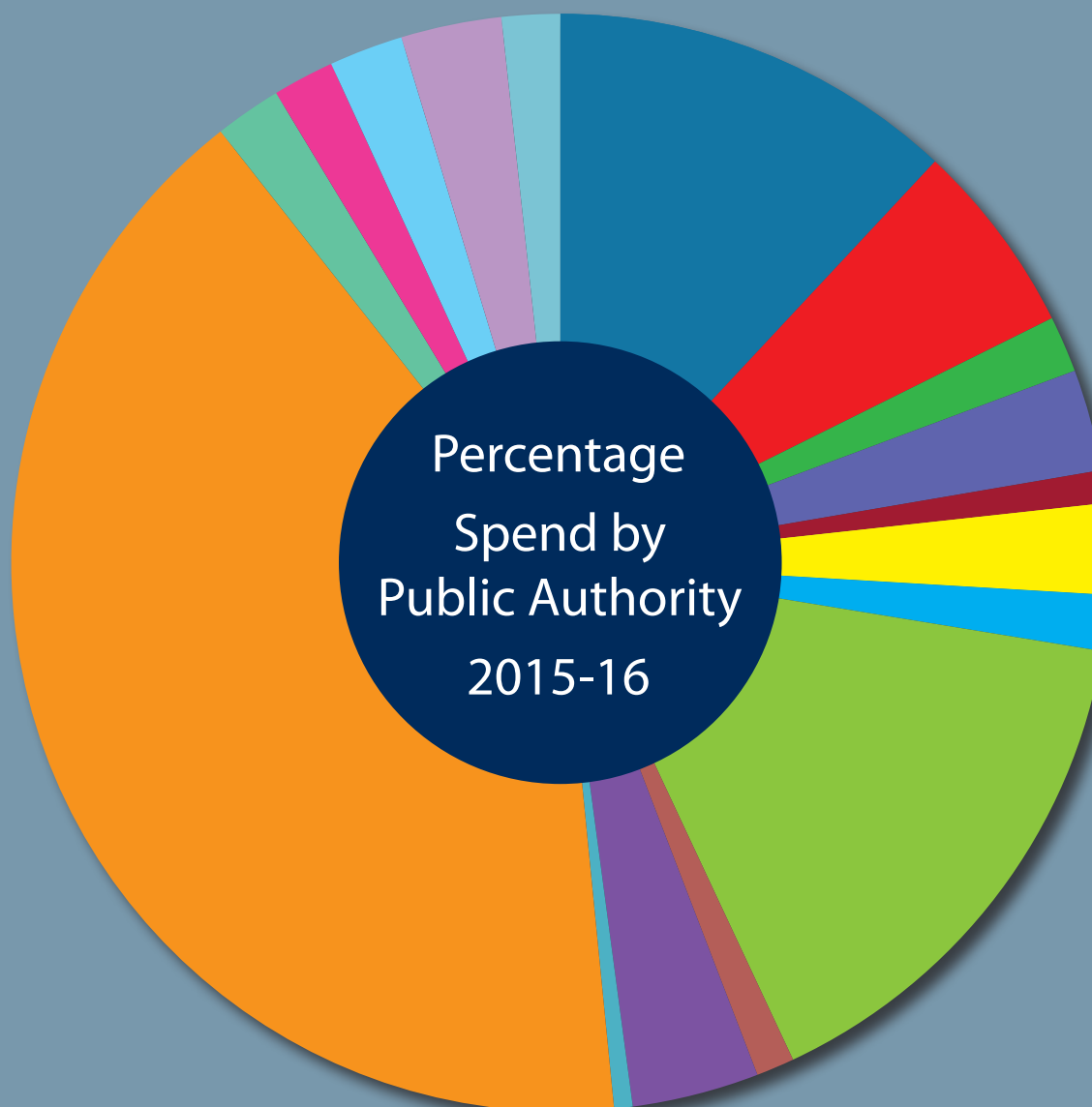
# Public Authority Procurement Activity

STATE PROCUREMENT BOARD ANNUAL REPORT 2015-2016

Figure 1 shows each public authority's spend as a percentage of overall total spend. Consistent with previous years, in 2015-16 SA Health incurred the highest spend (41%), followed by the Department of Planning, Transport and Infrastructure (DPTI) with 15% and the Department of Education and Child Development (DECD) at 12%.

Figure 1: Procurement Spend by Public Authority, 2015-16

DECD	12%
DCSI	6%
DSD	2%
DEWNR	3%
PIRSA	1%
DPC	3%
TAFE SA	2%
DPTI	15%
DTF	1%
Base Level	4%
CAA	1%
SA Health	41%
AGD	2%
DCS	2%
SAFECOM	2%
SA Police	3%
SATC	2%





## Contracting Activity

Each year, public authorities disclose to the Board information on contracts that were executed during the reporting period.

Unless otherwise indicated, the information in the following figures is based on reported contracts that were valued over \$22,000 (GST inclusive) and were executed, or signed off, in 2015-16. Prior to 2015-16, public authorities reported on contracts that were valued over \$110,000 (GST inclusive).

### Number of Contracts

Figure 2 shows the number of contracts executed in 2015-16 that were valued over \$22,000 (GST inclusive) by public authority. As indicated, SA Health entered into the largest number of contracts in 2015-16 (27%), followed by DECD and DPTI at 15% each.

AGD	4%
DCSI	2%
DECD	15%
DEWNR	8%
SATC	4%
CAA	1%
DPTI	15%
DCS	1%
PIRSA	5%
DPC	3%
DTF	1%
SA Health	27%
SAPOL	3%
SAFECOM	1%
TAFE SA	3%
DSD	6%

Figure 2 – Number of Contracts by Public Authority 2015-16



## Timeline Data

As part of the annual procurement reporting process, public authorities are required to report specific milestone dates for contracts valued over \$220,000 (GST inclusive). The Board monitors timelines to quantify the procurement process duration.

In 2015-16, it took an average of 98 days to progress a procurement project from the formal approach to market (tender advertised or negotiations commenced) to the contract award date. This compares to an average of 122 days in 2014-15 or a reduction of 20%.

The Board will continue to monitor and report on timeline indicators in support of the South Australian Government's Better Customer Charter for Business.

## Supply Market Approach

Figures 3 and 4 show the number and volume of contracts by the type of market approach applied.

Figure 3 – Number of Contracts by Market Approach 2015-16



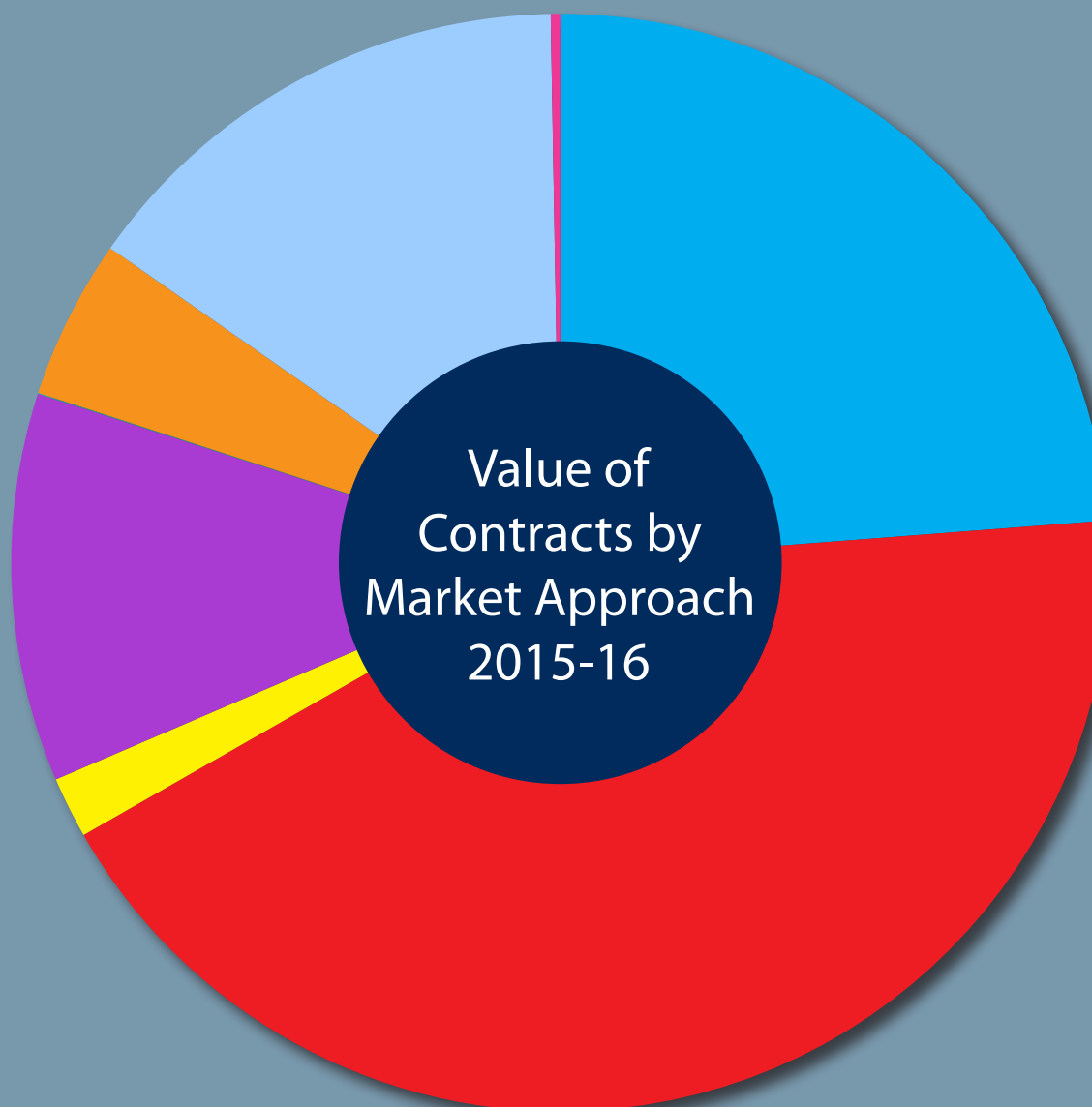
<span style="color: cyan;">■</span>	Selective RFP	1%
<span style="color: red;">■</span>	Selective RFT	9%
<span style="color: yellow;">■</span>	Request for Proposal (RFP)	1%
<span style="color: purple;">■</span>	Direct Negotiation	50%
<span style="color: teal;">■</span>	Other	0.1%
<span style="color: orange;">■</span>	Public Request for Tender (RFT)	7%
<span style="color: lightblue;">■</span>	Multi-Stage Process	0.3%
<span style="color: pink;">■</span>	Request for Quotation (RFQ)	32%

In 2015-16, contracts that were undertaken by competitive processes accounted for 40% of the number of reported contracts entered into and 83% of the total value of reported contracts in that period.

The data indicates that public authorities are applying simpler and more direct market approaches for lower value contracts, and more complex competitive processes for higher value contracts. For example, over 90% of reported contracts that used a direct negotiation market approach were valued from \$22,000 to \$220,000 in 2015-16. In comparison, all of the contracts that used the more complex multi-stage process (usually a two stage procurement process) were valued over \$220,000 and accounted for nearly a quarter of the total value of contracts executed in 2015-16. Of the top 10 contracts by value in 2015-16, 90% were undertaken via an open market competitive process.

In 2015-16, there were 60% of contracts reported as being undertaken via a selective market approach compared to 42% in 2014-15. As public authorities are now required to report contracts valued from over \$22,000 (rather than \$110,000 as in previous years), they are more likely to use a selective market approach for lower value contracts. Analysis of the 2015-16 contracts

Figure 4 – Value of Contracts by Market Approach 2015-16



Multi-Stage Process (may include EOI/ROI)	24%
Public Request for Tender (RFT)	43%
Selective RFT	2%
Request for Proposal (RFP)	11%
Other	0.02%
Request for Quotation (RFQ)	5%
Direct Negotiation	15%
Selective RFP	0.3%

valued over \$110,000 (the same threshold as 2014-15) shows that 44% were undertaken via a selective market approach, a small increase on the 42% reported in 2014-15.

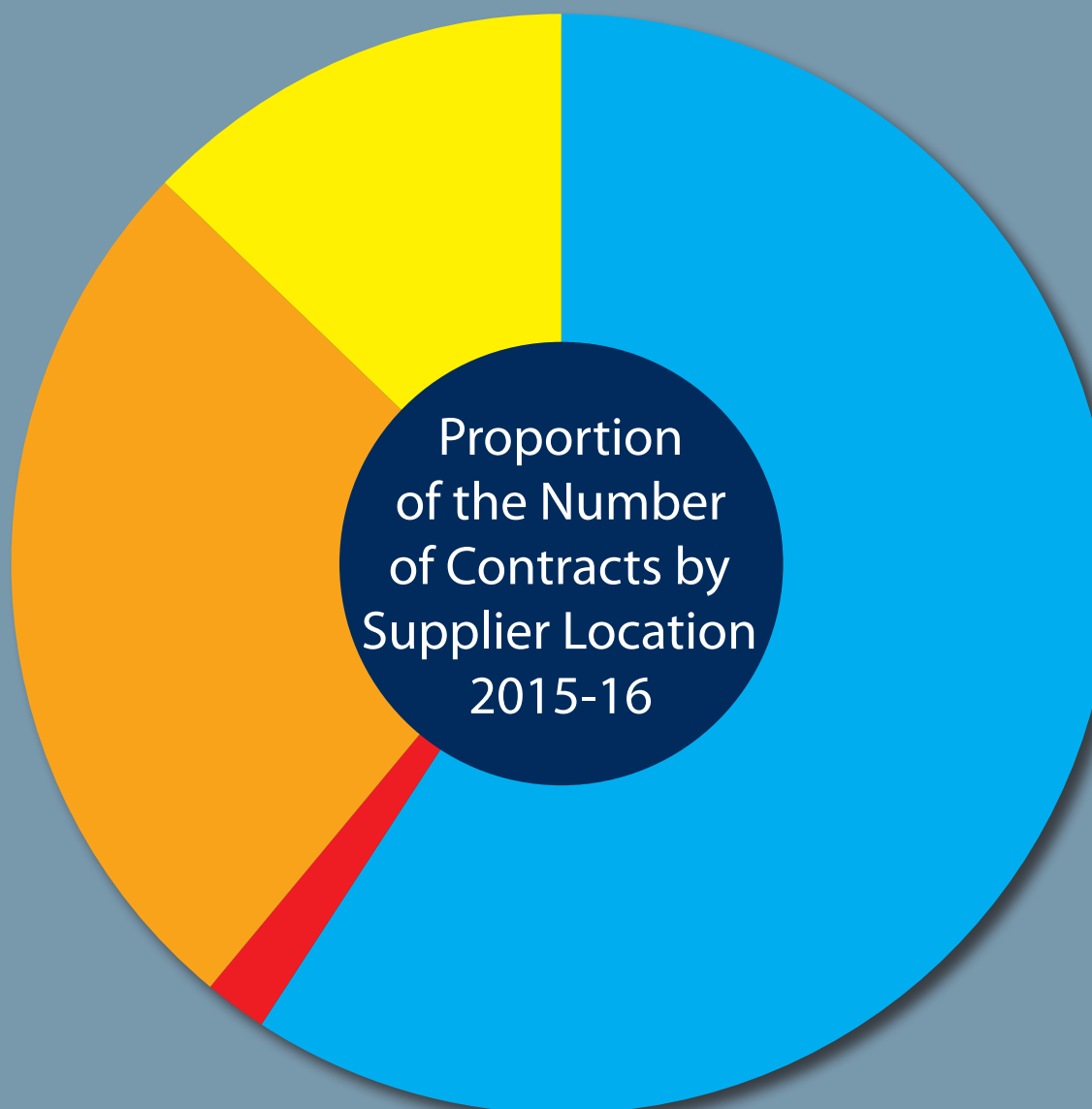
The reported data indicates that public authorities are applying market approaches that are appropriate according to the value and complexity of the procurement contract. The Board may review market approaches undertaken by public authorities to identify key trends and impacts.

## Source of Supply

Public authorities report on supplier location for reported contracts executed during 2015-16. The key factors used to determine the location of the supplier are: the location of the office of the supplier who actually undertook the work to service the contract, and where most of the employment activity for the contract was undertaken.

Figure 5 shows the proportion of reported contracts by supplier location. The majority (98%) of all contracts were undertaken by Australian and New Zealand suppliers (including South Australian suppliers). According to information provided by public authorities, 72% of the contracts executed in 2015-16 were serviced by South Australian suppliers (metropolitan and regional).

Figure 5 – Number of Contracts by Supplier Location 2015-16

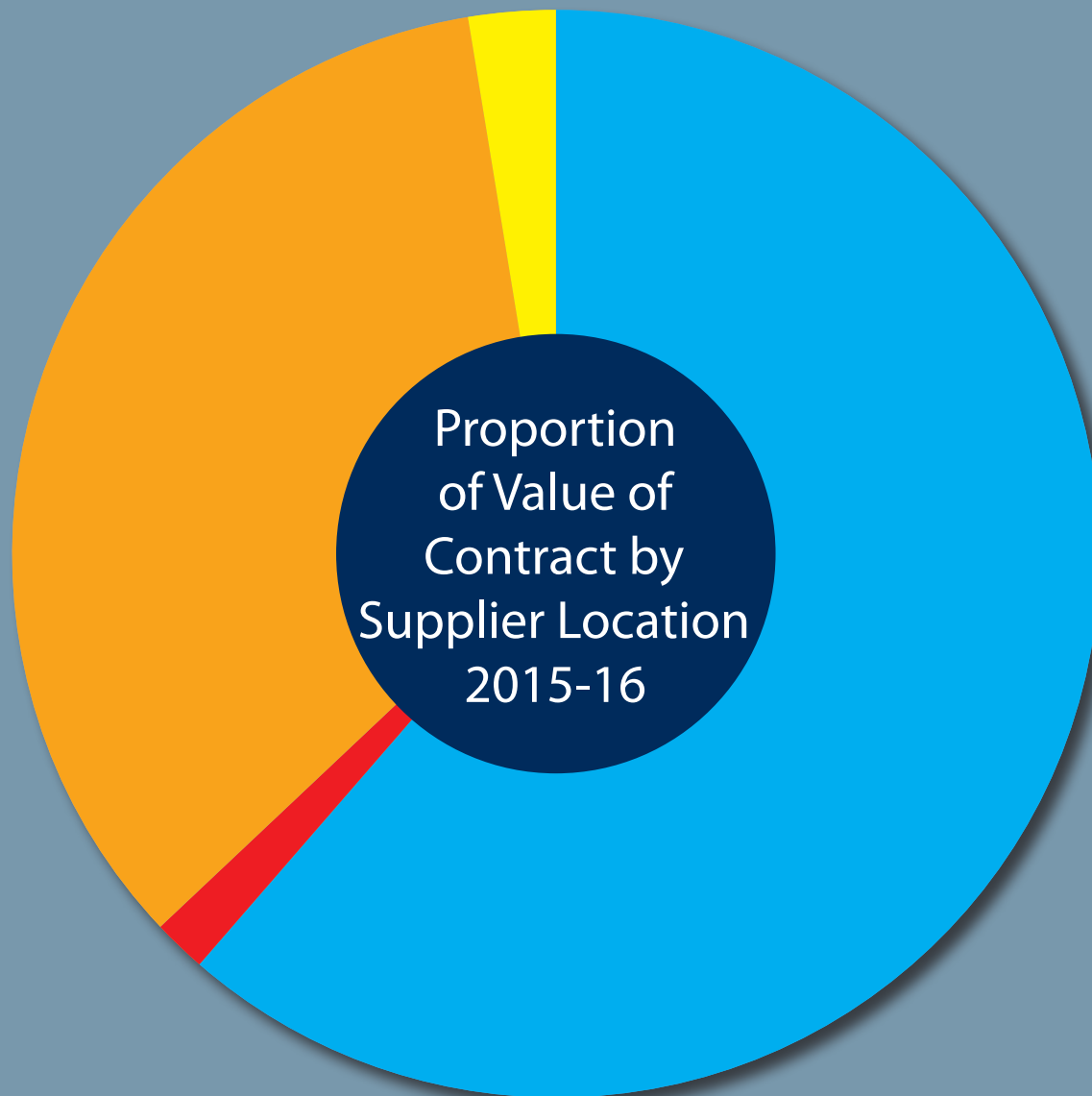


<span style="color: blue;">■</span>	Metropolitan Adelaide	59%
<span style="color: red;">■</span>	Overseas	2%
<span style="color: orange;">■</span>	Other Aust States / Territories & NZ	26%
<span style="color: yellow;">■</span>	Regional SA	13%



Figure 6 shows the proportion of the total contract value by supplier location for contracts executed in 2015-16. Consistent with previous years, the majority of the total value of contracts (98% in 2015-16) was with Australian and New Zealand suppliers (including South Australian suppliers). According to information reported by public authorities, 64% of the total value of contracts was with suppliers located in South Australia (metropolitan and regional) in 2015-16. This is consistent with the long term average of 64.9% from 1 July 2000 to 30 June 2016.

Figure 6 – Value of Contracts by Supplier Location 2015-16



<span style="color: blue;">■</span>	Metropolitan Adelaide	61%
<span style="color: red;">■</span>	Overseas	2%
<span style="color: orange;">■</span>	Other Aust States / Territories & NZ	34%
<span style="color: yellow;">■</span>	Regional SA	3%

# Public Authority Procurement Activity

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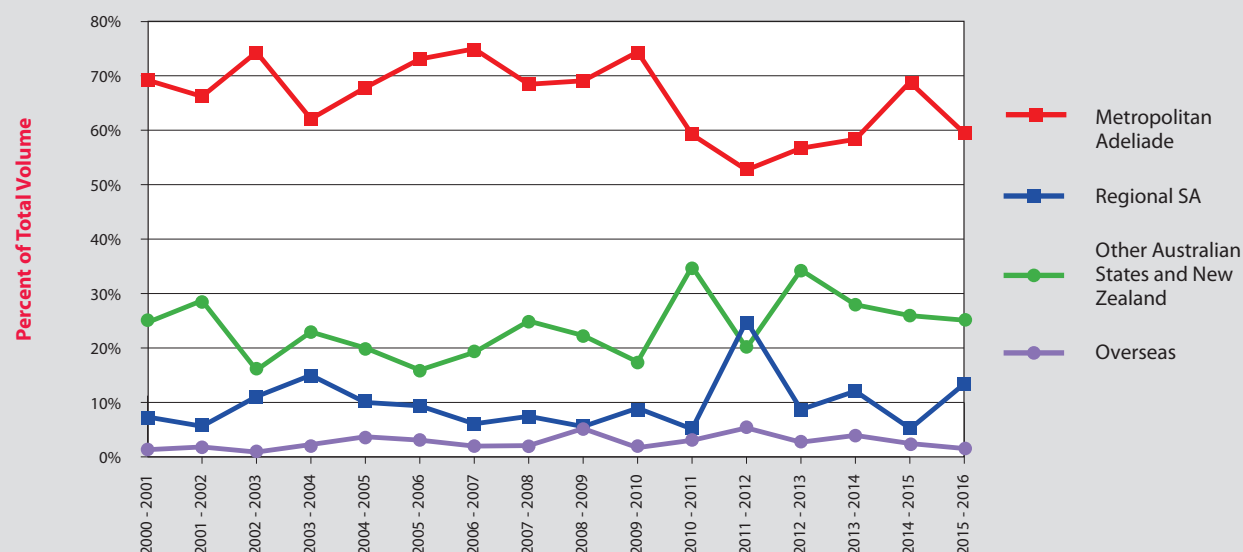
Figures 7 and 8 show the number and total value of contracts entered into by public authorities since 1 July 2000, by supplier location. When considering the data, it is important to be aware of the cyclical nature of contract activity which can have a significant impact on the data in any single year.

Based on contracts reported from 2000-01 to 2015-16:

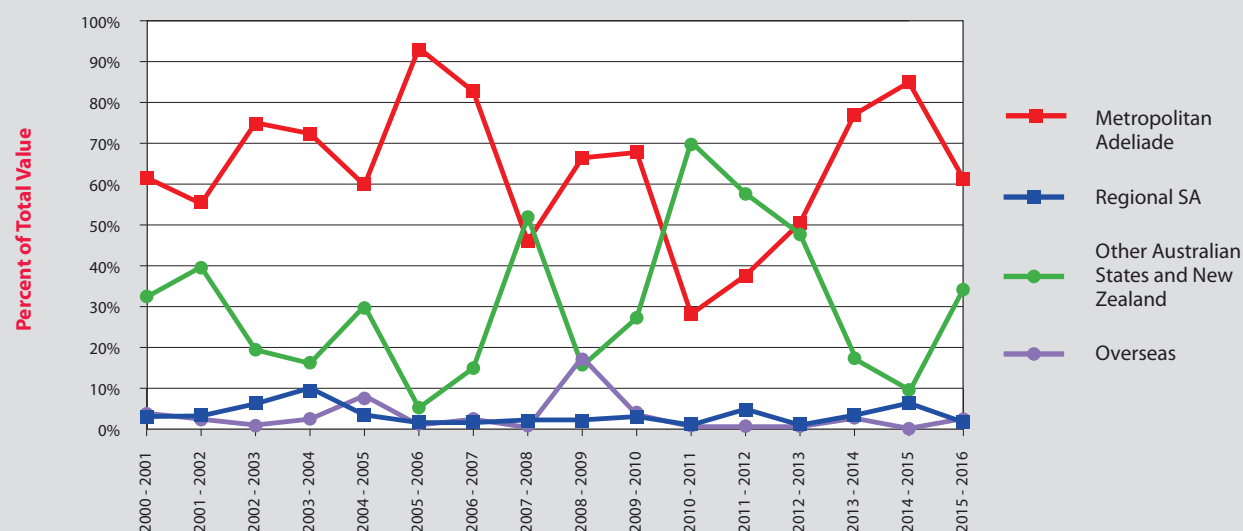
- approximately 74% of the number of contracts and 65% of the value of contracts were awarded to South Australian suppliers; and
- over 97% of the number of contracts and 98% of the value of contracts were awarded to Australian and New Zealand suppliers (including South Australian suppliers).

The figures show that despite fluctuations from year to year due to the cyclical nature of contract establishment and renewals, South Australian supplier participation in the value and volume of SA government contracts has remained relatively consistent, on average, over the past sixteen years.

**Figure 7 – Number of Contracts by Supplier Location, 2000-01 to 2015-16**



**Figure 8 – Contract Value by Supplier Location, 2000-01 to 2015-16**

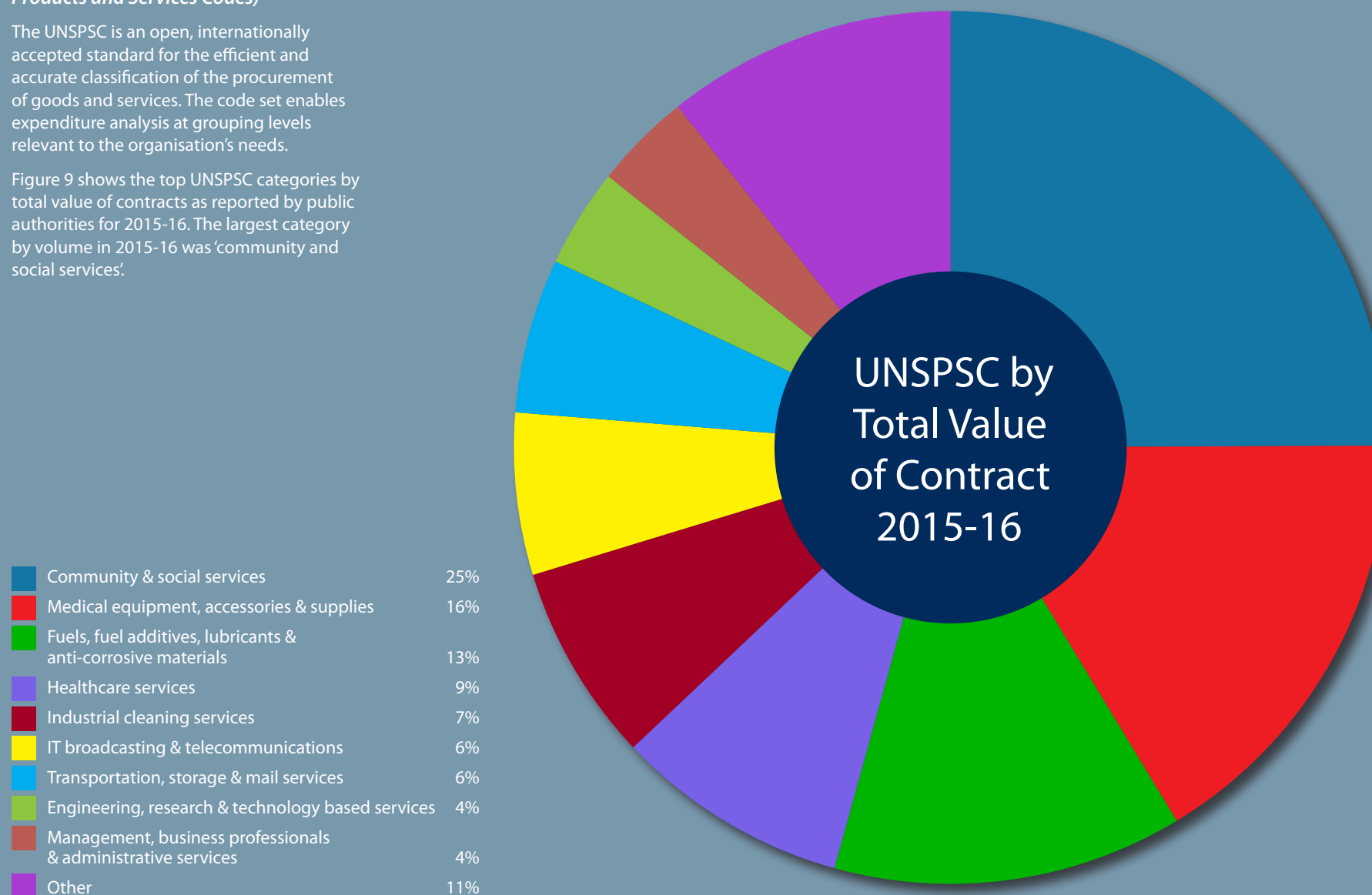


## UNSPSC (United Nations Standard Products and Services Codes)

The UNSPSC is an open, internationally accepted standard for the efficient and accurate classification of the procurement of goods and services. The code set enables expenditure analysis at grouping levels relevant to the organisation's needs.

Figure 9 shows the top UNSPSC categories by total value of contracts as reported by public authorities for 2015-16. The largest category by volume in 2015-16 was 'community and social services'.

Figure 9 – UNSPSC by Total Value of Contract, 2015-16



## Other Information





## Freedom of Information

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

### 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](http://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 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
- Tender Documentation.

### Board Documents

A detailed list of the Board's policies as at 30 June 2016 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](http://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 authorities, 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 2016

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 Venue Management Corporation
- Architectural Practice Board of South Australia
- Construction Industry Training Board
- Health Services Charitable Gifts Board
- Local Government Finance Authority of South Australia
- Motor Accident Commission
- Return To Work Corporation of South Australia
- South Australian Forestry Corporation
- South Australian Housing Trust
- South Australian Water Corporation
- Superannuation Funds Management Corporation of South Australia
- Urban Renewal Authority
- Riverbank Authority

# Appendices



# Appendix A

## Board Member Attendance at Meetings

Board Members	Eligible Full Meetings	Meetings Attended
Niccole Rantanen	3	3
Debbie Black	11	10
Marielle Smith	8	8
Jamin Woolcock	8	7
Phil McMahon	6	5
Debra Contala	11	10
David Henchcliffe	11	9
Julieann Riedstra*	5	2
Judith Carr*	8	7
Virginia Deegan*	10	10
Catherine Schultz*	3	3
Katrina Ball*	3	3

## Procurement Approvals Committee Member Attendance at Meetings

There were 20 Procurement Approvals Committee meetings held in 2015-2016. Meetings only take place when there are submissions to be considered.

Board Members	PAC Meetings Attended
Niccole Rantanen	0
Marielle Smith	2
Debra Contala	8
Debbie Black	8
Jamin Woolcock	4
David Henchcliffe	8
Phil McMahon	1
Judith Carr*	7
Catherine Schultz*	4
Katrina Ball*	2
Julieann Riedstra*	0
Virginia Deegan*	9

\* Members who resigned or were not re-appointed during the year.

## Procurement Submissions Approved 2015-2016

Approval Type and Level	Number	Value (\$million)
<b>Acquisition Plans</b>		
Delegate	6	3.78
Procurement Approvals Committee	27	331.94
Board	10	1511.35
<b>TOTAL</b>	<b>43</b>	<b>1847.07</b>
<b>Purchase Recommendations</b>		
Delegate	3	5.18
Board	1	27.21
<b>TOTAL</b>	<b>4</b>	<b>32.39</b>
<b>Variations</b>		
Procurement Approvals Committee	5	44.65
Board	3	119.27
<b>TOTAL</b>	<b>8</b>	<b>163.92</b>

## Policy Framework as at 30 June 2016

### *Procurement Governance*

- Procurement Authority Policy
- Procurement Accreditation Guideline
- Assurance Program Policy
- Assurance Program Guideline

### *Procurement Planning and Reporting*

- Base Level Procurement Reporting Guideline
- Board Procurement Reporting Policy

### *Government Requirements*

- Contract Register Policy
- Emergency Situation Procurement Policy
- 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
- Market Analysis and Acquisition Strategy Guideline
- Panel Contracts Guideline
- Simple Procurement Guideline
- Standard Tender and Contract Documents Policy
- Standard Tender and Contract Documents Guideline
- Supplier Selection Guideline
- Supplier Complaints Policy



# Appendix B

## Procurement Authorities as at 30 June 2016

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

<b>Department of Planning, Transport and Infrastructure (DPTI)</b>	<b>\$11,000,000</b>
--	---------------------

*Public authorities aligned under DPTI's procurement authority:*

- Commissioner for Kangaroo Island
- Outback Communities Authority
- South Australian Local Government Grants Commission

<b>SA Health</b>	<b>\$11,000,000</b>
------------------	---------------------

*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.

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

- Mount Gambier and Districts Health Advisory Council Inc.
- 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.

<b>Attorney-General's Department (AGD)</b>	<b>\$4,400,000</b>
--	--------------------

*Public authorities aligned under AGD's procurement authority:*

- Asbestos Advisory Committee
- Child Protection Systems Royal Commission
- Construction Industry Long Service Leave Board
- Electoral Commission SA
- Employee Ombudsman
- Independent Commissioner Against Corruption
- Industrial Relations Advisory Committee
- Industrial Relations Commission
- Industrial Relations Court
- Medical Panels SA

# Appendix B

STATE PROCUREMENT BOARD ANNUAL REPORT 2015-2016

Name of Public Authority	Procurement Authority Level (GST Incl)
<ul style="list-style-type: none"> <li>■ Mining and Quarrying Occupational Health and Safety Committee</li> <li>■ Nuclear Life Cycle Royal Commission</li> <li>■ Health, Safety and Welfare Act – Review Committees</li> <li>■ Office for Public Integrity</li> <li>■ Public Trustee</li> <li>■ South Australian Health Practitioners Tribunal</li> <li>■ State Records of South Australia</li> <li>■ Workcover Ombudsman</li> <li>■ Workers Rehabilitation and Compensation Advisory Committee</li> </ul>	
<b>Department for Education and Child Development (DECD)</b>	<b>\$4,400,000</b>
<i>Public authorities aligned under DECD's procurement authority:</i>	
<ul style="list-style-type: none"> <li>■ Advisory Committee on Non-Government Schools</li> <li>■ Child Death and Serious Injury Review Committee</li> <li>■ Council for the Care of Children</li> <li>■ Dame Roma Mitchell Trust Fund for Children and Young People Board</li> <li>■ Education and Early Childhood Services Registration and Standards Board of South Australia</li> <li>■ Ethnic Schools Board</li> <li>■ Ministerial Advisory Committee: Students with Disabilities</li> <li>■ Multicultural Education Committee</li> <li>■ Scaling and Tertiary Selection Monitoring Committee</li> <li>■ South Australian Teacher Certification Committee</li> <li>■ Teachers Appeal Board</li> <li>■ School Governing Councils</li> <li>■ Preschool Management Committees</li> </ul>	
<b>South Australia Police</b>	<b>\$4,400,000</b>
<b>TAFE SA</b>	<b>\$4,400,000</b>
<b>Department for Communities and Social Inclusion (DCSI)</b>	<b>\$4,400,000</b>
<i>Public authorities aligned under DCSI's procurement authority:</i>	
<ul style="list-style-type: none"> <li>■ Disability Advisory Council of SA</li> <li>■ Gambling Advisory Committee</li> <li>■ Housing Appeal Panel</li> <li>■ Lifetime Support Authority of South Australia</li> <li>■ Minister's Strategic Housing Advisory Committee</li> </ul>	

Name of Public Authority	Procurement Authority Level (GST Incl)
<ul style="list-style-type: none"> <li>■ South Australian Multicultural and Ethnic Affairs Commission</li> <li>■ State Emergency Relief Fund Committee</li> </ul>	
<b>Courts Administration Authority</b>	<b>\$1,100,000</b>
<b>Department for Correctional Services</b>	<b>\$1,100,000</b>
<b>Department of State Development (DSD)</b>	<b>\$1,100,000</b>
<i>Public authorities aligned under DSD's procurement authority:</i>	
<ul style="list-style-type: none"> <li>■ Angas Mine Community Consultative Committee</li> <li>■ Art Gallery of South Australia</li> <li>■ Carrick Hill Trust</li> <li>■ Education Adelaide</li> <li>■ Extractive Areas Rehabilitation Fund Project Assessment Panel</li> <li>■ Libraries Board of South Australia</li> <li>■ Mining Act Review Steering Committee</li> <li>■ Mintabie Consultative Committee</li> <li>■ Office of the Technical Regulator</li> <li>■ Olympic Dam Community Consultative Forum</li> <li>■ Olympic Dam Environmental Consultative Committee</li> <li>■ Olympic Dam Taskforce</li> <li>■ Resources Industry Development Board</li> <li>■ Small Business Commissioner</li> <li>■ South Australian Aboriginal Advisory Council</li> <li>■ South Australian Museum</li> <li>■ State Aboriginal Heritage Committee</li> <li>■ Training Advocate</li> <li>■ Training and Skills Commission</li> </ul>	
<b>Department of Environment, Water and Natural Resources (DEWNR)</b>	<b>\$1,100,000</b>
<i>Public authorities aligned under DEWNR's procurement authority:</i>	
<ul style="list-style-type: none"> <li>■ Adelaide and Mount Lofty Ranges Natural Resource Management (NRM) Board</li> <li>■ Alinytjara Wilurara NRM Board</li> <li>■ Board of the Botanic Gardens and State Herbarium</li> <li>■ Coast Protection Board</li> <li>■ Dog and Cat Management Board</li> <li>■ Environment Protection Authority</li> <li>■ Eyre Peninsula NRM Board</li> </ul>	

# Appendix B

STATE PROCUREMENT BOARD ANNUAL REPORT 2015-2016

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

- Flinders Ranges National Park Co-management Board
- Kangaroo Island NRM Board
- Lower South East NRM Group
- Maralinga Lands Mamungari Conservation Park Board of Management
- Native Vegetation Council
- Ngaut Ngaut Conservation Park Co-Management Board
- Northern and Yorke NRM Board
- 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

## Department of the Premier and Cabinet (DPC) \$1,100,000

Public authorities aligned under DPC's procurement authority:

- Agent General
- Anzac Day Commemoration Council
- Minister's State/Local Government Forum
- Premier's Climate Change Council
- Privacy Committee of South Australia
- Public Sector Grievance Review Commission
- State Emergency Management Committee

## Department of Primary Industries and Regions (PIRSA) \$1,100,000

Public authorities aligned under PIRSA's procurement authority:

- Aquaculture Tenure Allocation Board
- Central Local Dog Fence Board
- Dog Fence Board
- Fowlers Bay Local Dog Fence Board
- Frome Local Dog Fence Board
- Genetically Modified Crop Advisory Committee
- Marree Local Dog Fence Board
- Meat Food Safety Advisory Committee
- Penong Local Dog Fence Board

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

- Pureba Local Dog Fence Board
- Rural Solutions SA
- South Australian Alpaca Advisory Group
- South Australian Cattle Advisory Group
- South Australian Goat Advisory Group
- South Australian Horse Industry Advisory Group
- South Australian Pig Industry Advisory Group
- South Australian Sheep Advisory Group

## Department of Treasury and Finance (DTF) \$1,100,000

Public authorities aligned under DTF's procurement authority:

- Distribution Lessor Corporation
- Generation Lessor Corporation
- South Australian Financing Authority
- South Australian Parliamentary Superannuation Board
- South Australian Superannuation Board
- Southern Select Superannuation Corporation Board
- Transmission Lessor Corporation

## South Australian Tourism Commission (SATC) \$1,100,000

## South Australian Fire and Emergency Services Commission \$440,000

## 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

## TechIn SA \$220,000

## Dairy Authority of South Australia \$220,000

# Appendix B

Name of Public Authority	Procurement Authority Level (GST Incl)
Defence SA	\$220,000
Essential Services Commission of South Australia	\$220,000
History Trust of South Australia	\$220,000
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
Vine Health 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
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

111 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: A16/233

29 September 2016

Ms N Rantanen  
Presiding Member  
State Procurement Board  
Level 8  
State Administration Centre  
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 Ms Rantanen

**Audit of the State Procurement Board for the year to 30 June 2016**

We have completed the audit of your accounts for the year ended 30 June 2016. Three key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 opinion on your financial controls
- 3 audit management letters.

**1 Independent Auditor's Report**

We are returning the financial statements for the State Procurement Board, with the Independent Auditor's Report. This report is unmodified.

**2 Opinion on financial controls**

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.

**3 Audit management letters**

As the audit did not identify any significant matters requiring management attention, we will not issue any audit management letters.

**For official use only**

**What the audit covered**

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- cash
- expenditure
- revenue
- remuneration of Board Members
- review of minutes.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely

Andrew Richardson  
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 Presiding Member 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 2016. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2016
- a Statement of Financial Position as at 30 June 2016
- a Statement of Changes in Equity for the year ended 30 June 2016
- a Statement of Cash Flows for the year ended 30 June 2016
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Presiding Member and Director of Financial Services.

### 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 is 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 evaluating 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.

My report refers only to the financial statements described above and does not provide assurance over the integrity of publication of the financial report on State Procurement Board's website nor does it provide an opinion on any other information which may have been hyperlinked to/from these statements.

### 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 2016, 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.

Andrew Richardson  
Auditor-General  
29 September 2016

## State Procurement Board

### Financial Statements

for the year ended 30 June 2016

State Procurement Board

#### Certification of the Financial Statements

We certify that the:

- financial statements of the State Procurement Board:
  - are in accordance with the accounts and records of the State Procurement Board;
  - comply with relevant Treasurer's instructions;
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the State Procurement Board at the end of the 30 June 2016 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 general purpose financial statements have been effective throughout the financial year.

Signed in accordance with a resolution of the State Procurement Board.



Nicolle Rantanen  
PRESIDING MEMBER  
STATE PROCUREMENT BOARD

28<sup>th</sup> September 2016



Paul Williams  
DIRECTOR, FINANCIAL SERVICES  
DEPARTMENT OF TREASURY AND FINANCE

27<sup>th</sup> September 2016



**State Procurement Board**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2016*

	Note	2016 \$'000	2015 \$'000
<b>EXPENSES</b>			
Employee benefits expenses	4	61	69
Supplies and services	6	505	375
<b>Total expenses</b>		<u>566</u>	<u>444</u>
<b>INCOME</b>			
Revenues from fees and charges	7	90	108
<b>Total income</b>		<u>90</u>	<u>108</u>
<b>NET COST OF PROVIDING SERVICES</b>		<u>( 476 )</u>	<u>( 336 )</u>
<b>REVENUES FROM SA GOVERNMENT</b>			
Revenues from SA Government	8	439	428
<b>Total revenues from SA Government</b>		<u>439</u>	<u>428</u>
<b>NET RESULT</b>		<u>( 37 )</u>	<u>92</u>
<b>TOTAL COMPREHENSIVE RESULT</b>		<u>(37)</u>	<u>92</u>

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**  
*for the year ended 30 June 2016*

	Note No	2016 \$'000	2015 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	909	959
Receivables	10	-	1
<b>Total current assets</b>		<u>909</u>	<u>960</u>
<b>TOTAL ASSETS</b>		<u>909</u>	<u>960</u>
<b>CURRENT LIABILITIES</b>			
Payables	11	42	52
Other current liabilities	12	3	7
<b>Total current liabilities</b>		<u>45</u>	<u>59</u>
<b>TOTAL LIABILITIES</b>		<u>45</u>	<u>59</u>
<b>NET ASSETS</b>		<u>864</u>	<u>901</u>
<b>EQUITY</b>			
Retained earnings	16	864	901
<b>TOTAL EQUITY</b>		<u>864</u>	<u>901</u>

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 2016*

	Note	Retained Earnings \$'000
Balance at 30 June 2014		809
Net result for 2014-15		92
Total comprehensive result for 2014-15		92
Balance at 30 June 2015		901
Net result for 2015-16		(37)
Total comprehensive results for 2015-16		(37)
Balance at 30 June 2016		864

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 2016*

	Note	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash outflows:</b>			
Employee benefit payments		(61)	(69)
Payments for supplies and services		(515)	(356)
<b>Cash used in operations</b>		<b>(576)</b>	<b>(425)</b>
<b>Cash inflows:</b>			
Fees and charges		91	78
Other receipts		(7)	-
<b>Cash generated from operations</b>		<b>84</b>	<b>78</b>
<b>Cash flows from SA Government:</b>			
Revenues from SA Government		442	428
<b>Cash generated from SA Government</b>		<b>442</b>	<b>428</b>
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>		<b>(50)</b>	<b>81</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(50)</b>	<b>81</b>
Cash and cash equivalents at the beginning of the period		959	878
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	<b>909</b>	<b>959</b>

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

## State Procurement Board Notes To And Forming Part Of The Financial Statements

Note 1	Objective of the State Procurement Board
Note 2	Summary of significant accounting policies
Note 3	New and revised accounting standards and policies
Note 4	Employee benefits
Note 5	Remuneration of Board members
Note 6	Supplies and services
Note 7	Revenues from fees and charges
Note 8	Revenues from SA Government
Note 9	Cash and cash equivalents
Note 10	Receivables
Note 11	Payables
Note 12	Other liabilities
Note 13	Unrecognised contractual commitments
Note 14	Contingent assets and contingent liabilities
Note 15	Events after the reporting period
Note 16	Equity

## State Procurement Board Notes to and forming part of the financial statements

### Note 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, Public Finance Branch and Shared Services SA.

### Note 2 Summary of significant accounting policies

#### a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions 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.

#### b) 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) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income).
  - b) 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 Statement of Cash Flows has been prepared on a cash basis.

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

## State Procurement Board Notes to and forming part of the financial statements

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented.

### c) 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.

### d) 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.

### e) Rounding

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

### f) 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.

### g) 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.

### h) 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.

## State Procurement Board Notes to and forming part of the financial statements

The following are specific recognition criteria:

### a) 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.

### b) 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.

### i) 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 include 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.

### j) 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.

### k) 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.

### Special deposit account

The Board records all transactions in the SDA. The Board may only utilise the reported balance in the SDA in accordance with its approved Budget or with prior approval of the Treasurer.

### 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*.



## State Procurement Board Notes to and forming part of the financial statements

### 1) 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.

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.

### Note 3 New and revised accounting standards and policies

The Board did not voluntarily change any of its accounting policies during 2015-16.

### Note 4 Employee benefits

	2016 \$'000	2015 \$'000
Board fees	53	60
Employment on-costs - superannuation	5	6
Employment on-costs - payroll tax	3	3
<b>Total employee benefits expenses</b>	<b>61</b>	<b>69</b>

The Board has no other employee expenses.

### Note 5 Remuneration of Board members

Board members that were entitled to receive remuneration (directly and indirectly) for membership during the 2016 financial year were:

State Procurement Board	Date Appointed/Resigned
Nicollie Rantanen* (Chair)	11-Apr-16 (Appointed)
Karina Ball*	13-Oct-15 (Resigned)
Deborah Black	8-Oct-15
Judith Carr*	8-Apr-16 (Resigned)
Debra Contala*	31-Oct-15
Virginia Deegan	10-Jun-16 (Resigned)
David Henchcliffe	14-Nov-15
Martin McMahon*	22-Nov-15 (Appointed)
Julieann Riedstra*	21-Nov-15 (Resigned)
Catherine Schultz	15-Oct-15 (Resigned)
Marille Smith	8-Oct-16 (Appointed)
Jamin Woolcock*	8-Oct-15 (Appointed)

## State Procurement Board Notes to and forming part of the financial statements

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

\* In accordance with the Department of Premier and Cabinet Circular Number 016, SA Government employees did not receive any remuneration for SA Government Board duties during the financial year. The number of members whose remuneration received or receivable falls within the following bands

	2016 Number	2015 Number
\$0	5	5
\$1 - \$9,999	2	-
\$10,000 - \$19,999	3	4
<b>Total number of board members</b>	<b>10</b>	<b>9</b>

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 \$58 000 (\$66 000).

Amounts paid to a superannuation plan for board/committee members was \$5 000 (\$6 000).

\* 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 with 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.

### Note 6 Supplies and services

	2016 \$'000	2015 \$'000
<b>Supplies and services</b>		
Professional fees	445	308
Information technology	9	4
Advertising/marketing and promotions	6	5
General administration and consumables	39	40
Other	6	18
<b>Total supplies and services</b>	<b>505</b>	<b>375</b>

### Note 7 Revenues from fees and charges

	2016 \$'000	2015 \$'000
<b>Fees and charges received/receivable</b>		
Other fees and charges	90	108
<b>Total fees and charges</b>	<b>90</b>	<b>108</b>

### Note 8 Revenues from SA Government

	2016 \$'000	2015 \$'000
<b>Revenues from SA Government</b>		
Revenues from SA Government	439	428
<b>Total revenues from SA Government</b>	<b>439</b>	<b>428</b>

**State Procurement Board**  
**Notes to and forming part of the financial statements**

**Note 9 Cash and cash equivalents**

	2016 \$'000	2015 \$'000
Deposits with the Treasurer	909	959
<b>Total cash and cash equivalents</b>	<b>909</b>	<b>959</b>

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

**Note 10 Receivables**

	2016 \$'000	2015 \$'000
Current		
Receivables	-	1
<b>Total current receivables</b>	<b>-</b>	<b>1</b>
<b>Total receivables</b>	<b>-</b>	<b>1</b>

**Note 11 Payables**

	2016 \$'000	2015 \$'000
Current		
Accrued expenses	42	52
<b>Total current payables</b>	<b>42</b>	<b>52</b>
<b>Total payables</b>	<b>42</b>	<b>52</b>

**Note 12 Other liabilities**

	2016 \$'000	2015 \$'000
Current		
Unearned revenue	3	7
<b>Total current other liabilities</b>	<b>3</b>	<b>7</b>
<b>Total other liabilities</b>	<b>3</b>	<b>7</b>

**State Procurement Board**  
**Notes to and forming part of the financial statements**

**Note 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:

	2016 \$'000	2015 \$'000
Within one year	-	46
Later than one year but not later than five years	-	-
Later than five years	-	-
<b>Total other commitments</b>	<b>-</b>	<b>46</b>

**Note 14 Contingent assets and contingent liabilities**

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

**Note 15 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.

**Note 16 Equity**

	2016 \$'000	2015 \$'000
Retained earnings	864	901
<b>Total equity</b>	<b>864</b>	<b>901</b>



**Government of South Australia**  
State Procurement Board