

Procurement Policy (v4.0)

VERSION HISTORY

Rev No.	Date	Revision Description	Approval
1.0	2 March 2015	Amalgamation of Procurement Policy and probity procedures to create new Policy.	CEO March 2015
2.0	23 June 2016	Update of procurement thresholds and inclusion of Contracts and Supplier Management Procedure.	CEO June 2016
3.0	20 October 2017	Update of procurement thresholds.	CEO 25 October 2017
4.0	March 2020	Update of the procurement framework following organisational reset.	CEO 12 June 2020

AUTHORISATIONS

Prepared by:	Legal Counsel	January 2020
Reviewed by:	Company Secretary/General Counsel	June 2020
Approved by:	Chief Executive Officer	June 2020
Next Review Due:	3 yearly	June 2023

CONTACT FOR ENQUIRIES (POLICY OWNER)

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1. Introduction

Aurora Energy is a State owned company and is subject to public scrutiny for the use of its funds. It takes seriously its responsibility to ensure that its processes for procurement and purchasing operate effectively and efficiently with due regard to transparency, probity and accountability.

2. Purpose

The purpose of this Policy is to provide a framework in which the procurement of goods and services is conducted in an honest, competitive, fair and transparent manner to deliver the best value for money while enabling Aurora Energy to successfully deliver its commercial and strategic outcomes.

3. Scope

The Business Owner responsible for the procurement is ultimately accountable for ensuring the procurement principles and requirements in this Policy are met and all employees and contractors are responsible for complying with the Policy.

This Policy does not apply to energy purchasing contracts or energy contracts with other State owned energy businesses.

4. Definitions

ALT	Aurora Energy Leadership Team
Open RFP	A RFP that is made available to the general public.
Procurement	The activities and processes undertaken to acquire goods and services for Aurora Energy.
Restricted RFP	A RFP that is made available to a select group of suppliers.
RFP	Request for Proposal

5. Policy

5.1 Policy Provisions and Principles

Aurora Energy's procurement processes are governed by the following key principles.

5.1.1 Buy Local

Aurora Energy is committed to supporting purchasing from Tasmanian businesses when this is consistent with the principles of obtaining value for money, ethical procurement, open and effective competition and meeting commercial objectives. This commitment will be facilitated through actively seeking bids from capable and suitable local businesses and ensuring that local businesses are not disadvantaged or excluded from procurement activities.

Section 5.2 explains the Buy Local Policy in more detail.

5.1.2 Obtaining Best Value for Money

Value for money is the outcome that gives the best value for Aurora Energy overall. Value does not necessarily mean the lowest price; it involves assessing a number of considerations which could include such factors as:

- the total cost of sourcing and procuring for the goods or services;

- any time required by internal resources to work with the supplier for implementation (such as project management);
- the timeframes to finalise any deliverables;
- fitness for purpose;
- the experience and expertise of key personnel;
- payment terms;
- any potential advantages of buying locally;
- any ongoing costs (such as licence fees or support and maintenance); and
- whether it is a strategic partnership.

5.1.3 Customised and Fit for Purpose

Aurora Energy procures a wide range of goods and services to meet a variety of business needs. The applicable procurement approach should be fit for purpose for each engagement and determined based on what goods and services are being procured, while ensuring there are adequate controls in place to ensure value for money.

5.1.4 Conflicts of Interest

Conflicts of interest that may arise during procurement are varied, but may include financial interests, legal interests, external associations and indirect personal interests. In carrying out their duties, staff must not allow themselves to be improperly influenced by family, personal or business relationships. All conflicts of interest (or perceived conflicts of interest) must be avoided and dealt with in accordance with the Conflict of Interest, Gifts & Benefits Procedure.

5.1.5 Probity

Probity is “complete and confirmed integrity and honesty” and is evidence of ethical behaviour in the procurement process. The broad objectives are to provide accountability, ensure confidence in the procurement process (from potential suppliers and the public) and improve defensibility of decisions against potential legal challenge or other external scrutiny.

Regardless of the procurement process being utilised, an ethical, transparent approach should be taken. When undertaking a competitive process, all potential suppliers are to be provided with identical information and given equal opportunity to meet the requirements. Probity in the procurement process is the responsibility of all stakeholders involved.

5.1.6 Particular Considerations when Conducting a RFP

When a RFP is being conducted, a ‘Conflict of Interest’ declaration must be signed by all evaluation panel members prior to the commencement of the RFP evaluation to confirm that the panel members do not have a conflict of interest. Evaluation panel members have a continuing obligation to disclose conflicts of interest that may arise after the ‘Conflict of Interest’ declaration has been signed.

Throughout the entire RFP process (i.e. from when the RFP is advertised through to the end of contract negotiations), staff must not:

- discuss the RFP with any potential service providers (including the identity of other potential service providers, the contents of the RFP and/or responses to the RFP); or
- accept gifts, hospitality, travel or accommodation from any potential service providers.

The Legal Counsel is responsible for sending out a ‘blackout email’ to all staff members prior to a RFP being released which includes details about the scope of the RFP and outlining the probity requirements outlined above.

Where appropriate, a Probity Advisor may be appointed for the duration of a RFP. A Probity Advisor's role involves monitoring and/or managing any conflicts of interest, ensuring compliance with processes and procedures, checking completeness of documentation and records of minutes, and providing a final probity clearance report. A Probity Advisor may be appointed where the probity risks for a RFP are particularly high or the circumstances otherwise require it. The Legal Counsel should be consulted about the appointment of a Probity Advisor.

When a Probity Advisory has been appointed, a 'Probity Plan' may also be prepared to document the particular probity obligations throughout a RFP.

5.2 Tasmanian Government's Buy Local Policy

Aurora Energy complies with the Tasmanian State Government's Buy Local Policy, as it applies to State owned companies. This requires Aurora Energy to implement appropriate policies and procedures to support purchasing from Tasmanian businesses.

A key element of the Shareholders' Buy Local Policy is the need for a Tasmanian Industry Participation Plan (for purchases over \$5M).

Where a Plan is required, an executive summary of the Plan is to be provided to the Department of Treasury and Finance within 10 days of execution of the contract with the Supplier. The process for this is to be coordinated through the Government and Stakeholder Relations Manager.

Aurora Energy is also required to report on purchases, consultants and the use of Tasmanian businesses and publish this in the Annual Report. Legal and Finance must provide information to satisfy reporting to the Government and Stakeholder Relations Manager in a timely manner.

6. Procurement Requirements

A number of considerations must be taken into account when determining the appropriate procurement approach to achieve the desired commercial outcomes and ensure the requirements in this Policy are met, including the cost, overall value, strategic importance and risk of a particular engagement.

There are three categories that an engagement can fall into and this will determine the specific requirements which must be followed:

- **Commodity and Small Engagements:** this category covers low risk engagements. This category includes purchasing commodity goods and services and one off services.
- **BAU and Professional Services:** this category covers medium to high risk engagements. This category may include engagements such as professional services where there is some risk involved and software licences.
- **Strategic and Essential Services:** this category covers the highest risk engagements. This category covers engagements where the business needs to partner with an organisation (even if the partnership is not an ongoing one), where the supplier is carrying out a strategic function and/or where there is a high dependency on the supplier to provide a key business function.

If a staff member is unsure of which category an engagement falls into they should consult with the Legal Team as early as possible to help identify the correct approach.

7. Key Stakeholder Responsibilities

7.1 Board

The Board is accountable for ensuring Aurora Energy complies with Government directions in relation to procurement activities including meeting the reporting requirements under the Tasmanian Government's Buy Local Policy.

7.2 Chief Executive Officer

The CEO approves this Policy in accordance with the Aurora Energy Policy Framework and ensuring adequate and robust policies and procedures are in place to ensure the Policy is effectively implemented.

The CEO is responsible for ensuring Aurora Energy has appropriate procedures and processes in place to meet Government directions in relation to procurement activities.

7.3 Aurora Energy Leadership Team

Members of the ALT are responsible for the implementation of policy obligations throughout their respective areas of the business. ALT members have a responsibility to:

- ensure staff within their areas of responsibility are aware of appropriate procurement practices;
- act in the best interests of Aurora Energy in relation to any procurement that they recommend or authorise;
- receive and act upon reports of actual or potential conflicts of interest in accordance with approved procedures; and
- critically review procurement processes and documentation and provide considered opinion and approval when appropriate.

7.4 Business/Contract Owners

The Business Owner responsible for the procurement is ultimately accountable for ensuring the procurement principles are met and the requirements in Section 5 are complied with. Specifically, the Business Owner must ensure:

- compliance with this Policy and its supporting procedures and documents;
- complete and accurate records of procurement activity are kept, including the generation of records to support decision making;
- procurement is conducted in a way that supports value for money and promotes competitive tension; and
- compliance with Buy Local and conflict of interest requirements.

7.5 Legal, Risk & Compliance Team

The Legal, Risk & Compliance Team is responsible for administering this Policy and supporting the business in its effective implementation and management.

The Legal, Risk and Compliance Team is responsible for:

- providing training and support in relation to the procurement framework and conducting procurement activities in accordance with this Policy;
- assisting the business with procurement activities; and
- keeping complete and accurate records of procurement activity, including probity matters and advice relied upon to support all stages of the procurement process.

8. Non-compliance with this Policy

All non-compliances with this Policy will be recorded in accordance with the Compliance Policy.

Any non-compliances that are risk-rated as Severe or Major will be escalated to the Board or a relevant Board Committee through Aurora Energy's non-compliance reporting processes.

Non-compliances that are risk-rated as Moderate or Minor will be reported to the Chief Executive Officer.

Incidents of wilful non-compliance with this Policy are considered to be serious and will be dealt with in accordance with Aurora Energy's normal performance management process, which may include dismissal.

9. Related Policies

- Compliance Policy.
- Delegation Policy.
- Code of Conduct.
- Conflict of Interest, Gifts and Benefits Procedure.
- Fraud and Corruption Policy.
- Payment of Account Guideline.
- Purchase Card Policy.

10. Precedence

In the event of a conflict between policies, the following precedence will apply in this order to the extent of any inconsistency:

- Board approved Policy.
- Chief Executive Officer approved Policy.
- Business approved Procedure.
- Business approved Work Practice.

11. Policy Approval and Review

The CEO is responsible for approving this Policy at least every three years or earlier if a significant change occurs to the business which may impact the policy.

12. Whistleblowing Statement

In extreme circumstances an individual may be concerned that a serious breach of this Policy has occurred but considers that it would be personally damaging to pursue it through normal channels. In such circumstances the individual should refer to Aurora Energy's Public Interest Disclosure Policy for information about how to report such a concern and to whom.

Aurora Energy's Public Interest Disclosure Policy ('whistleblower' policy) is based on the Public Interest Disclosures Act 2002. This Policy is available on both Aurora Energy's external website and its internal intranet.

Delegated Officers under the Public Interest Disclosure Policy will do all that is possible and practicable to ensure the identity of the individual and the identity of the person who is the subject of the disclosure are kept confidential.

Approved by the Chief Executive Officer on 12 June 2020.

A handwritten signature in black ink, appearing to read 'Kardus', written in a cursive style.

Chief Executive Officer