

Procurement and Contracting Procedure

Corporate procedure 8.4 P1

Responsible Officer: Group Manager Accounting and Taxation

Policy Custodian: Chief Finance Officer

Division: Finance and Resources

Date of effect: 31/05/2012

Date of last review: 31/05/2012

Scope

This procedure applies to ActewAGL procurement and contracting activities with the exception of:

- The purchase of electricity;
- Employment activities; and
- Engagement of Agency Labour Hirees, Consultants and Professional Services Contractors

Purpose

This procedure sets out the key requirements for the procurement and contracting at ActewAGL in order to:

- Identify mandatory process requirements;
- Ensure consistent processes across ActewAGL; and
- Direct staff to supporting guidance and advice.

Procedure

1. Procurement Procedure

1.1 Calculate the Total Procurement Cost

The total cost for the procurement includes all likely costs such as:

- Initial and subsequent purchase amount;
- Ongoing transaction costs;
- Ongoing maintenance costs;
- Sustainability costs; and
- Disposal/decommissioning costs.

If the engagement is for an indeterminate amount of time, then the procurement threshold must represent the best estimate of total costs associated with the procurement.

1.2 Select Appropriate Procurement Path

Select an appropriate procurement path based on the total cost of the procurement.

| Total Cost (ex GST) | Procurement Path | Summary of Requirements |
|----------------------------------|-----------------------|-----------------------------|
| Less than \$30,000* | Direct Procurement | Minimum of 1 written quote |
| Between \$30,000 and \$249,999* | Minor Procurement | Minimum of 2 written quotes |
| Between \$250,000 and \$749,999* | Major Procurement | Minimum of 3 written quotes |
| \$750,000 and above* | Strategic Procurement | Tender Process |

*** Note, in all instances, if the risk is high or very high, advice needs to be sought from Contracts and Procurement on the procurement path to be used.**

The items below may indicate that the procurement might be high risk. The more factors that are present the more likely the procurement might be a high risk and might require a full risk assessment. Indicators of a potentially high risk procurement include:

- Critical supply item – key business processes could not continue without this item
- There is significant stakeholder and/or public interest in this procurement
- The procurement value represents >25% of the business unit's budget
- The procurement is required to support compliance with a key legal/regulatory requirement

Approval for exemptions from the above requirements must be obtained from the relevant **General Manager** and **Manager Contracts and Supply** for Strategic Procurement and the **Divisional Commercial Manager** for minor procurement.

ActewAGL staff must not separate a procurement or procurement phase into individual parts, or use a particular method for calculating estimated total cost for the purpose of circumventing the above thresholds.

All procurements must only be undertaken within an authorised budget.

No person may commit ActewAGL to expenditure without having a financial delegation or the prior approval of an appropriate financial delegate.

1.3 Consultation When Developing a Written Contract

The following table describes the requirement for consultation to enable the development of the **appropriate** written contract.

| | | | | | |
|-------------|-----------|---|---|--|---|
| Risk | Very High | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template |
| | High | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template | Consult with Contracts & Procurement for appropriate template |
| | Medium | Consultation not mandatory* | Consult with Commercial Manager OR Contracts & Procurement* | Consult with Contracts & Procurement for appropriate template* | Consult with Contracts & Procurement for appropriate template |
| | Low | Consultation not mandatory* | Consult with Commercial Manager OR Contracts & Procurement* | Consult with Contracts & Procurement for appropriate template* | Consult with Contracts & Procurement for appropriate template |
| | | Up to \$30,000 | \$30,000 to \$99,999 | \$100,000 to \$250,000 | Over \$250,000 |
| | | Value | | | |

* Refer to flowcharts in section 1.5 on the process to be undertaken for the various procurement paths referred to above in section 1.2.

1.4 Procurement Method

Purchases are initiated using one of the following methods:

Oracle Blanket Purchase Agreement

Blanket purchase agreements may be created by Contracts and Procurement where there is a contract established with a supplier. The blanket purchase agreement is set up in accordance with the terms of the contract, the projected expenditure and the expiry date. It enables ActewAGL staff to either progressively release claims electronically, or to release the entire purchase agreement where it is satisfied immediately. All Blanket Purchase Agreements are raised by Contracts and Procurement.

Oracle Standard Purchase Order

Oracle standard purchase orders can be raised electronically if no blanket agreement is in place by any authorised staff member and sent to established suppliers to obtain goods or services. The order is to be forwarded to an appropriate delegate to approve electronically. It can be used for contract or non-contract procurement.

Oracle iProcurement.

The Oracle iProcurement facility can be used for raising blanket releases, standard purchase orders (for non inventory catalogued items or one off purchases) and requisitioning from inventory.

1.5 Undertake the Procurement (in accordance with selected path)

The following diagrams outline key steps in the selected procurement path.

Direct Procurement: Less than \$30,000

| | |
|---|--|
| Prepare Business Case if required | At delegates discretion |
| Obtain & Retain Quotes | Minimum of 1 written quote |
| Select Supplier | Document supplier selection |
| Consider Requirements for a Standard Form Contract | <p>The delegate officer may:</p> <ul style="list-style-type: none"> - Choose to seek advice from the divisions Commercial Manager or Contracts & Procurement; and - Decide not to use a standard form contract. <p>Guidance on when to use a standard form contract at Section 2.1</p> <p>If a standard form contract is used follow the Contract Development & Formation Procedure at Section 2</p> |
| Consider Safety Requirements | <p>If Procurement is for goods/materials, the Specifying Officer is to complete a OH&S risk assessment (8.2 DM 223323)</p> <p>If Procurement is for works or services and a standard form contract is NOT used, complete a Minor Non-Contract Services HS&E Approval Form (DM 226320)</p> |
| Set-up new supplier in Oracle if required | Refer to <i>Supplier Creation and Modification Procedure 8.7 P2</i> |
| Select Procurement Method <i>i.e. Raise Purchase Order / Blanket Agreement</i> | <p>If a contract has been developed a Blanket Agreement is preferred.</p> <p>Please refer to section 1.3 for guidance on procurement methods</p> |
| Obtain Approval from Financial Delegate | <p>Purchase Orders are approved by a financial delegate in the Oracle System.</p> <p>Blanket Agreements require financial delegate approval to be forwarded to Contracts & Procurement prior to raising of the Blanket Agreement (i.e. Business Case)</p> |

Minor Procurement: \$30,000 - \$249,999

| | |
|---|---|
| Prepare Business Case if required | At delegates discretion |
| Obtain & Retain Quotes | Minimum of 2 written quotes |
| Select Supplier | Document supplier selection |
| Consider Requirements for a Standard Form Contract | <p>\$30,000 - \$100,000 Mandatory Requirements: Delegate Officer MUST seek advice from divisional Commercial Manager. Commercial Manager must approve a decision to not use a standard form contract.</p> <p>>\$100,000 Mandatory Requirements: Delegate Officer MUST seek advice from Contracts & Procurement. Delegate MUST approve a decision to not use a standard form contract, noting C&P advice</p> <p>Guidance on when to use a standard form contract at Section 2.1</p> <p>If a standard form contract is used follow the Contract Development & Formation Procedure at Section 2</p> |
| Consider Safety Requirements | <p>If Procurement is for goods/materials, the Specifying Officer is to complete a OH&S risk assessment (8.2 DM 223323)</p> <p>If Procurement is for works or services and a standard form contract is NOT used, complete a Minor Non-Contract Services HS&E Approval Form (DM 226320)</p> |
| Set-up new supplier in Oracle if required | Refer to <i>Supplier Creation and Modification Procedure 8.7 P2</i> |
| Select Procurement Method <i>i.e. Raise Purchase Order / Blanket Agreement</i> | <p>If a standard form contract has been developed a Blanket Agreement is preferred.</p> <p>Please refer to section 1.3 for guidance on procurement methods</p> |
| Obtain Approval from Financial Delegate | <p>Purchase Orders are approved by a financial delegate in the Oracle System.</p> <p>Blanket Agreements require financial delegate approval to be forwarded to Contracts & Procurement prior to raising of the Blanket Agreement (i.e. Business Case)</p> |

Major Procurement: \$250,000 - \$749,999

| | |
|--|--|
| Prepare Business Case | |
| Obtain & Retain Quotes | Minimum of 3 written quotes |
| Obtain approval from financial delegate | Document supplier selection |
| Contact Contracts and Procurement Branch | |
| Consider Safety Requirements | If Procurement is for goods/materials, the Specifying Officer is to complete a OH&S risk assessment (8.2 DM 223323) If Procurement is for works or services and a standard form contract is NOT used, complete a Minor Non-Contract Services HS&E Approval Form (DM 226320) |
| Execute contract | Refer to Contract Development & Formation Procedure at Section 2 |
| Raise Blanket Agreement | |

Tender Process: \$750,000 and above

Prepare business case

Obtain approval from financial delegate

Contact Contracts and Procurement Branch

Consider Safety Requirements

If Procurement is for works or services and a contract is NOT used, complete a Minor Non-Contract Services HS&E Approval Form (DM 226320)

Where the tender process is used the complete a Contractor HS&E Questionnaire (DM223327) and Review of HS&E MS Questionnaire (DM 205094)

If Procurement is for goods/materials, the Specifying Officer is to complete a OH&S risk assessment (8.2 DM 270120)

Safety requirements should form part of the tender process. Refer to (DM 185813)

Undertake Tender Process with Contracts & Procurement

Execute contract

Refer to **Contract Development & Formation Procedure at Section 2**

Raise Blanket Agreement

2. Contract Development and Formation Procedure

The following diagram outlines the key steps to develop and form a contract.

| | |
|---|--|
| Identify Contract Requirement | Refer to Section 1.3 & 2.1 |
| Involve Contracts & Procurement Team | |
| Contracts & Procurement Team to advise of appropriate contract form - Preferred use of Standard Contract Templates | Refer to Section 2.2 |
| If engaging Agency Labour Hirees, Consultants and Professional Services Contractors | Also refer to requirements in Corporate Policy and Procedures 8.5 |
| Define key responsibilities | <ul style="list-style-type: none"> - Contract Manager - Contract Specialist - Category Specialist - Specification Officer |
| Obtain stakeholder input as required | Refer to Section 2.3 <ul style="list-style-type: none"> - Legal & Secretariat - Commercial Managers - Branch Manager &/or General Manager - Treasury -EHSQ |
| Complete Risk Assessment & Probity Declaration | Refer to Section 2.5 |
| Develop Contract Specifications & Performance Management | Refer to Section 2.7 & 2.8 |
| Complete Contract Development Checklist | Refer to Section 2.4 |
| Execute Contract | Refer to Section 2.9 |
| Retain records on Contract File | Refer to Section 2.10 |
| Contract entered into Central Contract Management Database & Document Management System | |
| Raise a Blanket Purchase Agreement | |

2.1 Identify Requirement for a Standard Form Contract

The following outline scenarios where a standard form contract might be required:

- *Significant expenditure is involved* requiring formal protection of the interests of the parties by documenting the deliverables and basis for payment;
- *Risk identification* associated with procurement processes, and the minimisation of those risks through contractual terms designed to protect the interests of ActewAGL;
- *Specific outcomes and performance measurement* being sought require explanation and the contractor performance needs to be monitored and managed over time;
- *Key personnel* are required by ActewAGL or the contractor to undertake the contract obligations;
- *Intellectual property rights* exist in material being provided by either party to the contract;
- *Confidential information* disclosed by either party needs to be protected;
- *Privacy of personal information* collected or disclosed in the course of business must be protected;
- *Security matters* such as the need for security clearances for personnel exists or where sensitive information may be available under the contract including access to IT systems;
- *Technical Specifications* and contract deliverables are required to be documented through clear specifications or documented requirements; and
- *Where Foreign Exchange, Interest Rate and Commodity Prices* have a direct and material impact to the underlying provision of goods and / or services.

The Contracts and Procurement Division is to help advise of the appropriate contract form.

2.2 Standard Contracts & Alternative Contracting Approaches

ActewAGL Standard Contracts

All contracts developed should be based on the ActewAGL standard contracts templates. Standard contract templates are available from the Contracts and Procurement Division.

Alternate Contract Arrangements

Any non ActewAGL contracts (external contracts) or significant changes to ActewAGL Standard Contracts must be approved by the Contracts and Procurement Division. The Contracts and Procurement Division is to liaise with Legal and Secretariat Division when required. Treasury can advise upon any alternative hedging arrangement where the standard price variation clause related to foreign exchange, interest rates or commodity prices is considered sub-optimal.

The Contracts and Procurement Division is to help advise of the appropriate contract form.

2.3 Obtain Appropriate Stakeholder Input

Internal stakeholders are to be consulted about the specification of deliverables and other matters as the contract is being drafted.

The following internal stakeholders are required to be consulted:

- Legal and Secretariat Division

The Contracts and Procurement Division must consult with Legal and Secretariat Division on the following contracts:

- Any non-ActewAGL contract (external contract);
- Any contract where total spend is above \$1,000,000 (requiring CEO execution);
- Any procurement which is deemed high-risk or very high-risk; and
- Any deed, or deed to vary or extend a contract.

The Contract Manager is responsible for ensuring that all documentation applicable to the contract is available for review by the lawyer providing advice on the drafting of an ActewAGL contract, or amendment of a counter-party's contract. This includes negotiations via email or file notes as extraneous materials can be used when interpreting a contract in the event of a dispute.

- Branch Manager &/or General Manager

For individual contracts the extent of senior management involvement will depend on the complexity and sensitivity of the contract.

The level of management involvement should mirror the ActewAGL delegations (Delegation 1.1.3) for entering into contracts. If a contract requires General Manager or Branch Manager execution, it requires General Manager or Branch Manager consultation.

- Commercial Managers

Commercial Managers are required to be consulted on the following contracts:

- Any commercial issues;
- Any non - ActewAGL contract (external contract);
- Any contract where total spend is above \$1,000,000 (requiring CEO execution);
- Any procurement which is deemed high-risk or very high-risk.

In particular, Commercial Managers are to ensure that any changes to the ActewAGL standard insurance requirements are appropriate. Commercial Managers are the only employees who can agree to reduce insurances.

- Health, Safety, Environment & Quality

Where contract specifications, contract deliverables and performance measures within a contract relate to health, safety &/or environment the draft contract must be reviewed by a member of the EHSQ branch. Standard HS&E specifications for inclusion in the contract can be found on page 10 of the Contractor Safety Management Manual, DM185813.

- Treasury

Treasury is required to review any contracts denominated in a foreign currency or contracts that contain variation clauses dependent on commodity prices, interest rates or foreign currency fluctuations.

2.4 Contract Development Checklists

Stakeholder consultation should be documented and reflected in the **Contract Development Checklist** where appropriate.

The Contract Manager and a Contract Specialist must sign a completed Contract Development Checklist for every contract developed.

A copy of the contract checklist is attached at Appendix A.

2.5 Identify & Manage Risks

Risk Assessments are required to be performed when developing a contract. Risk Assessments are to be completed by the Contract Manager and Specifying Officer in conjunction with the Contract Specialist. Refer to section 1.1.6 of the Procurement, Contracting and Contract Management Policy for guidance regarding risk assessments to be conducted.

A copy of the completed risk assessment must be filed in the contract file.

The risk rating must be entered into the Contract Management Database to assist with ongoing reporting regarding risk.

The completion of the risk assessment must be noted on the **Contract Development Checklist**.

2.6 Probity

ActewAGL staff are required to sign a probity declaration form when involved in a contract and/or tender process. Appropriate people include:

- Procurement officer;
- Contract specialist;
- Contract manager;
- Delegate approver; and
- Any further staff involved in the tender evaluation panel.

Please be aware of the Probity Guidelines attached at Appendix B.

2.7 Contract Deliverables & Technical Specifications

Technical specifications and statement of deliverables in the contract should set out what is to be delivered, to what standard and in what timeframe. They should be:

- As concise as possible, while at the same time fully describing the requirement;
- Clear, consistent, unambiguous and not conflict with itself or other contract terms and conditions;
- Complete and accurate; and
- Achievable and measurable.

Specifying Officers are required to develop appropriate specifications within agreed timeframes.

2.8 Establish Performance Management Regime

Contract deliverables must be accompanied by performance measures. Performance measures include indicators with related targets and performance standards.

Performance measures need to be sufficiently comprehensive and specific to allow the Contract Manager to certify that the work meets contractual requirements. They may also provide the basis of authorising payments.

The contract should also include performance measures that will alert the contract manager to potential problems, so that remedial action can be taken if needed.

The Contracts and Procurement Division must review performance measures to ensure that they are appropriate and measurable for the contract.

2.9 Contract Execution and Delegation

The ActewAGL employee executing the contract must be satisfied with the contract negotiation outcomes and the final contract.

The following table outlines the general procurement and contract delegations with reference to the *ActewAGL Administrative and Financial Delegations Manual*. **Note that this is not an exhaustive list. Refer to the aforementioned manual for all administrative and financial delegations (DM 398978).**

| Approval Type | Delegation / Description |
|---|--------------------------|
| Accept / enter into contracts | Delegation 1.1.2 |
| Approval to sign contracts and standing offers | Delegation 1.1.3 |
| Delegation for the purchase of goods and services | Delegation 1.1.4 |

The following table outlines more specific procurement and contract delegations, and other approval and execution requirements.

| Approval Type | Description |
|-------------------|---|
| Power of Attorney | <p>Some contracts such as dealings in land; require execution under power of attorney. The CEO has a power of attorney issued by the partner companies in the two, distinct, ActewAGL partnerships, and the CEO will usually be the signatory where execution under a power of attorney is required.</p> <p>Legal & Secretariat staff and the Executive Officer to the Board can provide suitable wording for execution under a power of attorney. If the CEO is to use the power of attorney, then the contract must be provided to the Executive Officer to the Board who will arrange for execution. The use of the power of attorney is then reported to the ActewAGL Board as mentioned earlier.</p> |

| Approval Type | Description |
|-------------------------------------|--|
| Deeds | Any deeds including deeds of variation must be executed by the CEO under the power of attorney. |
| Consultants | Delegation 1.3.2 |
| External Auditors | Delegation 1.3.1 |
| IT Hardware and IT Software | Delegation 1.3.5 & 1.3.6 |
| Inventory Purchases | Delegation 1.1.5 |
| Related Party Agreements | <p>Clause 12.4 of the ActewAGL Joint Venture Umbrella Agreement requires that contracts of value above \$500,000 ['significant contracts'] between a joint venture partnership and a related party e.g. ACTEW Corporation require advance approval by the 'other' party to the joint venture. Contracts of value between \$50,000 and \$500,000 require notice to be given the 'other' party.</p> <p>On execution (signing) of a related party contract under clause 12.4, or a contract above \$1 million in lifetime value, or where a power of attorney is used by the ActewAGL signatory, the Executive Officer to the Board must be notified and will prepare the required information paper for the Board.</p> |
| Inter-partnership Agreements | Delegation 1.5.1. |
| Significant Contract | Any contract entered into above \$1,000,000 is required to be reported to the Board. |
| Contract Extensions | If a contract is extended, the extension amount must be added to the original contract approved amount when determining correct delegation. |

Approvals are to be documented in the **Contract Development Checklist**.

2.10 Record Keeping

Contract Management System – Details of all contracts must be entered into the Contract Management Database by a member of the Contracts and Procurement Division.

Document Management System – Scanned copies of the executed contract must be scanned into the document management system.

Bank Guarantee Register – The Contracts and Procurement Division is responsible for maintaining a register of all Bank Guarantees held.

Final Executed Signed Contract – The Contracts and Procurement Division must make sure all executed contract copies are filed, along with appropriate contract preparation documents, such as:

- Contract development checklists;
- Probity declarations;
- Insurances;

- Bank guarantees;
- Risk assessment; and
- Any professional (i.e. legal, tax) advice received.

Definitions and abbreviations

| Term | Definition |
|-------------------------|---|
| Risk Assessment | Overall process of risk identification, risk analysis and risk evaluation, conducted in accordance with relevant corporate procedure 7.3 P1 <i>The risk management process</i> . Refer Australia/New Zealand Standard Risk Management AS/NZS 4360:2004 |
| Standard Form Contracts | Contract templates available from Contracts and Procurement Division |

Responsibilities

Refer to Corporate Policy 8.4 for roles and responsibilities.

Related documents

- [Corporate Policy 8.4 Contracts & Procurement Policy](#)
- 3.1 ActewAGL Code of Conduct
- Administrative and Financial Delegations Manual
- [8.4 P1 F1 Form – Progress Payment Certificate](#)
- [8.4 P1 F2 Form – Retention Release Required](#)

Document control

| Version | Author/Editor | Description of changes | Approved by/date |
|----------------|----------------------|---|-------------------------|
| 1 | Steven McDonnell | Update for contracts and procurement review | Executive, 31/05/2012 |

Appendix A Contract Development Checklist

**ActewAGL – Contracts & Procurement
Contract Development Checklist**

CONTRACT / SO NO: _____ SUPPLIER: _____

To be completed by the Contract Manager and Contract Specialist

| | Tick | Initial |
|--|---------------------------|--------------------------|
| 1. Section 1.1.7 of Contracts and Procurement Policy has been followed prior to the engagement of any contractors. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Section 1.3 and 2.1 of P1 Procurement and Contracting Procedure has been followed. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Contracts and Procurement Division have been consulted. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Appropriate contract form approved by Contracts and Procurement Division. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. If agency Labour Hirees, Consultants and/or Professional Services Contractors have been engaged Corporate Policy Procedure 8.5 has been followed. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The following key responsibilities have been assigned: | | |
| Contract Manager Name: | <input type="checkbox"/> | <input type="checkbox"/> |
| Contract Specialist Name: | <input type="checkbox"/> | <input type="checkbox"/> |
| Category Specialist Name: | <input type="checkbox"/> | <input type="checkbox"/> |
| Specification Officer Name: | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. The following stakeholders have provided input (circle one). Provide justification for No / Not Applicable answers (overleaf). | | |
| Legal and Secretariat | Yes / No / Not Applicable | <input type="checkbox"/> |
| Commercial Managers | Yes / No / Not Applicable | <input type="checkbox"/> |
| Branch Manager and/or General Manager | Yes / No / Not Applicable | <input type="checkbox"/> |
| Treasury | Yes / No / Not Applicable | <input type="checkbox"/> |
| EHS&Q | Yes / No / Not Applicable | <input type="checkbox"/> |
| 8. Risk Assessment/s completed. Date Completed..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Probity Declaration completed. Date Completed..... | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Contract specifications developed in line with section 2.7 of P1 Procurement and Contracting Procedure. | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Contract performance management developed in line with section 2.8 of P1 Procurement and Contracting Procedure. | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Copy of insurance certificates obtained. | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Copy of bank guarantees obtained and entered into bank guarantee register. | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Execute contract in line with section 2.9 of P1 Procurement and Contracting Procedure. | <input type="checkbox"/> | <input type="checkbox"/> |

Reason/s in Question 7 for No / Not Applicable answers selected:

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Signature of Contract Manager (divisions): _____ Date: _____

Signature of Contract Specialist: _____ Date: _____

Appendix B Probity Guidelines for the ActewAGL Tender & Contract Process

Probity Principles

- Use of a competitive process unless sound business needs preclude this.
- Fairness, consistency and transparency of processes within ActewAGL.
- Security and confidentiality of information.
- Identification and resolution of conflicts of interest.
- Accountability for actions and decisions.
- Compliance with legislation, ActewAGL policies and procedures and the ActewAGL Corporate Plan and divisional / branch business plans.

Objectives of Probity

The issue of probity in the tender and contract process is the responsibility of all stakeholders involved in the process (ActewAGL and tenderers). The key objectives of probity are to ensure:

- The interests of all stakeholders are protected by an equitable process;
- Public, customer and supplier confidence in ActewAGL processes;
- Minimisation of the potential for litigation; and
- Minimisation of the potential for fraud and corrupt practices.

Use of a Competitive Process

- Market testing is undertaken on a regular basis to ensure ActewAGL receives best value for money by allowing new suppliers the opportunity to compete, and thereby encouraging existing suppliers to improve performance.

Fairness, Consistency and Transparency of Process within ActewAGL

- Once a tender process commences, officers **do not under any circumstances** solicit or accept, directly or indirectly, any form of payment, gift or entertainment of any value or of any type from any potential tenderer. All such offers are to be refused.
- Once a contract is let, officers do not solicit or accept, directly or indirectly, gifts or entertainment of any value from the contractor without declaring such gift or entertainment to management. A cash payment must never be accepted under any circumstance. The receipt of gifts and / or entertainment may be acceptable to enhance business relationships and to assist in the management of the contract. Gifts can only be accepted on the understanding that such gifts are received on behalf of the body corporate and not for an individual officer. Examples of an acceptable gift are a prize for a corporate golf day or a Christmas gift made available to all members of staff. Entertainment may be accepted from a contractor in order to build relationships. The receipt or refusal of any such offer made is to be approved by management and clearly documented in a register of gifts received.
- The Request For Tender (RFT) document includes clearly all the conditions of tendering and instructions for tenderers.
- Tender evaluation criteria are established and documented prior to the calling of tenders.
- Tender evaluation criteria are not biased and are not changed during the tender evaluation process unless all tenderers are given the opportunity to revise their offers.
- A contract is not awarded to a tenderer that only lodged an expression of interest as a result of an RFT without submitting a detailed tender.
- A selective tender process is not undertaken following the calling for expressions of interest unless all bidders are informed in advance that only those short-listed will be permitted to tender, including the 'hurdle' criteria for short-listing.
- All tenderers have access to the same information and for the same amount of time.
- Provision of additional information or clarification by ActewAGL of unexpected ambiguity in the RFT, that is provided to one tenderer in response to enquiry is provided to all bidders at the same time.

- One ActewAGL officer is designated as the single point of contact (for each tender) for communication with tenderers and for controlling the flow of information to and from tenderers. This officer can authorise others to communicate with tenderers when required. If necessary, a separate officer can be nominated for technical matters and one for contractual matters.
- Tender evaluations are generally performed by more than one person depending on business needs and the value and nature of the RFT.
- Tender closing dates are enforced and any extension of time permitted is granted to all bidders.

Security and confidentiality of information

- Confidential information is protected and is not disclosed to unauthorised persons.
- ActewAGL staff are aware of their requirement under the Code Of Conduct to protect the confidentiality of information.
- Non-staff (contract staff / consultants etc...) involved in the procurement process sign a confidentiality agreement prior to commencing work.
- Documents (paper and electronic) that contain tender-related, commercially sensitive information are physically and/or logically secured at all times with access only by authorised persons.
- Only persons with a direct 'need to know' are authorised to access tender-related, commercially sensitive information.
- Limited numbers of copies of documents containing tender-related, commercially sensitive information should be made and each copy should be numbered and accounted for.

Identification and resolution of conflicts of interest

- ActewAGL staff are aware of their requirement under the Code Of Conduct to disclose potential conflicts of interest.
- Non-staff (contract staff / consultants etc...) involved in the procurement process sign a Conflict of Interest Declaration prior to commencing work.
- Bidders are required to disclose all potential conflicts of interest in their bids. Failure to make adequate disclosure is grounds for rejection of bid / termination of contract.
- Members involved in the tender process disclose any actual, perceived or potential conflict of interest prior to commencing a tender evaluation.
- Members involved in the tender process who disclose an actual, perceived or potential conflict of interest are excluded from the tender evaluation depending on business needs and are replaced by a person who declares that they have no actual, perceived or potential conflict of interest.

Accountability for actions and decisions

- Procedures clearly identify which officer, group of officers, or committee is ultimately accountable for each key decision in the tendering process. Where a hierarchy of responsibility exists for various key steps in the tendering process, the procedures should clearly identify who is responsible for providing advice and/or recommendations and who is responsible for making decisions after consideration of that advice.
- Approval to commence the RFT process is given by an officer with the appropriate authority, as a minimum a branch manager.
- All communications (oral and written) material to the RFT between a tenderer and ActewAGL staff during the RFT process are documented.
- Tender evaluations are documented.
- Post tender negotiations with a preferred tenderer(s) are documented.
- Tender decisions (acceptance and rejection) and the reasons for those decisions are documented.
- Tender decisions are made by officers with the appropriate financial authorisation.
- Notification to tenderers of acceptance / rejection are in writing.
- Unsuccessful tenderers are provided the opportunity for a debrief if requested. A debrief is not automatic and is not a condition of tendering.
- All procurement documentation is securely filed in a logical format to facilitate independent review.

Compliance with legislation and ActewAGL policies and procedures

- Clear procedures exist and are followed covering all the probity principles identified above.
- Clear procedures exist for resolving probity and process issues as they arise during the RFT process.