PROCUREMENT POLICY AND FRAMEWORK

September 2026

Powering Skills Organisation Ltd

Policy # PSO-007	**Last edited: 4 March 2025**	**Policy owner: Chief Operating Officer**
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1. Purpose

The Procurement Policy and Framework (Policy) provides a framework for identifying, evaluating, approving, engaging and managing suppliers, including sub-contractors, for Powering Skills Organisation Ltd (PSO). It sets out the goal, objectives, principles and minimum procedural requirements that guide procurement decision-making and support compliance with PSO's funding and grant agreement obligations. This Policy should be read in conjunction with the Procurement Procedure at Appendix 1, Delegation of Authority Policy and Modern Slavery Statement.

The purpose of this Policy is to:

- Provide principles to ensure that PSO obtains good value for money in a fair, simple and ethical manner
- Support the selection of suitable suppliers, including sub-contractors, through a documented, objective and defensible procurement process that delivers appropriate outcomes for PSO and the energy, gas and renewables sectors
- Build the trust of our suppliers by ensuring that PSO acts in accordance with our core values and with sound risk management principles
- Provide management with guidance on developing robust, effective and efficient procurement processes and systems, and provide clear direction to all staff involved in procurement activities in alignment with the Delegation of Authority Policy
- Promote transparency, accountability, probity and ethical conduct in procurement activities, supported by complete and accurate records that demonstrate compliance and audit readiness

Ensure suppliers and sub-contractors are identified, approved, engaged, onboarded, monitored and managed in accordance with this Policy, PSO's Delegation of Authority Policy and any applicable funding or grant agreement requirements.

2. Scope

This Policy applies to the PSO Board and to all authorised PSO management and employees involved in procurement activities.

Matters addressed in this Policy are:

- Procurement goal, objectives and principles
- Use of suppliers and sub-contractors
- Procedure for engaging suppliers and sub-contractors
- Evaluation process and methods

Procedure for managing suppliers and sub-contractors

3. Alignment with Not-for-Profit Governance Principles

PSO is committed to meeting the following Australian Institute of Company Directors' (AICD) *Not-for-Profit Governance Principles*:

4. Definitions

Term	Meaning
Contract Maximum Annual Expenditure	means the maximum amount payable or reasonably anticipated to be payable under the contract in any 12-month period, including extensions, options, renewals, variations and related work
Material Variation	means a change that affects scope, value, risk, duration, deliverables, funding obligations or the basis on which the original procurement was approved
Preferred Supplier	means a supplier appointed through a documented competitive process for a defined category and period
High Risk procurement	means a procurement assessed as having elevated financial, operational, legal, regulatory, funding, information security, privacy, safety, integrity, modern slavery or reputational risk

Principle 2 – Roles and Responsibilities

An NFP Board should have visibility and oversight of the role of key third party service providers, including understanding their performance.[1]

5. Delegation Principles – Delegation of Authority

Procurement decisions must be made in accordance with PSO's Delegation of Authority Policy. This means that financial commitment, supplier selection, contract approval, execution, variation and renewal decisions must be approved by the person or body holding the relevant delegated authority, having regard to contract value, risk, funding source, strategic significance and any applicable grant agreement requirements. Delegations must not be split, circumvented or exercised where an actual, potential or perceived conflict of interest exists.

6. Responsibilities

Position	Responsibility
PSO Board (Directors)	• Ensure good procurement governance and accountability. • Approve the resource plan and budget submitted by Chief Executive Officer (CEO).
Audit and Risk	• Monitor procurement governance arrangements, including the

[1] Australian Institute of Company Directors, *Not-for-Profit Governance Principles*. Third Edition, April 2024, page 5.

Committee	internal control systems. • Oversee procurement risk and related internal audits.
CEO	• Develop resource plan and budget. • Assist the General Managers in interpreting and resolving procurement problems if they arise. • Ensure evaluation of sub-contractors takes place. • Final selection of sub-contractors used by PSO.
General Managers / Contract Owners	• Oversee the procurement process and deal with any procurement issues when escalated. • Undertakes pre-contract risk assessment and due diligence. • Final recommendation of sub-contractors used by PSO. • Manage sub-contractor performance, including requirements with VET regulatory standards and that they are meeting service standard requirements. • Approve sub-contractor invoices for payment. • Manage annual reviews of sub-contractors, where relevant. • Keep the Chief Executive Officer informed of the procurement process. • Maintain the sub-contractor Register for PSO. • Liaise with CEO if technical expertise is required to understand the task being procured.

7. Procurement Goal

To ensure that PSO undertakes procurement activities through an open, fair, competitive and proportionate process that supports value for money, supplier suitability, probity, risk management, compliance with approved budgets and delegations, and compliance with applicable funding or grant agreement requirements, including any DEWR approval requirements.

8. Procurement Objectives

The objectives of this Policy are:

- To maintain the highest ethical standards in procurement matters.
- To ensure the correct services are purchased, in terms of the most suitable person or business in line with the specification.
- To achieve best value for money.
- To reduce paperwork so that the process is fast enough to meet PSO's business needs.
- To ensure that the request for proposal conditions are complied with.
- Fulfil procurement due diligence on sub-contractors, including ethical standards and Modern Slavery assessment.

- To act fairly towards prospective sub-contractors who apply for work.
- To promote equality, diversity and sustainability throughout the procurement process.

9. Procurement Principles

There are five principles that are key to guarantee effective and transparent procurement process.

1. Maintain high ethical standards

PSO desires to create a reputation for ethical behaviour, financial probity and reliability with a zero-tolerance policy towards bribery. Employees must not accept gifts, rewards or hospitality from any sub-contractor or associated organisation with whom it has contact or a relationship.

In the event of a conflict of interest, which occurs if an employee has an interest in an individual or organisation providing the services to PSO, that interest must be declared in writing at the earliest opportunity as per the Conflict of Interest Policy. This will ensure the avoidance of a Board Director or employee of PSO participating in the selection, award or administration of a request for proposal if a conflict of interest is real or apparent.

2. Achieve value for money

To achieve value for money, PSO will focus on specifications that involves various criteria, including:

- Purpose of the sub-contractor services
- Characteristics of the job (size, completion date etc)
- Experience, skills and technical ability
- Availability
- Reliability
- Past performance
- Price
- Maintenance arrangements

3. Act fairly towards suppliers

PSO will ensure that individual sole traders and small and medium sized enterprises (SMEs) have fair and equal access to contracts advertised to provide a fair and open approach to tendering.

PSO, where possible, will:

- Keep the request for proposal process as simple as possible, but consistent with achieving value for money, to help minimise costs to prospective sub-contractors.
- Offer meaningful feedback to sub-contractors on the evaluation of their proposal at the end of the request for proposal process.
- Provide guidance for sub-contractors on proposal tendering for opportunities.
- Support training for staff to develop consistency in the use of best practice procurement processes.
- Pay sub-contractors for their services within 30 days of receiving an invoice and required supporting documentation.

4. Promote equality, diversity and sustainability

PSO is committed to fair and inclusive procurement and will not unlawfully discriminate in the exercise of its procurement functions. Supplier selection and contract management decisions must be based on objective, relevant and documented criteria, consistent with applicable law and PSO's policies.

In accordance with section 9.12 of the DEWR Funding Agreement, PSO takes reasonable steps through its procurement and employment practices to increase opportunities to purchase goods and services from Indigenous enterprises and employ Indigenous Australians.

The general equality duty requires PSO employees and its sub-contractors to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited.
- Advance equality of opportunity and foster good relations between people who share a relevant protected characteristic and those who do not.

5. Governance and audit

The PSO Board is responsible for establishing arrangements for ensuring conformance to standards of good governance and accountability with regard to procurement.

Each step of the 'request for proposal' process must be adequately documented to ensure that accountability requirements have been met. Employees should therefore take steps to record all decisions taken during the procurement process.

For the evaluation of offers, this information might include:

- Decisions relating to the choice of selection criteria
- Issues relating to conflict of interest for procurers and/or suppliers
- Discussions with potential suppliers prior to offers closing
- Consideration of any modern slavery risks within the supplier's business operations and supply chains assessed as outlined in Appendix 1 of the Modern Slavery Statement
- Details of clarification of offers during evaluation
- Reasons for any variations to an invitation to offer
- Process followed in evaluating offers
- Reasons for selecting a particular supplier
- Records relating to notifying unsuccessful suppliers and provision of information that supports the decision and any subsequent feedback received from the supplier.

The PSO Audit and Risk Committee will monitor these arrangements and ensure that its internal control systems are adequate and effective. The Committee should set the degree of assurance it requires concerning the management of procurement risk, and any internal audit should plan its work accordingly.

10. Training and accountability

Directors, employees, contractors and advisers involved in procurement, evaluation, approval or contract management must complete induction training before undertaking procurement activities and refresher training annually. Training must cover delegations, funding agreement obligations,

value for money, probity, conflicts of interest, gifts and benefits, fraud and corruption, modern slavery, due diligence, recordkeeping, contract management and breach escalation. Completion must be recorded, and procurement authority may be withheld or suspended where required training has not been completed.

11. Breach identification and management

Any actual or suspected breach of this Policy, the Delegation of Authority Policy, an applicable funding or grant agreement, or a procurement approval must be reported promptly to the Chief Executive Officer and Governance and Compliance. Material breaches must be escalated to the Audit and Risk Committee and, where required, the Board or DEWR. Corrective actions, responsible officers and completion dates must be documented and monitored to closure.

12. Relevant documents

- Conflict of Interest Policy
- Credit Card Policy
- Delegation of Authority Policy
- Modern Slavery Statement
- Procurement Procedure

13. Document Control Table

Version	Description	Date
V.0.1	Creation of first draft	20/09/2022
V.0.2	Policy review	13/06/2023
V.0.3	Compliance review	10/08/2023
V.0.4	Update to include Subcontractor Agreement in procedures	24/08/2023
V.0.5	Board adoption	30/10/2023
V.0.6	Updates from governance review by Apex Compliance Solutions	05/12/2024
V.0.7	Board adoption	12/02/2025
V.1.0	Published	04/03/2025
V1.1	Comprehensive review	29/09/2026

Appendix 1 – Procurement Procedure

1. Background before Request for Proposal

- The Chief Executive Officer will consider operational services that should be sub-contracted including, but not limited to, legal, external audit, communications and website design, training package development etc.
- The Chief Executive Officer to confirm timing and cost for sub-contractor role openings with the General Managers (or other appropriate person) in line with the resources plan and budget.
- All contracts with a contract maximum annual expenditure of $20,000 and above (GST excl.) require a request for proposal process resulting in at least three contemporary written quotes, unless:
    i. there is a preferred supplier for that type of expenditure, which has been selected through a competitive request for proposal process in the last three years; or
    ii. there are exceptional circumstances, and an exemption is provided by DEWR.
- The process for selecting a supplier through a request for proposal process must use an objective selection process in accordance with PSO Procurement Procedure guidance.

Procurement value must be assessed using the total reasonably anticipated value of the related requirement over its full term, including extensions, options, renewals and related work packages. Related procurements must not be divided, staged or otherwise structured to avoid competition, approval, reporting or DEWR requirements.

Threshold	Requirement
PSO internal procurement threshold	$20,000 GST excl.
DEWR subcontractor approval threshold	Above $100,000 GST incl. or high risk.
Additional DEWR approval requirement	DEWR approval also required where the funding/grant agreement specifically requires it.

For clarity, PSO's requirement to undertake a request for proposal process resulting in at least three contemporary written quotes for procurements with a contract maximum annual expenditure of $20,000 and above (GST excl.) is an internal procurement control and is not a DEWR approval requirement. Where three written quotes are not practicable, value for money may be demonstrated through other documented evidence, provided the reason is recorded, the evidence is proportionate to the value and risk of the procurement, and any applicable DEWR approval or funding/grant agreement requirement is met.

Any exemption from a competitive procurement requirement must be supported by a written business case that records the reason for the exemption, value-for-money assessment, supplier suitability, conflicts of interest, procurement and delivery risks, proposed controls, funding or grant agreement implications, required DEWR approval and the approving delegate. Exemptions must be recorded in a central register and reported to the Audit and Risk Committee.

- Documentary evidence of the request for proposal, selection process, preferred supplier status or exception must be retained and centrally stored.

2. Offer evaluation plan

The Offer Evaluation Plan (Plan) should be developed at the same time as the invitation documentation so that the guidelines for evaluation are consistent with the evaluation criterion specified in the invitation documentation. This is especially important if PSO wishes to avoid challenges to the offer process and to be operating with probity and accountability. The Plan should not be changed after release of the invitation documentation.

The Plan should contain the following information:

- Objectives of the procurement being undertaken.
- A description of the requirement and the deliverables.
- Details of the administrative arrangements for handling the offer documentation to ensure integrity of the process and to manage communication with suppliers during the evaluation stage.
- Listing of the evaluation criteria to be applied in evaluating offers received (these must be consistent with the criteria identified in the invitation documentation, especially regarding which criteria are mandatory).
- Details of employees to be involved in the offer evaluation including their major responsibilities (this section should also include details of any internal specialists to be consulted and any consultants to be contracted for the performance of the evaluation).
- An evaluation timetable showing the key evaluation activities and a timeframe for their completion.
- Details of the offer evaluation method to be used in screening, short-listing and selecting offers (procedures for offer clarification should also be stated and, if applicable, guidelines for site visits should be included in this section).
- Details of financial and/or contractual approvals required to complete the procurement.
- Details of any progress reports which are required.
- Arrangements for providing feedback to unsuccessful suppliers should also be outlined.

3. The Evaluation Process

Screening

Once the invitation to offer has closed, all offers received are opened and registered. The offers are then checked for compliance. The aim of this step is to screen out offers which do not meet the conditions of offer and/or do not comply with one or more of the mandatory evaluation criteria. Offers which are not fully compliant must be examined immediately and may be excluded from any further consideration during the offer evaluation process. Therefore, it is important that this step is completed impartially, fairly and professionally.

Failure to comply with conditions of offer

Some examples which illustrate how an offer may fail to comply with the conditions of offer include where:

- The offer is lodged after the advertised closing time without an acceptable reason.
- The offer documentation is not signed where required.
- An incomplete offer is submitted. For example, certificates of insurance that were requested are not provided, pages are missing from the offer document or where

questions are not answered especially where these relate to meeting the conditions of offer including the mandatory criteria.

Failure to meet mandatory criteria

Offers should be checked carefully for their compliance with any mandatory criteria contained in the invitation to offer. Any offer not meeting the mandatory requirements is non-conforming and should not be considered further, regardless of how effectively it may address the desirable criteria. It is therefore extremely important to ensure that careful consideration is given before any criterion is made mandatory in the specification.

If all offers received are non-conforming, then the PSO may enter into negotiation with the supplier whose offer represents the best value for money. In such an event it may be prudent to review the specification, change the scope or functional requirements, and issue a new invitation to suppliers.

Alternative offers

Sometimes suppliers may submit alternative offers. An alternative offer is one that proposes a means of satisfying PSO's needs that differs in material respects from the specified goods or services. The main reasons for permitting alternative offers are to seek the most effective solution to our requirements and to encourage innovative proposals.

Where the invitation states that alternative offers are invited, such offers should be evaluated together with conforming offers. Where alternative offers are not invited, any offer that fails to meet mandatory requirements is non-conforming and should be eliminated from further consideration.

Short-listing

Short-listing may be omitted for less complex purchases. In these cases, the evaluation process moves directly from the screening stage to detailed evaluation of individual offers.

Where applicable, short-listing is used to eliminate offers that, whilst meeting the conditions of offer and the mandatory criteria, are clearly not competitive and which have no reasonable prospect of exhibiting value for money when compared to other offers. These offers are not rejected at this stage of the process but are set aside from further evaluation unless it becomes necessary to revisit them again later during the evaluation process.

The main reason for short-listing is to ensure that only offers which demonstrate a reasonable likelihood of providing value for money are subjected to the full offer evaluation process. Evaluation of offers is a time-consuming activity. Whenever an offer that is clearly not competitive is not fully evaluated, substantial savings in time and cost can be generated.

It is essential that the criteria used to short-list serious contenders be applied fairly and equitably to all offers. A proper audit trail should be maintained for all short-listing decisions.

Detailed evaluation of offers

This stage of the evaluation process involves detailed analysis of each offer, clause by clause, against the evaluation criteria. It is also usual at this stage to consider risk assessments (including modern slavery risks) and the past performance of the supplier.

Evaluation of offers should be conducted by applying only the evaluation criteria notified to suppliers in the invitation documents and included in the offer evaluation plan. It is therefore extremely important to ensure that the information requested from suppliers at the time of seeking offers is sufficient to enable a detailed evaluation of offers to be made. In other words, the success of the evaluation relies on the proper specification of the requirements and on requesting that suppliers provide useful information to assist in reaching a decision as to which is the best offer.

Clarification of offers

Sometimes an offer is not completely clear in its meaning or is contradictory in certain respects. Such offers may be evaluated if they become clear following clarification with the offeror. Clarification should not, however, provide the offeror with an opportunity to revise their original

offer as this would effectively be the same as accepting an amendment to a closed offer. Any clarification sought from an offeror should be recorded in writing.

Comparative evaluation

The aim of this stage of the evaluation process is to select the offer that meets all requirements of the specification and offers the best value for money. Using the results obtained from the detailed evaluation of each offer, a comparative analysis of all offers is undertaken during this stage of the process. This allows selection of the preferred offer and the ranking of remaining potential suppliers. Comparative evaluation may involve the assessment of both quantitative and qualitative factors associated with the offer.

Offer evaluation report

After completion of the comparative evaluation, a detailed evaluation report is completed and presented to the appropriate delegate within PSO so that the selection of a supplier can be confirmed. Typical contents of an offer evaluation report would include the:

- Executive summary;
- Body of report; and
- Associated papers.

Executive summary

The executive summary provides an overview of the completed evaluation and makes a recommendation as to the selection of a supplier. It will usually summarise any critical issues relating to the evaluation and the rationale used to select the preferred supplier. The executive summary should also contain details of any consultation undertaken during the evaluation, the nature of any advice received, and whether that advice was accepted or not.

Body of report

The body of the report should describe in detail the process of evaluation adopted and the evaluation method applied, including detail concerning offers that were screened or short-listed out of further assessment and information as to why such action was necessary. A summary of offers received, outlining the strengths and weaknesses of each offer, a brief description of the offer and the supplier's capacity would commonly be included within the body of the report.

It is usual to also include copies of the individual evaluations completed for each offer against the selection criteria as well as the results of the comparative assessment of the offers. This part of the report should also contain any other information related to the assessment of value for money, information about any contact with suppliers (such as site visits or requests for clarification) and any other relevant or material matters. It should conclude with a justified ranking of offers received and a supported recommendation as to the preferred supplier. If it is not possible to recommend a preferred supplier, the report should recommend a way forward, such as negotiation with one or more suppliers, reissuing of offer documentation, or a decision not to proceed.

Associated papers

This part of the report usually contains copies of the request documentation, copies of any amendments or clarifications issued, a copy of the endorsed offer evaluation plan and a detailed evaluation of each offer against the evaluation criteria.

4. Offer Evaluation Method

Matrix selection method (weighted scoring method)

The matrix selection (or weighted scoring) method is used when it is necessary to make a more complex evaluation based on a number of variables of differing importance. For each offer, this method combines a compliance rating with a weighting for the relative importance of each evaluation criterion. This method is effective in dealing with more complicated requirements and

can greatly assist in the selection of a preferred supplier when the total scores are widely distributed.

Step 1 - Identify the criteria that will be compared

Remember that only desirable criteria will be scored. Any offer which does not satisfy a mandatory criterion will not be evaluated any further. Essential or mandatory criteria are not weighted as they represent a “go/no go” decision - the offer either complies with the requirement and is accepted for further evaluation, or it does not comply and is rejected from any further consideration.

Step 2 - Assign a relative weighting to each desirable criterion, based on relative importance

Weighting of the desirable criteria may be done quantifiably or subjectively (by the use of professional judgement or a paired comparison approach). Weightings must be decided before the release of any invitations to offer and must be included in the offer evaluation plan.

Step 3 - Allocate a score to each proposal for each criterion

Assess the extent to which the criteria are satisfied in each offer and assign a score reflecting this. A numerical rating is assigned to each offer response for each of the evaluation criteria in respect of the level of compliance of that offer response. The numerical rating used is:

- 5 = exceeds requirements
- 4 = meets requirements
- 3 = meets requirements except for minor aspects
- 2 = does not meet requirements but may be adaptable
- 1 = major non-compliance with requirements.

Where possible, and to minimise the degree of subjectivity in the process, scoring should be based on reference to established standards, quantifiable measures or an agreed rating framework. Reasons are usually listed for each numeric rating to indicate how the score was determined.

Step 4 - Calculate a weighted score for each proposal for each criterion

Multiply the weighting factor by the score, to calculate a weighted score for each criterion, for each offer. The weighted scores for each offer can then be totalled, allowing for comparison between offers.

Step 5 – Weighted comparisons

Finally, all the offers are compared on the basis of the total value of the weighted scores. A list of preferred suppliers based on their total weighted score is generated with the highest score regarded as the most preferred and so on.

Step 6 – Value for money

The cost-effectiveness ratio technique uses the following data:

- The total cost of the offer (cost dimension); and
- The total of the points scored against the other criteria (effectiveness dimension).

A value for money or cost-effectiveness ratio for each offer is calculated by dividing the total cost of the offer by the total of points scored (excluding the points for cost). The offer with the lowest cost- effectiveness ratio is selected as the best value for money.

5. Evaluation Framework

Step 1 – Mandatory and desirable criteria

As an example, the criteria could be:

Due diligence must be proportionate to the value and risk of the engagement and, where relevant, include verification of legal identity and ownership, Australian Business Number, financial viability, insurance, licences, qualifications, sanctions and adverse findings, litigation or regulatory action, conflicts of interest, modern slavery risk, work health and safety, information security and privacy capability, intellectual property arrangements, business continuity, subcontracting and past performance. Due diligence outcomes, limitations and required controls must be documented before approval.

Mandatory	Desirable
• Complies with accreditation requirements • Financially viable • Uses only qualified (or equivalent) staff	• Extent of track record providing similar services • Industry reputation • Skilled and experienced staff • Willingness to cooperate with other providers • Degree of innovation offered in this proposal • Extent of risk associated with this proposal (including any modern slavery risks within the supplier's business or its supply chains)

Step 2 - Weighting of each criterion

The weighting of each criterion can change depending on the desired outcomes of the project.

Criterion	Weighting factor
Track record	25%
Skills and experience of staff	25%
Industry reputation	20%
Extent of risk	15%
Degree of innovation	10%
Willingness to cooperate	5%

Step 3 – EXAMPLE: Rate offer responses using a scoring scale suitable for the procurement

Criterion	Weighting factor	Offer 1		Offer 2		Offer 3	
		Score	Weighted score	Score	Weighted score	Score	Weighted score
Track record	25%	2		5		3	
Skills and experience of staff	25%	3		4		3	
Industry reputation	20%	3		3		3	

Extent of risk	15%	2		2		2	
Degree of innovation	10%	5		3		3	
Willingness to cooperate	5%	4		4		3	

Step 4 – EXAMPLE: Calculate weighted scores by multiplying the weighting factor by the rating (score) for each proposal for each criterion

Criterion	Weighting factor	Offer 1		Offer 2		Offer 3	
		Score	Weighted score	Score	Weighted score	Score	Weighted score
Track record	25%	2	50	5	125	3	75
Skills and experience of staff	25%	3	75	4	100	3	75
Industry reputation	20%	3	60	3	60	3	60
Extent of risk	15%	2	30	2	30	2	30
Degree of innovation	10%	5	50	3	30	3	30
Willingness to cooperate	5%	4	20	4	20	3	15
Totals	**100%**		**285**		**365**		**285**

Step 5 - In this example, Offer 2 has scored a substantial margin higher than the other offers, thereby making it the preferred option.

Offers 1 and 3 are equally preferred after Offer 2. If there was little difference between the scores of the first preferred offer and the next highest offer, it would be prudent to do some sensitivity analysis to ensure that the selection of preferred supplier is justifiable.

6. Entering into and Negotiating Contracts

Once a preferred supplier has been chosen, the following process should be implemented.

1. Consultation with the Department of Employment and Workplace Relations (DEWR)

Where DEWR approval is required under the relevant funding or grant agreement, information about the preferred supplier must be provided to DEWR and written approval must be received before PSO enters into any agreement, issues any purchase order, commences work or otherwise commits PSO to the engagement.

2. PSO Subcontractor Agreement

PSO has developed a subcontractor agreement which has been drafted and legally reviewed.

This subcontractor agreement has also been reviewed and approved by DEWR and aligns with DEWR's expectation under the Grant Agreement.

This subcontractor agreement must be used when engaging subcontractors to undertake any of the core funded pillars of work. This would include Workforce Plan; Industry Engagement; Training Products, Implementation, Promotion and Monitoring.

In respect of other third party engagements, use of their standard agreement is permissible. However, these agreements must fundamentally align and not conflict with the requirements in the Grant Agreement.

3. ***Entering into contracts***

Once approval has been received from DEWR, any contracts that require legal endorsement must be referred to PSO's Legal services provider for review and endorsement.

Contracts must include provisions appropriate to the engagement covering scope and deliverables, performance standards, reporting, payment, audit and access rights, confidentiality, privacy, information security, intellectual property, records retention, modern slavery, work health and safety, insurance, subcontracting, conflicts of interest, compliance with laws and funding obligations, breach notification, dispute resolution, termination, transition assistance and recovery of funds where applicable.

4. ***Negotiating contracts***

- Contracts must be negotiated fairly and transparently.
- The person with the delegated authority to approve the contract that is the subject of the negotiation must be involved in, or to have authorised, the progress of negotiations.
- Where any person has a conflict of interest which has not been possible to avoid, and there is an actual, potential, or perceived conflict of interest, that person must not be involved in the negotiation or approval process and must comply with the management plan for their conflict of interest. The Contract Owner must ensure that the Conflicts of Interest Policy is complied with.
- Written records of contract negotiations must be retained by the Contract Owner.

5. ***Executing contracts***

- A Contract Summary and relevant checklists must be completed prior to management approval for all contracts over $20,000 (GST excl.) contract maximum annual value. All associated relevant checklists must be signed off by the relevant parties.
- Contracts must be approved by a person with the appropriate delegated authority level, in accordance with the procedures and the Delegation of Authority Policy.
- The following must be reviewed to ensure compliance with this Policy and other policies and procedures:
    - the procurement process (where applicable);
    - contract Summary;
    - the delegated authority level of the approver is sufficient;
    - central retention of relevant documents; and
    - central recording of key contract dates.

6. ***Managing contracts***

- Each contract must have an assigned Contract Owner, responsible for ensuring the proper performance of the contract, and management of all related obligations under the contract, including management of contract risk and reporting (including reporting against key performance indicators). The Contract Owner must have expertise to competently manage the contract and hold the contractual counterparty accountable

for performance.

- A central system must record the names of the parties to the contract and key contract dates, including expiry of contract. The system will alert relevant staff with sufficient advance notice to perform the relevant action and follow up if the required action is not taken in a timely manner. The Contract Owner is accountable for ensuring timely actions are taken and recorded centrally to fulfil contract terms, review contract performance, manage the expiry of the contract and negotiate renewals as appropriate.
- Contract extensions allowed for in the contract must be managed by the Contract Owner. In exercising an extension or option, consideration must be given to value for money and contract performance.
- The Contract Owner must promptly seek advice from Legal if there is any indication that a dispute may arise in relation to the contract, or that PSO may not be able to fully perform its obligations under the contract.

7. Reporting of contracts

- On a quarterly basis in alignment with the Audit & Risk Committee meeting cycle a summary of contracts in the quarter is supplied to the Audit and Risk Committee by way of Contracts Register that are:
  - above $20,000 (GST excl.) Contract Maximum Annual Expenditure;
  - reputationally significant; and
  - subject to an exception to the procurement process.
- Annually, the Audit and Risk Committee will receive a list of all contracts.

8. Contract variations

Any material contract variation to a contract must be managed by the Contract Owner and go through the approval process and in alignment with the Delegation of Authority Policy processes for variation.

9. Contract review

A review of contract performance should be conducted at least annually by the Contract Owner to review performance of the contract. This applies to all contracts with an annual spend greater than $20,000 (GST excl).

At contract completion or termination, the Contract Owner must confirm acceptance of deliverables, final payments, return or destruction of PSO information and assets, completion of access removal and transition activities, resolution of outstanding issues, assessment of supplier performance and retention of the complete contract record. Lessons learned and any restrictions on future engagement must be recorded in the supplier register.