



<b>POLICY NO</b>	<b>CP/FIN 3218</b>	
<b>POLICY</b>	<b>Pre-Qualified Supplier Panels</b>	
<b>RESPONSIBLE DIRECTORATE</b>	Corporate Services	
<b>RESPONSIBLE OFFICER</b>	Senior Procurement and Contracts Officer	
<b>COUNCIL ADOPTION</b>	Date: 22 August 2017	Resolution No: 11769
<b>REVIEWED/MODIFIED</b>	Date: 24 March 2020	Resolution No: 118187
<b>REVIEW DUE</b>	Date: March 2022	
<b>LEGISLATION</b>	<ol style="list-style-type: none"> <li>1. <i>Local Government Act 1995 – Sections 3.57, 5.41</i></li> <li>2. <i>Local Government (Functions and General) Regulations 1996 – Part 4 – Division 3 – Panels of pre-qualified suppliers</i></li> <li>3. <i>State Records Act 2000</i></li> </ol>	
<b>RELATED POLICIES</b>	<ol style="list-style-type: none"> <li>1. <i>CP/FIN-3217 Regional Price Preference</i></li> <li>2. <i>CP/FIN-3204 Purchasing</i></li> </ol>	
<b>RELATED PROCEDURES</b>	<ol style="list-style-type: none"> <li>1. <i>AP/FIN-4205 Purchasing Process: Pre-Qualified Supplier Panels</i></li> </ol>	

## 1. PURPOSE:

The purpose of the Shire of Wyndham East Kimberley's Pre-Qualified Supplier Panel Policy is to enable the Shire to procure goods and services from supply contracts that contain more than one contracted supplier.

Certain goods and services are procured by the Shire on a frequent basis. To ensure businesses in the local economy and beyond are provided with the opportunity to supply said goods or services, the Shire will establish panel contracts that provide multiple suppliers with the opportunity to supply the required goods/services without the need for suppliers to undertake lengthy procurement process on an ad hoc basis.

Additionally, Pre-Qualified Supplier Panels are beneficial in that during times of high or extended workload requirements, the Shire's service delivery is not impacted by the unavailability of one or more contracted Panel Members.

## 2. DEFINITIONS:

**Panel Members** are suppliers appointed to a Panel of pre-qualified suppliers.

**Panel of Pre-Qualified Suppliers** means a panel of prequalified suppliers of goods or services established in accordance with the Divisions 3 of the *Regulations*.

**Pre-Qualified Supplier** means a supplier who is part of a pre-qualified supplier panels for the supply of goods or services.

**Shire** is the Shire of Wyndham East Kimberley.

### **3. POLICY STATEMENTS:**

#### **3.1 Policy Objectives**

In accordance with Regulation 24AA of the *Local Government (Functions and General) Regulations 1996*, a Panel of Pre-Qualified Suppliers ("Panel") may be created where most of the following factors apply:

- a) the Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- b) there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- c) the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- d) the Panel will streamline and will improve procurement processes; and
- e) the Shire has the capability to establish, manage the risks and achieve the benefits expected of the proposed Panel.

The Shire will endeavour to ensure that Panels will not be created unless most of the above factors are firmly and quantifiable established

#### **3.2 Establishing a Panel**

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the Panel.

Panels may be established for a minimum of two (2) years and for a maximum length of time deemed appropriate for the Shire.

Evaluation criteria must be determined and communicated in the application process by which applications will be assessed and accepted.

Where a Panel is to be established, the Shire will endeavour to appoint at least two (2) suppliers to each category, on the basis that best value for money is demonstrated. Where less than two (2) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a Pre-Qualified Supplier (through a procurement process advertised through a state-wide notice), the Shire must state the expected number of suppliers it intends to put on the panel.

Should a Panel Member leave the Panel, they may be replaced by the next ranked Panel member determined in the value for money assessment should the supplier agree to do so, with this intention to be disclosed in the detailed information set out under Regulation 24AD(5)(d) and (e) when establishing the Panel.

#### **3.3 Distributing Work Amongst Panel Members**

To satisfy Regulation 24AD(5) of the Regulations, when establishing a Panel of Pre-Qualified Suppliers, the detailed information associated with each invitation to apply to join the Panel must either prescribe whether the Shire intends to:

- a) Obtain quotations from each Panel Member on the Pre-Qualified Supplier Panel with respect to all purchases, in accordance with Clause 3.4;
- b) Purchase goods and services exclusively from any Panel Member appointed to that Panel, and under what circumstances; or
- c) Develop a ranking system for selection to the Panel.

In considering the distribution of work among Panel Members, the detailed information must also prescribe whether:

- a) Each Panel member will have the opportunity to bid for each item of work under the Panel, with pre-determined evaluation criteria forming part of the invitation to quote to assess the suitability of the supplier for particular items of work. Contracts under the Pre-Qualified Supplier Panel will be awarded on the basis of value for money in every instance; or
- b) Work will be awarded on a ranked basis, which is to be stipulated in the detailed information set out under Regulation 24AD(5)(f) when establishing the Panel. The Shire is to invite the highest ranked Panel member, who is to give written notice as to whether to accept the offer for the work to be undertaken. Should the offer be declined, an invitation to the next ranked Panel Member is to be made and so forth until a Panel member accepts a Contract. Should the list of Panel Members invited be exhausted with no Panel member accepting the offer to provide goods/services under the Panel, the Shire may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Shire's Purchasing Policy. When a ranking system is established, the Panel must not operate for a period exceeding 12 months.

In every instance, a sub-contract must not be formed with a Panel Member for an item of work beyond 12 months, which includes options to extend the contract.

### **3.4 Purchasing from the Panel**

The invitation to apply to be considered to join a Panel of Pre-Qualified Suppliers must state whether quotations are either to be invited to every Panel Member (within each category, if applicable) of the Panel for each purchasing requirement, whether a ranking system is to be established, or otherwise.

Each quotation process, including the invitation to quote, communications with Panel Members, quotations received, evaluation of quotes and notification of award communications must all be made saved to the Shire's electronic record management system.

### **3.5 Record Keeping**

Records of all communications with Panel Members, with respect to the quotation process and all subsequent purchases made through the Panel, must be kept.

For the creation of a Panel, this includes:

- a) Procurement planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- b) Request documentation;
- c) Copy of public advertisement inviting applications;
- d) Copies of applications received;
- e) Evaluation documentation, including clarifications sought;
- f) Negotiation documents such as negotiation plans and negotiation logs;
- g) Approval of award documentation;
- h) All correspondence to applicants notifying of the establishment and composition of the Panel such as award letters;
- i) Contract Management Plans which describes how the contract will be managed; and
- j) Copies of framework agreements entered into with Pre-Qualified Suppliers.

The Shire is also to retain itemised records of all requests for quotation, including quotations received from Panel Members and contracts awarded to Panel Members. A unique reference number shall be applied to all records relating to each quotation process, which is to also be quoted on each purchase order issued under the Contract.

Information with regards to the Panel offerings, including details of suppliers appointed to the Panel, must be kept up to date, consistent and made available for access by all officers and employees of the Shire.

## 1. EXPLANATORY NOTES

### 1. LEGISLATIVE CONSIDERATION

The following Acts and Regulations apply to this policy:

***Local Government Act 1995***

***Local Government (Functions and General) Regulations 1996  
Part 4, Division 3 – Pre-qualified Supplier Panels***

In September 2015, the *Local Government (Functions and General) Regulations 1996* were amended to allow local governments to establish Pre-Qualified Supplier Panels. A Pre-Qualified Supplier Panel can only be created if a local government authority has adopted a Pre-Qualified Supplier Panel Policy.

### RISK:

**Risk:** Failure to manage the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance

**Control:** Implementation of recommendations from Regulation 17 Review

**Risk:** Failure to develop appropriate, meaningful policies which enable the administration to perform in an effective and efficient way.

**Control:** Review policies and procedures in accordance with review schedule.