

3.17 Pre-qualified Supplier Panels

1. Policy Objective

The objectives of this Policy are to ensure that any Pre-qualified Suppliers are created in accordance with Regulation 24AC of the *Local Government (Functions and General) Regulations 1996*, a Panel of Pre-qualified Suppliers ("Panel") may be created where the following factors apply:

- The Shire determines that a range of similar goods and services are required to be purchased on a continuing and regular basis;
- there are numerous potential suppliers in the local and regional procurement-related market sector(s) that satisfy the test of 'value for money';
- the purchasing activity under the intended Panel is assessed as being of a low to medium risk;
- the Panel will streamline and will improve procurement processes; and
- 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 quantifiably established.

2. Risks being addressed

This Policy, used in conjunction with the Shire's Procurement and Tender Procedures Policy (3.14), will continue to mitigate probity risk, by establishing consistent and demonstrated processes that promotes openness, transparency, fairness and equity to all potential suppliers.

The use of pre qualified supplier panels will streamline and improve procurement processes, reducing the risk of non compliance relating to cumulative expenditure exceeding Tender threshold for regular supply of goods and services without a tender process being undertaken and/or a contract being in place.

3. Scope

All officers with procurement authority - in liaison with the Procurement Team.

4. Definitions

Construction (including works): For the purpose of this policy a work (construction) is defined as the carrying out of any improvement on or over any area of land, lake, river or ocean, and any services related to that activity in the prescribed area. This includes the construction of buildings, housing and other public infrastructure as well as related services such as architectural, surveying, facilities management and general maintenance.

Electronic Tendering Portal – means either the Shire's Tenderlink Portal or the WALGA Vendor Panel used for the electronic procurement process utilised to invite Panellists to provide goods or services under the Panel arrangement

Goods: includes tangible, quantifiable material requirements usually capable of being moved or transported that are purchased, rented, leased or hired by the Shire.

Panel means a Panel of Pre-Qualified Suppliers established under Regulation 24AC of the *Local Government (Functions and General) Regulations 1996*

Panellist or Supplier means a Pre-qualified Supplier that is an approved member of a Panel.

Purchasing or Procurement is defined as the entire process by which all classes of resources (*including but not necessarily restricted to human, material, plant, equipment, facilities and services*) are obtained generally for a local government activity, function or specific project by payment. This can include the functions of planning, design, standards determination, specifications writing, selection of suppliers, financing and other related functions.

Services or Provision of Services: means any task, consultancy, work or advice to be performed or provided that is procured by the Shire. Included are services such as management consultancies, outsourcing, maintenance contract/ agreement, cleaning, waste removal, equipment repairs, external auditors, utilities and services acquired by a private sector provider for the Shire. Excluded are payments made directly to employees, superannuation and pension payments, statutory or involuntary payments and grants, subsidies and transfer payments.

5. Policy Statement

5.1 Establishing a Panel

Should the Shire determine that a Panel is beneficial to be created, it must do so in accordance with Part 4, Division 3 the *Local Government (Functions and General) Regulations 1996*.

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 determined by the Local Government.

The Shire may enter into a Contract arrangement with a Panellist for the provision of goods or services under a Panel in accordance with Regulation 24AJ and subject to the following conditions:

- The Contract may only be for a maximum twelve (12) months term; and
- Is prohibited from having any extension of term provisions included in the Contract

Evaluation criteria must be determined and communicated in the Tender process by which tender submissions will be assessed and accepted.

Where a Panel is to be established, the Shire will endeavour to appoint at least three (3) suppliers to each category, on the basis that best value for money is demonstrated. Where fewer than three (3) suppliers are appointed to each category within the Panel, the category is not to be established.

In each invitation to apply to become a Panellist (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 Panellist leave the Panel within six (6) months, they may be replaced by the next ranked Tenderer determined in the value for money assessment should the Tenderer 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.

In the event that a Panellist leaves a Panel and this results in the Panel being reduced to just two (2) Panellists and the Shire is unable to replace the panel member, then that Panel may be disbanded. This should be documented in the request document and any subsequent agreements/contracts.

As a Panel may only be approved by Council following a public tender process, the Chief Executive Officer is authorised to approve works under such a Panel.

5.2 Distributing Work amongst Panel Members

To satisfy Regulation 24AC(2), the distribution of work between the Panellists will be dependent on the unique nature of the goods or services. The detailed information associated with each invitation to tender to join the Panel (the request document) will prescribe one (1) of the following options:

- a) **The Shire will obtain written quotations from each pre-qualified supplier on the panel with respect to all purchases.**

This will ensure each Panellist will have the opportunity to bid for each item of work under the Panel, with pre-determined criteria forming part of the invitation to bid to assess the suitability of the Panellist for particular items of work.

OR

- b) **The Shire will purchase goods and services exclusively from any pre-qualified supplier appointed to that panel.**

The Shire will endeavour to distribute the goods or services required between each Panellist evenly, subject to the operational requirements of the Shire at the time those goods and/or services are required. Care will be taken to ensure that no one Panellist is overloaded at any particular time by keeping accurate records of the timelines of each job;

OR

- c) **The Shire will develop a ranking system for selection to the panel.**

The Shire will 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 Purchasing Thresholds stated in the Shire's Purchasing Policy As per Regulation 24AD(5)(f) the request document must clearly stipulate that the Shire does not intend to purchase exclusively from the panel.

When a ranking system is established, the Panel is not to operate for a period exceeding twelve (12) months.

5.3 Purchasing from a Panel

Subject to the stipulated method of awarding works for the specific Panel being utilised, the Officer shall:-

- a) Obtain written quotations from each Panellist on the Panel. The goods/services are to awarded based on best outcome for the Shire (*value, quality, timeframe etc*). The officer shall arrange for a Purchase Order to be raised to the Panellist as per the requirements of the Procurement & Tender Procedures Policy, utilising the unique Contract Identification Number and the Officer shall make reference to the Supplier Panel being used on the Declaration of Quotes.

OR

- b) If the Shire is purchasing all goods and services exclusively from any Panellist appointed on that specific Panel, the Officer shall distribute the goods or services required between each panel member evenly, subject to the operational requirements of the Shire at the time those goods and/or services are required. Care will be taken to ensure that no one Panellist is overloaded at any particular time by keeping accurate records of the timelines of each job. The officer shall arrange for a Purchase Order to be raised to the Panellist as per the requirements of the Procurement & Tender Procedures Policy, utilising the unique Contract Identification Number and the Officer shall make reference to the Supplier Panel being used on the Declaration of Quotes

OR

- c) If the Shire has developed a ranking system for the specific Panel being used, the Officer will liaise with 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. The officer shall arrange for a Purchase Order to be raised to the Panellist as per the requirements of the Procurement & Tender Procedures Policy, utilising the unique Contract Identification Number and the Officer shall make reference to the Supplier Panel being used on the Declaration of Quotes.

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 Purchasing Thresholds stated in the Shire's Purchasing Policy.

Compliance and Reporting

The Shire shall:

- Implement processes to facilitate this Policy and associated management procedures, and will implement processes to report departures, non-compliance and/or exceptions;
- On a quarterly basis report to the Shire's Audit and Risk Committee any identified non-compliance with this Policy and associated management procedures, and any occurrence of the CEO exercising his/her discretion to undertake any policy exempt procurement; and
- Review, and if appropriate, seek to revise this Policy and associated management procedures to ensure ongoing relevance.

A failure to comply with the requirements of this Policy will be subject to investigation. Findings will be considered in context of the Code of Conduct, and reasonable expectations for the officer's performance of their role.

Where a breach is substantiated it may be treated as:

- An opportunity for additional training to be provided;
- A disciplinary matter, which may or may not be subject to reporting requirements;
- Misconduct in accordance with the *Corruption, Crime and Misconduct Act 2003*.

It is the responsibility of all Shire employees undertaking procurement activities to comply with this policy and its supporting systems and procedures. All Shire employees when undertaking procurement activities are required to observe the highest standards of ethics and integrity and act in an honest and professional manner that supports the standing of the Shire of East Pilbara.

Record Keeping

All records and documents associated with the Panel process must be recorded and retained as defined within the *State Records Act 2000* and the Shire's Record Keeping Policy.

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:

- The Procurement initiation document such as a procurement business case which justifies the need for a Panel to be created;
- Procurement Planning and approval documentation which describes how the procurement is to be undertaken to create and manage the Panel;
- All Tender documentation including the public advertisement, tender submissions received, evaluations of tender submissions, including clarifications sought;
- Negotiation documents such as negotiation plans and negotiation logs;
- Approval of award documentation;
- All correspondence to Tenderers notifying of the establishment and composition of the Panel such as award letters;
- Contract Management Plans which describes how the contract will be managed; and
- Copies of framework agreements entered into with pre-qualified suppliers.

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.

Authorisation Details

References:	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i> <i>Divisions 1 and 2</i> <i>State Records Act 2000</i> WALGA Procurement Handbook Shire of East Pilbara Policy Manual – 3.14 – Procurement & Tender Procedures Policy Shire of East Pilbara Policy Manual – 3.13 - Regional Price Preference Policy Manual		
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