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## FINANCE POLICIES

# Panels of Pre-Qualified Suppliers



Policy Number:	F9
Relevant Delegation:	1.1.15 Panels of Pre-Qualified Suppliers for Goods and Services
Adoption Details:	31 March 2020
Last Review Details:	31 March 2020

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### **POLICY OBJECTIVE:**

To provide a clear approach to the creation of a Panel of Pre-Qualified Suppliers (Panel) when a range of similar goods and/or services are required to be purchased on a continuing and regular basis.

### **POLICY SCOPE:**

The Shire of York will consider creating a Panel when a range of similar goods and services are required to be purchased on a continuing and regular basis. This policy should be applied in conjunction with F2 Procurement.

### **POLICY STATEMENT:**

#### **INTRODUCTION**

If a local government has intent to establish and manage panels of pre-qualified suppliers, it must do so in accordance with Part 4 Division 3 of the *Local Government (Functions and General) Regulations 1996*, (the Regulations) through the creation of a written policy permitting the local government to do so.

#### **PRINCIPLES**

- (a) There are numerous potential suppliers in the local and regional procurement related market sector(s) that satisfy the test of 'value for money'.
- (b) The purchasing activity under the intended Panel is assessed as being of a low to medium risk.
- (c) The Panel will streamline and improve procurement processes.
- (d) The Shire has the capability to establish a Panel, manage the risks and achieve the benefits expected of the proposed Panel through a Contract Management Plan.
- (e) If a Panel is to be created, it will be established in accordance with the Regulations.
- (f) The principles of the Shire of York F2 Procurement Policy will apply.

#### **PROVISIONS**

##### **1. ESTABLISHING AND MANAGING A PANEL**

- 1.1 Panels will be established for one supply requirement, or a number of similar supply requirements under defined categories. This will be undertaken through an invitation procurement process advertised via a state-wide notice.
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- 1.2 Panels may be established for a maximum of three (3) years. The length of time of a Local Panel will be approved by the Chief Executive Officer. Evaluation criteria will be determined and communicated in the application process by which applications will be assessed and accepted.
  - 1.3 In each invitation to apply to become a pre-qualified supplier, the Shire will state the expected number of suppliers it intends to put on the panel.
  - 1.4 If a Panel member leaves the Panel, the Shire will consider replacing that organisation with the next ranked supplier that meets/exceeds the requirements in the value for money assessment – subject to that supplier agreeing. The Shire will disclose this approach in the detailed information when establishing the Panel.
  - 1.5 A Panel contract arrangement must be managed to ensure that the performance of the Panel Contract and the Panel members under the contract are monitored and managed. This will ensure that risks are managed and expected benefits are achieved.
  - 1.6 A Contract Management Plan will be established that outlines the requirements for the Panel Contract and how it will be managed.

## **2. DISTRIBUTING WORK AMONGST PANEL MEMBERS**

- 2.1 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 will prescribe one of the following as to whether the Shire intends to:
    - obtain quotations from each pre-qualified supplier on the Panel with respect to all discreet purchases; or
    - purchase goods and services exclusively from any pre-qualified supplier appointed to that Panel, and under what circumstances; or
    - develop a ranking system for selection to the Panel, with work awarded in accordance with the Regulations.
  - 2.2 In considering the distribution of work among Panel members, the detailed information will also prescribe whether:
    - 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 panel will be awarded on the basis of value for money in every instance; or
    - 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 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/Town/City may then invite suppliers that are not pre-qualified under the Panel, in accordance with the Purchasing Thresholds stated in section 5.5 of this Policy. When a ranking system is established, the Panel will not operate for a period exceeding 12 months.
  - 2.3 In every instance, a contract must not be entered into with a pre-qualified supplier for a term exceeding 12 months and may not contain an option to extend the contract.
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### 3. PURCHASING FROM THE PANEL

- 3.1 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.
- 3.2 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 captured on the Shire’s electronic records system. A separate file is to be maintained for each quotation process made under each Panel that captures all communications between the Shire and Panel members.

#### **PENALTIES:**

Not applicable.

#### **KEY TERMS/DEFINITIONS:**

**panel of pre-qualified suppliers** means a panel of pre-qualified suppliers of goods or services established in accordance with the Regulations.

**pre-qualified supplier**, of particular goods or services, means a person who is part of a panel of pre-qualified suppliers for the supply of those goods or services.

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Responsible Officer:	Executive Manager Corporate & Community Services
Contact Officer:	Executive Manager Corporate & Community Services
Relevant Legislation:	Local Government (Functions and General) Regulations 1996
Relevant Policies:	F2 Procurement E1 Code of Conduct: Council Members, Committee Members & Candidates O8 Employee Code of Conduct G1 Record Keeping G19 Risk Assessment & Management

Review History:

<b>Date Review Adopted:</b>	<b>Resolution Number</b>
Date Adopted – 31 March 2020	110320
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