



2/022 Panels of Pre-Qualified Suppliers

1. Objective

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:

- 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 area, that would 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 improve procurement processes; and
- The Town of Port Hedland (the Town) has the capability to establish, manage the risks and achieve the benefits expected of the proposed panel.

2. Content

*2.1. Establishing a Panel*

Panels may be established for one supply requirement, or a number of similar supply requirements under defined categories within the panel. They are to be established for a maximum term of three (3) years, inclusive of any options to extend or renew the contract.

Where a panel is to be established, the Town will endeavour to appoint suppliers to the panel or each category within the panel, on the basis that best value for money is demonstrated. A minimum of three (3) suppliers are required to establish a panel, or for appointment to a category within the panel.

In the event that a panel member leaves a panel and this results in the panel being reduced to just two (2) panel members and the Town 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.



## *2.2. Distributing Work Amongst Panel Members*

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

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

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

OR

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

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

OR

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

The Town 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 Town may then invite suppliers that are not pre-qualified under the panel, in accordance with the Purchasing Thresholds stated Purchasing Policy As per Regulation 24AD(5)(f) the request document must clearly stipulate that the Town 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 12 months.



### 2.3. Purchasing from a Panel

The invitation to apply to be considered to join a panel of pre-qualified suppliers must state the functionality of the panel, and the distribution method to be used.

As per Regulation 24AJ, in every instance, a contract for an item of work with a pre-qualified supplier is not to exceed 12 months, or include any options to renew or extend.

Quotes obtained through a panel of pre-qualified suppliers can be authorised in accordance with the Town's Delegation Register.

## 3. Compliance & Reporting

The Town 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 Town'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 under the *Public Sector Management Act 1994*;
- Misconduct in accordance with the *Corruption, Crime and Misconduct Act 2003*.

## 4. 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 Town's Records Keeping Policy.

## Definitions

Nil.



Relevant legislation	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i> <i>State Records Act 2000</i>
Delegated authority	<b>Delegations/Subdelegations/Authorisation Registers</b>
Business unit	Governance (Procurement)
Directorate	Corporate Services

<i>Governance to complete this section</i>			
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