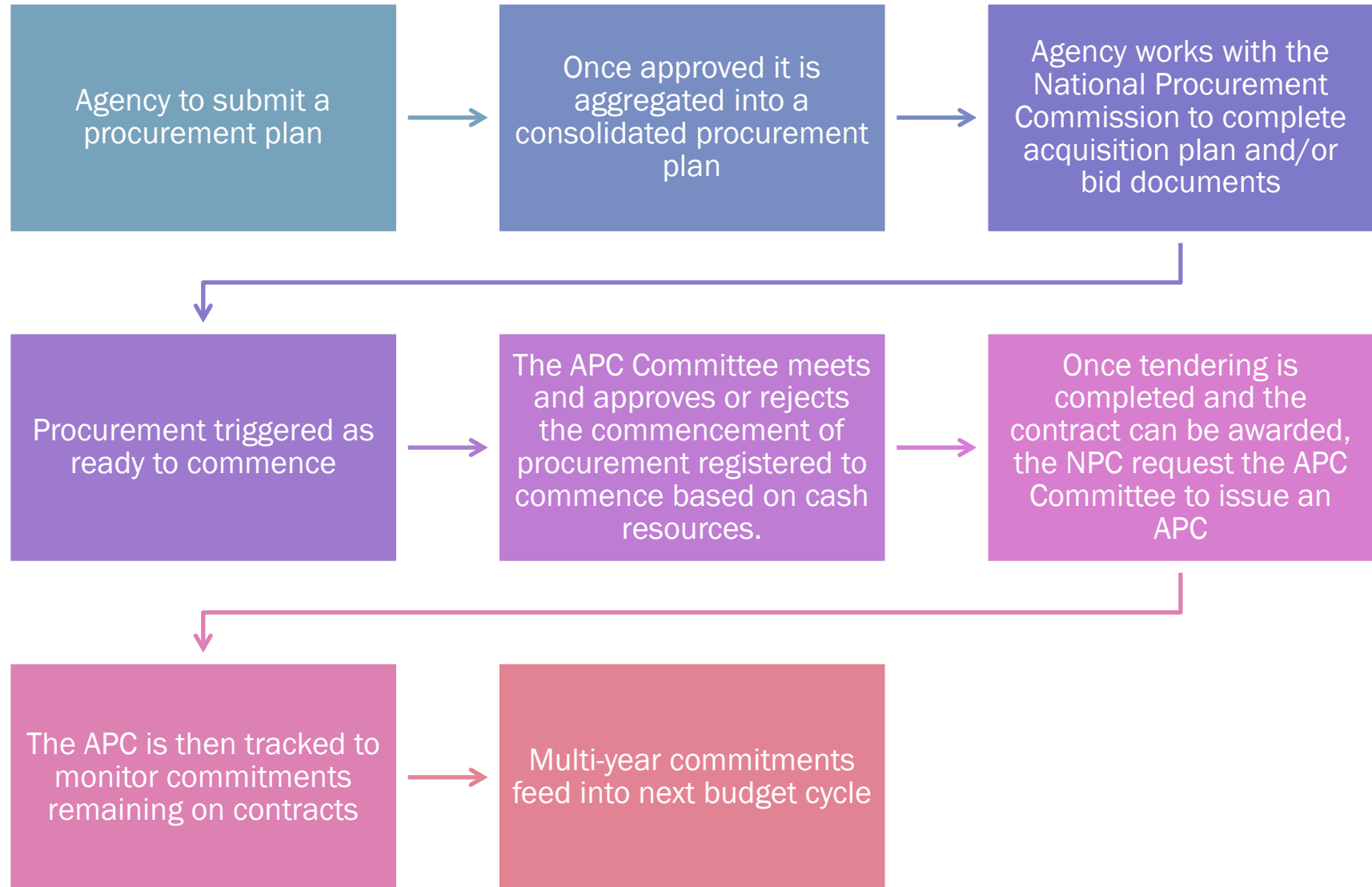


# HOW TO PREPARE FOR PROCUREMENT PLANNING

Procurement Planning Workshop

A bright yellow L-shaped graphic element is positioned on the right side of the slide. It consists of a vertical bar extending from the top to the middle of the slide, and a horizontal bar extending from the middle to the right edge of the slide, forming an L-shape.

# Quick Overview – Government steps



DRAFT Procurement Planning Guidelines  
issued by APCC for consultation – download from  
website [www.procurement.gov.pg](http://www.procurement.gov.pg)



# Why prepare a procurement plan?

- Procurement plans are prepared to enable the agency to identify and coordinate its procurements across the year and look at its capacity and approach to procurement.
- Procurement plans are consolidated together to enable the Government of PNG to have a better understanding of what is being procured and committed by the State and the cash needs of its agencies.
- The publication of consolidated procurement plans provide PNG suppliers with information on possible upcoming tenders supporting better investment management and market supply.

# Establish Procurement Planning within the agency

- Identify responsible officers for procurement planning (eg. within a procurement or contract management team or close to annual works/services planning)
- Ensuring workflows and linkages are established between those completing the procurement plan and officers such as:
  - *Planning officers preparing and/or consolidating annual work plans*
  - *Budget officers – those coordinating developing and recurrent funds*
  - *Finance officers – to support extracts from the finance system for spend analysis and reporting on APCs*
  - *Technical experts involved in initial project formulation of major projects*
  - *HR Unit that manages training assessment and performance plans*
- Update corporate, budget and planning processes to include the procurement planning elements
- Department Head (Secretary, Director-General or CEO) to communicate to all staff the mandatory requirements of Procurement Planning, responsible officer/team and information requirements.

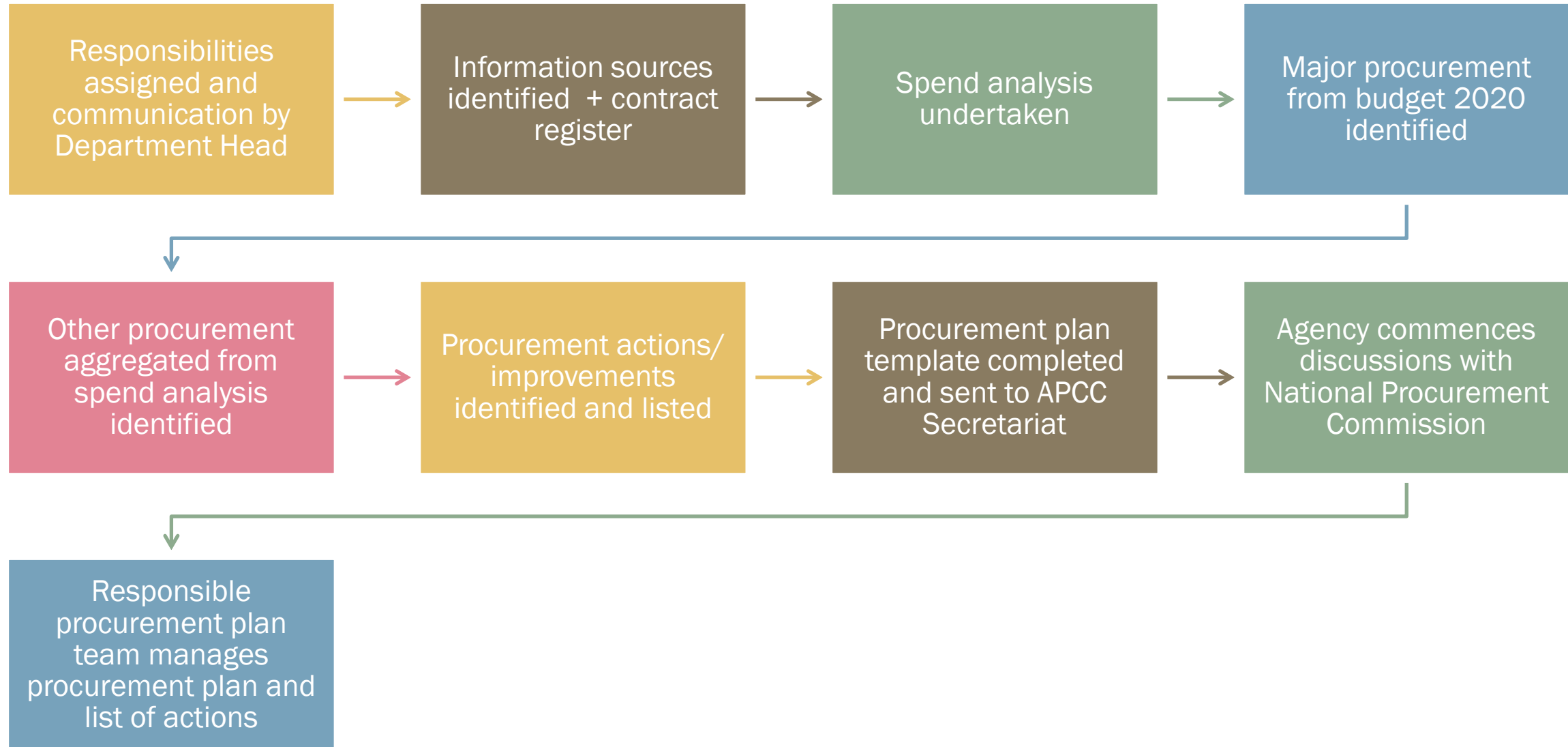
**PROCUREMENT PLANS ARE  
SUBMITTED TO THE APC COMMITTEE  
FOR PROCUREMENT OR DISPOSALS  
> K500,000**

Any procurement that is managed by the National  
Procurement Commission must be listed on the  
Procurement Plan

Work done in the planning will have realisable benefits to an agency across the year.

An agency should look not just at the major procurements but how the agency undertakes procurement and how its business processes and skills can be improved

# Agency Steps for Procurement Planning





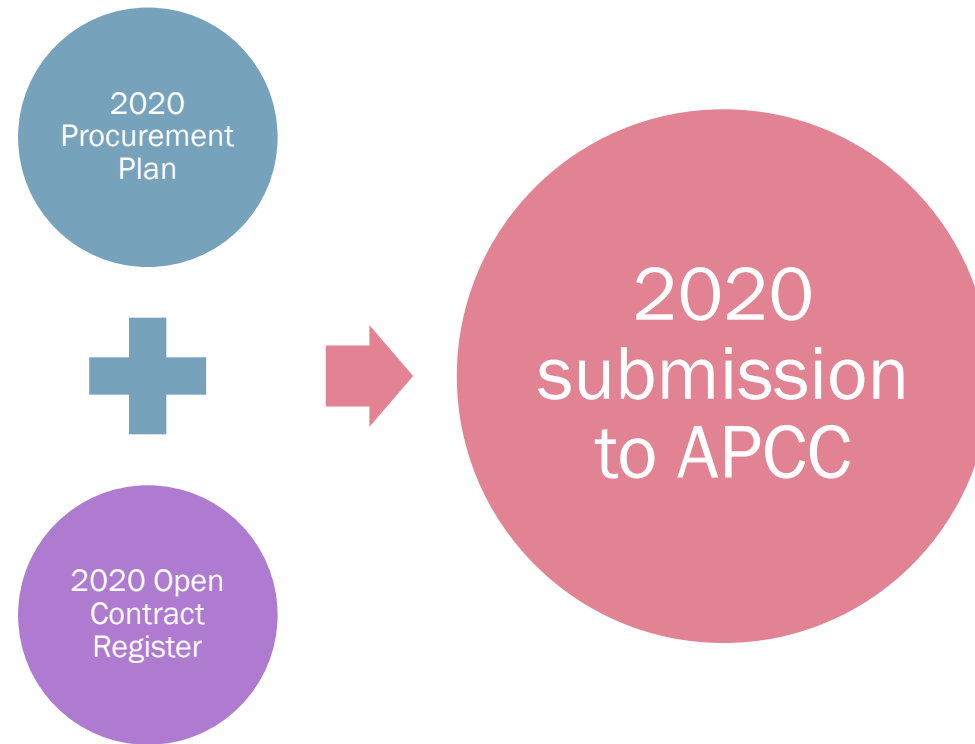
# Initial Questions by the Agency

- Who is preparing the procurement plan and responsible for its continued review and update? What resources and support do they need? Do they need training?
- What have we been procuring – by who, from who, when and how?
- What do we need to procure in the coming year?
- How do we procure this?
- What is the market and the potential suppliers we may procure from?
- What are the opportunities we can leverage with our procurement?
- Are there any risks or barriers within the market to procure that need to be mitigated?
- Do we as an organisation have the necessary capabilities to procure and are the individuals who procure or manage contracts have the skills?

# Initial information for the Procurement Planners

- Understand where information sources are within the agency to support procurement planning
- Contracts that are currently open and being managed by the Agency – are these registered and up to date? Are any expired or need to be managed to close? Is the basic compliance requirements up to date (eg. insurances)?
- What is the nature of these contracts – where are there risks – do we have time or cost variations extending over the budget period? Are there any contracts that are renewing or require renewal in the planning year?
- Accessing expenditure information from IFMS (start with IFMS Report 8205 Payment to Suppliers Report).
- Use other IFMS reports to identify spend practices in the agency – who is procuring, where are they, for what and how often at what value? *Use the IFMS/PGAS chart of accounts/economic item*

# Minimum requirements for 2020



# CREATE A CONTRACT REGISTER ACTION LIST

Contracts that are open and:

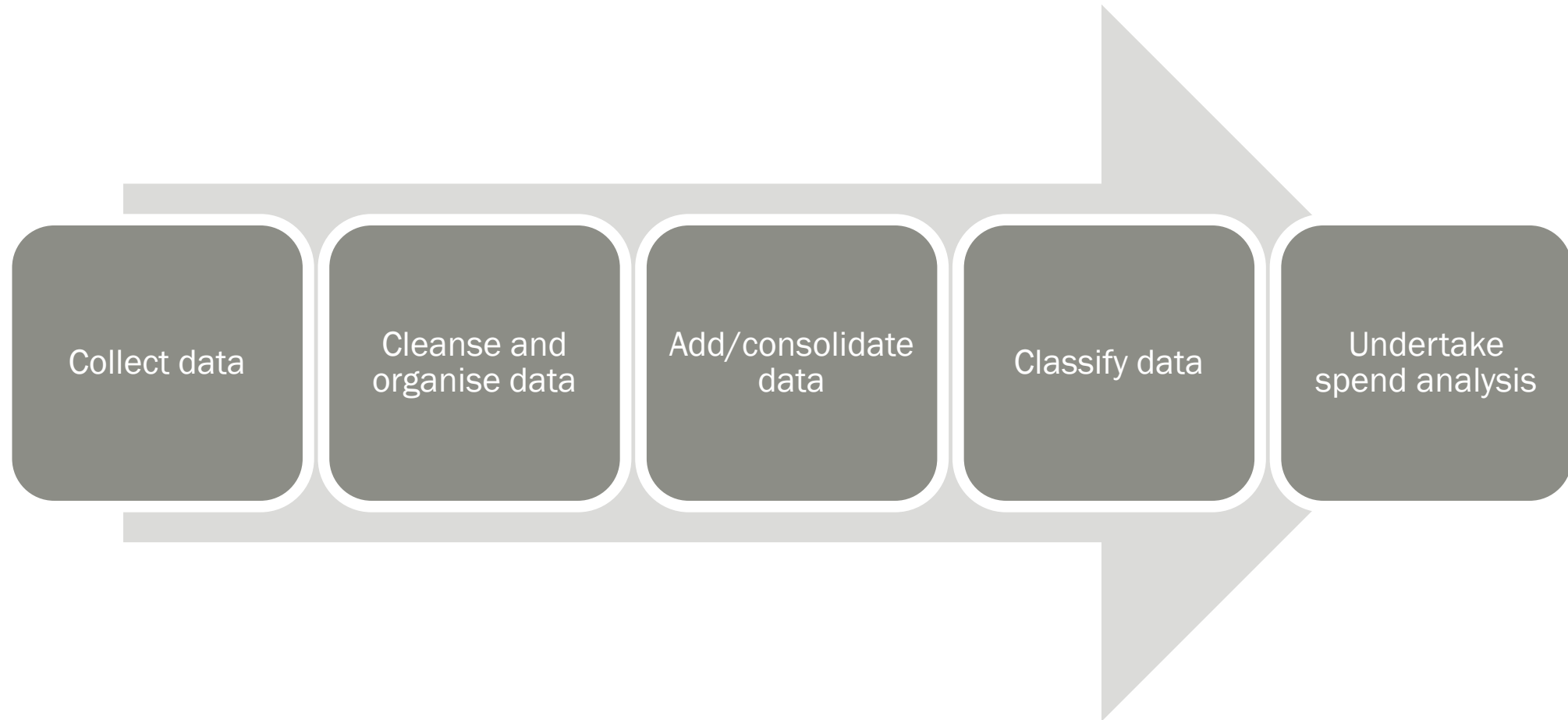
continue,  
Non-compliant,  
Needs to be formally closed,  
triggered for renewal,  
Pending variation



# ADD ACTIONS - EXPENDITURE THAT SHOULD BE ON CONTRACT

What cumulative or strategic transactions that should be formalised?  
Retainer style arrangements? Quotes with recurring suppliers?

# Conduct a spend analysis



# Why undertake this analysis as a first step

- Identify tangible cost savings in procurement – particularly for routine and low value items
- Identify efficiencies in how you order (each purchase order costs an agency in time and manpower)
- Identify suppliers and how you can better leverage your spend with them
- Look to rationalise suppliers – aggregate procurement to get a better outcome

# Classify purchases

- **SUPPLY** – What are the risks? geographic location, business model and supply chain length, market instability, facilities to ensure delivery.
- **SERVICE IMPACT** - the impact of a supply item upon the services delivered by the agency. Certain areas of spend, such as stationery, supplies have only a negligible effect. In other categories, a single source of supply can make the difference to the agency delivering its services or not. Look not only at supply but also suppliers – where a large portion of an agency’s services is supported by one supplier – the service impact may be more important.



Source: Peter Kraljic, HBR

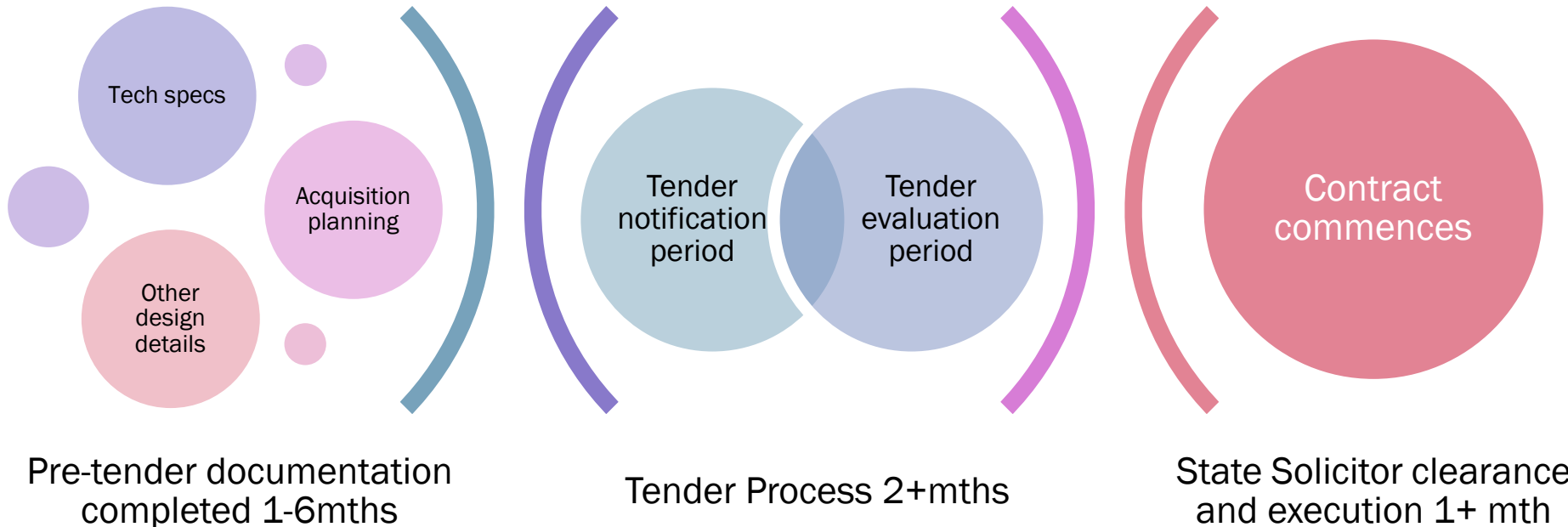
Refer to Article



# Major procurement questions

- Major and complex projects are usually identified well before the year of procurement – at this formulating and assessment stage - complexity and risk assessment of the project should also consider procurement risks and complexity including an assessment of the relevant supply market/s
- How do supply market or markets operate?
- What are the key requirements necessary to prepare for tender – geo design? Business requirement analysis? Social or environment assessments? Stakeholder consultations? Architecture and design? Land ownership or primary material sourcing?
- How will these things be achieved within a timeline?

# Scheduling is important as it determines the timing at APC Committee



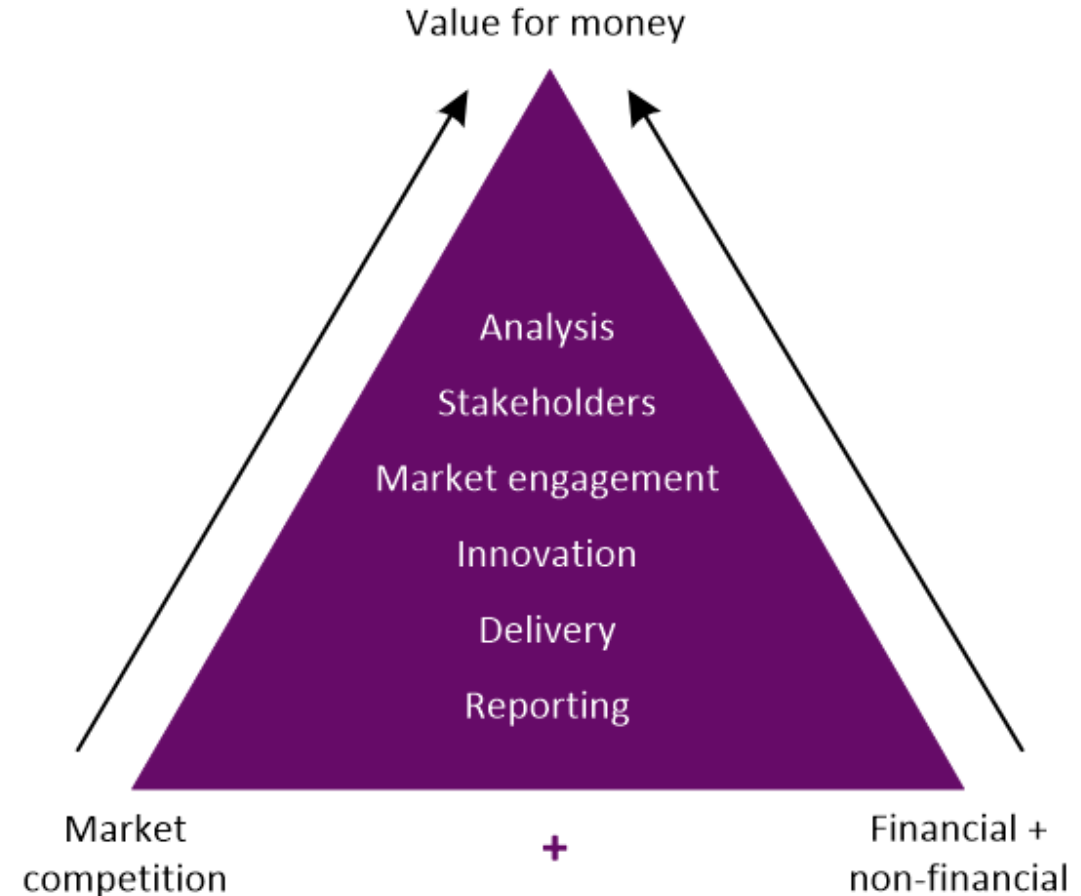
Timing issues: time to complete correct tender documentation and time taken by TFEC to evaluation

# Major Actions for 2020

- Identify Procurement Planning responsibilities
- Identify major steps, information sources and sub-delegated responsibilities to prepare for procurement planning
- Identify all existing and open contracts with a multi-year Authority to Pre-Commit
- Prepare open commitment register (Finance Instruction 01/2019) – if the agency doesn't have one already
- Prepare Spend Analysis to identify possible aggregated procurement and to identify improvements and strategies for procurement next year
- Using the procurement analysis undertaken – identify areas of improvement in both procurement and contract management – start an action list
- List all procurements that will be managed next year (>500,000 on the template) and <K500,000 that should be on contract and managed
- Agency head (Secretary or CEO) to communicate the procurement planning approach for the agency

# Value for Money

- Assuring Value for Money occurs throughout the procurement and contract management cycle. When preparing procurement plans:
  - *Have procurement decisions been made in an accountable and transparent manner?*
  - *Is the procurement aligned with the business strategy of the agency?*
  - *Has the agency considered the capacity for this procurement to achieve better results, using the same resources?*
- Questions for individual acquisition planning stage:
  - *Is the procurement process maximising competition in the market?*
  - *Have the financial and non financial outcomes been defined?*
  - *Has the performance history of each prospective supplier been considered?*



PROCUREMENT PLANNING IS  
NOT – ONE SIZE FITS ALL

A bright yellow L-shaped graphic element is positioned in the bottom right corner of the slide. It consists of a vertical bar on the right and a horizontal bar at the bottom, meeting at a right angle.

# Procurement Planning is not ONE SIZE FITS ALL

- Consider what is needed to succeed
- BE REALISTIC – improvements will happen over time, look for initial quick wins
- Take into account the culture of your agency
- Consider how technology can support your planning
- Communication is important and so is Ownership and Participation

# Where to from here?


- Once the plan is approved, contact the National Procurement Commission and start the process of preparing acquisition plans and/or bid documentation
- ensuring that contracts have been established with high value suppliers;
- reduce the number of transactions the agency has with high volume transaction suppliers;
- identifying alternative National suppliers that you can work with to replace international suppliers;
- Identify skills needs and feed into the development of a National Procurement Capacity Strategy
- Establish a list of actions to improve the agency's procurement processes



# AGENCIES TO TRACK PURCHASING USING THE APC IN FINANCE SYSTEMS

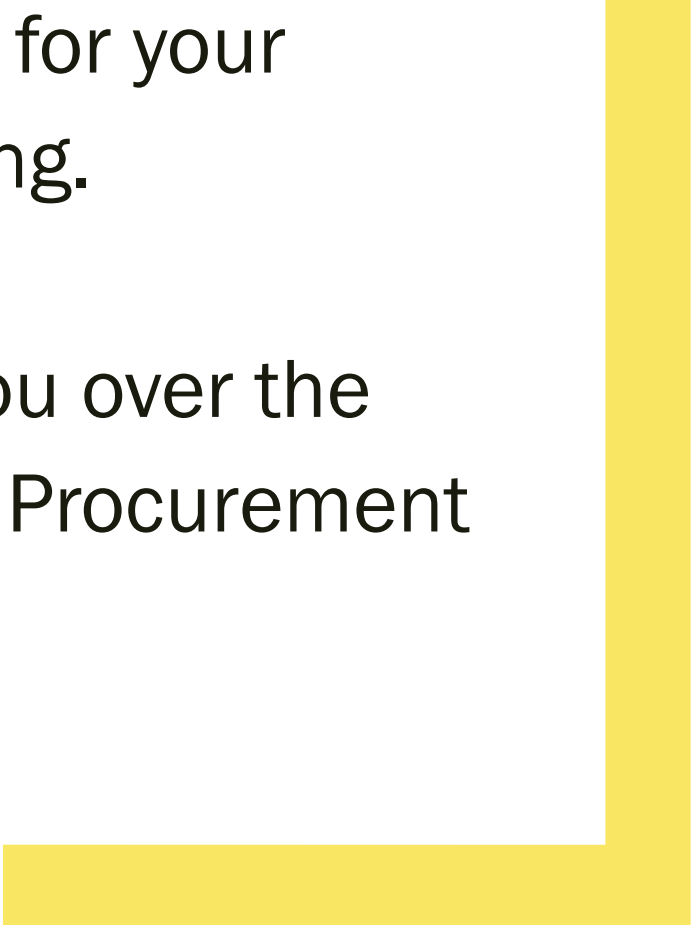






Advise the APCC Secretariat of the person/team responsible for your procurement planning.

The Secretariat will assist you over the coming months to prepare the Procurement Plan



[WWW.PROCUREMENT.GOV.PG](http://WWW.PROCUREMENT.GOV.PG)

[APCCSECRETARIAT@FINANCE.GOV.PG](mailto:APCCSECRETARIAT@FINANCE.GOV.PG)

