



**DEPARTMENT OF FINANCE**  
**Office of the Secretary**

**FINANCIAL INSTRUCTION 01/2020**

**29 JANUARY 2020**

**SUBJECT: POST NATIONAL BUDGET PROCUREMENT PLANNING**

**1.0 INTRODUCTION**

**1.1 Authority**

This Financial Instruction (hereafter FI), is issued under Section 117 of the Public Finances Management Act (PFMA) whereby the Finance Departmental Head may issue Financial Instructions that are necessary or desirable for carrying out or giving effect to this Act and in general for the better control and management of public moneys and public properties.

**1.2 Legality & Enforcement**

Pursuant to section 4 of the PFMA, the Finance Secretary has control and direction of all matters relating to the management of the financial affairs of the State.

**2.0 SCOPE**

**2.1 In-scope agencies**

Under the Act, a post National Budget procurement plan (annual procurement plan) is required of all National and Sub-National public bodies and statutory authorities as defined under Section 2 of the PFMA.

From 1 January 2020, National public bodies and statutory authorities are required to submit their annual procurement plans in compliance of all elements of the National Procurement Act, APCC Annual Procurement Planning Guidelines and this FI.

From 1 January 2020, Sub-National public bodies and statutory authorities are required to complete annual procurement plans but only submit where funds were appropriated as part of the National Budget 2020 including Service Improvement Program funding.

**2.2 In-scope procurement**

The procurement plan must list:

- procurements and disposals by the agency with a value greater than K500,000 and within the management of the National Procurement Commission; and
- existing multi-year contract commitments that carryover into 2020; and

- All procurements listed above are regardless of the source of funding, that is, procurements using funds appropriated under the National Budget or which are otherwise financed by sources outside the National Budget.

### **3.0 PURPOSE**

#### **3.1 Annual Procurement Plans**

Section 39 of the PFMA establishes the APC Committee whose functions include the approval of all procurement plans of all public and statutory bodies (agency/agencies) created after the passage of the National Budget, including prioritisation, timing, oversight and expenditure allocation, based on available cash resources.

The content and requirements to complete a procurement plan are outlined under Part VI of the National Procurement Act (NPA) and further specified in the APCC Procurement Planning Guidelines.

An agency will not be able to commence or continue an existing procurement unless a procurement plan has been submitted and approved by the APC Committee and the committee has subsequently advised and certified that a procurement can commence from this plan.

#### **3.2 Procurement Planning Guidelines and Template**

Annual Procurement Planning Guidelines have been issued by the APC Committee Secretariat to assist agencies to complete procurement plans. All public officers are required to follow the APCC Procurement Planning Guidelines.

In accordance with Section 25(4) of National Procurement Act, a template has been prepared to complete the procurement plan. The template and Annual Procurement Planning Guidelines are available on the Government's procurement website ([www.procurement.gov.pg](http://www.procurement.gov.pg)) and can be provided on request from the APCC Secretariat at the Department of Finance or via email ([apccsecretariat@finance.gov.pg](mailto:apccsecretariat@finance.gov.pg)).

#### **3.3 Date of Submission**

An agency shall on a reasonable time after the National Budget, submit its annual procurement plan. The APC Committee will consolidate approved procurement plans on a quarterly basis. As the consolidated procurement plan is the basis on which certification is provided, agencies should consider having procurement plans submitted and approved prior to the dates of publication. The dates established for the publication of procurement plans are: 31 January, 30 April, 31 July, 30 October or next working day.

#### **3.4 Tracking Contract Expenditure and Outstanding Commitments**

Once an APC has been issued, an agency is required to track expenditure in their finance system using the APC number. If an agency does not use IFMS as their finance system, an agency is required to submit a monthly transaction list of all payments under the contract specifying the APC Number, Date of Payment, Supplier Name and Value of payment.

### **3.5 Workflow for the submission of the Procurement Plan**

1. After passage of the National Budget by Parliament, agencies are to prepare the annual procurement plan using the template provided.
2. Once approved by the Departmental Head, email the procurement plan to the APCC Secretariat before the deadline of publication.
3. The agency identify existing contracts that received appropriations in the National Budget 2020 and request the issuance of a multi-year APC by the APCC.
4. Public and statutory body liaise with National Procurement Commission to prepare required pre-bid documentation.
5. The APC Committee will formally notify the National Procurement Commission of the certification to commence procurement.
6. Continue to update the procurement plan and re-submit every quarter.
7. Once a procurement contract is executed, track expenditure against the contract using the APC Number field in IFMS or alternative finance system used by the agency and submitted monthly to the APCC Secretariat.

## **4.0 TRANSITIONING PROCUREMENT FOR NATIONAL BUDGET 2020**

### **4.1 Aggregated procurement identified as greater than K500,000 within operational recurrent appropriations**

In preparing the procurement plan, an agency may identify works, goods or services previously procured as separate procurements but when aggregated, the value is greater than K500,000 (such as fuel). This procurement is now undertaken on their behalf by the National Procurement Commission.

The APCC will consider a transitional grace period for the procurement if it directly supports critical services. The agency can request the APCC to waive the requirement under Section 40(3) to complete all necessary requirements to facilitate immediate procurement prior to certification. These procurements are to be identified when submitting the procurement plan for approval. The National Procurement Commission is to complete all necessary requirements to undertake immediate procurement during 2020.

### **4.2 Multi-year contract commitments that roll into National Budget 2020**

National Budget 2020 will include appropriations related to contracts that were procured in prior years. These contracts have not been issued with a multi-year APC under Section 43.

Where an agency has an appropriation for funding of an existing contract procure in prior years, the agency must request a multi-year APC from the APCC in order to receive warrants for National Budget 2020. An APC will be issued for existing contracts for which procurement has been completed and are it is directly appropriated in the National Budget 2020.

## 5.0 ENFORCEMENT

Non-compliance with this and other FIs issued under the PFMA, will invoke appropriate sanctions and/or penalties prescribed under the Act and/or under other relevant laws.

## 6.0 EFFECTIVE DATES OF THIS FINANCE INSTRUCTION

This Finance Instruction (FI) is effective as of the date of signing by the Secretary of Finance.

## 7.0 HELP DESK

Should you require further information the following should be contacted:  
[apccsecretariat@finance.gov.pg](mailto:apccsecretariat@finance.gov.pg).



**DR KEN NGANGAN OBE PhD CMA CPA**  
Secretary

Date: 03 / 02 / 2020