**Procurement Management Plan**

**<Project Name>**

**Company Name**

**Address**

**Date**

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# Introduction (Cess)

The purpose of the Procurement Management Plan is to define the procurement requirements for the project and how it will be managed from developing procurement documentation through contract closure. The Procurement Management Plan defines the following:

* Items to be procured with justification statements and timelines
* Type of contract to be used
* Risks associated with procurement management
* How procurement risks will be mitigated through contract performance metrics, insurance, or other means
* Determining costs and if/how they’re used as evaluation criteria
* Any standardized procurement templates or documents to be used
* How multiple suppliers will be managed if applicable
* Contract approval process
* Decision criteria
* Establishing contract deliverables and deadlines
* How procurement and contracts are coordinated with project scope, budget, and schedule
* Any constraints pertaining to procurement
* Direction to sellers on baseline requirements such as contract schedules and work breakdown structures (WBSs)
* Vendor Management
* Identification of any prequalified sellers if applicable
* Performance metrics for procurement activities

# Procurement Risks (Cess)

The purpose of this section is to identify any potential risks associated with procurement for the project. Depending on the contract type, items or services being purchased, vendor history, or uncertainties in the project’s scope, schedule, or budget, potential risks may require more detailed planning and mitigation strategies. For instance, if an organization has a close relationship to a particular vendor but there is a chance that vendor will no longer to be able to provide goods or services needed, this represents a significant risk to the project’s procurement activities that must be managed.

# Procurement Risk Management (Dale)

The purpose of this section is to describe how risks related specifically to procurement activities will be managed. All projects should have an independent and thorough risk management plan. However, much like there are risks which pertain only to procurement, there are risk management considerations which may also be unique and apply only to procurement. This may include involvement of specific personnel in managing procurement risks or obtaining approval on mitigation steps from a particular management level within the organization.

# Cost Determination

Cost analysis is a crucial step in the procurement process for the Barangay South Signal Village Web Application project, ensuring the choice of reliable and affordable vendors. The project team will use a comprehensive cost determination process, which includes defining the purpose of cost determination, estimating costs, issuing a Request for Proposal (RFP), developing Cost Evaluation Criteria, executing cost analysis and negotiation, and documenting and reporting costs.

Cost Determination in the Procurement Management Plan for the Barangay South Signal Village Web App Project includes the following:

1. **Purpose** - This section describes the process and factors that should be considered when calculating costs for the Procurement Management Plan. It involves evaluating expenses for acquiring products and services from other vendors, particularly for the Barangay South Signal Village Web App Project.
2. **Cost Estimation** - The project team will work together to estimate the costs of obtaining the necessary goods and services for the web app project. Various cost estimation techniques will be used based on available information and project requirements. Accurate cost estimates will be developed incorporating previous information, industry benchmarks, and expert opinion.
3. **Request for Proposal (RFP) -** Vendors will be encouraged to submit requests in response to the RFP, which will contain full information about their goods or services along with cost breakdowns. The RFP will clearly define the cost components that must be included in vendor proposals, which will include hardware, software, licensing fees, development services, maintenance, and other relevant costs. Vendors will be obliged to submit thorough breakdowns to encourage transparency and effective evaluation.
4. **Cost Evaluation Criteria** - Costs, along with quality, experience, and delivery schedules, will be important consideration in the vendor selection process. The Procurement Team is going to create an evaluation procedure to emphasize cost in relation to other assessment factors. The cost evaluation will consider both the initial and ongoing costs associated with the goods or services.
5. **Cost Analysis and Negotiation** - The Procurement Team will examine the cost breakdowns provided after receiving vendor proposals. Any errors, shortcomings, or areas requiring clarification in the cost bids will be recognized and corrected through discussions with the suppliers. Cost analysis may be performed again to ensure accuracy, reasonableness, and alignment with the project's budget and objectives.
6. **Cost Reporting and Documentation** - Accurate cost reporting and documentation will be maintained throughout the procurement process. Cost reports will provide an overview of estimated costs, vendor proposals, cost analysis findings, negotiation outcomes, and final agreed-upon costs. These reports will serve as a reference for stakeholders, promoting transparency and accountability in the procurement process.

The Barangay South Signal Village Web App Project aims to procure goods and services at optimal costs while meeting project requirements and maintaining financial control by implementing effective cost-determination processes within the Procurement Management Plan.

# Procurement Constraints (Carl)

The purpose of this section is to outline the constraints that must be considered during the procurement management process for the Barangay South Signal Village Web App project. These constraints may impact various aspects such as schedule, cost, scope, resources, technology, and buyer/seller relationships. It is essential to identify and address these constraints throughout the procurement activities to ensure project success. Identifying constraints early in the project lifecycle is crucial, as late identification may significantly impact the project's likelihood of success.

The following constraints have been identified for the Barangay South Signal Village Web App project:

1. **Budget Constraints:** The project has a predefined budget that must be adhered to during the procurement process. All procurement activities, including vendor selection, contract negotiation, and purchasing decisions, must be aligned with the approved budget.
2. **Timeline Constraints:** The project has specific timelines and milestones that must be met. Procurement activities should be planned and conducted in a way that aligns with the project schedule to avoid delays in the overall development and deployment of the web app.
3. **Scope Constraints:** The project has well-defined scope boundaries that should be considered during the procurement process. Procurement activities should focus on acquiring goods and services that align with the project's scope and requirements, avoiding unnecessary purchases or scope creep.
4. **Resource Constraints:** The availability of internal resources, such as procurement specialists or contract administrators, may be limited. This constraint should be considered when planning and executing procurement activities. External resources may need to be engaged to supplement the internal team if necessary.
5. **Technological Constraints:** The procurement of technology-related components, such as software licenses, hardware, or cloud services, may have specific constraints or compatibility requirements. The procurement team should ensure that the selected vendors and solutions align with the project's technological infrastructure and are compatible with the existing systems.
6. **Buyer/Seller Relationships:** The project may have established relationships with preferred vendors or suppliers that need to be considered during the procurement process. If there are existing contracts or agreements with specific suppliers, they should be reviewed to determine if they align with the project's requirements and if any amendments or renewals are necessary.

These constraints should be thoroughly considered and incorporated into the procurement management process for the Barangay South Signal Village Web App project. Careful planning, proactive risk management, and effective communication with stakeholders will help navigate these constraints and ensure successful procurement outcomes while meeting the project's objectives.

# Contract Approval Process (Rark)

The purpose of this section is to define the process through which contracts must be approved. This process may vary greatly from company to company but it is important to define the process within your organization and who is involved in the decision-making. Typically large purchases follow an established bidding process and follow a formal selection and approval process. Smaller purchases can be less formal and can be approved by the Project or Program Manager. This section should clearly identify the rules for all procurements within your organization.

# Decision Criteria (Kins)

The criteria in deciding the contracts to award are the following:

* Performance
* Quality
* Cost

These criteria will both be measured by the team with the project sponsor.

# Performance Metrics for Procurement Activities (Carl)

This section outlines the metrics to be used for measuring the performance of procurement activities associated with the Barangay South Signal Village Web App project. These metrics serve two primary purposes: to ensure that procurement activities stay on schedule and to compile data on vendor performance to assist with future procurement activities and vendor selection criteria.

The following performance metrics will be utilized for procurement activities:

1. **Procurement Schedule Adherence:** This metric measures the extent to which procurement activities adhere to the defined schedule. It tracks the timeliness of key milestones, such as vendor selection, contract negotiation, and purchase order issuance. Any deviations from the schedule will be identified and addressed promptly to prevent delays in the overall project timeline.
2. **Vendor Response Time:** This metric evaluates the time it takes for vendors to respond to requests for information (RFIs), requests for proposals (RFPs), and other inquiries. It ensures that vendors are responsive and provides insights into their efficiency and commitment to the procurement process.
3. **Vendor Performance Evaluation:** This metric assesses the performance of selected vendors based on predefined criteria, such as quality, adherence to contractual obligations, on-time delivery, and customer satisfaction. It provides data on vendor performance that can be used to evaluate their suitability for future procurement activities and assists in the development of vendor selection criteria.
4. **Cost Variance:** This metric measures the variance between the planned procurement costs and the actual costs incurred. It helps identify any deviations from the budget and enables the project team to take appropriate corrective actions if necessary.
5. **Quality of Procured Goods and Services:** This metric evaluates the quality of goods and services acquired through the procurement process. It assesses whether the procured items meet the defined quality standards and specifications.
6. **Contract Compliance:** This metric examines the extent to which vendors adhere to the terms and conditions specified in the contracts. It ensures that vendors fulfill their contractual obligations, including delivery timelines, payment terms, and performance requirements.

By using these performance metrics, the project team can monitor and evaluate the effectiveness of procurement activities. The data collected will provide valuable insights for improving future procurement processes, vendor selection, and contract management. Regular performance reviews and analysis of these metrics will help identify areas for improvement, ensure accountability, and optimize procurement practices for the Barangay South Signal Village Web App project.

# Sponsor Acceptance

Approved by the Project Sponsor:

Date:

<Project Sponsor>

<Project Sponsor Title>

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