

General Guidelines



BASIC PROCUREMENT HANDBOOK



Prepared by: The Office of Procurement Regulation

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Developed in accordance with the Trinidad and Tobago Public Procurement and Disposal of Property Act Number 1 of 2015 (as amended) and the attendant Public Procurement Regulations

Listing of Acronyms

<i>ABBREVIATION</i>	<i>EXPLANATION</i>
<i>IFB</i>	Invitation for Bid
<i>ITB</i>	Invitation to Bid
<i>NGO</i>	Non-Governmental Organisation
<i>OPR</i>	Office of Procurement Regulation
<i>P&DAC</i>	Procurement and Disposal Advisory Committee
<i>PP&DPPA</i>	Public Procurement and Disposal of Public Property Act
<i>RFP</i>	Request for Proposal
<i>RFQ</i>	Request for Quotation
<i>TOR</i>	Terms of Reference

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Section 1

Preamble

1.0 PREAMBLE

1.1 Purpose of this Handbook

The purpose of this '*Basic Procurement Handbook*' is to provide public bodies with a user-friendly simplified guide for sourcing goods, works or services. To this end, worked examples are provided to assist public bodies in the performance of key functions at the strategic and operational levels of the procurement function.

1.2 Who should use this Handbook?

This Handbook should be used by public bodies and other organisations involved in the expenditure of public funds.

1.3 How should this Handbook be used?

This Handbook provides worked examples for strategic sourcing and procurement of basic goods, works and services which procuring entities can use as a guide.,

For a more comprehensive understanding of the Trinidad and Tobago Public Procurement Procedures, and the activities involved in the procurement process, the Handbook should also be read in conjunction with the Public Procurement and Disposal of Public Property Act (2015), as amended, the Procurement Regulations and the Comprehensive Guide to Procurement, Retention and Disposal of Public Property, and the General and Special Guidelines.

As may be applicable, a procuring entity may use this Handbook as a model for developing its own special handbook. In such instances the public body shall:

- a. Map all changes (**inclusions, edits, deletions**) against this '*Basic Procurement Handbook*'
- b. Subsequently submit a copy of its own special handbook to The Office of Procurement Regulation (The OPR) for review and approval.

Public bodies are to note that approval of their Procurement Handbook and Special Guidelines will be granted in accordance with the procedures outlined in the publication entitled:

"A public body's guide to approval of its special guidelines for the procurement, retention and disposal of public property"

1.4 The Trinidad and Tobago Public Procurement Procedures

The Trinidad and Tobago Public Procurement Procedure is derived from the objects of the Public Procurement and Disposal of Public Property Act (2015), as amended.

Section 5 (1) -The objects of the Act are to promote –

- (a) The principles of accountability, integrity, transparency and value for money;
- (b) Efficiency, fairness, equity and public confidence; and
- (c) Local industry development, sustainable procurement and sustainable development, in public procurement and the disposal of public property.

1.5 How is this Handbook linked to the Trinidad and Tobago Public Procurement Procedures?

The procurement procedures described in clause 1.4 above is based on achieving good governance objectives utilising a modern-day principle model for public procurement. This Handbook will guide public bodies in achieving the principles included in the objects of the Act in the procurement of the goods, works and services they require to fulfil their organisational mandates.

Section 2

Introduction

2.0 Introduction

2.1 Key definitions in the PP&DPPA

A procuring entity or an individual involved in public procuring must be aware of the following key definitions (Section 4):

- a. **“Public Procurement”** is the acquisition of goods, works or services involving the use of public money.
- b. **“Public money”** is money that is –
 - (a) received or receivable by a public body;
 - (b) raised by an instrument from which it can be reasonably inferred that the State accepts ultimate liability in the case of default;
 - (c) spent or committed for future expenditure, by a public body;
 - (d) distributed by a public body to a person;
 - (e) raised in accordance with a written law, for a public purpose; or
 - (f) appropriated by Parliament;
- c. **“Public bodies”** refer to the following:
 - (a) the Office of the President;
 - (b) the Parliament;
 - (c) the Judiciary;
 - (d) a Ministry or a department or division of a Ministry;
 - (e) the Tobago House of Assembly, or a division of the Tobago House of Assembly;
 - (f) a Municipal Corporation established under the Municipal Corporations Act;
 - (g) a Regional Health Authority established under the Regional Health Authorities Act;
 - (h) a statutory body, responsibility for which is assigned to a Minister of Government;
 - (i) a State-controlled Enterprise;
 - (j) a Service Commission established under the Constitution or other written law; or
 - (k) a body corporate or unincorporated entity—
 - (i) in relation to any function which it exercises on behalf of the State; or
 - (ii) which is established by virtue of the President’s prerogative, by a Minister of Government in his capacity as such or by another public authority; or
 - (l) a body corporate or unincorporated entity in relation to any function, project, scheme or arrangement which involves the use by it, of public money;
- d. **“Procurement proceedings”** include the process of procurement from the planning stage, soliciting of tenders, awarding of contracts, and contract management to the formal acknowledgement of completion of the contract.

Individuals engaging in procurement proceedings must also be aware of Sections 5 and 6 of the Act, which states as follows:

5. (1) The objects of this Act are to promote—
 - (a) the principles of accountability, integrity, transparency and value for money;
 - (b) efficiency, fairness, equity and public confidence; and

(c) local industry development, sustainable procurement and sustainable development, in public procurement and the disposal of public property.

(2) A public body shall carry out public procurement and the disposal of public property in a manner that is consistent with the objects of this Act.

6. (1) Subject to subsection (2), any procurement of goods, works or services or retention or disposal of public property that is not done in accordance with this Act and any procurement contract or agreement that is not entered into in accordance with this Act shall be void and illegal.

The principles enshrined in the Act are illustrated in Figure 1 below.

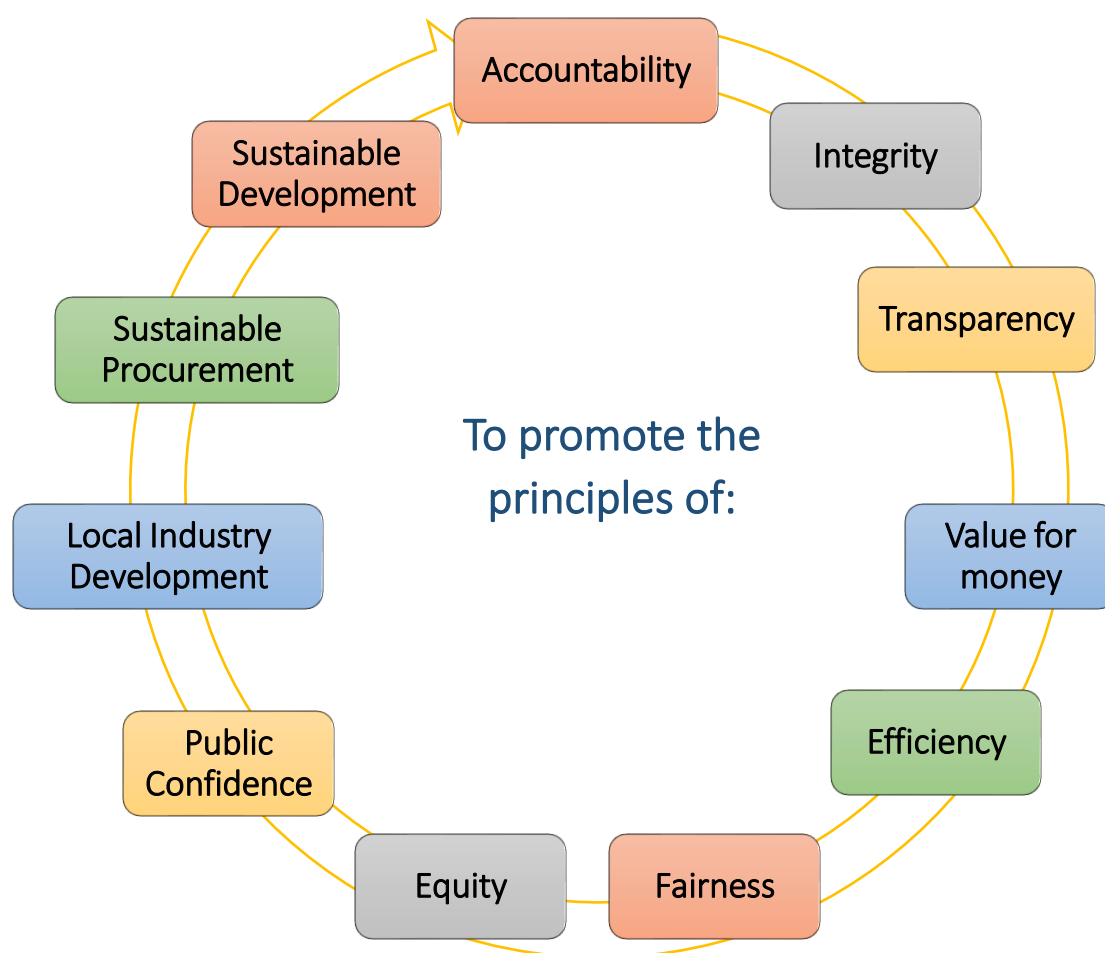


Figure 1: The Principles Enshrined in the PP&DPPA

Detailed information on strategies and techniques that can lead to the achievement of the objects of the Act are included in the *Comprehensive Handbook of Procurement, Retention and Disposal of Public Property*.

Section 3

General Information

3.0 General Information

A public body may fall into one of the three categories below:

- a) Organisations guided by the Central Tenders Board Act 1961, as amended, for the procurement of their articles, works and services, and for the disposal of public property e.g. **Government ministries and their departments or divisions.**
- b) Organisations guided by Appendix B: *Standard Procurement Procedures for the Acquisition of Goods, Provision of Services, Undertaking Works and Disposal of Unserviceable Items in State Enterprises/Statutory Bodies (State Agencies)* of the State Enterprises Monitoring Manual, e.g. **State-owned enterprises.**
- c) Organisations that operate independently of the government, utilising partial or full funding from public money, whose purpose is to address a social or political issue, e.g. **Non-Governmental Organizations (NGOs).**

The Public Procurement and Disposal of Public Property Act (2015), as amended, is applicable to **organisations that use public money**, and to **public bodies** and **public-private-partnership arrangements**.

3.1 Uniqueness of public bodies

Based on its size, the manner in which it was established, the volume of its procurement activities or the value of its annual procurement spend, each public body will have its own organisational structure, capability and experience as it relates to performing the public procurement function.

As an example, a small public body may consist of one or a few individuals. As a result, its procurement function may be carried out by one individual who also perform other duties. A large organisation, on the other hand, may contain a fully staffed procurement department with each of its members responsible for various aspects of the procurement function.

In planning and executing its procurement function, each public body must consider its own unique circumstances and organise its activities in a logical manner in order to achieve its organisational mandates and objectives while ensuring compliance with the Act.

3.2 Delegation of Authority

As appropriate, each public body shall establish financial delegations of authority to assist in the efficient management of its procurement activities. Such delegations are intended to reduce administrative bottlenecks and provide increased responsiveness by locating decision making authority nearer to the activity.

A small organisation, such as an NGO may be restricted to having its entire procurement function performed by one individual. Care must be taken to ensure that the procurement

plan, strategies and procedures are approved by the Accounting Officer, Board of Directors, or equivalent at the executive or governance level of the organisation.

3.3 Confirmation of Funding

Execution of the procurement strategy and award of contract must only commence after the Procuring Entity bears evidence or confirmation that funds have been approved and are readily available.

If a Procuring Entity is faced with an urgent need that requires commencement of the procurement strategy without formal acknowledgement of approved and available funding, potential suppliers/contractors must be informed that the solicitation is “in anticipation” of the requirement, but that an award of contract would only proceed when full authorisation and funding has been received.

Note: Detailed guidelines for emergency procurement are provided in the General Guidelines: Procurement Methods and Procedures.

3.4 Prequalification database

Procuring entities shall identify possible providers of the goods, works and services they require from the database of prequalified suppliers and contractors maintained by the OPR by following this link www.oprtt.org.

If there are no prequalified suppliers and contractors for the required item, the public body can identify proponents by publishing an invitation to prequalify, an invitation to bid or a request for proposals in print media of wide circulation and on its website; by conducting market research; by networking with other procuring entities; or by reviewing its own historical records. Once identified, the procuring entity shall take the necessary steps to properly prequalify the providers, in keeping with the requirements under Section 29 (1) of the Act, as amended, in the manner specified in the **General Guidelines for Pre-qualification and Pre-selection of Suppliers and Contractors**.

3.5 Record keeping

Procuring entities shall maintain an easily accessible and retrievable individual record for each procurement requirement, which shall be marked with the relevant procurement reference number, and which shall be stored in a secure location.

Content of record

The record shall contain the originals (where appropriate) and copies, of all information, documents and communications related to that procurement proceeding and shall, to the extent that not already contained in the proposed procurement plan, also include at least the following:

- (a) approved documents to execute the various stages of the procurement process;

- (b) the complete solicitation document;
- (c) a description of the object of the procurement;
- (d) a list of the participating bidders and their qualifications and any reasons for limiting participation;
- (e) any requests for clarifications and any responses thereto;
- (f) reasons for any cancellation of bids;
- (g) a statement of the reason for choice of a procurement method;
- (h) bid prices;
- (i) a summary of the evaluation of bids, including reasons for any rejection based on abnormally low bids;
- (j) any decision suspending the standstill period;
- (k) the signed contract;
- (l) any decision based on review by the Office, and the related decisions; and
- (m) any other information as may from time to time be directed by the OPR to be recorded.

3.6 General and Special Guidelines issued by the OPR

This Basic Procurement Handbook provides procuring entities with a practical end-to-end guide for the procurement of their basic goods, works and services. This Handbook focuses on the four phases of the procurement proceedings including the following:

- a. Planning (Strategic and Operational)
- b. Solicitation of Tenders /Bids
- c. Evaluation and Award of Contracts
- d. Contract Management to Close Out.

Detailed guidance on all aspects of the procurement, retention and disposal of public property functions are contained in the General and Special Guidelines issued by the OPR. These Guidelines are available at www.oprtt.org.

Section 4

Public Procurement – The Four Stages

4.0 Public Procurement – Four Stages

The four stages involved in the procurement of goods, works and services are depicted in Figure 2 below:

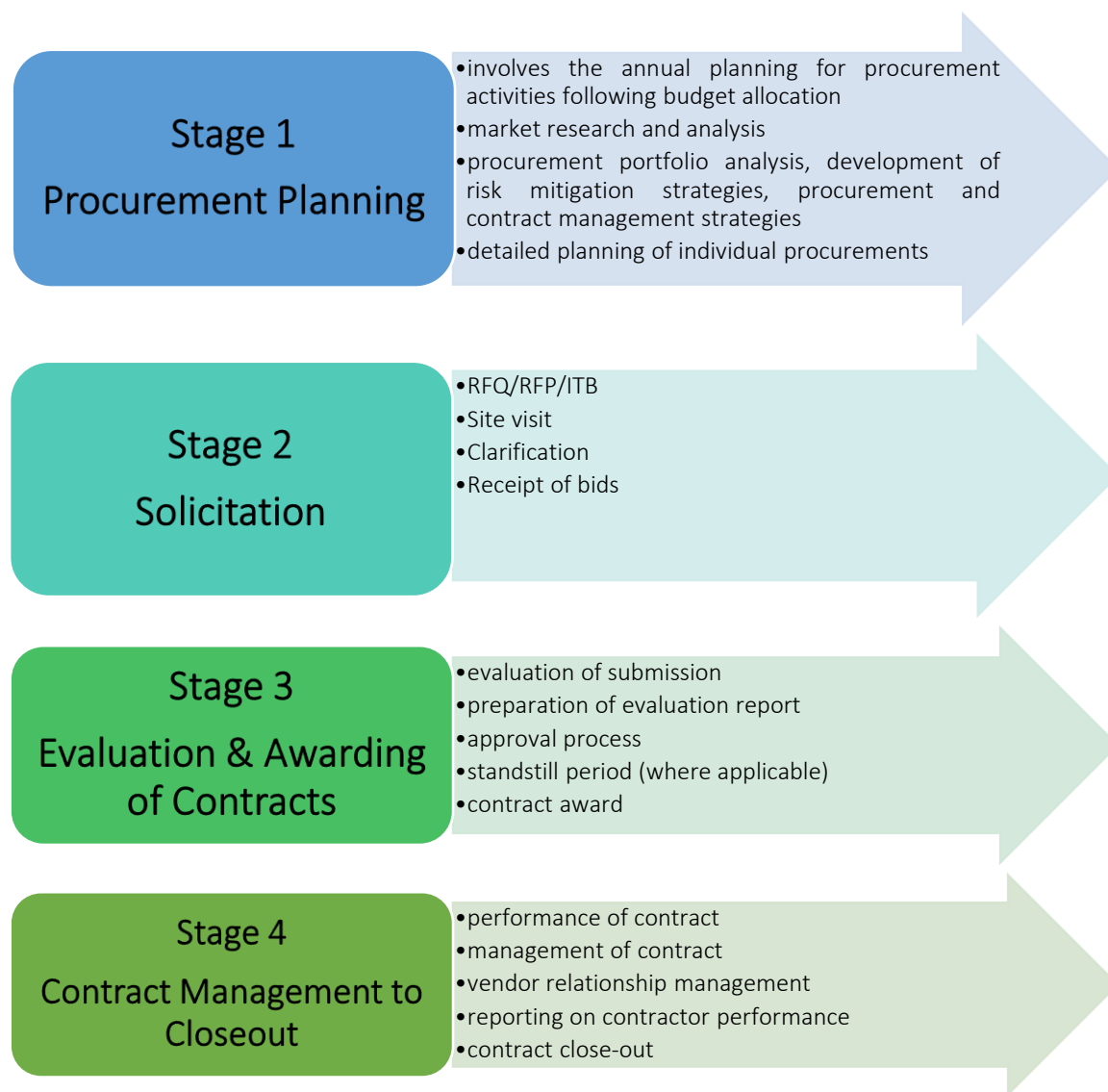
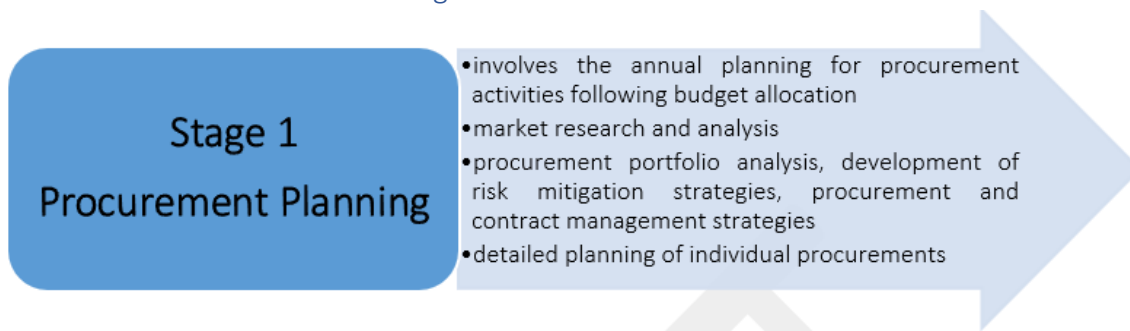


Figure 2: The Four (4) Stages of Public Procurement

To achieve the objects of the Act, each public body is required to perform public procurement activities at two organisational levels, namely the strategic level and the operational level.

4.1 Procurement Planning



Procurement planning takes place at the following two levels:

1. **The Strategic Level**, where the public body focuses on developing the Annual Procurement Plan, and
2. **The Operational Level**, where the public body first plans, and then executes each round of procurement.

Strategic Level Procurement Planning

Strategic Sourcing can be described as a systematic and fact-based approach to ensuring that the procuring entity achieves value for money in the acquisition of its goods, works and services. Strategic sourcing is the critical first step each procuring entity must take in order to ensure that its procurement activities are compliant with the objectives of the Act.

Benefits of Strategic Sourcing

The research and analysis undertaken at the strategic procurement level can assist the public body in the following key areas:

- a. Decisions to 'make', 'buy' or 'lease'
- b. Determining when to buy
- c. Establishing realistic delivery schedules
- d. Reviewing single/sole source justifications
- e. Identifying price and non-price evaluation factors
- f. Identifying special terms and conditions for the solicitation and resulting contract that are customary in special markets
- g. Establishing realistic budgets, pricing arrangements and economic ordering quantities

Procurement activities at the strategic level are to be undertaken annually and should coincide with the development of the organisation's Budget Estimates of Annual Expenditures for its Developmental Projects and Recurrent Expenditure.

The steps in strategic level planning are as follows:

1. Developing the portfolio listing

This involves identifying all items to be procured in the coming year. For ministries and statutory bodies these items will be located in their annual estimates for recurrent expenditure

and development programs. For smaller entities like Non-Governmental Organisations, these items may be included in their project proposals.

Details of the goods, works and services required by the public body, i.e. description, quantity and cost can be found in the following:

- a. The entities accounting package
- b. Invoices, receipts, purchase orders

An example of a procuring entity's portfolio listing is shown in Table 4.1.1 below:

Table 4.1.1: Sample Procurement Portfolio

	Item Description	Quantity	Total Price
1.	Vehicles. SUV, 5-door	2	\$600,000.00
2.	Consultancy Services for Design & Development of a Database	1	\$750,000.00
3.	Janitorial Services for a period of one year	1	\$250,000.00
4.	Microsoft Licenses for 20 staff members		\$75,000.00
5.	Construction of a fence, 75ft		\$650,000.00
6.	Fan, standing, 16"	2	\$800.00
7.	Stationery items (pens, pencils, letter-sized paper, legal-sized paper, post-its)		\$20,000.00
8.	Drinking Water (various sizes)		\$5,000.00
9.	Toner, for printer	10	\$25,000.00
Total			\$2,375,800.00

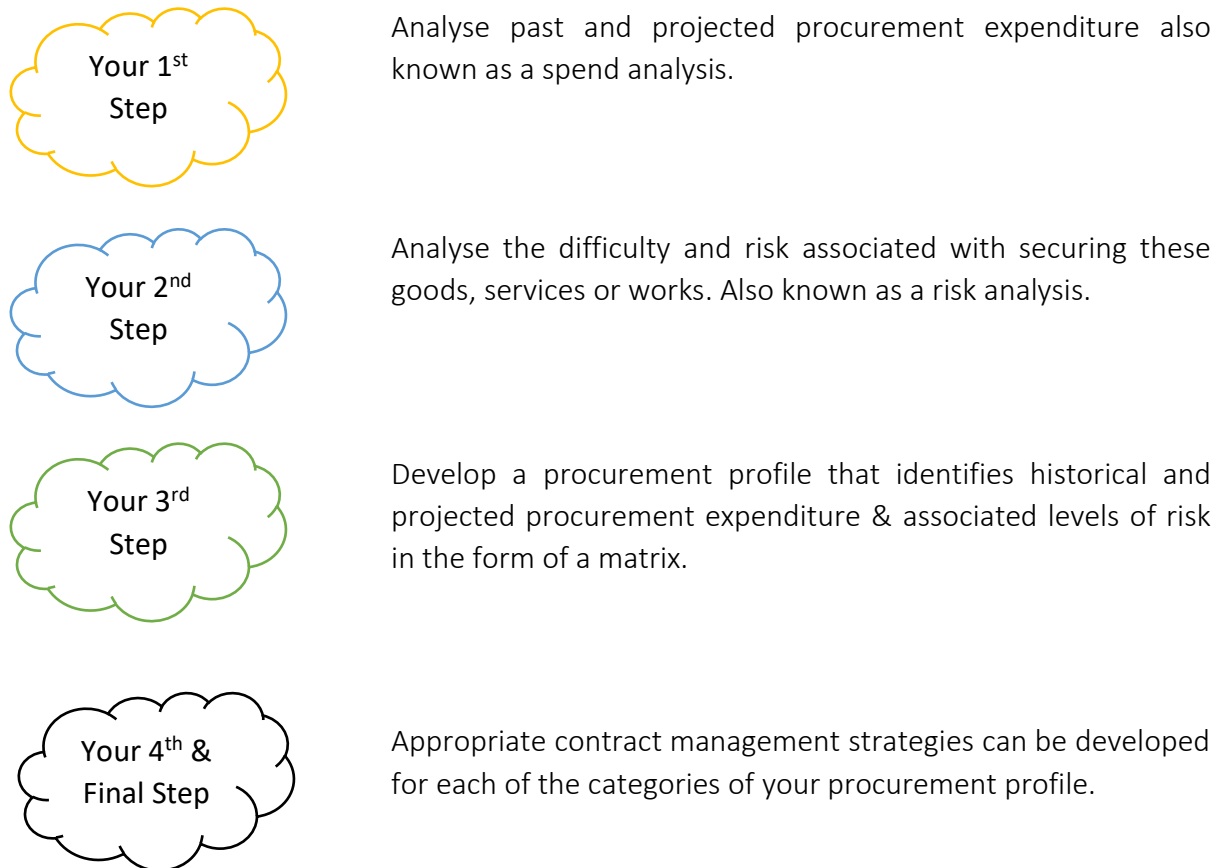
2. Analysing the procurement portfolio

For every item that an entity wishes to procure, it must consider the following:

- a. **The characteristics of the item** – is it simple e.g. a fan; or is it complex e.g. a motor vehicle; does the item require after sale service such as preventive maintenance?
- b. **The relative price of the item** – is the item relatively low or high in price?
- c. **The supply market** – are there many or a few suppliers; is the item readily available from a nearby store, or does it have to be manufactured abroad and/or imported; do the suppliers or contractors value you as a customer, or are they reluctant to do business with you?

- d. **Procurement process** – which procurement procedure would be most suitable: open or limited tendering/bidding or sole source; which solicitation document should be used: Request for Quotation or Request for Proposals.

The steps involved in portfolio analysis are illustrated below:



The answers to the questions in 2 (analysing the procurement portfolio) above, can be developed by using the following strategic sourcing tools:

- a. Pareto Analysis
- b. Porter's Five Competitive Forces Model
- c. Supplier Preferencing Model
- d. The Procurement Portfolio Analysis
- e. Supplier Positioning Model

4.2 Pareto Analysis

Pareto Analysis

The Pareto principle known as the 80/20 rule. It is based on the premise that 20% of efforts can lead to 80% of results. By analysing the procurement spend and identifying the procurement activities that accounts for 80% of its' expenditure, a public body can reduce its administrative efforts.



Using Microsoft Excel, sort the items in the portfolio listing by price, from highest to lowest.



Develop a running total of all expenditure items.



Calculate the percentage expenditure represented by each item.

Using the information contained in the procurement portfolio in Table 4.1.1, above, Pareto Analysis can be applied as follows:

Table 4.1.2: Pareto Analysis

No.	Item Description	Quantity	Total Price (descending order)	Running Total	% of Total Expenditure
2.	Consultancy Services for Design & Development of a Database	1	\$750,000.00	\$750,000.00	31.57
5.	Construction of a fence, 75ft		\$650,000.00	\$1,400,000.00	58.93
1.	Vehicles, SUV, 5-door	2	\$600,000.00	\$2,000,000.00	84.18

3.	Janitorial Services for a period of one year	1	\$250,000.00	\$2,250,000.00	94.70
4.	Microsoft Licenses for 20 staff members		\$75,000.00	\$2,325,000.00	97.86
9.	Toner, for printer		\$25,000.00	\$2,350,000.00	98.91
7.	Stationery items (pens, pencils, letter-sized paper, legal-sized paper, post-its)		\$20,000.00	\$2,370,000.00	99.76
8.	Drinking Water (various sizes)		\$5,000.00	\$2,375,000.00	99.97
6.	Fan, standing, 16"	2	\$800.00	\$2,375,800.00	100.00
Total			\$2,375,800.00		

The analysis shows that the first three items in the list represent over 80% of the expenditure. The value of the remaining five items total less than 20% of the overall expenditure.

This would suggest that the procuring entity should invest most of its administrative efforts in procuring the first three items and should develop strategies to minimise its administrative efforts for the procurement of the remaining five items.

In addition, the procuring entity must develop the most effective contract management strategies to mitigate any risks to the supply of the items.

These techniques and strategies will be demonstrated in the sections below.

Pareto Analysis provides the procuring entity with a quick method to analyse its procurement portfolio from a high-level perspective.

The other tools listed above, will assist the procuring entity in conducting more in-depth analysis of its procurement portfolio.

4.3 Porter's Five Competitive Forces

Porter's Five Competitive Forces

In considering the goods, works and services it wishes to procure, the procuring entity also needs to develop an understanding of the supply market for each item or category of items.

A useful tool, in that regard, is Michael Porter's Five (5) Forces method which helps the procuring entity to understand and evaluate the competitive forces within the supply market.



Figure 3: Michael Porter's Five (5) Competitive Forces

This tool assists the procuring entity in considering and assessing the following:

a. Rivalry in the industry

How competitive is the market? Is there one, a few or many suppliers or contractors for the item the procuring entity wishes to secure?

b. Substitutes

Are there substitute products available in the supply market which can give the procuring entity better value for money, than those it routinely procures?

c. New entrants

How easy is it for new suppliers or contractors to enter the supplier market? Can the procuring entity encourage new suppliers or contractors to enter the supply market?

d. Supplier power

How much power does the supplier wield? E.g. if there is only one or a few suppliers this reduces competition. Supply may then be more difficult to secure.

e. Buyer power

As the buyer, can the procuring entity wield greater power than its suppliers. This will depend on a number of factors including whether competition is high or even the value of the contract, and whether or not the supplier or contractor is interested in doing business with the procuring entity.

NOTE:

Competitive power can change at any point in time, especially when there are changes in the supply market. During boom times, the supplier usually has the stronger bargaining power, but during a recession, the opposite occurs and buyer bargaining power increases.

The procuring entity must therefore be careful to continuously monitor the supply market.

4.4 Supplier Preferencing Model

Supplier Preferencing Model

Supplier Preferencing Model is a useful tool for assisting the procuring entity in determining how its business is viewed by its suppliers and contractors. In that regard, consideration is given to the following:

- a) **Revenue/Value of Account** (i.e. the contract amount), and
- b) **Attractiveness of Account** (whether or not the supplier or contractor is interested in doing business with the procuring entity.)

This is determined by a number of factors including the following:

- a) Ease of doing business
- b) The procuring entity's ability and willingness to pay in accordance with contractually agreed terms and conditions

Figure 4 below depicts a detailed analysis of the Supplier Preferencing Model

It illustrates how the procuring entity is viewed by the supplier or contractor. On this basis, the supplier or contractor will determine whether or not it treats the procuring entity as a valued customer.

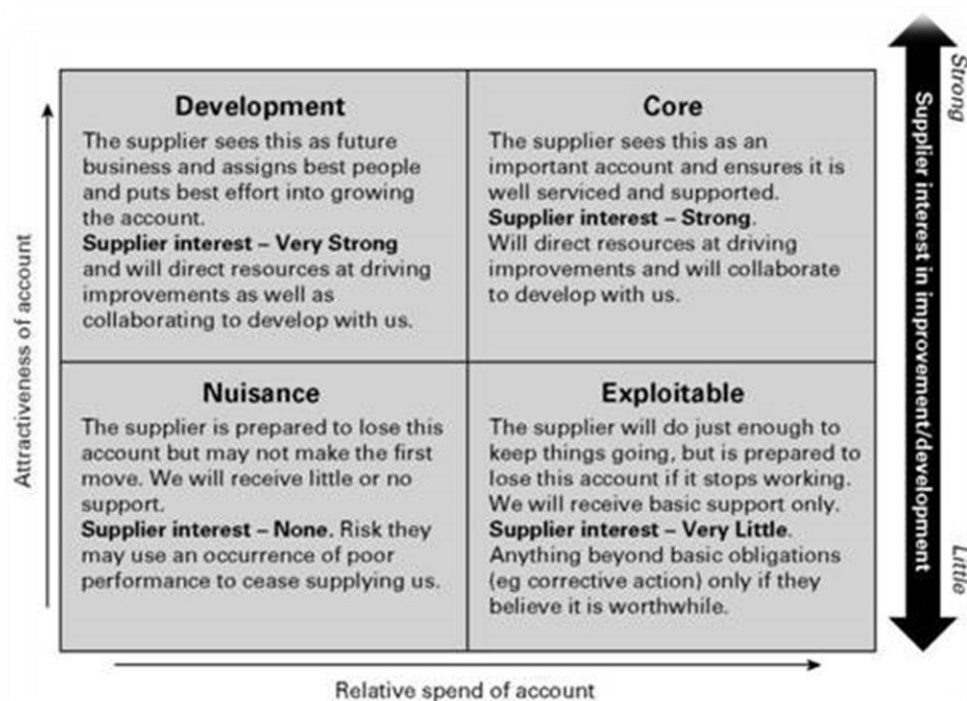


Figure 4: Supplier Preferencing Model

If the procuring entity is viewed as a **nuisance** account, the supplier may show little interest in the business. The aim of both parties should be to reduce transaction costs and risks, and, in

some cases, the procuring entity may wish to consider sourcing from other suppliers that may value the buyer's business more highly.

The supplier may regard the procuring entity as an account with **development** potential. For example, one that is seen as attractive perhaps because of possible opportunities for more valuable business in the future or the account is a high profile one. In this case, the supplier may be willing, in the short term to meet the procuring entity's requirements in order to win more business. There can also be many supplier development opportunities in these cases by seeking to improve the capacity and performance of these suppliers.

Where the procuring entity is seen as an **exploitable** account, the supplier may have a high volume of sales, but the account is still regarded as unattractive due perhaps to low profitability or other factors like location or inconvenience. Consequently, the supplier may be keen to increase prices. The procuring entity may therefore wish to seek alternative suppliers or try to make the relationship more attractive by considering more efficient ways of doing business.

If the procuring entity is seen as a **core** part of the supplier's business, in most cases, a rewarding business relationship that seems to continually add value can be established. The supplier is generally keen to meet the procuring entity's requests and provide a high level of service in order to retain the business.

It is essential that the procuring entity accurately gauges its value as a customer as this will determine the extent to which it can influence a market and achieve better procurement outcomes.

4.5 Procurement Portfolio Analysis

Procurement Portfolio Analysis

The Procurement Portfolio Analysis tool is also known as the Kraljic Matrix. This tool allows the procuring entity to analyse the items or category of items in its procurement portfolio by taking the following into consideration:

- a) The relative value of the item, and
- b) The difficulty of securing supply.

Note:

The analysis conducted using the Pareto Analysis tool can assist the public body in determining whether an item belongs in the low or high value category.

The analysis conducted using Porter's Five Forces can assist the public body in determining whether an item belongs in the low or high-risk category.

The analysis conducted using the Supplier Preferencing Tool can assist the procuring entity in determining the manner in which its business is viewed by the supplier or contractor.

Figure 5 below would assist the procuring entity in categorising its expenditure items:

- Low-risk/low value items are placed in the "Routine Products" quadrant of the matrix.
- Low risk/high value items are placed in the "Leverage Products" quadrant.
- High risk/low value items are placed in the "Bottleneck" quadrant.
- High risk/high value items are placed in the "Strategic Products" quadrant.

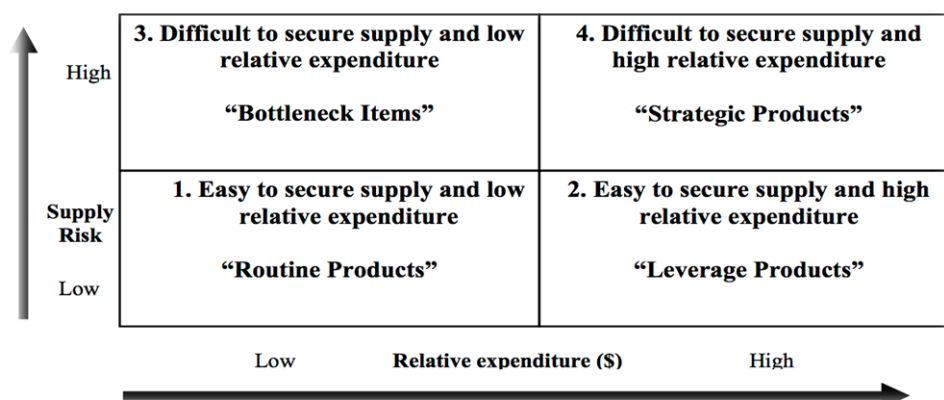


Figure 5: The Purchasing Portfolio, Kraljic, 1983

On the basis of the analyses conducted above, the items in the table may be categorised and placed in the Portfolio Matrix quadrants as shown in Table 4.1.3 and in Figure 6, below:

Table 4.1.3 – Risk/spend analysis

	Item Description	Quantity	Total Price (descending order)	Risk/Spend Analysis
2.	Consultancy Services for Design & Development of a Database	1	\$750,000.00	High-risk/high value
5.	Construction of a fence, 75ft		\$650,000.00	Low risk/high value
1.	Vehicles, SUV, 5-door	2	\$600,000.00	Low-risk/high value
3.	Janitorial Services for a period of one year	1	\$250,000.00	Low-risk/high value
4.	Microsoft Licenses for 20 staff members		\$75,000.00	Low risk/low value
9.	Toner, for printer		\$25,000.00	High risk/low value
7.	Stationery items (pens, pencils, letter-sized paper, legal-sized paper, post-its, etc)		\$20,000.00	Low risk/low value
8.	Drinking Water (various sizes)		\$5,000.00	Low risk/low value
6.	Fan, standing, 16"	2	\$800.00	Low risk/low value
Total			\$2,375,800.00	

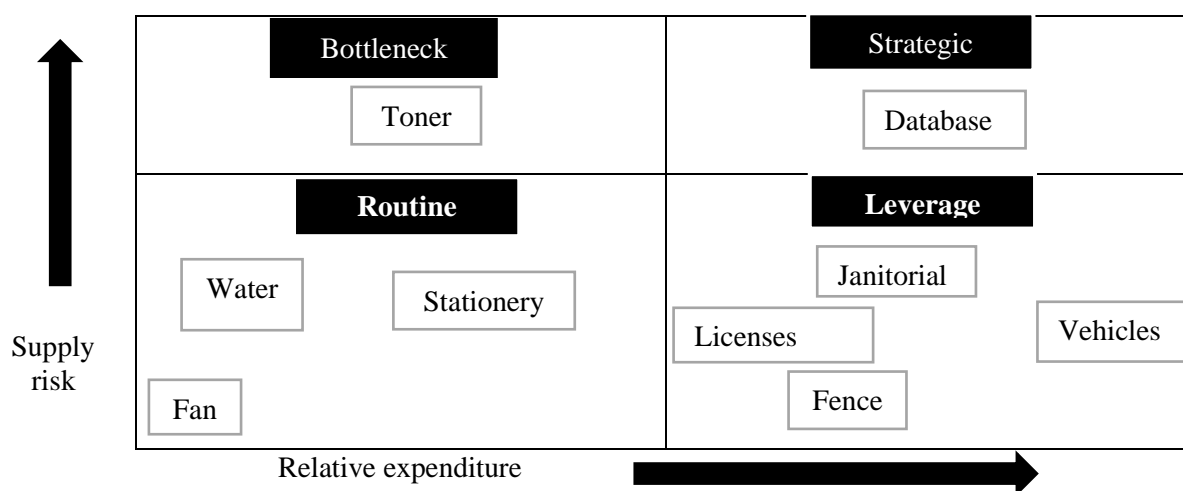


Figure 6: The Purchasing Portfolio, Kraljic, 1983

4.6 Supply Purchasing Model

Supply Purchasing Model

The public body can use the information gathered during the analyses conducted above to assist it in determining the strategies that should be adopted to ensure supply while achieving the objects of the Act.

The supply purchasing model takes the following elements into consideration:

- The risk that the item may not be available when it is needed (Supply Risk), and
- The impact of the lack of supply on the organisation (Impact).

Figure 7 below illustrates the general strategies the procuring entity can adopt as follows:

Leverage Items (*low risk, high impact*) → Exploit purchasing power and minimise cost

Strategic Items (*high risk, high impact*) → Form partnership

Non-Critical (Routine) Items (*low risk, low impact*) → Outsource & automate

Bottleneck Items (*high risk, low impact*) → Ensure supply

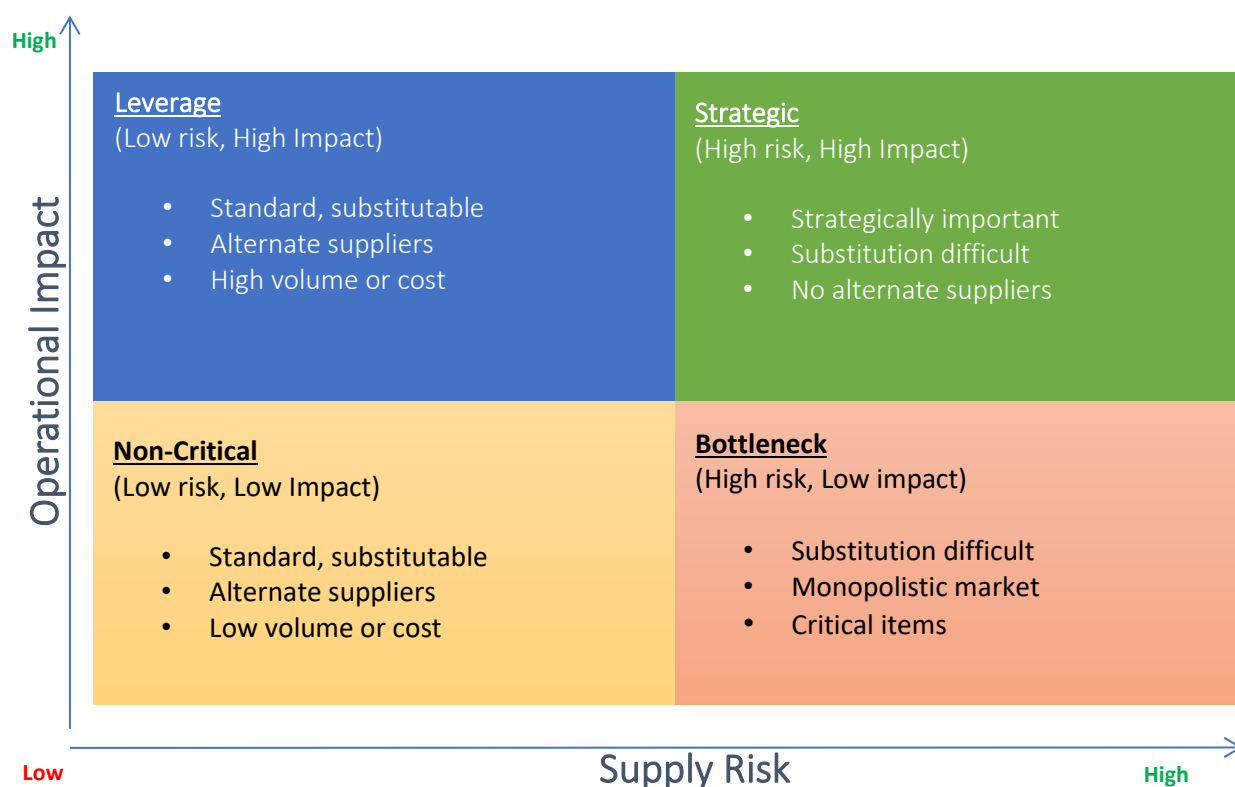


Figure 7: Supply Purchasing Model/Kraljic Model

4.7 Procurement Management Strategies

1. **Non-Critical (Routine) Items:** Minimise administrative efforts by using the following tactics:
 - a. Procurement as close as possible to the point of need (**decentralized**);
 - b. Encouraging local suppliers to view the procuring entity as a valuable client resulting in lower transaction cost; and
 - c. Focusing ordering and payment, direct debiting, aggregation of orders and monthly accounts, et cetera.
2. **Leverage Items:** Total cost reduction and high service levels from suppliers by the following:
 - a. Ensuring regular management information reports on the nature of the expenditure; and
 - b. Forming collaborative initiations with other public bodies to build leverage and target off-peak periods in supply markets.
3. **Bottleneck Items:** Reduce the procuring entity's market vulnerability and secure ongoing supply by utilizing the following tactics:
 - a. Identify alternative sources of supply/substitute goods or services;
 - b. Hold extra stock where possible reduces risk; and
 - c. Implementing framework agreements to secure supply from key suppliers.
4. **Strategic Items:** Achieve value for money and reduce risk by employing the following tactics:
 - a. Considering un-bundling/alternative bundling of procuring requirements to reduce complexity;
 - b. Engaging in effective supplier relationship management; and
 - c. Helping to develop suppliers' performance levels.

Note:
Procurement falling into leverage, bottleneck & strategic categories would be considered 'significant purchases'.

4.8 Contract Management Strategies

The overarching purpose of this strategy is to ensure that procurement activities are undertaken consistently to a high standard, efficiently and economically whilst helping achieve economic, social and environmental benefits. The strategy is accordingly aligned with the strategic aims and objectives of the PP&DPPA.

- a. **Develop a Delivery Management System**, for example, a checklist or registry that assists in acceptance, management and tracking of delivery orders;
- b. **Supplier Relationship Management**, for example, technology makes supplier relationship management simple to create, process and track purchase orders, also relationships are stronger when payments are on time, this way, the public body will prove that it is a reliable customer and that it is easy to work with. If for any reason payment cannot be made on or by the agreed date, the supplier should be informed, as soon as possible, of the date on which he can expect the payment; and
- c. **Efficient Contract Administration** monitors from contract initiation to contract close out.

4.9 Develop Annual Procurement Plan

The Strategic Level Procurement Planning activities described above are to be included in the public body's Annual Procurement Plan. Detailed guidelines on the development of the Annual Procurement Plan are included in the General Guidelines *Developing the Annual Procurement Plan*.

Section 5

Operational Level Procurement

5.0 Operational Level Procurement

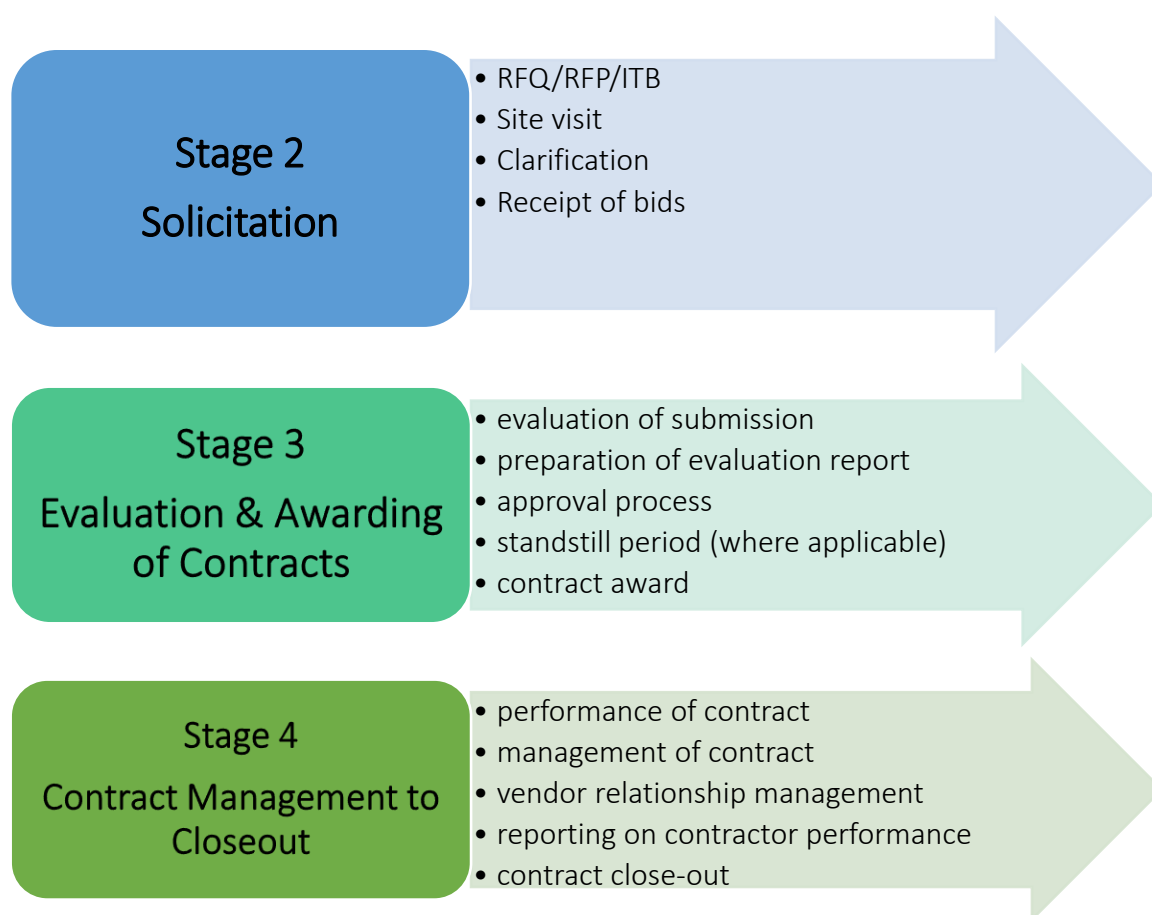
Operational Level Procurement planning is conducted for the acquisition of each item or spend category identified in the procuring entity's procurement portfolio.

The procuring entity shall capture the details of the planning exercise in the **Procurement Strategy Development Template in Appendix 1.**

The activities involved in stages 2, 3 and 4 of the procurement proceedings described in the Act are captured in the end-to-end procurement cycle depicted in Figure 8 below.

Note:

The market analysis described at the strategic level procurement above, must be conducted for any item of good, work or service that was not included in the procurement portfolio, prior to the procuring entity attempting to engage in operational level procurement.



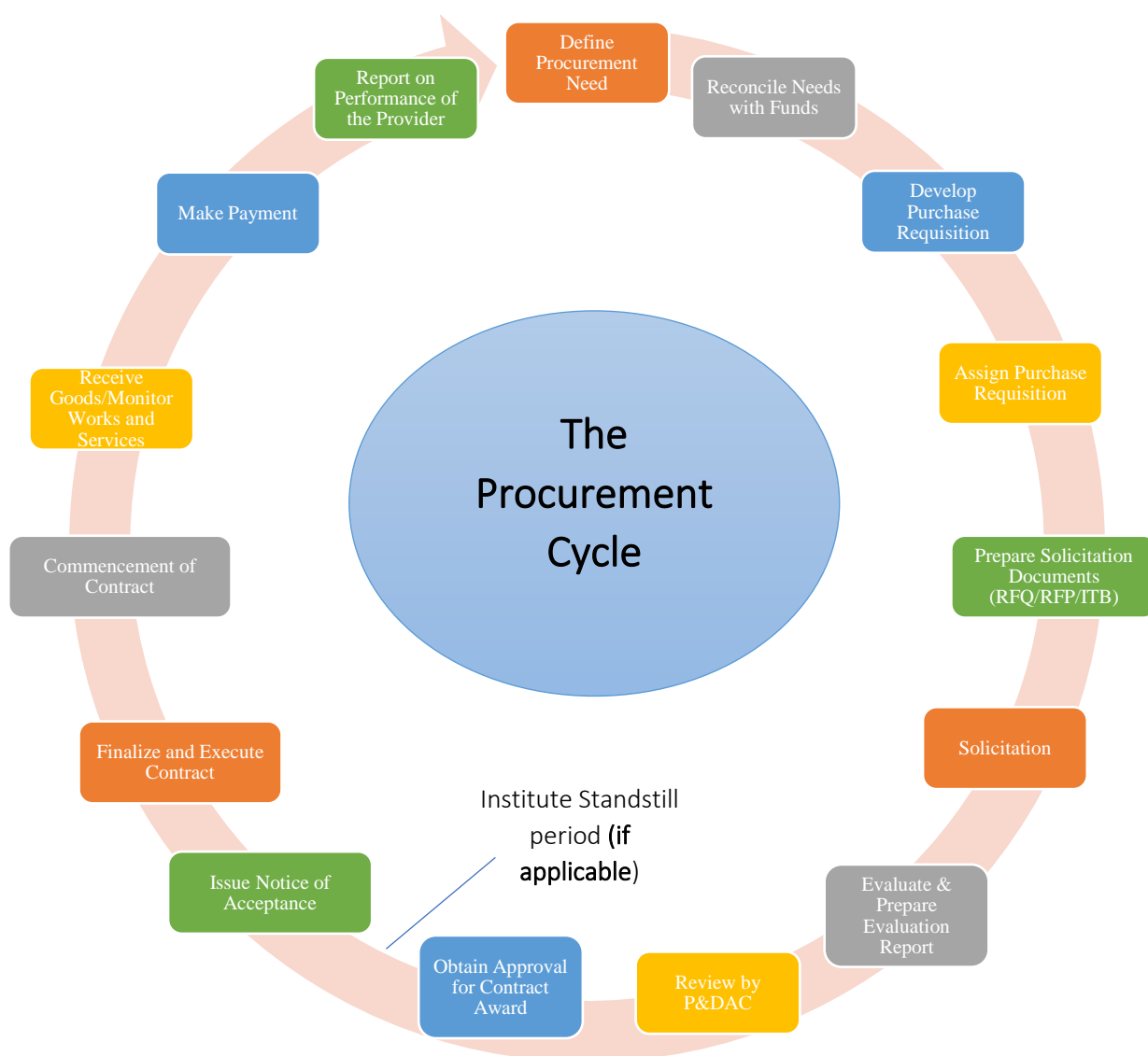


Figure 8: The End-to-End Procurement Cycle

The steps outlined below apply to the operational aspect of public procurement and would typically follow the strategic planning phase.

- a. **Define Procurement Need** – the individual or department (**the requisitioner**) determines that it is ready to proceed with the procurement of the particular good, work or service identified in the procurement plan. The Requisitioning Department develops the specifications, terms of reference or scope of services and identifies probable contractors and suppliers. In the case of larger-sized organisations, these actions are to be completed in collaboration with the procurement unit and other key internal and external stakeholders.
- b. **Reconcile Needs with Funds** – The requisitioner confirms the availability of funds prior to initiating the procurement activity.

- c. **Develop Purchase Requisition** - The requisitioner prepares the Purchase Requisition, attaches any supporting documents (**the specifications, terms of reference or scope of services**) and seeks the appropriate approval to proceed with the procurement. The requisitioner submits the completed and approved Purchase Requisition, along with the supporting documents to the Procurement Department for processing.
- d. **Assignment of Purchase Requisition** – The ‘**Named**’ Procurement Officer reviews the purchase requisition and assigns to a Procurement Officer.
- e. **Prepare Solicitation Documents (RFQ/RFP/ITB)** –The procurement unit officer prepares the appropriate solicitation documents.
- f. **Solicitation** – The procurement unit invites bids, quotes or proposals, hosts pre-bid meetings and site visits (**where necessary**) and arranges for the receipt of bid submissions.
- g. **Evaluation and Preparation of Evaluation Report** – The evaluation team assesses the vendors’ submissions and prepares the evaluation report with recommendation for award of contract, for management approval.
- h. **Review by the Procurement and Disposal Advisory Committee (P&DAC)**– the Procurement and Disposal Advisory Committee reviews the procurement records including the report and recommendations for contract award and determines whether the following three criteria have been met: a) the approved processes as set out in the Handbook were followed; b) the approved procurement strategy outlined in the Annual Procurement Plan was followed: and c) value for money was achieved; and advises the Accounting Officer accordingly.
- i. **Obtaining Approval of Contract** – The procurement department seeks approval for award of contract or issuing of the purchase order from the manager with the appropriate delegated authority level.
- j. **Standstill Period (if applicable)** – The procurement department initiates the standstill period by issuing a notice of intention to award to all suppliers/contractors, informing them of the standstill period and of the opportunity to gather information from the procuring entity on the contract award decision.
- k. **Issue Notice of Acceptance** – At the end of the standstill period (**where one was enforced**), the procurement unit issues the formal Notice of Acceptance to a successful provider.
- l. **Finalise and Execute Contract** –The legal department and preferred provider finalise and execute (**sign**) the contract with support from the requisitioning department and the procurement department.
- m. **Commencement of Contract** – The requisitioning department makes arrangements with the successful provider for the performance of the contract.
- n. **Receive Goods/Monitor Work & Services** – The duly authorised representative of the procuring entity monitors the performance of the contract to ensure successful contract execution.

- o. **Make Payment** – the finance department arranges payment to the supplier or contractor on recommendation from the procuring department, in accordance with the terms and conditions of the contract.
- p. **Report on Performance of the Provider** – the duly authorised representative from the procuring entity completes the supplier or contract performance report and submits same to the procurement department. The report may be completed upon fulfilment of the supply contract where the contract is of a short duration, or periodically for long-term contracts.

Section 6

End-to-End Procurement Examples for the Acquisition of
Goods, Works or Services by Public Bodies

6.0 End-to-End Procurement Cycle Examples

6.1 Procurement of Office Fans

Example – Procurement of Two (2) Office Fans – Estimated \$800

Type of Procurement: Goods	
Characteristics of good required:	
<ul style="list-style-type: none"> • Relatively low value/low supply risk • Readily available, many suppliers in the market • Quality is important as it is linked to the useful life of the product and achieving value for money • One-off purchase 	

No.	Step in the Procurement Cycle	Activities	Comments
A. PROCUREMENT PLANNING STAGE			
1.	Define procurement need	<ul style="list-style-type: none"> • Requisitioning department refines procurement need identified in the Annual Procurement plan. 	This includes: <ul style="list-style-type: none"> - Develop specifications (this will be very basic, including, size, colour, material; - Identify possible vendors (through market research/ historical information/ pre-qualification database).
2.	Reconcile Needs with Funds	<ul style="list-style-type: none"> • Requisitioning Department confirms availability of funds with Finance department. 	<ul style="list-style-type: none"> - Memo from Finance department or, - Confirmation of funding from Finance Department.
3.	Develop purchase requisition	<ul style="list-style-type: none"> • Requisitioning department completes purchase requisition. • Attaches supporting documents. • Acquires approval (signature) to procure from Requisitioning Person (with delegated authority). 	This includes: <ul style="list-style-type: none"> - Description of the good; - Specification of the good; - Estimated budget; - Suggested suppliers; - Justification for procurement and/or supplier listing (where applicable).

No.	Step in the Procurement Cycle	Activities	Comments
		<ul style="list-style-type: none"> Submits approved PR to 'Named' Procurement Officer for processing. 	
4.	Assignment of Purchase Requisition	<ul style="list-style-type: none"> 'Named' Procurement Officer reviews PR and assigns to a Procurement Officer. 	<p>Small organisation – procurement is undertaken by the 'Named' Procurement Officer.</p> <p>Larger organisation – procurement may be undertaken by the Senior Procurement Officer or the Junior Procurement Officer or the Buyer/Shoppper.</p>
B. SOLICITATION (TENDERING) STAGE			
5.	Prepare solicitation documents	Procurement department prepares Request for Quotations.	This includes description, specifications, delivery, warranty, payment method and payment terms.
6.	Solicitation	Procurement Officer issues Request for Quotations to at least three (3) suppliers.	It may be more efficient for the shopper/buyer to visit the prospective vendors to collect relevant information (specifications, brand, pricing, delivery, warranty, payment method and payment terms).
C. EVALUATION AND CONTRACT AWARD STAGE			
7.	Evaluate quotations and prepare evaluation report	Procurement Officer compares technical specifications, other relevant information and price. Procurement Officer prepares an evaluation report and recommends preferred supplier.	This is a simple report comprising a spreadsheet or table with comparative information.
8.	Review by P&DAC	Not applicable.	Procurement file is submitted to the 'Named' Procurement Officer for review.
9.	Obtain Approval of Contract Award	The 'Named' Procurement Officer reviews procurement file and approves award of contract.	
10.	Standstill period	Not applicable.	

No.	Step in the Procurement Cycle	Activities	Comments
11.	Issue Notice of Acceptance	Not applicable.	
12.	Finalise and execute contract	<ul style="list-style-type: none"> Administrative Officer or other assigned officer prepares Purchase Order. Named Procurement Officer Approves Purchase Order. Administrative Officer or other assigned officer issues Purchase Order (complete with terms and conditions of purchase) to preferred supplier. 	If the supplier does not accept a government purchase order, the shopper/buyer can purchase directly from the supplier.
D. CONTRACT MANAGEMENT & CLOSEOUT STAGE			
13.	Commencement of contract	Not applicable.	
14.	Receive Goods/Monitor Works or Services	Shopper/buyer receives good from vendor.	<p>This includes checking the item to ensure that it is working.</p> <p>Ensure that warranty agreement is provided.</p>
15.	Make payment	<ul style="list-style-type: none"> Receive invoice from supplier. Procurement Department approves payment. Finance Department makes payment as agreed with the supplier. 	<p>Direct payment (cash or cheque).</p> <p>Collect invoice / receipt for the procurement record.</p>
16.	Report on Performance of the Provider	Not applicable	

6.2 Procurement of Janitorial Services

Example – Procurement of Janitorial Services for a One-Year Period Estimated at \$250,000

Type of Procurement: Services/Goods (Non-Consultancy)	
Characteristics of services/goods required:	
<ul style="list-style-type: none"> • Low supply risk • Many suppliers in the market • Includes both labour & supplies • Service to be provided over an extended period of one (1) year • Possibility of extending the contract to two or three years if performance is satisfactory • Performance Specification (somewhat complex) • Negotiations with top-ranked proponent may be necessary 	

No.	Step in the Procurement Cycle	Activities	Comments
A. PROCUREMENT PLANNING STAGE			
1.	Define procurement need	<ul style="list-style-type: none"> • Requisitioning department refines procurement need identified in the Annual Procurement Plan. 	This includes: <ul style="list-style-type: none"> - Developing performance specifications; - Identifying possible vendors (through market research/historical information/networking/prequalification database).
2.	Reconcile Needs with Funds	<ul style="list-style-type: none"> • Requisitioning Department confirms availability of funds with Finance Department. 	<ul style="list-style-type: none"> - Memo from Finance department or, - Confirmation of funding from Finance Department
3.	Develop purchase requisition	<ul style="list-style-type: none"> • Requisitioning department completes purchase requisition. • Attaches supporting documents. • Acquires approval (signature) to procure from Person (with delegated authority). • Submits approved PR to 'Named' Procurement Officer for processing. 	This includes: <ul style="list-style-type: none"> - Description of the services required and any other ancillary requirements; - Minimum qualifications of possible suppliers; - Listing of consumables; - Duration of the service; - Date of commencement of services; - Estimated budget; - Suggested suppliers.

No.	Step in the Procurement Cycle	Activities	Comments
			- Justification for procurement and/or supplier listing (where applicable).
4.	Assignment of Purchase Requisition	<ul style="list-style-type: none"> • 'Named' Procurement Officer reviews PR and assigns to a Procurement Officer. 	Small organisation – procurement is undertaken by the 'Named' Procurement Officer. Larger organisation – procurement may be undertaken by the Senior Procurement Officer or the Junior Procurement Officer.
B. SOLICITATION (TENDERING) STAGE			
5.	Prepare solicitation documents	Procurement department prepares Request for Proposals (RFP) using the template provided by The OPR.	This includes editing the data sheets and evaluation criteria in the standard RFP document to ensure that it is suitable for the procurement of the janitorial services.
6.	Solicitation	Procurement Officer - Issues RFP to selected (or interested in the event of an open tender) suppliers. - Hosts site visit. - Issues addenda (Responds to Requests for Clarification from suppliers). - Hosts tender opening meeting.	In the event of an open tender, the procuring entity will place advertisements in the newspapers, on their website and on the website of The OPR.
C. EVALUATION AND CONTRACT AWARD STAGE			
7.	Evaluate proposals and prepare evaluation report	- Evaluation Committee evaluates submissions on the basis of the pre-determined evaluation criteria and methodology in the RFP documents. - Procurement Officer seeks clarification (in writing) from suppliers, if necessary - If necessary, and provided for in the RFP documents, negotiations are held with the top-ranked vendor.	

No.	Step in the Procurement Cycle	Activities	Comments
		<ul style="list-style-type: none"> - Evaluation Team Lead prepares evaluation report for approval. - 'Named' procurement officer reviews and signs off on the evaluation report. 	
8.	Review by P&DAC	<ul style="list-style-type: none"> - The P&DAC reviews the Evaluation Report to ensure that: <ul style="list-style-type: none"> a) the approved processes as set out in the Handbook were followed, b) the approved procurement strategy outlined in the Annual Procurement Plan was followed, and c) value for money was achieved; and advises the Accounting Officer accordingly. 	As may be applicable based on the size of the organisation.
9.	Obtain Approval of Contract Award	The Accounting Officer reviews procurement file and approves award of contract.	
10.	Standstill period	The 'named' Procurement Officer manages the standstill period process (if applicable).	
11.	Issue Notice of Acceptance	The Procurement Officer Issues the Notice of Acceptance to the top-ranked supplier.	
12.	Finalise and execute contract	The Legal Department and the Supplier finalise the contract. The contract is signed by the duly Authorised Representatives from the Supplier and Procuring organisations.	
D. CONTRACT MANAGEMENT & CLOSEOUT STAGE			
13.	Commencement of contract	The Requisitioning Department liaises with the supplier to initiate the start of the contract.	

No.	Step in the Procurement Cycle	Activities	Comments
14.	Receive Goods/Monitor Works or Services	The Requisitioning Department monitors the performance of the Janitorial Firm and reducing any instructions in respect of improving the firm's performance in writing.	
15.	Make payment	The Requisitioning Department submits invoices from the supplier to the Procurement Department for Review The Procurement Department ensures that invoices are in accordance with the Terms and Conditions of the Contract and approves the payment. The Finance Department makes payment to the supplier.	
16.	Report on Performance of the Provider	The Requisitioning Department prepares the Vendor Performance Form and submits same to the procurement unit for its records.	The report is prepared at the end of the contract period. It may also be prepared on a quarterly or half-yearly basis if required.

6.3 Procurement of Vehicles

Example – Procurement of Two (2) SUVs estimated at \$600,000

Type of Procurement: Goods with ancillary Services	
Characteristics of goods and ancillary services required:	
<ul style="list-style-type: none"> • Low supply risk • Several suppliers in the market • Includes both supply and delivery of vehicles, as well as after-sale service • Exemption from Customs duty and taxes may be a consideration • Conformance Specification (somewhat complex) 	

No.	Step in the Procurement Cycle	Activities	Comments
A. PROCUREMENT PLANNING STAGE			
1.	Define procurement need	<ul style="list-style-type: none"> • Requisitioning department refines 	This includes:

No.	Step in the Procurement Cycle	Activities	Comments
		procurement need identified in the Annual Procurement Plan.	<ul style="list-style-type: none"> - Developing conformance specifications (from brochures, with help from another entity with this type of experience), and any other requirements, including list of spares) - Identifying possible vendors (through market research/historical information/networking/prequalification database) .
2.	Reconcile Needs with Funds	<ul style="list-style-type: none"> • Requisitioning Department confirms availability of funds with Finance Department. 	<ul style="list-style-type: none"> - Memo from Finance department, or - Confirmation of funding from Finance Department.
3.	Develop purchase requisition	<ul style="list-style-type: none"> • Requisitioning department completes purchase requisition. • Attaches supporting documents. • Acquires approval (signature) to procure from Person (with delegated authority). • Submits approved PR to 'Named' Procurement Officer for processing. 	<p>Supporting documents / information would include:</p> <ul style="list-style-type: none"> - Detailed specifications and any other ancillary requirements - Minimum qualifications (of possible suppliers) - Delivery date - Estimated budget - Suggested suppliers - Justification for procurement and/or supplier listing (where applicable)
4.	Assignment of Purchase Requisition	<ul style="list-style-type: none"> • 'Named' Procurement Officer reviews PR and assigns to a Procurement Officer. 	<p>Small organisation – procurement is undertaken by the 'Named' Procurement Officer.</p> <p>Larger organisation – procurement may be undertaken by the Senior Procurement Officer or the Junior Procurement Officer.</p>

No.	Step in the Procurement Cycle	Activities	Comments
B. SOLICITATION (TENDERING) STAGE			
5.	Prepare solicitation documents	Procurement department prepares Information for Bids (IFB) using the template provided by The OPR.	This includes editing the data sheets, evaluation criteria and other requirements in the standard IFB document to ensure that it is suitable for the procurement of the vehicles and ancillary services. Ensure that the invitation is to bid for delivery to site, so that the supplier has to take care of all logistical issues relating to the delivery, including customs clearance, licensing and fueling of the vehicle.
6.	Solicitation	Procurement Officer - Issues IFB to selected (or interested in the event of an open tender) suppliers - Hosts pre-submission meeting (if required) - Issues addenda (Responds to Requests for Clarification from suppliers) - Hosts tender opening meeting	In the event of an open tender, the procuring entity will place advertisements in the newspapers, on their website and on the website of The OPR.
C. EVALUATION AND CONTRACT AWARD STAGE			
7.	Evaluate proposals and prepare evaluation report	- Evaluation Committee evaluates submissions on the basis of the pre-determined evaluation criteria and methodology in the RFP documents - Procurement Officer seeks clarification (in writing) from suppliers, if necessary - If necessary, and provided for in the RFP documents, negotiations are held with the top-ranked vendor - Evaluation Team Lead prepares evaluation report for approval	Evaluation would take into consideration Whole of Life Costing, i.e. the purchase price of the vehicle, the operational and maintenance costs and the disposal costs.

No.	Step in the Procurement Cycle	Activities	Comments
		- 'Named' procurement officer reviews and signs off on the evaluation report.	
8.	Review by P&DAC	- The P&DCA reviews the Evaluation Report to ensure that a) the approved processes as set out in the Handbook were followed; b) the approved procurement strategy outlined in the Annual Procurement Plan was followed, and c) value for money was achieved; and advises the Accounting Officer accordingly.	As may be applicable based on the size of the organisation.
9.	Obtain Approval of Contract Award	The Accounting Officer reviews procurement file and approves award of contract.	
10.	Standstill period	The 'named' Procurement Officer manages the standstill period process (if applicable).	
11.	Issue Notice of Acceptance	The Procurement Officer Issues the Notice of Acceptance to the top-ranked supplier.	
12.	Finalise and execute contract	The Legal Department and the Supplier finalise the contract. The contract is signed by the duly Authorised Representatives from the Supplier and Procuring organisations.	A preventive maintenance contract can be included as part of the supply contract.
D. CONTRACT MANAGEMENT & CLOSEOUT STAGE			
13.	Commencement of contract	The Requisitioning Department liaises with the supplier to initiate the start of the contract and confirm date of delivery.	
14.	Receive Goods/Monitor Works or Services	The Requisitioning Department monitors the performance of the supply contract and reducing any instructions in	If applicable, monitoring includes the preventive maintenance contract.

No.	Step in the Procurement Cycle	Activities	Comments
		respect of improving the firm's performance in writing.	
15.	Make payment	The Requisitioning Department submits invoices from the supplier to the Procurement Department for Review. The Procurement Department ensures that invoices are in accordance with the Terms and Conditions of the Contract and approves the payment. The Finance Department makes payment to the supplier.	Payments will be related to the supply of the vehicle (capital cost) and maintenance costs (recurring/operational expenditure).
16.	Report on Performance of the Provider	The Requisitioning Department prepares the Vendor Performance Form and submits same to the procurement unit for its records.	The report is prepared at the end of the contract period. It may also be prepared on delivery of the vehicles, and subsequently during the period of the preventive maintenance contract.

6.4 Procurement of Works

Example – Procurement of Small Works for the construction of a 75-foot Fence estimated at \$65,000.

Type of Procurement: Works	
Characteristics of works to be performed:	
<ul style="list-style-type: none"> • Low supply risk • Several contractors in the market • Includes supply of materials and construction of fence • Consideration must be given to a defects liability period • Conformance Specification and Bills of Quantity (somewhat complex) 	

No.	Step in the Procurement Cycle	Activities	Comments
A. PROCUREMENT PLANNING STAGE			
1.	Define procurement need	<ul style="list-style-type: none"> • Requisitioning department refines procurement need identified in the Annual Procurement Plan. 	This includes <ul style="list-style-type: none"> - Developing conformance specifications, Bills of Quantities and any other requirements (this may require the assistance of a civil works professional such as a project manager or engineer) - Identifying possible contractors (through market research/historical information/networking/prequalification database)
2.	Reconcile Needs with Funds	<ul style="list-style-type: none"> • Requisitioning Department confirms availability of funds with Finance Department. 	<ul style="list-style-type: none"> - Memo from Finance department, or - Confirmation of funding from Finance Department.
3.	Develop purchase requisition	<ul style="list-style-type: none"> • Requisitioning department completes purchase requisition • Attaches supporting documents • Acquires approval (signature) to procure 	Supporting documents / information would include <ul style="list-style-type: none"> - Detailed specifications, Bills of Quantities, and any other ancillary requirements.

No.	Step in the Procurement Cycle	Activities	Comments
		from Person (with delegated authority) <ul style="list-style-type: none"> Submits approved PR to 'Named' Procurement Officer for processing. 	<ul style="list-style-type: none"> Minimum qualifications and experience (of possible contractors) Estimated contract duration Estimated budget Suggested contractors Justification for procurement and/or contractor listing
4.	Assignment of Purchase Requisition	<ul style="list-style-type: none"> 'Named' Procurement Officer reviews PR and assigns to a Procurement Officer. 	Small organisation – procurement is undertaken by the 'Named' Procurement Officer. Larger organisation – procurement may be undertaken by the Senior Procurement Officer or the Junior Procurement Officer.
B. SOLICITATION (TENDERING) STAGE			
5.	Prepare solicitation documents	Procurement department prepares Information for Bids (IFB) using the template provided by The OPR.	This includes editing the data sheets, evaluation criteria and other requirements in the standard IFB document to ensure that it is suitable for the procurement of the construction works.
6.	Solicitation	Procurement Officer <ul style="list-style-type: none"> Issues IFB to selected contractors Hosts site visit Issues addenda (Responds to Requests for Clarification from suppliers) Hosts tender opening meeting 	
C. EVALUATION AND CONTRACT AWARD STAGE			
7.	Evaluate proposals and prepare evaluation report	<ul style="list-style-type: none"> Evaluation Committee evaluates submissions on the basis of the pre-determined evaluation criteria and methodology in the IFB documents. Procurement Officer seeks clarification (in writing) 	

No.	Step in the Procurement Cycle	Activities	Comments
		<p>from contractors, if necessary.</p> <ul style="list-style-type: none"> - If necessary, and provided for in the IFB documents, negotiations are held with the top-ranked contractor. - Evaluation Team Lead prepares evaluation report for approval. - 'Named' procurement officer reviews and signs off on the evaluation report. 	
8.	Review by P&DAC	<ul style="list-style-type: none"> - The P&DAC reviews the Evaluation Report to ensure that: <ul style="list-style-type: none"> a) the approved processes as set out in the Handbook were followed; b) the approved procurement strategy outlined in the Annual Procurement Plan was followed, and c) value for money was achieved; and advises the Accounting Officer accordingly. 	As may be applicable based on the size of the organisation.
9.	Obtain Approval of Contract Award	The Accounting Officer reviews procurement file and approves award of contract.	
10.	Standstill period	The ' Named ' Procurement Officer manages the standstill period process (if applicable).	
11.	Issue Notice of Acceptance	The Procurement Officer Issues the Notice of Acceptance to the top-ranked supplier.	
12.	Finalise and execute contract	<p>The Legal Department and the Contractor finalise the contract.</p> <p>The contract is signed by the duly Authorised Representatives from the Contractor and Procuring organisations.</p>	

No.	Step in the Procurement Cycle	Activities	Comments
D. CONTRACT MANAGEMENT & CLOSEOUT STAGE			
13.	Commencement of contract	The Requisitioning Department or assigned Project Manager liaises with the contractor to initiate the start of the contract.	
14.	Receive Goods/Monitor Works or Services	The Requisitioning Department monitors the performance of the works contract, reducing any instructions in respect of improving the contractor's performance in writing.	
15.	Make payment	The Requisitioning Department /Project Manager submits invoices with supporting documents from the contractor to the Procurement Department for Review. The Procurement Department ensures that invoices are in accordance with the Terms and Conditions of the Contract and approves the payment. The Finance Department makes payment to the supplier.	Completion certificates are to be submitted with the invoices.
16.	Report on Performance of the Provider	The Requisitioning Department prepares the Contractor Performance Form and submits same to the procurement unit for its records.	The report is prepared at the end of the contract period.

6.5 Procurement of Stationery Items

Example – Procurement of a mix of Stationery Items estimated at \$20,000

Type of Procurement: Goods	
Characteristics of goods required:	
<ul style="list-style-type: none"> • Low supply risk • Several suppliers in the market • Includes both supply and delivery of the items • These items are required on a recurring basis throughout the year • Consideration could be given to issuing a three-year framework agreement 	

No.	Step in the Procurement Cycle	Activities	Comments
A. PROCUREMENT PLANNING STAGE			
1.	Define procurement need	<ul style="list-style-type: none"> • Requisitioning department refines procurement need identified in the Annual Procurement Plan. 	This includes: <ul style="list-style-type: none"> - Developing conformance specifications (e.g. from catalogues, or site visit to suppliers) - Identifying possible suppliers (through market research/historical information/networking/prequalification database).
2.	Reconcile Needs with Funds	<ul style="list-style-type: none"> • Requisitioning Department confirms availability of funds with Finance Department. 	<ul style="list-style-type: none"> - Memo from Finance department, or - Confirmation of funding from Finance Department.
3.	Develop purchase requisition	<ul style="list-style-type: none"> • Requisitioning department completes purchase requisition • Attaches supporting documents • Acquires approval (signature) to procure from Person (with delegated authority) 	Supporting documents / information would include <ul style="list-style-type: none"> - Estimated budget - Suggested suppliers - Justification for procurement and/or supplier listing (if applicable)

No.	Step in the Procurement Cycle	Activities	Comments
		<ul style="list-style-type: none"> Submits approved PR to 'Named' Procurement Officer for processing. 	
4.	Assignment of Purchase Requisition	<ul style="list-style-type: none"> 'Named' Procurement Officer reviews PR and assigns to a Procurement Officer. 	<p>Small organisation – procurement is undertaken by the 'Named' Procurement Officer.</p> <p>Larger organisation – procurement may be undertaken by the Senior Procurement Officer or the Junior Procurement Officer.</p>
B. SOLICITATION (TENDERING) STAGE			
5.	Prepare solicitation documents	Procurement department prepares Invitation for Bids (IFB) using the template provided by The OPR.	
6.	Solicitation	Procurement Officer <ul style="list-style-type: none"> - Issues IFB to selected (or interested in the event of an open tender) suppliers - Hosts pre-submission meeting (if required) - Issues addenda (Responds to Requests for Clarification from suppliers) - Hosts tender opening meeting 	In the event of an open tender, the procuring entity will place advertisements in the newspapers, on their website and on the website of The OPR.
C. EVALUATION AND CONTRACT AWARD STAGE			
7.	Evaluate proposals and prepare evaluation report	<ul style="list-style-type: none"> Evaluation Committee evaluates submissions on the basis of the pre-determined evaluation criteria and methodology in the IFB documents Procurement Officer seeks clarification (in writing) from suppliers, if necessary If necessary, and provided for in the IFB documents, negotiations are held with the top-ranked vendor. 	

No.	Step in the Procurement Cycle	Activities	Comments
		<ul style="list-style-type: none"> - Evaluation Team Lead prepares evaluation report for approval. - 'Named' Procurement Officer reviews and signs off on the evaluation report. 	
8.	Review by P&DAC	<ul style="list-style-type: none"> - The P&DAC reviews the Evaluation Report to ensure that <ul style="list-style-type: none"> a) the approved processes as set out in the Handbook were followed; b) the approved procurement strategy outlined in the Annual Procurement Plan was followed, and c) value for money was achieved; and advises the Accounting Officer accordingly. 	As may be applicable based on the size of the organisation.
9.	Obtain Approval of Contract Award	The Accounting Officer reviews procurement file and approves award of contract.	
10.	Standstill period	The 'named' Procurement Officer manages the standstill period process (if applicable).	
11.	Issue Notice of Acceptance	The Procurement Officer Issues the Notice of Acceptance to the top-ranked supplier.	
12.	Finalise and execute contract	The Legal Department and the Supplier finalise the contract. The contract is signed by the duly Authorised Representatives from the Supplier and Procuring organisations.	
D. CONTRACT MANAGEMENT & CLOSEOUT STAGE			
13.	Commencement of contract	The Requisitioning Department liaises with the supplier to initiate the start of the contract and confirm date of delivery.	

No.	Step in the Procurement Cycle	Activities	Comments
14.	Receive Goods/Monitor Works or Services	The Requisitioning Department monitors the performance of the supply contract and reducing any instructions in respect of improving the firm's performance in writing.	Supply would be based on call-offs on the framework agreement.
15.	Make payment	The Requisitioning Department submits invoices from the supplier to the Procurement Department for Review. The Procurement Department ensures that invoices are in accordance with the Terms and Conditions of the Contract and approves the payment. The Finance Department makes payment to the supplier.	Payments will be related to the types and quantities of Stationery items supplied.
16.	Report on Performance of the Provider	The Requisitioning Department prepares the Vendor Performance Form and submits same to the procurement unit for its records.	The report is prepared at the end of the contract period. It may also be prepared quarterly or half yearly during the duration of the framework agreement.



This basic Procurement Handbook provides guidance for the procurement of relatively simple and straightforward goods, works and non-consulting services.

Detailed guidelines for more complex procurements can be found in the *Comprehensive Handbook to Procurement, Retention and Disposal of Public Property*, and in the *General and Special Guidelines* at the OPR's website (www.oprtt.org).