

[Insert organisation logo]

[Name of Organisation]

Procurement plan

[Name of procurement project]

Document development control	
Prepared by:	
Position / title:	
Business unit:	[Insert: business division or group]
Document version:	1.0
Date of last revision:	
Status:	[Choose: draft / final for peer review / final for approvals / final as approved]

Contents

Approvals	1
Background.....	2
Market analysis	2
The agency's value as a customer	3
Power and dependency	3
Desired supplier relationship.....	3
Requirements and costs.....	3
Key dates	3
Estimated costs	3
Key stakeholders.....	4
External stakeholders.....	Error! Bookmark not defined.
Communications	5
Tendering process.....	5
Type of tender.....	5
Market engagement	5
Evaluation team	6
Evaluation methodology	7
Evaluation method.....	7
Evaluation criteria and weightings.....	7
Innovation	Error! Bookmark not defined.
Due diligence.....	8
Additional process	9
Contract type.....	9
Managing implementation	10
Risk management	10
Probity management	10
Contract delivery	11
Contract completion	11
End of term	11
Exit strategy	11
Appendix 1: Specification of requirements.....	12
Appendix 2: Proposed contract terms and conditions	13
Appendix 3: Risk register.....	14

Acronyms

The following acronyms are used in this document.

Acronym	Term
[Insert: e.g. ROI]	Registration of interest]
[Insert: e.g. RFP]	Request for proposal]

Approvals

Approval of the plan

Procurement manager / procurement team leader	
Process type:	[Choose: open competitive / closed competitive / direct source / single-step / multi-step / panel supplier / if other please state]
Name:	
Position/title:	
Signature:	Date:

Authority to proceed to tender

Project sponsor	
Approval to:	Go to market and identify the preferred supplier.
Tender start:	[Insert: date the tender process will be initiated]
Contract start:	[Insert: date the contract will start]
Name:	
Position/title:	
Signature:	Date:

Approval of the budget

Delegated financial authority holder			
Total cost:	[Insert: estimated \$ total costs over whole-of-life] GST excl		Cost code: [insert]
Financial year:	Financial year	Amount	Funding type
	2014/15	[\$[amount] GST excl	Opex / Capex
	2015/16	[\$[amount] GST excl	Opex / Capex
	2016/17	[\$[amount] GST excl	Opex / Capex
Name:			
Position/title:			
Signature:	Date:		

Approval of the evaluation criteria and methodology

Subject matter expert	
Name:	

Subject matter expert		
Position/title:		
Signature:		Date:

Approval of the proposed terms and conditions of contract

Legal advisor		
Contract type:	[Choose: for services / goods & services / supply agreement]	
Contract term:	[Insert: the term (anticipated duration) of the contract e.g. 3+1+1]	
Name:		
Position/title:		
Signature:		Date:

Background

Business case

- This procurement plan builds upon the business case dated [insert] (document reference [insert]).
- The business case contains details of how the:
 - procurement aligns with agency business objectives
 - helps achieve long-term strategies and goals
 - fits with government policy objectives.

What we are buying and why

- This plan relates to the purchase of [insert].
- The key objective of this procurement is [insert].
- The procurement's proposed outcomes are [insert].
- Details of the current supply arrangement are contained in the business case. OR
- We do not currently provide these [choose: goods / services / goods and services / works].

Importance to the agency

- Based on our analysis of supply positioning this procurement is [choose: tactical acquisition / tactical profit / strategic security / strategic critical].
- This means [insert].
- Strategies to address this include [insert].

Market analysis

The supply market

- The key suppliers and their market shares (supply) are [insert – include international as well as domestic if appropriate].
- The key buyers and their influence on the market (demand) are [insert].
- Competition is primarily based on [choose or insert other factors: price / quality / level of support services / product types and range / delivery time / brand image].
- The degree of competition is [insert].
- Existing pricing methodologies are [insert]. Factors affecting pricing include [insert].
- The availability of alternative or substitute goods/services is [insert].

- The nature and quality of the supply chain is [insert].
- In summary, current market behaviours are [insert] and these impacts on buyers by [insert].
- Future market behaviours that would better support successful delivery are [insert].
- The gaps between current and future behaviours are [insert]. Strategies to close these gaps are [insert].
- The likely impacts that this procurement will have on the market are [insert].

The agency's value as a customer

- The value of the agency's account and the attractiveness of the account have been assessed.
- The agency is seen as [choose: nuisance / exploitable / development / core]. This means [insert].
- Strategies to address this include [insert].

Power and dependency

- An assessment of the levels of power and dependency between the agency and suppliers has been undertaken. This shows that [choose: the buyer and supplier are independent / the supplier is dominant / the buyer is dominant / the buyer and supplier are interdependent].
- This means [insert].
- Strategies to address this include [insert].

Desired supplier relationship

- Given the proposed length of the contract, the level of desired trust and communication with the supplier and the approach to managing risk the agency will seek a [choose: strategic collaborative / tactical competitive relationship with the successful supplier].
- This means [insert].

Requirements and costs

Our requirements

- In summary we need to procure [insert].
- A detailed statement of our requirements is contained in *Appendix 1*.

Key dates

- We require the contract to commence by [insert date].
- We estimate that the sourcing of the supplier and contract negotiations will take [insert weeks / months].
- This means that the tender must be initiated by [insert date].

Estimated costs

An estimate of the total cost over the whole-of-life of the contract, exclusive of GST is [\$ insert.]

Please check if the estimate has increased since the business case – if so you may need to obtain an increased financial authority.

Estimated whole-of-life costs (include this level of detail if available)

Pre-acquisition	Start-up cost			
Design and specification	\$			
Expert advice	\$			
Legal services	\$			
Acquisition		Year 1		
Initial purchase price		\$		
Delivery		\$		
Installation		\$		
Training		\$		
Operating costs		Year 1	Year 2	Year 3
Consumables		\$	\$	\$
Parts		\$	\$	\$
Labour		\$	\$	\$
Maintenance		\$	\$	\$
Disposal				Year 3
Decommissioning				\$
Removal				\$
Disposal costs				\$
	Start-up	Year 1	Year 2	Year 3
Totals	\$	\$	\$	\$
Sub-total				\$
Less residual value on disposal				\$
Estimated total cost over whole-of-life				\$

Key stakeholders

Internal stakeholders

The key internal stakeholders are [insert].

Internal stakeholders' roles and level of engagement

Role	Characteristics	Stakeholders
Responsible	The person or people responsible for undertaking the procurement.	
Accountable	The person or people that have authority to make decisions and are accountable for the outcomes.	
Supportive	The person or people that do the real work.	
Consulted	The person or people who needs to be consulted to add value or get 'buy-in'.	
Informed	The person, people or group, groups that need to be kept informed of key actions and results, but are not involved in decision-making or delivery.	

External stakeholders

The key external stakeholders are [insert].

External stakeholders' roles and level of engagement

Role	Characteristics	Stakeholders
Responsible	The person or people responsible for undertaking the procurement.	
Accountable	The person or people that have authority to make decisions and are accountable for the outcomes.	
Supportive	The person or people that do the real work.	
Consulted	The person or people who needs to be consulted to add value or get 'buy-in'.	
Informed	The person, people or group, groups that need to be kept informed of key actions and results, but are not involved in decision-making or delivery.	

Communications

- The agency will communicate with internal stakeholders by [insert method and timing of comms].
- The agency will communicate with external stakeholders by [insert method and timing of comms].

Tendering process

Type of tender

- There is currently no All-of-Government, syndicated or other collaborative contract which can meet this requirement. Other approaches to market, including collaboration, that were considered are [insert].
- The recommended approach to market is a [choose: one-step open competitive tender / two-step open competitive tender / one-step closed competitive tender / two-step closed competitive tender].
- The reason for this recommendation is [insert].
- This approach to market fits with the agency's procurement policies, the *Government rules of sourcing* and the New Zealand Government's procurement principles.

Market engagement

- This contract opportunity [choose: was / was not] published in the agency's annual procurement plan dated [insert].
- In developing the business case and analysing the market, the agency engaged with suppliers by [insert what engagement there was with suppliers e.g. supplier briefing / consultation with industry].
- The contract opportunity will be advertised on GETS. [Insert: additional advertising will be done through]. Before advertising on GETS, the agency will engage with the market through [choose: publishing an early notice on GETS advising of the intention to go to market /

supplier briefing sessions to be held ...where and when / industry briefing sessions to be held ...where and when / or other communications...where and when].

Evaluation team

A cross-functional team will be involved in the evaluation of bids and recommending the preferred supplier.

Non-voting members

Role	Name	Organisation
Chair of evaluation panel:		
Administrative support:		
Financial analyst:		
Legal advisor:		
Probity auditor:		

Voting members

Representative/s	Name	Organisation
Business group/owner:		
User group/beneficiary:		
Subject matter expert:		

Proposed timeline

The proposed timeline for the procurement is as follows. Please note that this example is based on a one-step open tender.

Indicative timeline

Action	Indicative date
Pre-procurement	
Procurement plan approved	
Tender documents developed	
Tender documents approved	
Pre-procurement market engagement	
Advance notice published on GETS	
Tender	
Tender advertised on GETS	
Supplier briefing/s	
Last date for supplier questions	
Last date for agency to answer questions	
Tender closing date	
Evaluation	
Panel confidentiality and conflict of interest declarations signed	
Evaluation panel meets	
Interview short listed suppliers	
Supplier site visits/product testing	
Panel minutes and recommendation	
Recommendation accepted/denied	

Action	Indicative date
Post-evaluation	
Advise bidders of outcome	
Debrief unsuccessful suppliers	
Due diligence and contract negotiation	
Contract award notice published on GETS	
Contract start date	

Evaluation methodology

Evaluation method

- The evaluation model that will be used is [choose: lowest price conforming / simple score / weighted attribute (weighted score) / target price / Brook's Law].
- Price will [choose:
 - be a weighted criterion. **OR**
 - not be a weighted criterion. Instead price will be taken into account in determining overall value for money over the whole-of-life of the contract. A two envelope process will be used and suppliers' pricing will only be opened once the criterion scoring is completed].

Evaluation criteria and weightings

Each supplier must meet the all of the following pre-conditions before its bid will be considered for evaluation on its merits.

Preconditions

1.	E.g. Supplier must hold a current practicing certificate from the New Zealand Law Society.
2.	E.g. Supplier must hold current professional indemnity insurance valued at \$5m.

Having met all of the preconditions qualifying bids will be evaluated on their merits using the following evaluation criteria and weightings.

Evaluation criteria

[Please note that this model includes price as a weighted criterion.]

Criterion	Weighting
Technical merit (fit for purpose)	40%
E.g. degree to which good/services meet or exceed requirements	
E.g. quality of goods/services	
E.g. degree of innovation	
E.g. level of risk	
Capability of the supplier to deliver	30%
E.g. supplier's size, structure and annual turnover	
E.g. track record in delivering similar goods/services	
E.g. understanding of the requirements	
E.g. operational and financial systems to manage delivery	
Value for money (based on whole-of-life cost)	30%
E.g. total costs over whole-of-life	

Criterion	Weighting
E.g. other benefits	
Total weightings	100%

The panel will use the following rating scale to evaluate suppliers' bids against the criteria.

Rating scale

Description	Definition	Rating
Excellent	Exceeds the requirement. Exceptional demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	9-10
Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services. Response identifies factors that will offer potential added value, with supporting evidence.	7-8
Acceptable	Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with supporting evidence.	5-6
Minor reservations	Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	3-4
Serious reservations	Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	1-2
Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource and quality measures required to provide the goods / services, with little or no supporting evidence.	0

Innovation

Suppliers may have new and innovative ways to deliver against the specifications. The agency will accept alternative proposals on this basis.

Due diligence

The following verification matrix will be used as part of the evaluation and due diligence process. The table shows how elements of the criteria will be verified by the panel.

Verification table

Evaluation and due diligence options	Criteria		
	Fit for purpose	Ability to deliver	Value for money
Written offer/tender documents	✓	✓	✓

Evaluation and due diligence options	Criteria		
Buyer clarifications of offer	✓	✓	✓
Reference checks	✓	✓	✓
Interview	✓	✓	
Presentation	✓	✓	
Site visit	✓	✓	✓
Product testing	✓		
Audited accounts		✓	
Credit check		✓	
Companies office check		✓	
Accepts proposed contact conditions		✓	
Police/security check		✓	

Additional process

Following the evaluation of merits each short listed supplier will be invited to attend an interview with the panel.

In addition, the panel may request site visits to short listed suppliers' premises.

Contract type

- The short listed supplier will be offered a [choose: contract for services / supply agreement / contract for goods and services] based on [choose: the agency's standard terms and conditions / based on a bespoke set of terms and conditions drafted for this procurement].
- The proposed contract term is three years with options to extend (i.e. 3+1+1).
- The quality standards / key performance indicators for measuring the supplier's performance are [insert].
- The timeframes for delivery are [insert].
- Specific reporting requirements are [insert].
- Payment will be based on the supplier's successful completion of milestones as detailed in the contract.
- New intellectual property arising as a result of the contract will be the property of [insert].
- The proposed contract terms and conditions are attached at *Appendix 2*.
- In addition to the agency's standard terms and conditions, the following clause or clauses are required to manage the specific risk [insert].
- Variations to contract will be in writing and signed by both parties. Variations involving an increase in price must only be made within the limit of the financial authority.
- The strategy for exiting the contract at the end of its term is [insert].

Transitioning to new supplier

Add this section if applicable – modify to suit.

- In the event that this procurement results in the selection of a new supplier a transition plan will be developed to actively manage the changeover. Transition arrangements will also be addressed during the negotiations with the new supplier.
- The transition will have a [choose: minor / moderate / significant] impact on ongoing service delivery.
- Significant transition risks to be managed include:
 - e.g. strategy to provide a seamless transition without disruption to services

- e.g. back-up plans in the event that services are affected].

Managing implementation

- The responsibility for managing delivery under the contract and supplier relationship management will pass to [insert: name, title and business unit] on the signing of the contract. This person will develop a contract and relationship management plan in consultation with the successful supplier.
- The supplier's performance will be reviewed [insert how often and when].

Risk management

- Overall this procurement is deemed to be [choose: high / medium / low value] with [choose: high / medium / low risk].
- Key risks have been assessed against the risk framework detailed at *Appendix 3*. They have been assessed on the basis of likelihood (L) and consequence (C).
- The key for the following risk tables is:
 - likelihood (L): R = rare U = unlikely P = possible L = likely A = almost certain
 - consequence (C): N = negligible L = low M = moderate H = high E = extreme.

Key risks in the procurement process

Risk	L	C	Rating	Mitigation action	Responsible
•	U	L	Low		
•	P	M	Medium		
•	L	H	High		
•	A	E	Extreme		

Key risks in delivering the contract

Risk	L	C	Rating	Mitigation action	Responsible
•	U	L	Low		
•	P	M	Medium		
•	L	H	High		
•	A	E	Extreme		

Probity management

Please modify the following to suit your procurement.

It is essential that the agency demonstrates ethics and integrity in its procurements. This means:

- acting fairly, impartially, and with integrity
- being accountable and transparent
- being trustworthy and acting lawfully
- managing conflicts of interest
- protecting the supplier's commercially sensitive and confidential information.

Probity in this procurement will be managed by:

- ensuring compliance with the agency's code of conduct
- ensuring that financial authority for the procurement is approved before proceeding to tender
- ensuring everyone involved in the process signs a confidentiality agreement and declares any actual, potential or perceived conflict of interest
- identifying and effectively managing all conflicts of interest
- ensuring that all bids are opened at the same time and witnessed
- numbering copies of suppliers' tenders and returning them to the panel chair once the tender process ends
- retaining one copy of each supplier's tender and destroying the remaining copies once the tender process ends
- treating all suppliers equally and fairly
- providing each supplier with a comprehensive debrief at the end of the tender process.

Contract delivery

- The responsibility for managing delivery under the contract and supplier relationship management will pass to [insert: name, title and business unit] on the signing of the contract. This person will develop a contract and relationship management plan in consultation with the successful supplier.

Contract completion

End of term

Please delete if not applicable.

At the end of the original contract, there will be an option to extend the contract by [insert: e.g. 2+1 years], subject to good performance by the supplier and continued best value-for-money over the whole-of-life being delivered.

Exit strategy

Please delete if not applicable.

Our responsibility to deliver the [choose: goods / services / goods and services / works] is [choose:

- option 1: ends on the expiry of this contract **OR**
- option 2: will continue beyond the expiry of this contract].

Our strategy to exit from the contract is [choose the option used above:

- option 1 insert: consider what practical arrangements may be required to transition from the contract. How will you manage stakeholder expectations? What will happen to any assets or intellectual property purchased by the supplier – will ownership rest with the supplier or revert to your agency? What are the risks that will need to be managed? **OR**
- option 2 insert: what do you intend to happen at the end of the contract? Will you review the effectiveness of the delivery and go to market with an improved statement of requirements? How will you manage stakeholder's expectations? What are the risks that will need to be managed?]

Appendix 1: Specification of requirements

Appendix 2: Proposed contract terms and conditions

Appendix 3: Risk register

Key risks have been assessed using this risk analysis framework.

You may use this standard framework or replace it with your agency's framework.

LIKELIHOOD of risk happening	Almost certain	amber	amber	red	red	red
	Likely	yellow	amber	amber	red	red
	Possible	yellow	yellow	amber	amber	red
	Unlikely	green	yellow	yellow	amber	amber
	Rare	green	green	yellow	yellow	amber
		Negligible	Low	Moderate	High	Extreme
CONSEQUENCE if the risk happens						

Diagram: Risk analysis framework