Developing the Annual Procurement Plan (APP)

Presenters: Ian Samaroo and Devika Singh

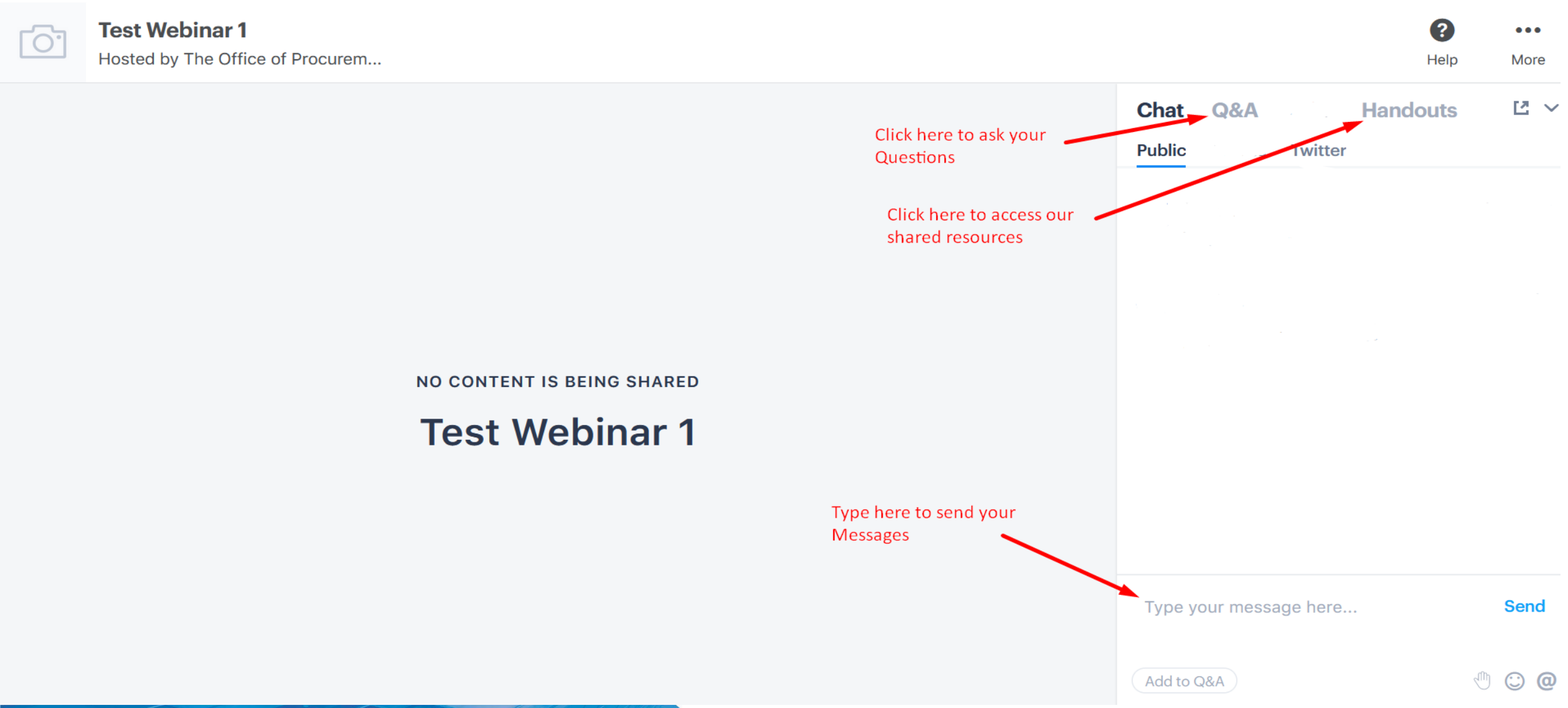
Procurement Policy Development Department

Date: 5th November 2020

Helpful Tips for a Successful Webinar Experience

1. Be an active participant. Questions may be provided in the Q&A section of the portal.
2. Respond to any request for comments and questions.
3. In the chat forum, please keep your contributions helpful and be considerate of the host and other participants.
4. Provide feedback at the end of the webinar. Feel free to help us improve future webinars to better match your needs by letting us know what worked well and what didn't.

Navigation Tips



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AGENDA

01 Overview of the Annual Procurement Plan (the Plan)

02 Step by Step Review of the Annual Procurement Plan Template

03 Annual Schedule of Planned Procurement Activities

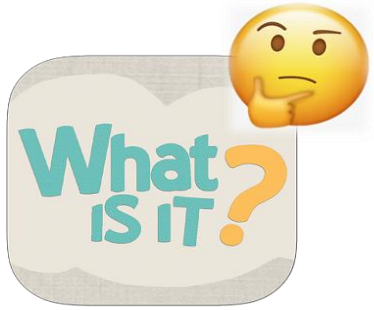
1. Overview of the Annual Procurement Plan (the Plan)

The Annual Procurement Plan – Why is it Important??

Section 13(h)	Section 13 (j)	Section 27 (1) (a)
• audit and review the system of procurement and disposal of public property to ensure compliance with the objectives of the Act;	• review procurement practices and delivery systems on an annual basis to identify best practices;	• no later than six weeks after the approval of the National Budget, publish on its website or in any other electronic format, information regarding all planned procurement activities for the following twelve months;

Public Procurement and Disposal of Public Property Act 2015

Overview of the Annual Procurement Plan (the Plan)



What is the Annual Procurement Plan?

- Internal document used to develop strategy to manage procurement-related risks and opportunities in relation to procurement activities.

- Developed by the 'named' Procurement Officer in collaboration with the Ministry/Public Body's internal stakeholders.

What does the Plan intend to achieve?

- Logic for allocating scarce resources.
- Performance improvement.
- Supports business goals and objectives.

2. Preparing The Annual Procurement Plan

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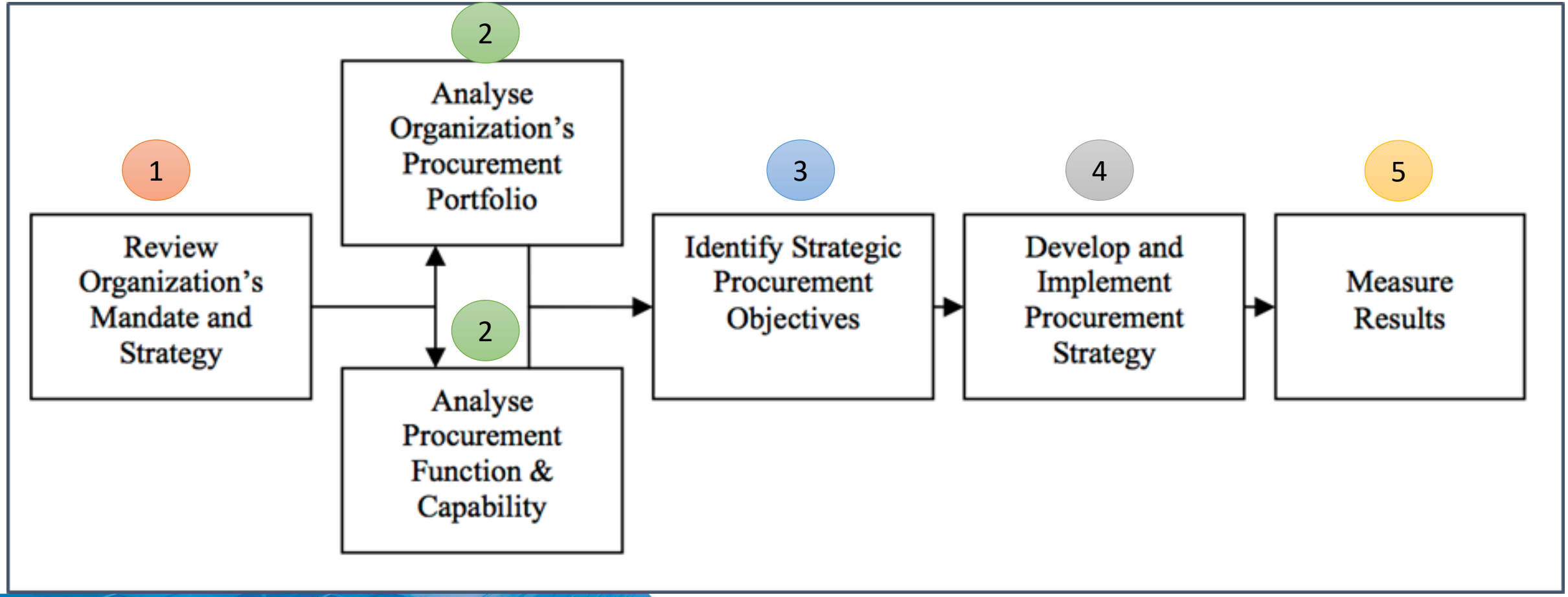
Case Study

The Annual Procurement Planning Process



Portfolio Listing FY 2019/2020

No.	Category	Description	Actual Cost FY 2019/2020
1	Computer Equipment (ICT)	Computer hardware	$907,800.00
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$750,000.00
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$500,000.00
4	Training	Staff training	$200,000.00
5	Telephone	Telephone, internet, cable	$142,800.00
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards,	$90,000.00
7	Office Supplies	Tea, coffee, sugar, milk	$34,000.00
8	Toner	Toner for specific printer	$700.00
		TOTAL	**$2,625,300.00**

Procurement Tools

- Pareto Analysis
- Porter's Five Competitive Forces Model
- Supplier Preferencing Model
- The Procurement Portfolio Analysis
- Supplier Positioning Model

Pareto Analysis FY 2019/2020

No.	Category	Description	Actual Cost FY 2019/2020	Running Total	% of Total Expenditure (Actual)
1	Computer Equipment (ICT)	Computer hardware	$907,800.00	$907,800.00	34.58%
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$750,000.00	$1,657,800.00	63.15%
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$500,000.00	$2,157,800.00	82.19%
4	Training	Staff training	$200,000.00	$2,357,800.00	89.81%
5	Telephone	Telephone, internet, cable	$142,800.00	$2,500,600.00	95.25%
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$90,000.00	$2,590,600.00	98.68%
7	Office Supplies	Tea, coffee, sugar, milk	$34,000.00	$2,624,600.00	99.97%
8	Toner	Toner for specific printer	$700.00	$2,625,300.00	100%
		TOTAL	**$2,625,300.00**		

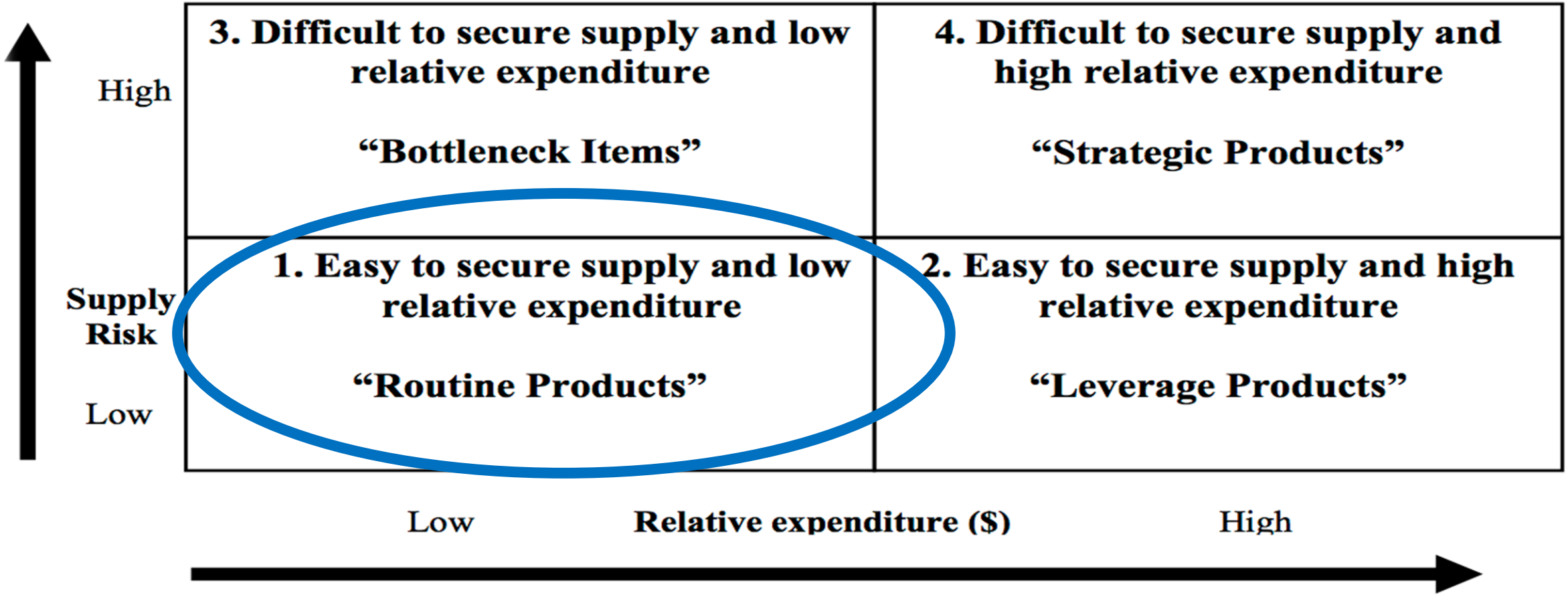
Pareto Analysis FY 2019/2020

No.	Category	Description	Actual Cost FY 2019/2020	Running Total	% of Total Expenditure (Actual)
1	Computer Equipment (ICT)	Computer hardware	$907,800.00	$907,800.00	34.58%
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$750,000.00	$1,657,800.00	63.15%
3	Contracted Specialised IT Services	Hosting platform, Software,	$500,000.00	$2,157,800.00	82.19%
4	Training	Staff traini	$200,000.00	$2,357,800.00	89.81%
5	Telephone	Telephone	$142,800.00	$2,500,600.00	95.25%
6	Office Stationery	Folders, pens for office printers, cables, m	$90,000.00	$2,590,600.00	98.68%
7	Office Supplies	Tea, coffe	$34,000.00	$2,624,600.00	99.97%
8	Toner	Toner	$700.00	$2,625,300.00	100%
		TOTAL	**$2,625,300.00**		

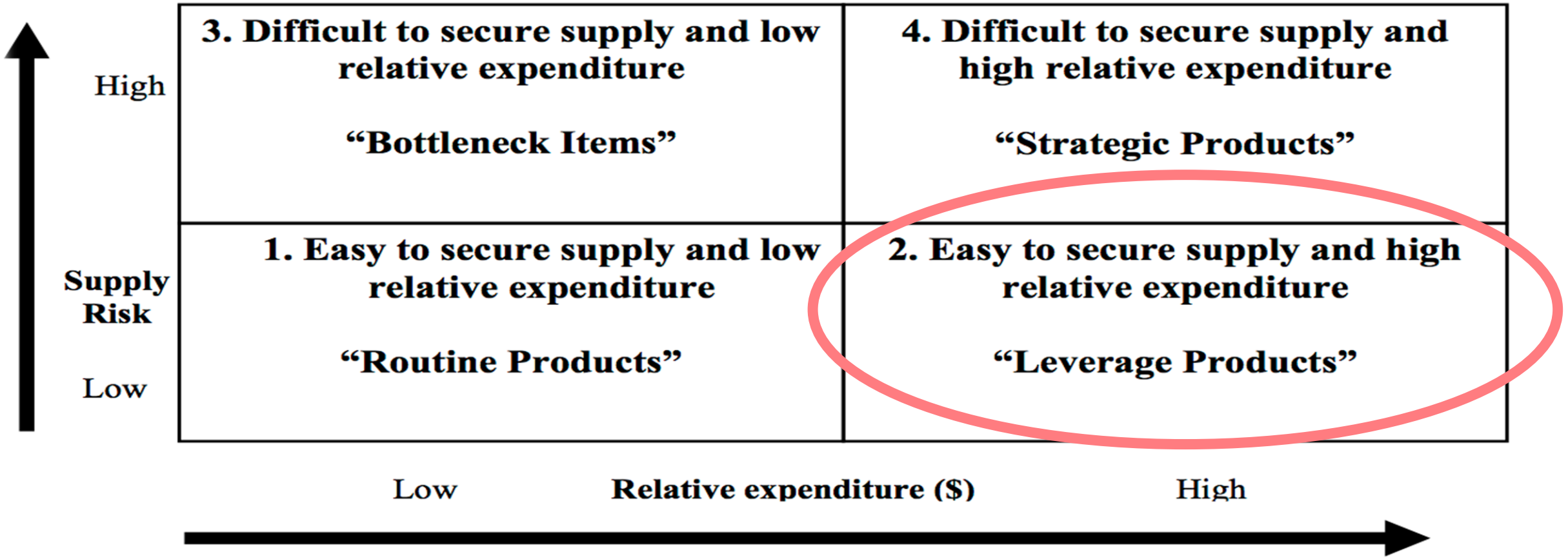
$ 2,157,800.00 x 100
$ 2,625,300.00

$ 2,590,600.00 x 100
$ 2,625,300.00

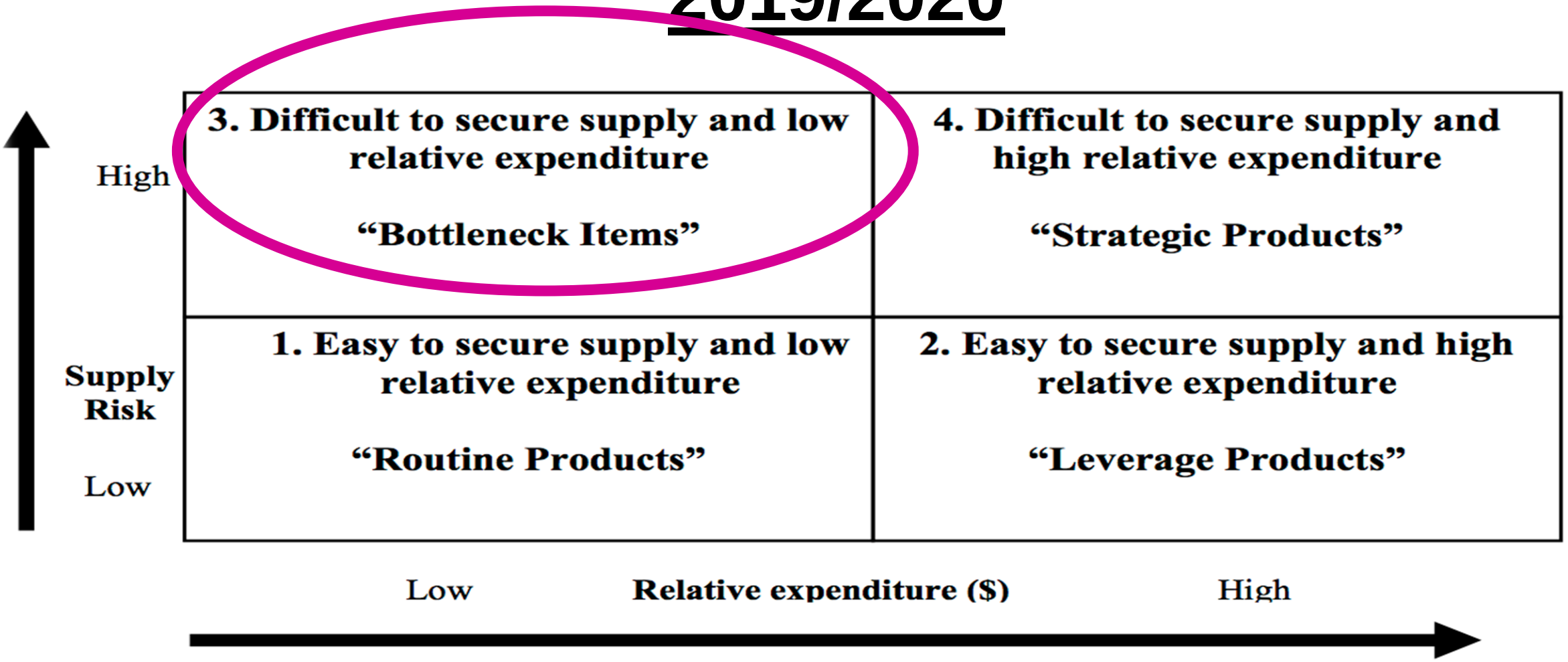
Procurement Portfolio Analysis FY 2019/2020



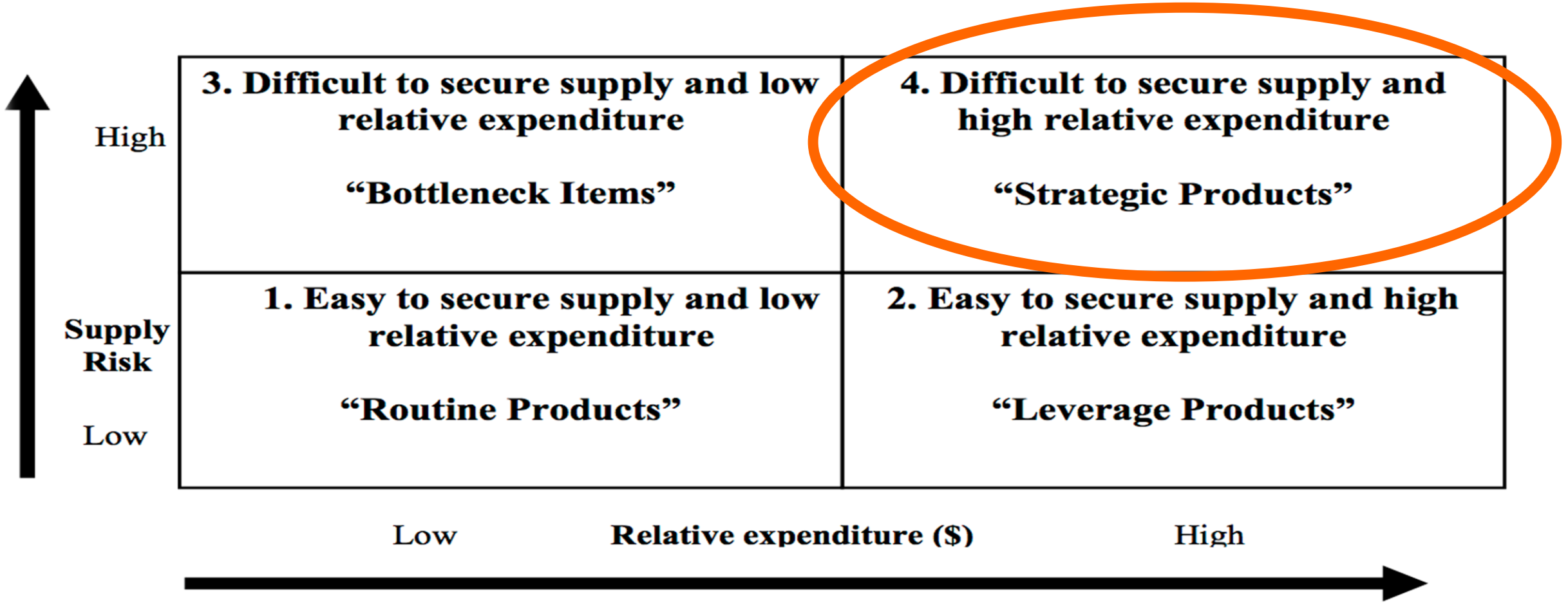
Procurement Portfolio Analysis FY 2019/2020



Procurement Portfolio Analysis FY 2019/2020



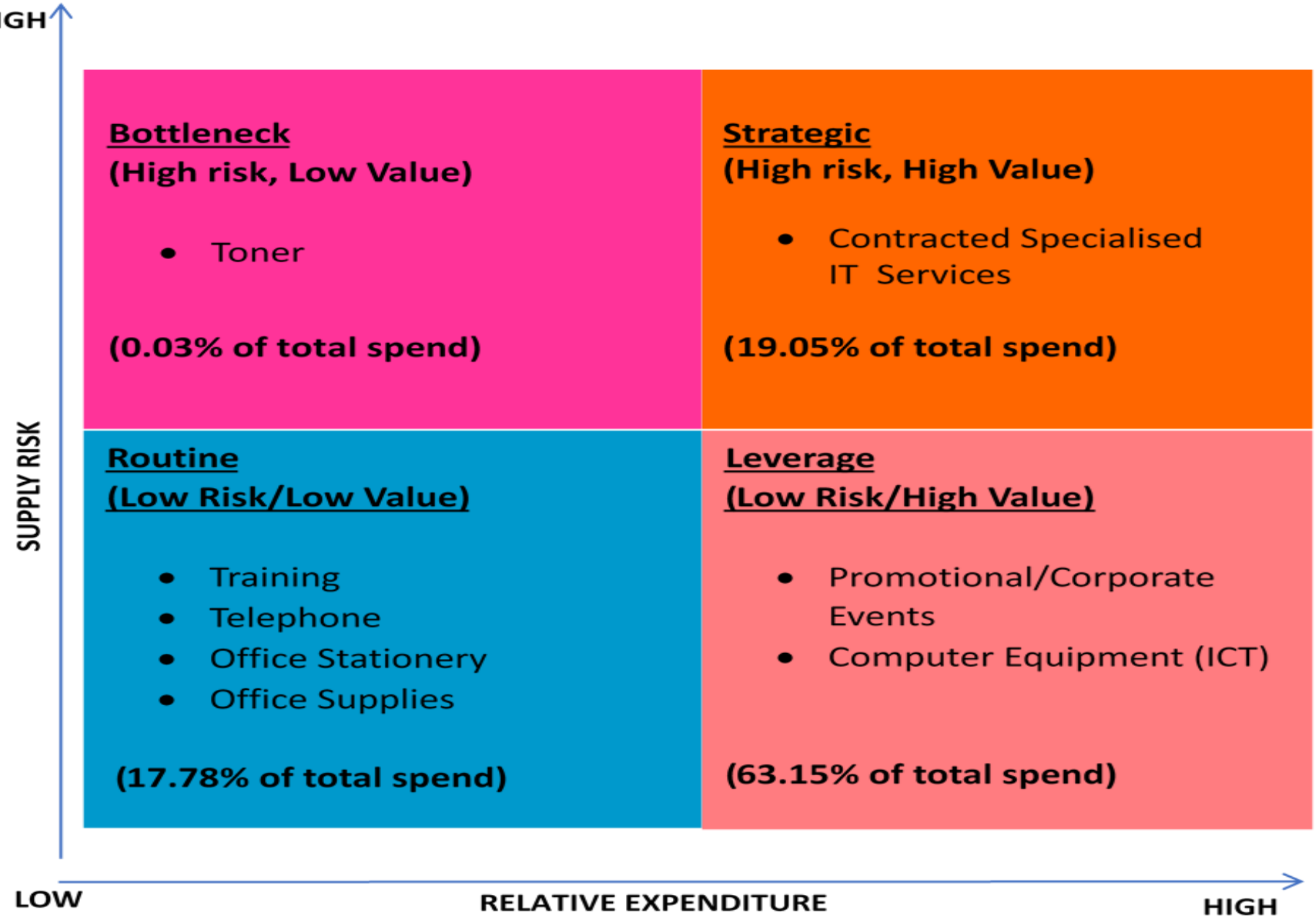
Procurement Portfolio Analysis FY 2019/2020



Procurement Portfolio Analysis FY 2019/2020

No.	Category	Description	Actual Cost FY 2019/2020	Risk Spend Analysis	Quadrants
1	Computer Equipment (ICT)	Computer hardware	$907,800.00	Low Risk/High Value	Leverage
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$750,000.00	Low Risk/High Value	Leverage
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$500,000.00	High Risk/High Value	Strategic
4	Training	Staff training	$200,000.00	Low Risk/Low Value	Routine
5	Telephone	Telephone, internet, cable	$142,800.00	Low Risk /Low Value	Routine
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$90,000.00	Low Risk/Low Value	Routine
7	Office Supplies	Tea, coffee, sugar, milk	$34,000.00	Low Risk/Low Value	Routine
8	Toner	Toner for specific printer	$700.00	High Risk/Low Value	Bottleneck
		TOTAL	**$2,625,300.00**		

Procurement Portfolio Matrix FY 2019/2020



Distribution by Quadrant – 2019/2020

	Expenditure	Vendors
Routine	17.78 %	%
Leverage	63.15 %	%
Strategic	19.05 %	%
Bottleneck	0.03 %	%
Total	100 %	100 %

Training	Staff training	$ 200,000.00	LR/LV	Routine
Telephone	Telephone, internet, cable	$ 142,800.00	LR/LV	Routine
Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$ 90,000.00	LR/LV	Routine
Office Supplies	Tea, coffee, sugar, milk	$ 34,000.00	LR/LV	Routine
		$ 466,800.00		

100 %

$ 466,800.00 x 100
$ 2,625,300.00

Distribution by Quadrant – 2019/2020

	Expenditure	Vendors	Purchase Orders	Transactions	Categories
Routine	17.78 %	55.56 %	85.37 %	83.33 %	50 %
Leverage	63.15 %	22.21 %	4.88 %	5.56 %	25 %
Strategic	19.05 %	16.67 %	7.32 %	8.33 %	12.5 %
Bottleneck	0.03 %	5.56 %	2.43 %	2.78 %	12.5 %
Total	100 %	100 %	100 %	100 %	100 %

$\frac{10}{18} \times 100$

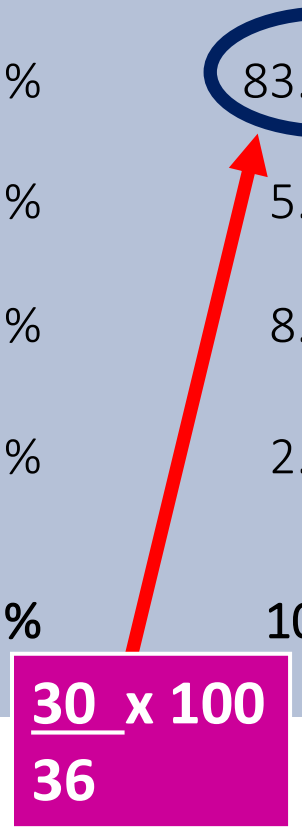
Distribution by Quadrant – 2019/2020

	Expenditure	Vendors	Purchase Orders	Transactions	Categories
Routine	17.78 %	55.56 %	85.37 %	83.33 %	50 %
Leverage	63.15 %	22.21 %	4.88 %	5.56 %	25 %
Strategic	19.05 %	16.67 %	7.32 %	8.33 %	12.5 %
Bottleneck	0.03 %	5.56 %	2.43 %	2.78 %	12.5 %
Total	100 %	100 %	100 %	100 %	100 %

$\frac{70}{82} \times 100$

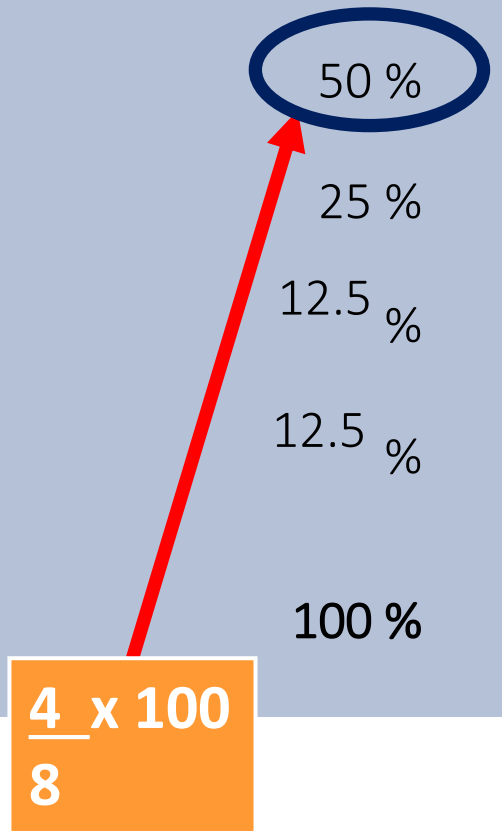
Distribution by Quadrant – 2019/2020

	Expenditure	Vendors	Purchase Orders	Transactions	Categories
Routine	17.78 %	55.56 %	85.37 %	83.33 %	50 %
Leverage	63.15 %	22.21 %	4.88 %	5.56 %	25 %
Strategic	19.05 %	16.67 %	7.32 %	8.33 %	12.5 %
Bottleneck	0.03 %	5.56 %	2.43 %	2.78 %	12.5 %
Total	100 %	100 %	100 %	100 %	100 %



Distribution by Quadrant – 2019/2020

	Expenditure	Vendors	Purchase Orders	Transactions	Categories
Routine	17.78 %	55.56 %	85.37 %	83.33 %	50 %
Leverage	63.15 %	22.21 %	4.88 %	5.56 %	25 %
Strategic	19.05 %	16.67 %	7.32 %	8.33 %	12.5 %
Bottleneck	0.03 %	5.56 %	2.43 %	2.78 %	12.5 %
Total	100 %	100 %	100 %	100 %	100 %



Portfolio Listing – FY 2020/2021

No.	Category	Description	Estimated Cost FY 2020/2021
1	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$900,000.00
2	Computer Equipment (ICT)	Computer hardware	$1,000,000.00
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$700,000.00
4	Training	Staff training	$300,000.00
5	Telephone	Telephone, internet, cable	$225,000.00
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$100,000.00
7	Office Supplies	Tea, coffee, sugar, milk	$36,000.00
8	Toner	Toner	$700.00
		TOTAL	**$3, 261,700.00**

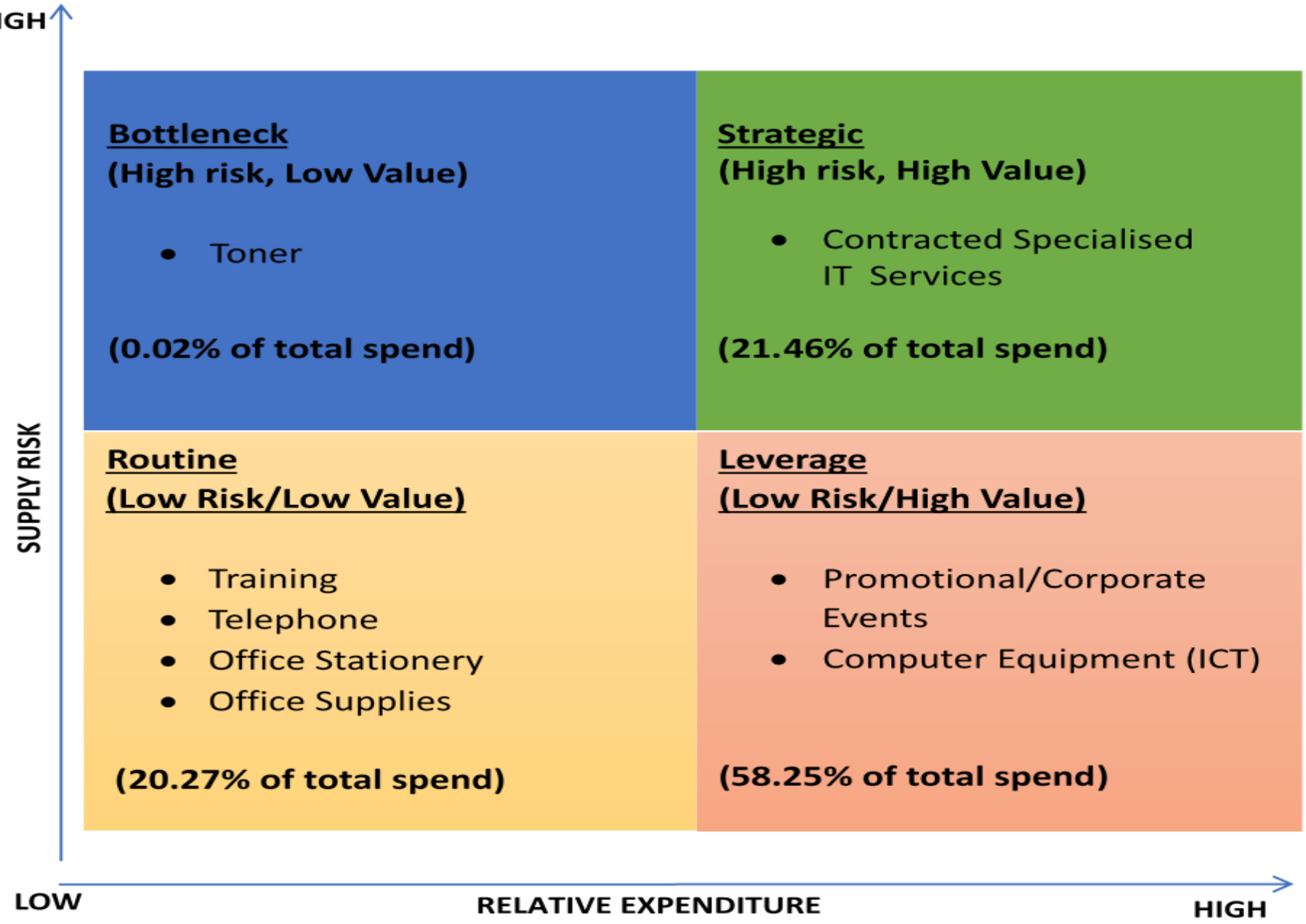
Pareto Analysis FY 2020/2021

No.	Items	Description	Estimated Cost FY 2020/2021	Running Total	% of Total Expenditure (Estimated)
1	Computer Equipment (ICT)	Computer hardware	$1,000,000.00	$1,000,000.00	30.66%
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$900,000.00	$1,900,000.00	58.25%
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$700,000.00	$2,600,000.00	79.71%
4	Training	Customised training	$300,000.00	$2,900,000.00	88.91%
5	Telephone	Telephone, internet, cable	$225,000.00	$3,125,000.00	95.81%
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$100,000.00	$3,225,000.00	98.87%
7	Office Supplies	Tea, coffee, sugar, milk	$36,000.00	$3,261,000.00	99.98%
8	Toner	Toner	$700.00	$3,261,700.00	100%
		TOTAL	**$3,261,700.00**		

Procurement Portfolio Analysis FY 2020/2021

No.	Items	Description	Estimated Cost FY 2020/2021	Risk Spend Analysis	Quadrants
1	Computer Equipment (ICT)	Computer hardware	$1,000,000.00	Low Risk/High Value	Leverage
2	Promotional/Corporate Events	Venues, audio, lunches, banners, Stakeholder engagement sessions	$900,000.00	Low Risk/High Value	Leverage
3	Contracted Specialised IT Services	Hosting platform, Software, Database	$700,000.00	High Risk/High Value	Strategic
4	Training	Customised training	$300,000.00	Low Risk/Low Value	Routine
5	Telephone	Telephone, internet, cable	$225,000.00	Low Risk/Low Value	Routine
6	Office Stationery	Folders, pens for office printers, cables, mouse, keyboards	$100,000.00	Low Risk/Low Value	Routine
7	Office Supplies	Tea, coffee, sugar, milk	$36,000.00	Low Risk/Low Value	Routine
8	Toner	Toner	$700.00	High Risk/Low Value	Bottleneck
		TOTAL	**$3,261,700.00**		

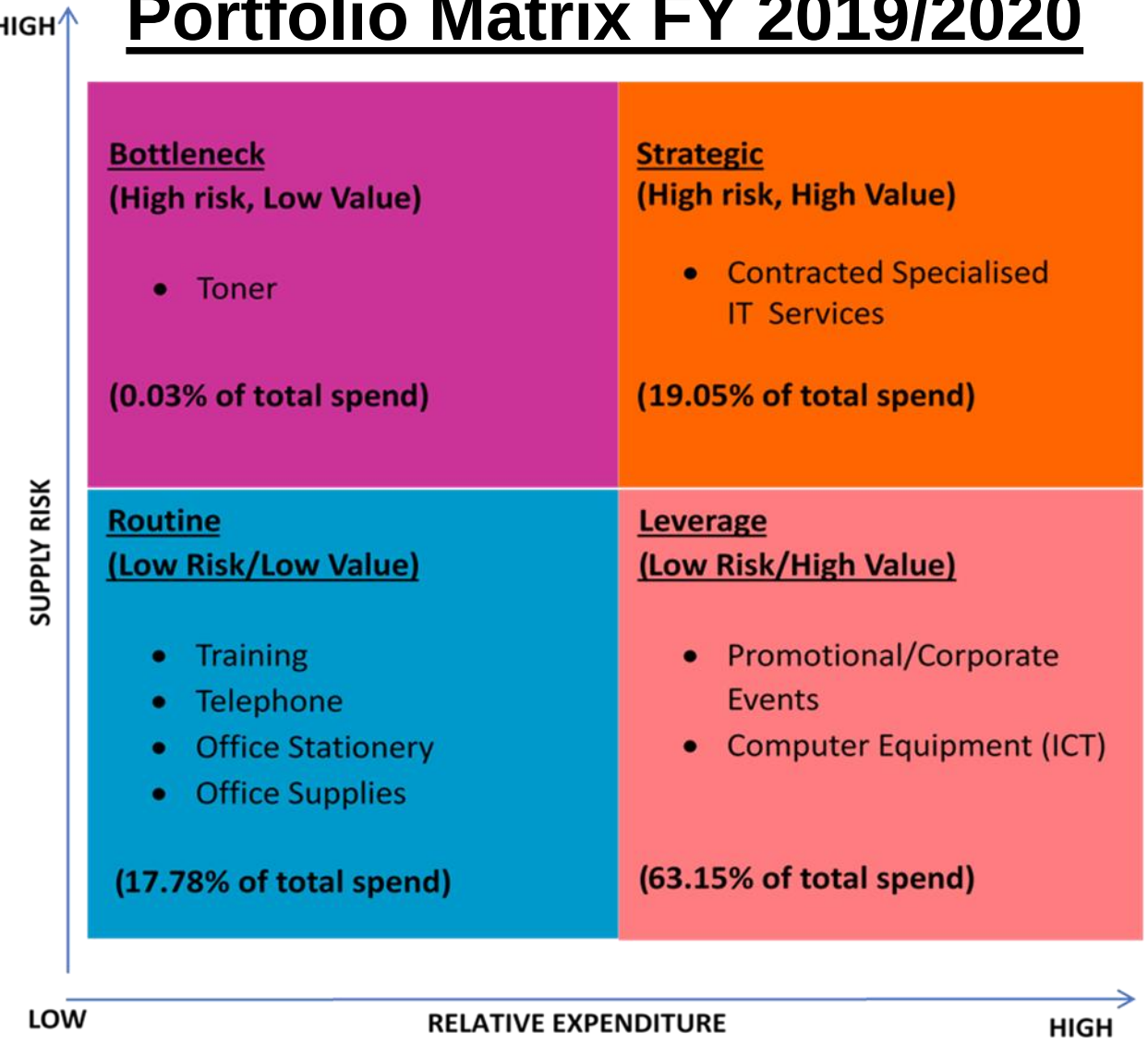
Procurement Portfolio Matrix FY 2020/2021



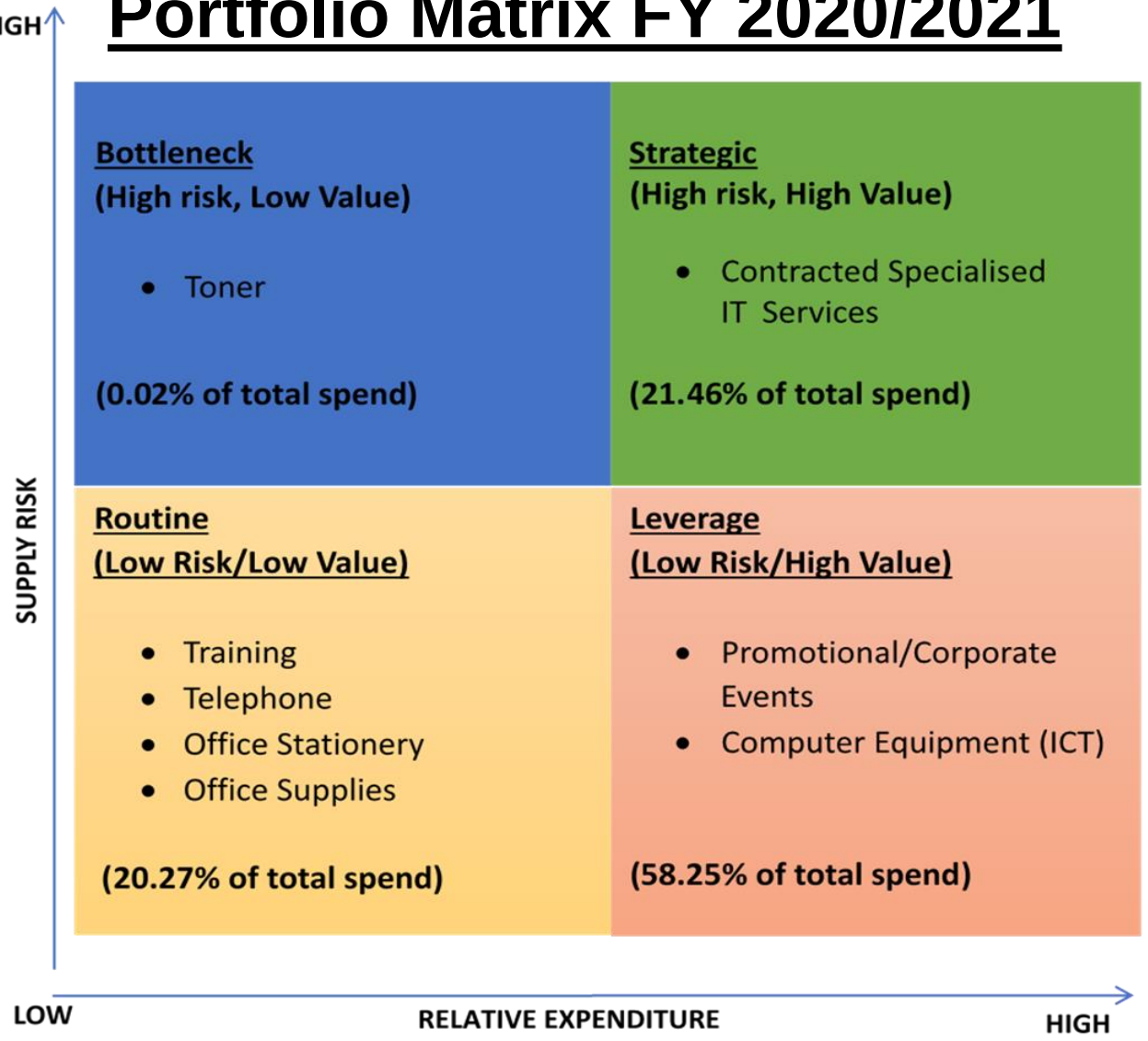
Distribution by Quadrant – 2020/2021 (estimated)

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
Routine	20.27	%	65.00	%	90.00	%	80.00	%	50.00	%
Leverage	58.25	%	15.00	%	2.00	%	6.66	%	25.00	%
Strategic	21.46	%	15.00	%	6.00	%	6.67	%	12.50	%
Bottleneck	0.02	%	5.00	%	2.00	%	6.67	%	12.50	%
Total	100	%	100	%	100	%	100	%	100	%

Portfolio Matrix FY 2019/2020



Portfolio Matrix FY 2020/2021



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Comparison of Fiscal Period

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
Bottleneck	0.03 %	0.02 %	5.56%	5.00%	2.43%	2.00%	2.78%	6.67%	12.50 %	12.50 %
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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Comparison of Fiscal Period

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
Bottleneck	0.03 %	0.02 %	5.56%	5.00%	2.43%	2.00%	2.78%	6.67%	12.50 %	12.50 %
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Comparison of Fiscal Period

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
Bottleneck	0.03 %	0.02 %	5.56%	5.00%	2.43%	2.00%	2.78%	6.67%	12.50 %	12.50 %
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Routine Procurements

Low risk/low value – $TT or % of the entity's procurement related expenditure

Objective: Minimise the amount of time and effort in processing transactions. (PO, invoices etc.)

Strategy: Efficient transaction processing by setting up a framework agreement with suppliers.

Organisation: Decentralised – Allow Admin staff to process PO and invoices.

Systems: Adopt a payment tool (software – ACH) to make the process more transactional.

Routine Procurements (cont'd)

Low risk/low value – $TT or % of the entity's procurement related expenditure

Policies and Procedures: Transferring decision-making power to lower level Administrative staff so that they can make decision at the point of need.

Skills: Training staff in the use of the ACH software so that it would allow the system to become more transactional.

Performance Monitoring and Management: Implement the use of KPIs as a baseline measurement to track improvement (Procurement Cycle or Quality).

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Comparison of Fiscal Period

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
Bottleneck	0.03 %	0.02 %	5.56%	5.00%	2.43%	2.00%	2.78%	6.67%	12.50 %	12.50 %
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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Comparison of Fiscal Period

	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
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TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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	Expenditure		Vendors		Purchase Orders		Transactions		Categories	
	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21	FY 19/20	FY 20/21
Routine	17.78 %	20.27 %	55.56%	65.00%	85.37%	90.00%	83.33%	80.00%	50.00 %	50.00%
Leverage	63.15 %	58.25 %	22.21%	15.00%	4.88%	2.00%	5.56%	6.66%	25.00 %	25.00 %
Strategic	19.05 %	21.46 %	16.67%	15.00%	7.32%	6.00%	8.33%	6.67%	12.50 %	12.50 %
Bottleneck	0.03 %	0.02 %	5.56%	5.00%	2.43%	2.00%	2.78%	6.67%	12.50 %	12.50 %
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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1.0 Introduction

a) Programmatic goals and objectives of the public body

b) Sets out the main focus of the Plan for the current year

c) Risks and opportunities faced by the procuring entity

d) Provides a general explanation of how the Plan addresses general practice improvements of the public body/Ministry in alignment to each segment

2.0 Current Status of entity procurement management

In this section we will discuss:

2.1 Background

2.2 Progress

2.3 Issues arising from prior year's performance

2.0 Current Status of entity procurement management

2.1 - Background

a) Outline business goals and objectives and procurement related challenges
b) Analyse the procurement portfolio (2020/2021)
c) Analyse key issues in prior year's performance
d) Analyse the procurement function and capacity assessment

2.0 Current Status of entity procurement management (cont'd)

2.2 – Progress

- Provides an overview of progress made during the last period in improving procurement performance.
- Highlights how learning during the previous period will impact on planned progress to be made in the ensuing period(s).

2.0 Current Status of entity procurement management (cont'd)

2.3 – Issues arising from prior year's performance	
Procurement Cycle KPI	**TARGET**
$\frac{\text{Actual time spent}}{\text{Time Schedule as planned}}$ X 100	Less (<) or Equals (=) to 100%
Quality KPI	**TARGET**
$\frac{\text{\$ Value of Goods rejected}}{\text{\$ Value of Good received}}$ X 100	Less (<) or Equals (=) to 10%

3.0 Purpose and nature of the Annual Procurement Plan

How to improve and manage the procurement function during the ensuing period:

i. General strategy for improved procurement capacity;
ii. Strategy to address procurement management in support of programme/ business effectiveness; and
iii. Strategy for managing the risks and opportunities in the procurement portfolio.

3.1 General strategy for improvement of procurement capacity – EXAMPLE

Procurement enabler	Baseline period observed practices	Planned improvements for most recent period/Results for most recent period	Forthcoming year planned
Procurement leadership and governance	No policy on procurement management	Adopt and implement OPR's Handbook and Guidelines	At least 80% compliance with H&G
People	Procurement and Requestor work as individuals not as a team	More collaborative teamwork with procurement staff and requestors	Clear roles and responsibilities for team members
Significant procurement planning	All suppliers are treated with same level of risks, opportunity & importance	There is clear differentiation of risk management of suppliers	Identify the importance between key suppliers and the public body in terms of planning and the available resources for strategic supply
Managing Supply	There is little preparation and planning for negotiation with suppliers	Adopt and implement OPR's Handbook and Guidelines	Fully comply with the OPR's H&G

3.2 Enhancing programme/ business effectiveness through better procurement management

How the procurement strategy will support the organisation business goals and objectives during the forthcoming period.

1.0 Introduction

a) Programmatic goals and objectives of the procuring entity

b) Sets out the main focus of the Plan for the current year

c) Risks and opportunities faced by the procuring entity

d) Provides a general explanation of how the Plan addresses general practice improvements

3. Annual Schedule of Planned Procurement Activities

Annual Schedule of Planned Procurement Activities

- Required under Section 27 (1) of the Act.
- Planned Procurement Activities for the following twelve (12) months.
- Information published no later than six (6) weeks after approval of the National Budget.

Annual Schedule of Planned Procurement Activities - EXAMPLE

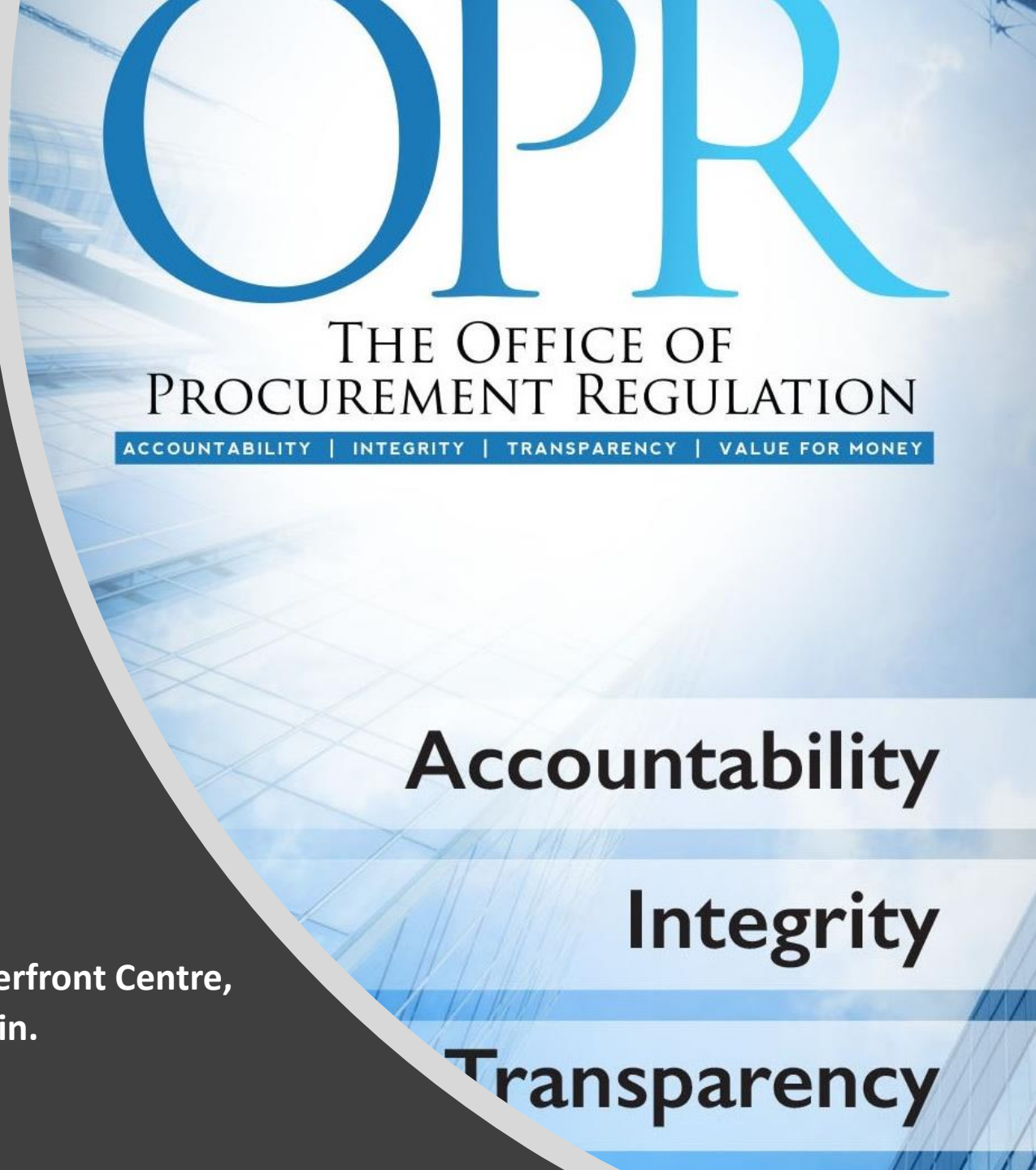
No.	Project Number	Project Name	UNSPSC Code Lvl 3	Brief Description	Proposed date for Issue of Bidding Documents	Expected Delivery/ Completion Date	Estimated Project Duration (for works and services)	Procurement Method	Standstill period (if applicable) – No. of days	Contract Type
1	RFP# 003/2019 -2020	Supply and Delivery of Computer Equipment	81112300	Supply and Delivery of 80 Laptops and Desktops	Nov-19	Sep-20	N/A	Open Bidding	10	Fixed term contract

Key Learning Points

ANNUAL PROCUREMENT PLAN	VS	**ANNUAL SCHEDULE OF PLANNED PROCUREMENT ACTIVITIES**
Internal document prepared by a Ministry/Public Body to develop strategy to manage procurement-related risks and opportunities in relation to procurement activities.		Document outlining the **anticipated** procurement activities of a Ministry/Public Body for the upcoming fiscal period.
Developed by the 'named' Procurement Officer in **collaboration** with the Ministry/Public Body's internal stakeholders. (e.g. Departmental Heads)		To be submitted to the OPR as an Insert or an Appendix to the Annual Procurement Plan.
Developed when preparing the Ministry/Public Body's Annual Estimate of Capital, Recurrent and PSIP Expenditure.		Does **NOT** include the value of the procurement activity and can be updated during a fiscal year.
Submit within **six (6) weeks** of the approval of the National Budget to the OPR for its review and noting.		To be published on the Ministry/Public Body's website no later than **six (6) weeks** after the approval of the National Budget.

Thank you for your kind attention!

We would be happy to answer any questions.



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