

General Guidelines



PROCUREMENT PORTFOLIO MANAGEMENT AND SUPPLY



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

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
1. CONTEXT AND BACKGROUND	4
1.1 Purpose of these guidelines	4
1.2 Intended audience	5
1.3 Legal context and alignments	5
1.4 The Trinidad and Tobago Public Procurement Procedures	6
1.5 Linkage to the Trinidad and Tobago Public Procurement Procedures.....	6
2. INTRODUCTION	8
3. PROCUREMENT PORTFOLIO MANAGEMENT AND SUPPLY RISK ASSESSMENT	10
3.1 Portfolio analysis	10
3.2 Procurement portfolio management	13
3.3 Characteristics of spending categories.....	15
4. UNDERSTANDING AND ASSESSING SUPPLY RISKS	21
<i>How SUPREM works</i>	21
5. APPENDIX I – Screenshot of SUPREM checklist	23
6. BIBLIOGRAPHY	27

EXECUTIVE SUMMARY

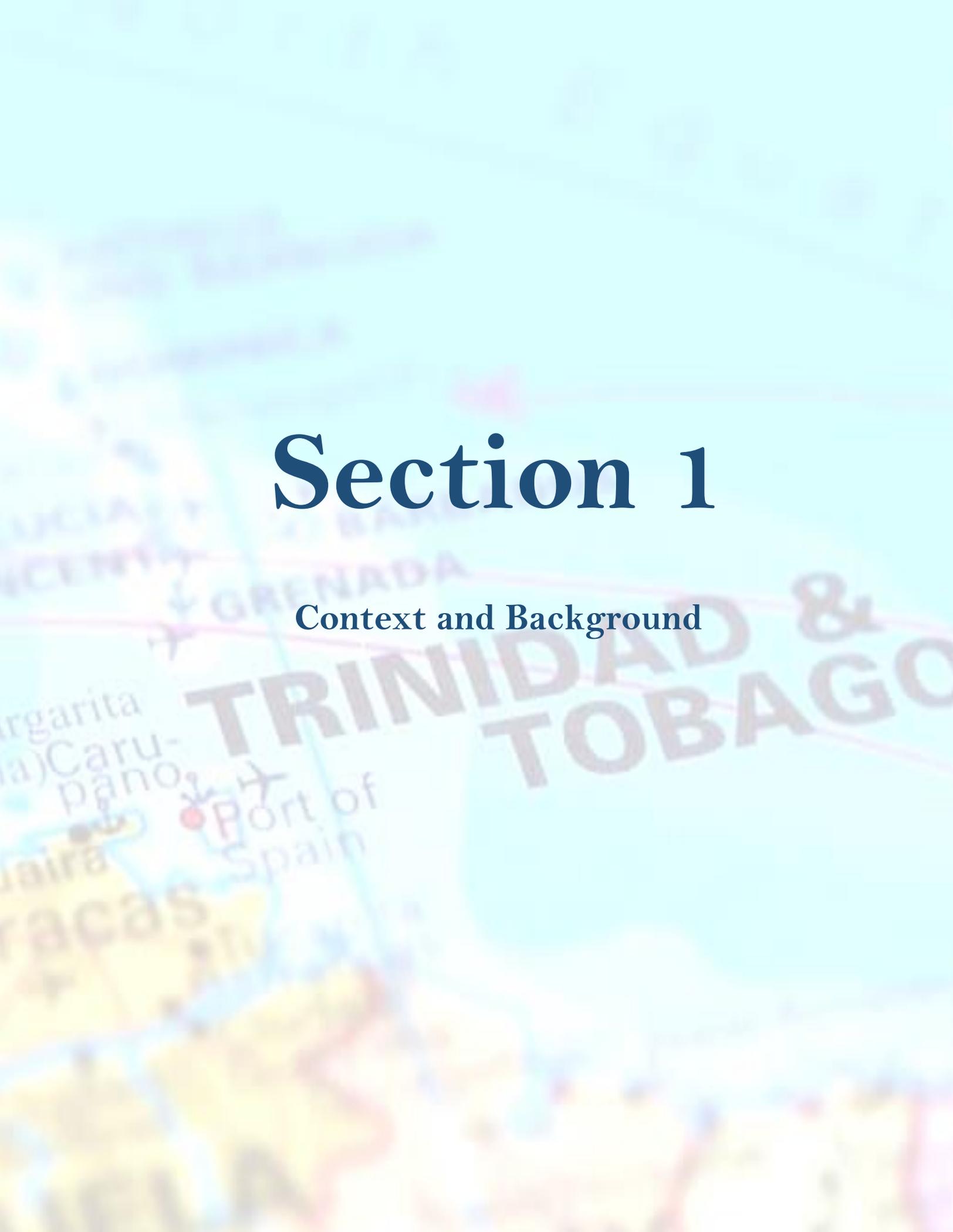
The management of public procurement processes is instrumental in ensuring good governance because all government departments charged with providing services are dependent on this process. Although the procurement needs and strategies of public entities tend to differ to a great extent, the processes of planning and achieving procurement-related goals share some fundamental characteristics. These guidelines are designed to provide across-the-board guidance and recommendations on how to identify the spend profile of an institution, to compile a procurement portfolio and to efficiently manage supply-related risks.

As with many functions of management, planning is a critical step in procurement portfolio management and supply risk assessment. If planning is properly conceived and executed, it can serve as an important mechanism for allocating resources and identifying strategies to achieve better value for money. With respect to the subject matter of these guidelines, procurement planning is the process used by companies or institutions to plan purchasing activities for a specific period of time. The primary concept of procurement planning is that advance planning will result in cost savings, more efficient business operations, and greater value for money. As such, the planning process involves the analysis of a public entity's historical and planned spending, which then results in the organisation's *spending profile*.

The *analysis of the procurement portfolio* is of paramount importance for an organisation to be able to efficiently manage its procurement needs and the arising risks. By following the recommended three-step process (procurement portfolio compilation, spending analysis and risk analysis), procuring entities will gain a comprehensive picture of their identified and estimated procurement needs while avoiding the risk of drafting unrealistic budgets and having an inadequate set of skills. If executed properly, the portfolio analysis will help capture the risks related to the goods, works or services intended for procurement while also shedding light on risks related to suppliers, specific markets or the organisations themselves.

Public sector procurement procedures, practices and approaches may vary according to product types and nature, so it is of paramount importance to identify the categories to which a specific procurement project belongs. The procurement portfolio *schematic* featured in these guidelines (*page 12*) offers a comprehensive method for categorising procurement projects in proportion to their spending level and associated risks. The resulting four categories (*routine, leverage, bottleneck, strategic*) will serve as the basis of efficient portfolio management and for developing procurement strategies.

No portfolio management process is complete without *risk assessment*. In addition to providing an overview of the nature and source of risks that may arise with respect to public procurement, these guidelines also recommend using the SUPREM (Supply Risk Evaluation Matrix) tool, which is an efficient system of managing risk. Public entities are encouraged to contact the OPR to gain access to SUPREM, which will go a long way in facilitating the assessment of supply-related risks.



Section 1

Context and Background

1. CONTEXT AND BACKGROUND

1.1 Purpose of these guidelines

The purpose of these general guidelines is to provide advice and recommendations on procurement portfolio analysis, the development of a related spending profile, the management of the identified procurement portfolio, as well as risk management practices. Public entities in Trinidad and Tobago (*see list above*) wishing to engage in a procurement process, are encouraged to consult these guidelines for actionable guidance in three key areas:

- The use of procurement portfolio management as a tool for optimising the organisational procurement effort
- The process of developing a procurement related spending profile
- The process of a systematic assessment of supply-related risks and the importance of such accurate assessments in internal control procedures

1.2 Intended audience

These guidelines should primarily be used by the ‘named’ procurement officer within each public body when analysing the public body’s portfolio of procurement items. Please consult the table below for a comprehensive listing of public bodies as defined in Section 4 of the Public Procurement and Disposal of Public Property Act 2015, as amended.

LISTING OF PUBLIC BODIES

- The Office of the President
- The Parliament
- The Judiciary
- A Ministry or a department or division of a Ministry
- The Trinidad House of Assembly (THA) or a division of the THA
- A Municipal Corporation established under the Municipal Corporations Act
- A Regional Health Authority (RHA) established under the Regional Health Authorities Act
- A statutory body, responsibility for which is assigned to a Minister of Government
- A State-controlled enterprise
- A service commission established under the Constitution or other written law
- A body corporate or an incorporated entity in relation to any function which it exercises on behalf of the state, or which is established by virtue of the President’s prerogative, by a Minister of Government in his/her capacity as such or by another public authority

1.3 Legal context and alignments

These guidelines should be read in conjunction with the Public Procurement and Disposal of Public Property Act of 2015, as amended, (“the Act”), the Procurement Regulations, the General Guidelines entitled *Comprehensive Handbook on Procurement, Retention and Disposal of Public Property* as well as the *Basic Procurement Handbook: A Practical Guide*.

A procuring entity may use these guidelines as a model for developing its own special guidelines. In such instances, the public body is required to:

- Map all changes (inclusions, edits, deletions) against this model guide

- Subsequently submit a copy of its own special guidelines to the Office of Procurement Regulation (“the OPR”) for review and approval

NOTE! The OPR will grant approval for special guidelines prepared independently by public bodies in accordance with the procedures outlined in the OPR publication entitled *“Preparation of Special Guidelines and Handbooks for Approval”*

1.4 The Trinidad and Tobago Public Procurement Procedures

The Trinidad and Tobago Public Procurement Procedures are derived from the objects of the Act.

The objects of the Act are to promote

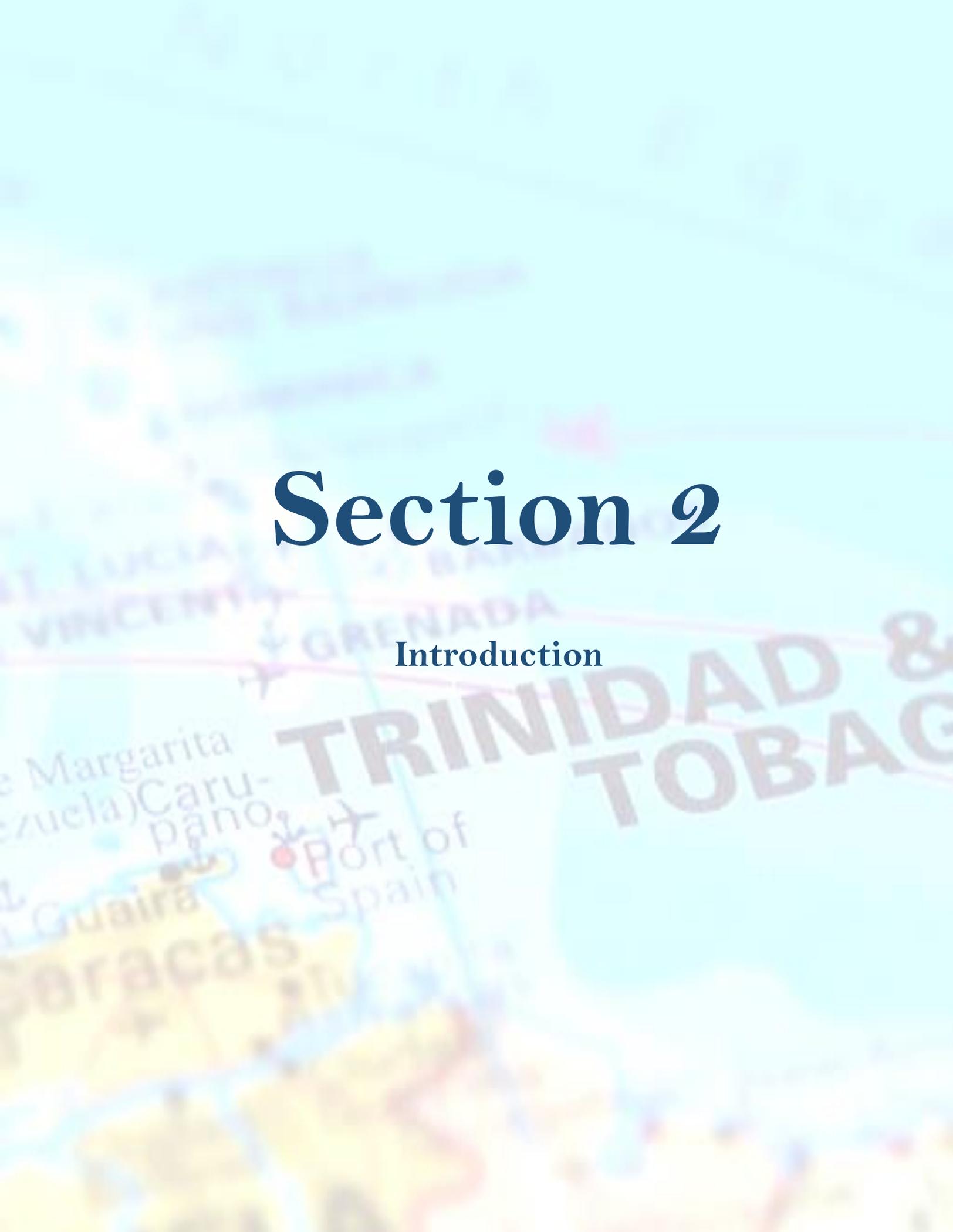
- the principles of accountability, integrity, transparency and value for money;
- efficiency, fairness, equity and public confidence; and
- local industry development, sustainable procurement and sustainable development in public procurement and the disposal of public property.

As stated in Section 5 (1)

1.5 Linkage to the Trinidad and Tobago Public Procurement Procedures

The Trinidad and Tobago Public Procurement Procedures are based on achieving the objects of the Act. The guidelines incorporate the principles of public procurement procedures to ensure general compliance with Section 5 of the Act. Accordingly, the portfolio management process, as presented by the current guidelines, is designed to support the achievement of targets and principles listed in the Act.

Due to their diverse nature, each item of procurement expenditure must be considered carefully in light of its significance to the procuring entity. Similarly, the conditions of the supply market that affect the supply of the good, work or service to be procured need to be accurately assessed.



Section 2

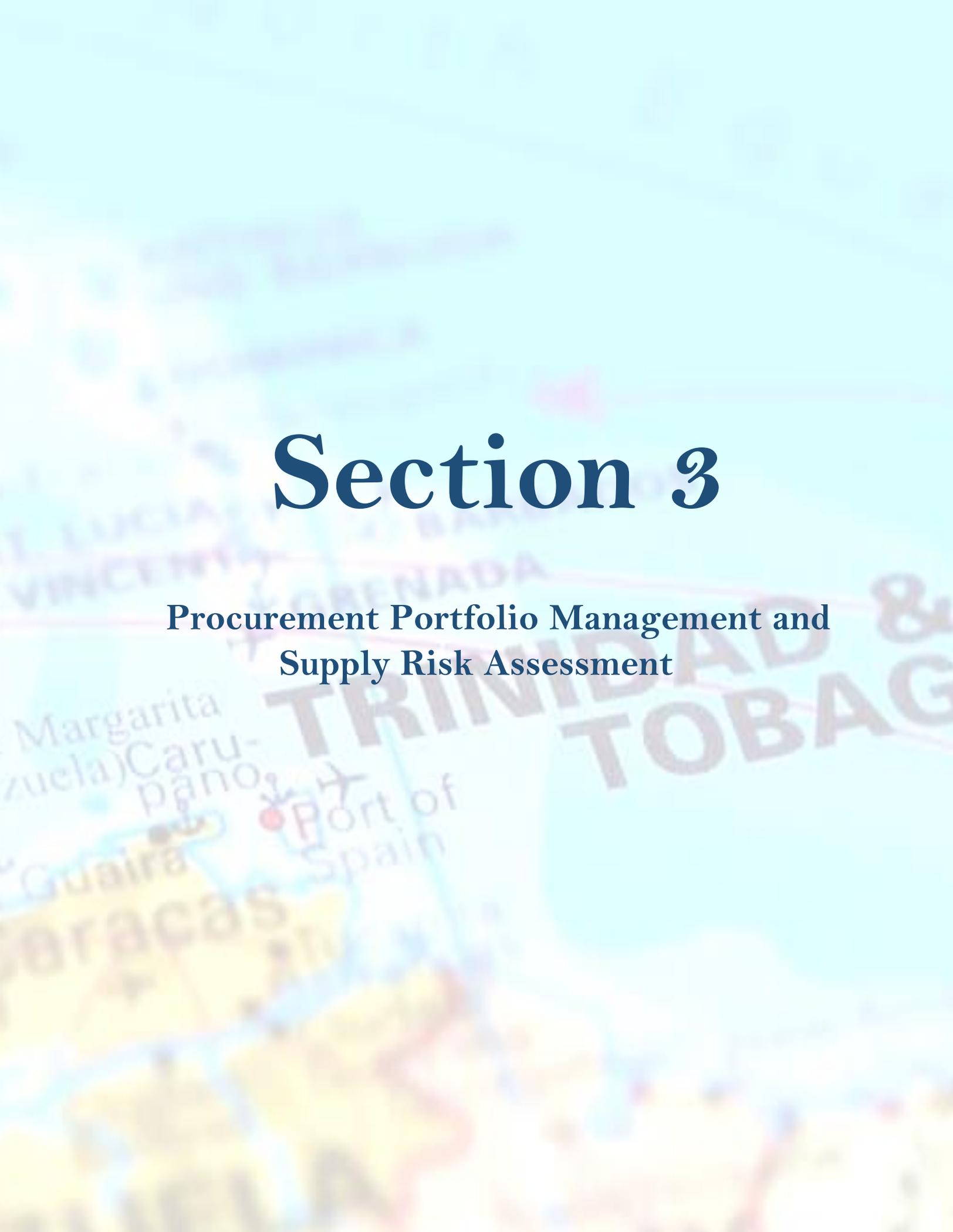
Introduction

2. INTRODUCTION

Strategic planning preceding the public procurement process is critical for the public body to achieve the objects identified in the Act. Planning at this level requires the public body to develop a comprehensive listing of its annual expenditures based on historical spending data. The resulting portfolio of expenditure items must be analysed and the necessary information then provided to the 'named' procurement officer. The procurement officer is responsible for compiling the procurement portfolio and developing the appropriate procurement and contract management strategies for the coming fiscal year, based on the information garnered from the analysis of expenditure items.

The procurement portfolio is the complete listing of items, including capital and recurrent expenditure, that the public entity procures in order to fulfil its mandate.

The final result of the analysis is captured in the ***Annual Procurement Plan***, which must be submitted to the Accounting Officer for approval. The approved plan shall subsequently be forwarded to the OPR within six (6) weeks of the approval of the National Budget, for its review. A template for developing the Annual Procurement Plan is available in the publication entitled *General Guidelines: Developing the Annual Procurement Plan*.



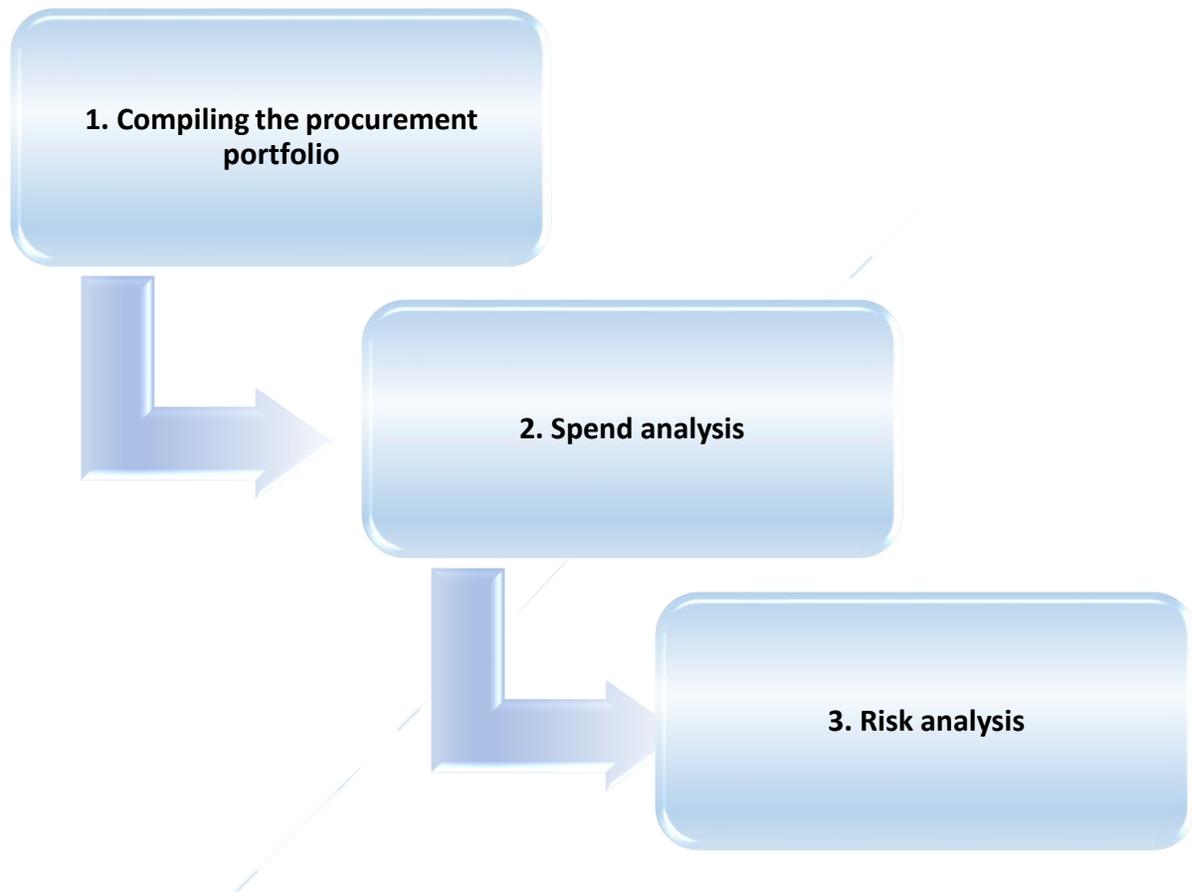
Section 3

**Procurement Portfolio Management and
Supply Risk Assessment**

3. PROCUREMENT PORTFOLIO MANAGEMENT AND SUPPLY RISK ASSESSMENT

3.1 Portfolio analysis

For public bodies to successfully manage their procurement portfolio they are encouraged first to conduct an analysis of the procurement portfolio by implementing the following three-step process:



Step 1: Compiling the procurement portfolio

The first set of information required to compile the procurement portfolio is the *estimated annual spending* for each category of goods, works and services procured by the entity.

General Guidelines – Procurement Portfolio Management and Supply

The procuring entity must compile a listing of all the goods, works and services required (this may include relevant items acquired from a previous planning period as well as the items identified in the Annual Procurement Plan drafted for the next planning period). Historical data on expenditure items and levels can be accessed in “vote books” or other financial management information systems as well as purchase orders and non-order payments to vendors excluding payments made to the procuring entity’s staff. Non-order purchases normally involve utilities where an invoice is paid without an associated order being recorded.

It may be that orders and non-order payments are already classified in the accounts according to the category of goods or services being supplied. In this case, subject to the categorisation being meaningful, all that is necessary is for the data to be extracted.

Step 2: Spending analysis

Based on the compiled procurement portfolio, the public entity must analyse its historical procurement spending and use the data to determine strategies to realise short- and long-term savings, as well as develop a baseline to measure improvements in future expenditure.

The first step is to download all relevant payables data from the public entity’s financial management information system on to a spreadsheet such as Microsoft Excel for analysis. This data should be representative of all the invoices passing through the system within the period under review. The OPR recommends using the following parameters to analyse the spending of a procuring entity:

- Number and value of transactions for each commodity or category of expenditure;
- Number of suppliers per commodity or category;
- Average purchase order value;
- Total expenditure per supplier;
- Breakdown of transactions by dollar value (viewed against expenditure thresholds, where applicable)
- Breakdown of spending by department or business unit;
- Value of spending and number of transactions per procurement officer;
- Number of procurement officers involved in a given transaction per commodity group;
- Any other parameters that may be relevant to the public body’s decision-making process.

At the end of the exercise, the procuring entity should have a comprehensive picture of the procurement procedures implemented in the period under review. Key aspects of the spending analysis include:

- ❖ The **designation** of goods, works and services procured as well as the amount spent on each item and the entire procurement portfolio during the period under review.
- ❖ A **comparison** of historic spending on each item with the planned expenditure for the next planning period;
- ❖ The **manner** in which the goods, works and services were purchased;
- ❖ The **supplier** of the goods, works and services;
- ❖ The **geographical location** of suppliers, e.g. local, regional, international.

NOTE! Entities should exercise due diligence in identifying any one-off procurement activities that may skew the entity's regular procurement activities. These items should be indicated individually and the justification for their exclusion should be documented.

Step 3: Risk analysis

At this stage of the procurement portfolio analysis it is recommended that the procuring entity conducts an assessment of the difficulty and risks associated with securing the goods, works and services identified. This involves the analysis of the following issues:

- the importance of the goods, works and services for the organisation and its operations;
- the difficulty and risk associated with securing these items;
- individual risks associated with each commodity or category of items or services to be procured (for further guidance on this issue, refer to the publication entitled *General Guidelines - Management of Risk in Procurement*) based on the following:
 - ◆ risks specific to the goods, works and services
 - ◆ risks related to the organisation
 - ◆ risks related to the supplier
 - ◆ market-related risks

NOTE! When analysing *supply-related risks*, the procuring entity needs to weigh the following key risk factors for each commodity or category of goods, works or services to be procured:

- ◆ the nature of the supply market (monopoly, extent of competition, etc.)
- ◆ the probability of supply failure
- ◆ the strategic importance of the item to the organisation
- ◆ the impact of supply failure on the organisation
- ◆ the complexity of the procurement relationship

3.2 Procurement portfolio management

As described in detail above, the process of analysing the public entity's procurement portfolio enables the entity to develop a full and comprehensive picture (**procurement profile**) of its procurement needs. It also helps identify the challenges and risks the organisation may face in acquiring the required goods and services.

Once the procurement portfolio analysis is completed, the public entity should ensure that the information and organisational processes necessary for the management of this portfolio are available and implemented. The effective management of a procurement portfolio relies on the combination of two sets of information:

- the estimated procurement value of each category of goods, works or services that the entity anticipates purchasing during the next twelve months
- the difficulty of procuring each category expressed as a relative risk rating

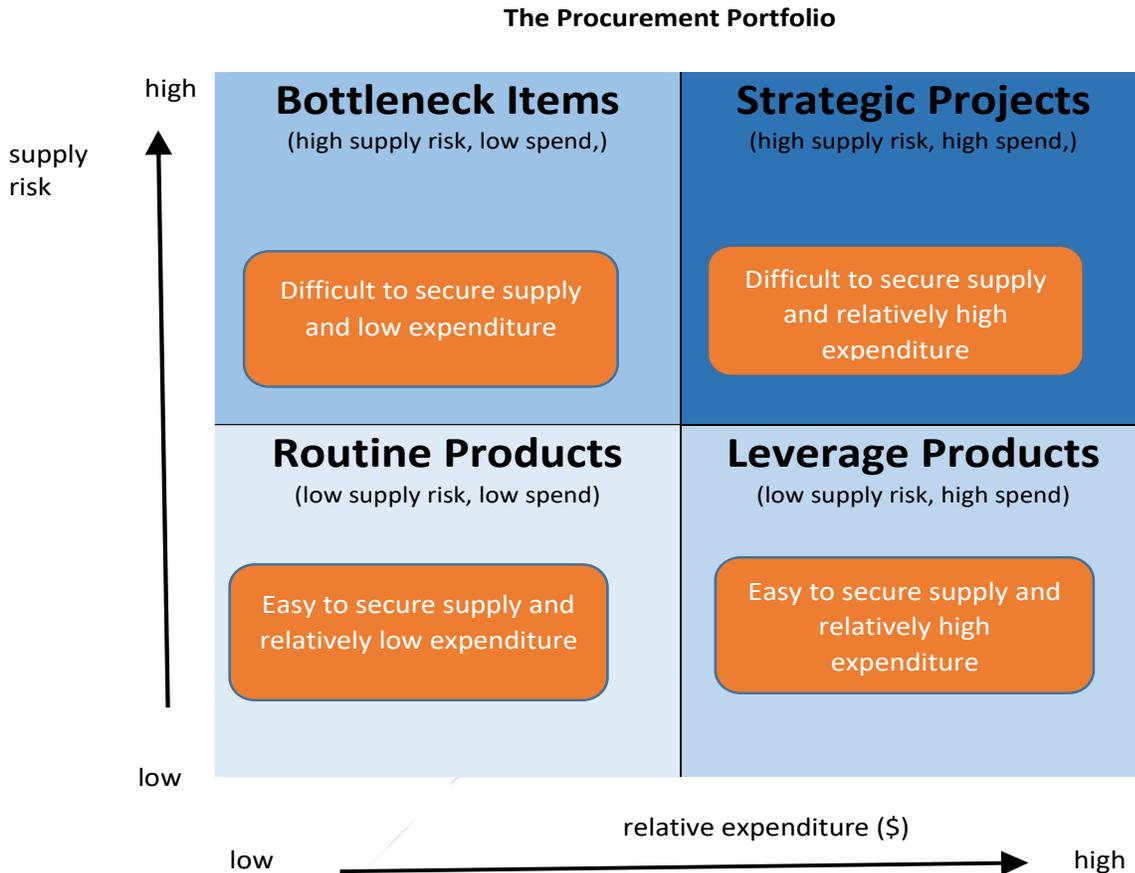
Based on the combination of these two sets of information, the procuring entity will be in a position to

- ◆ frame a **broad strategy** for the procurement of goods and services in each of the four quadrants of the portfolio (see **chart below**), and
- ◆ **identify the categories** of goods and services that are considered significant - high value and/or high risk - and therefore require greater attention and effort.

General Guidelines – Procurement Portfolio Management and Supply

Completion of the above steps will enable the entity to develop appropriate strategies for procurement actions in each of the spending categories identified in the procurement portfolio (see chart below).

The following chart provides a visual overview of the procurement portfolio¹ and identifies the four spending categories.



Source: Draft Procurement and Disposal Handbook, Reproduced from the UN Practitioner's Handbook

NOTE! To incorporate **spending data** into the procurement portfolio, spending on each category is plotted against the x-axis. The category on which the highest amount is spent is plotted at the far right and all other relatively lower spending categories are scaled to the left. The relative risk rating of each category is then plotted against the y-axis to complete the procurement portfolio.

¹ Reproduced from the UN Practitioners' Handbook

3.3 Characteristics of spending categories

The four spending categories identified in the chart above all carry specific characteristics that require different strategies on the part of the procuring entity. The OPR recommends consulting the following tables for detailed information on the typical characteristics of the four categories and the possible strategies for dealing with their procurement².

Typical characteristics of procurement portfolio categories and possible strategies:

Routine (low risk and low relative spending)	
Typical characteristics	Possible strategies
<ul style="list-style-type: none"> ➤ Usually low value and low volume items ➤ Require routine procurement processing ➤ Typically represent up to 90% of the organisation's suppliers and a very high proportion of transactions ➤ Suppliers are often small businesses ➤ Transaction costs can be higher than the value of the items themselves ➤ Generally competitive local supply markets 	<p>Minimise administrative efforts by:</p> <ul style="list-style-type: none"> ❖ Conducting the procurement as close as possible to the point of need (decentralised procurement) ❖ Encouraging local suppliers to view the organisation as a valuable client resulting in lower transaction costs ❖ Prioritising transaction efficiency with respect to ordering and the payment terms agreed with suppliers (immediate payment, direct debiting, aggregation of orders, monthly accounts, payment cards, etc.)

² Adapted from the UN Practitioners' Handbook

Leverage (low risk and high relative spending)	
Typical characteristics	Possible strategies
<ul style="list-style-type: none"> ➤ Goods and services commonly used across the entire organisation in high volumes ➤ Often includes goods with a potential for lowering inventory management, handling and storage costs ➤ Mature and competitive supply markets ➤ Markets may be served by a few suppliers with extensive distribution networks 	<p style="text-align: center;">Aim for overall cost reduction and high service levels from suppliers by:</p> <ul style="list-style-type: none"> ❖ Establishing automated supplier interfaces to minimise processing-related costs for high volume of standard goods ❖ Ensuring regular management information reports on the nature of this expenditure to maintain strategic focus ❖ Establishing long-term agreements to simplify procurement, coupled with automated paying systems ❖ Regionalising supply via the use of local suppliers that are agents for centralised arrangements ❖ Forming collaborative initiatives with other organisations to build leverage and target off-peak periods in supply markets

Bottleneck (high risk and low relative spending)	
Typical characteristics	Possible strategies
<ul style="list-style-type: none"> ➤ Highly specialised goods, services or works ➤ Procurement often involves technical experts ➤ Technical specifications can be inappropriately detailed (i.e. over specified or under specified) thus limiting the supply base ➤ Often there are only a few potential suppliers ➤ Usually low number of transactions in this category 	<p style="text-align: center;">Reduce the organisation's market vulnerability and secure ongoing supply by:</p> <ul style="list-style-type: none"> ❖ Identifying alternative sources of supply and/or substitute goods or services ❖ Holding extra stock where possible to mitigate supply risk ❖ Developing supplier capabilities and/or changing demand requirements ❖ Ensuring long-term agreements to secure supply from key suppliers ❖ Encouraging the entry of new supply participants into the market ❖ Considering local supplier development strategies ❖ Developing contingency plans to deal with potential disruptions to supply ❖ Developing performance or functional specifications to ensure a wider sourcing base ❖ Applying a mixture of technical expertise and procurement skills to manage supply

Strategic (high risk and high relative spending)	
Typical characteristics	Possible strategies
<ul style="list-style-type: none"> ➤ Goods, services or works that are critical to the organisation ➤ It is often a complex "bundle" or "package" of goods and/or associated services ➤ Requires innovative solutions and high-level expertise from suppliers ➤ Suppliers' attitude towards the organisation (whether they consider the entity a valued customer) has a high impact on the value and quality of the goods, services or works delivered ➤ The category represents very few transactions and there are often very few suppliers available ➤ Contractual costs are substantial for both the procuring organisation and the supplier 	<p>Secure value for money and reduce risk by:</p> <ul style="list-style-type: none"> ❖ Considering unbundling or alternative bundling to reduce complexity ❖ Encouraging effective supplier relationship management ❖ Correctly understanding supplier needs and agreeing to performance management criteria and interfaces ❖ Maintaining regular communication with suppliers to ensure innovation and continuous service level improvements ❖ Encouraging local suppliers to deliver long-term value rather than using other suppliers for which the business is not attractive ❖ Helping to develop suppliers' performance levels

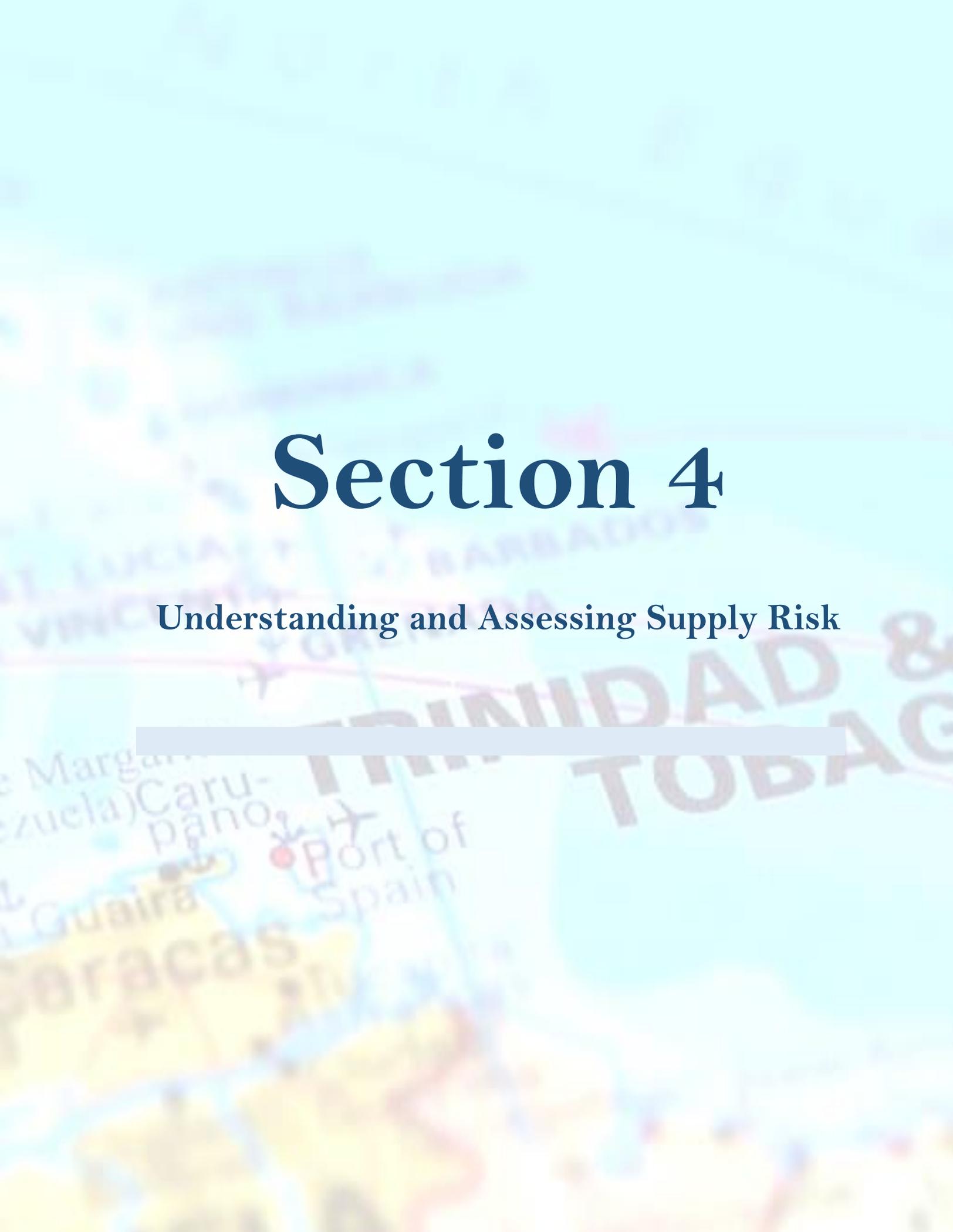
Procurement items falling into the *leverage, bottleneck and strategic* categories would be considered “significant procurements”.

IMPORTANT NOTE!

For the categorisation of goods or services in the accounts of the procuring entity to be meaningful, it must match the relevant supply market. For instance, information technology purchases may be identified as such, but as a category it is too broad to be meaningful in the context of analysing and managing the procurement portfolio. The reason for this is that conducting a risk assessment for a particular category requires the assessment, among other things, of the risks in the relevant supply market. Information technology encompasses many sub-categories and many associated supply markets and may be broken down into:

- ◆ desktop and laptop computers
- ◆ tablets
- ◆ servers
- ◆ cloud services
- ◆ desktop software
- ◆ server maintenance
- ◆ management information systems
- ◆ internet service providers, etc.

Additional information on category management is provided in the publication entitled *General Guidelines: Category Management*.



Section 4

Understanding and Assessing Supply Risk

4. UNDERSTANDING AND ASSESSING SUPPLY RISKS

The management of supply-related risks is critically important for a procurement process to be successful but also for ensuring the smooth operation of an organisation. Typically, there are three general sources of supply risk:

- external factors
- factors internal to the procuring entity
- relationship complexities involved in the procurement

Assessing supply-related risks in each category of goods and services to be procured requires

- ❖ knowledge of the relevant supply markets
- ❖ knowledge of the organisational requirements and priorities
- ❖ organisational capacity to manage supply relationships

The online tool **SUPREM** (Supply Risk Evaluation Matrix)³ was designed to facilitate the understanding and assessment of supply-related risks. In SUPREM users can enter spending related information for each category of goods and services and rate as well as calculate the overall supply risk associated with each category.

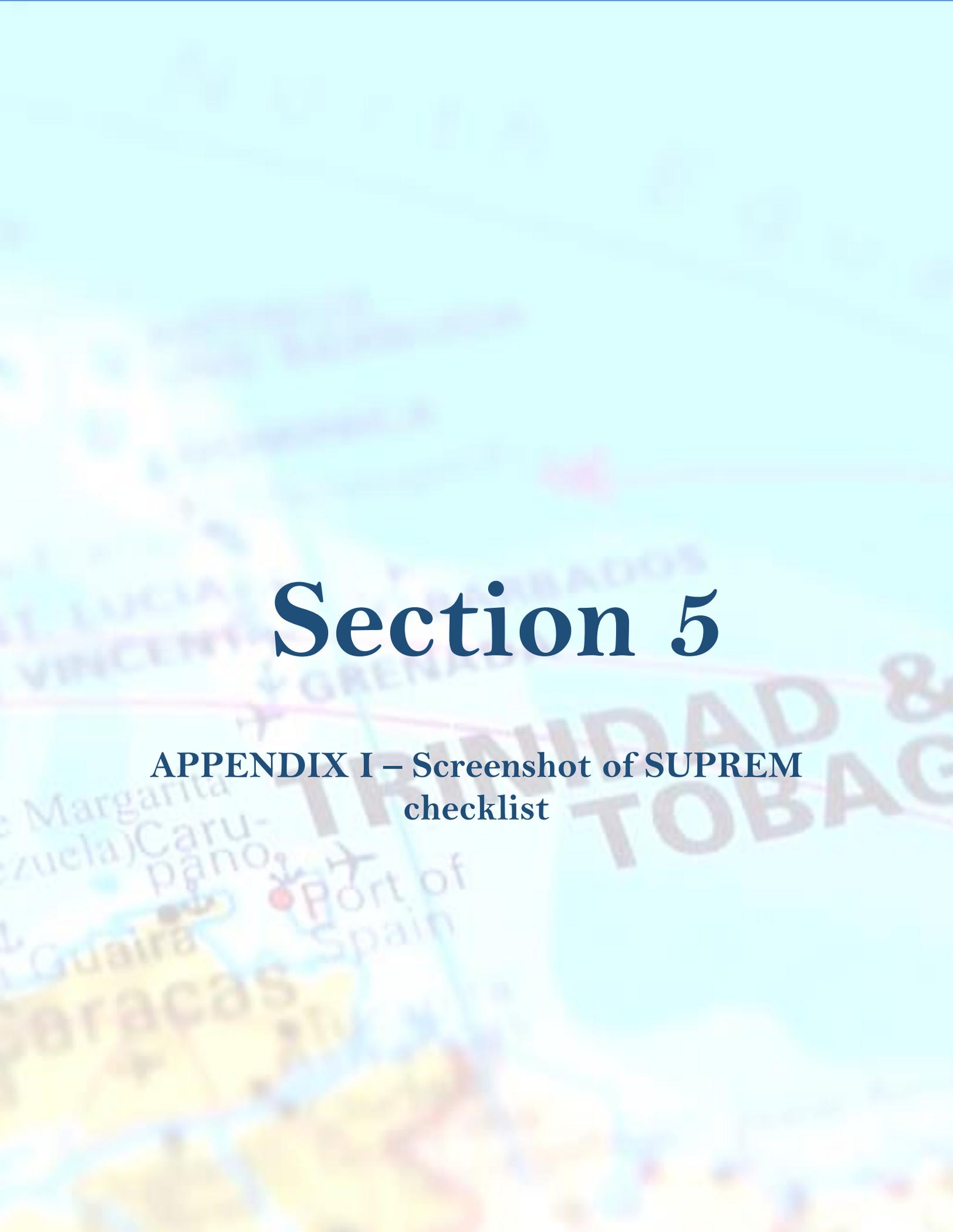
How SUPREM works

The relative risk score for each category of goods or services is calculated and the score is then plotted on the y-axis of the graph (*featured on page 12*). The higher the risk rating, the higher the category is plotted on the y-axis. This information combined with the plotting of relative spending on the x-axis produces a four-quadrant procurement portfolio that is unique to the procuring entity that supplied the data.

The risk ratings associated with each category may be refined over time based on the experience of the procuring entity. The validity of the risk and value parameters attached to each category are open to audit scrutiny.

The combination of this data is used to automate the creation of a procurement portfolio. The procurement portfolio is used as a management tool to optimise procurement objectives, strategy, organisation, systems, policies and procedures and capabilities applied to the categories in each of the four segments. It is fundamentally an organisational procurement risk management tool supporting organisational level procurement management and internal control.

³ Access to the SUPREM tool can be arranged by contacting the Office of Procurement Regulation via email at feedback@opr.org.tt



Section 5

**APPENDIX I – Screenshot of SUPREM
checklist**

5. APPENDIX I – Screenshot of SUPREM checklist

1. The nature of the supply market

In this market, there are:	
Many suppliers	Single supplier
The market has:	
Suppliers that are similar in size	One dominant supplier
The goods and services in the market are:	
Very similar	Highly differentiated
The barriers to entry for potential competitors are:	
Low	High
Information regarding suppliers in the market is:	
Easily accessible	Restricted
The market as a whole is:	
Mature and stable	Developing and supplier driven
Your organisation's value as a customer to the market is:	
High	Low

2. The probability of supply failure

The supply base for this good or service is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stable				Unstable
Alternative sources of supply are:				
Readily available	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Limited
Our relationship with the primary supplier is:				
Strong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Poor
The value of our relationship to our primary supplier is:				
High	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Low

The supply chain for the final good or service:				
Is minimal in complexity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Has several potential points of failure
Climate and weather:				
Has no effect on delivery	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Determines quantity and/or quality of deliverables
Delivery of the good or service:				
Is within scope of good or service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Relies on a third party

3. The complexity of supply relationships

This good and/or service is:				
Generic and off-the shelf	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly specialized
Purchase of these goods and/or services involves:				
No contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Multi-staged tender process
Legal requirements for contract management:				
None	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Complex with severe penalties
User specifications for these goods and/or services are:				
Simple	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Highly detailed
Performance measures required are:				
Simple	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Tight KPIs and /or SLAs
Supplier meetings and relationship management occurs:				
Seldom, if ever	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Frequently
Supplier relationship management requires:				
Very little effort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Staff dedicated to the contract

4. The impact of supply failure

General Guidelines – Evaluation of Bids and Award of Contracts

The immediate effect of supplier non-performance on operations is:			
Negligible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Stops everything
Emergency alternative sources of supply are:			
Readily available	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Non-existent
The financial impact of seeking/using alternative goods/services is:			
Negligible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> High
The time sensitivity of receipt of this good/service is:			
Low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> High
The effect on business of incomplete/partial orders is:			
Low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> High
Potential supply disruptions can be managed within the organisation:			
Easily	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Cannot manage supply disruptions
The cost of managing for supply disruptions is:			
Low	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> High

5. The strategic importance to the organisation

On a whole of organisation level, this good/service is:			
Peripheral to outcomes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Core to outcomes
When compared to other organisations of a similar nature, this good or service:			
Is a standard business input	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Provides a strategic advantage
Over the long term, our organisation:			
Can alter demand as needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Is dependent on this good/service

General Guidelines – Evaluation of Bids and Award of Contracts

Our organisation’s objective when purchasing this good/service is to:			
Get the lowest price	<input type="radio"/>	<input type="radio"/>	Develop supplier capability
The market for this good/service is:			
Independent from other inputs	<input type="radio"/>	<input type="radio"/>	Has close links to other inputs
The market for this good/service is:			
Independent of our outputs	<input type="radio"/>	<input type="radio"/>	Has close links to our outputs
After the purchase, this good/service:			
Is for immediate consumption	<input type="radio"/>	<input type="radio"/>	Has long term effects and/or is a long-term asset

6. BIBLIOGRAPHY

UN Practitioners' Handbook, downloaded January 2015
<https://www.ungm.org/Areas/Public/pph/ch02s03.html>

GLOSSARY OF TERMS

Terms	Meaning
Accountability	allows an interested party to ensure that the objectives are being achieved
Accounting Officer	a person responsible for ensuring that the financial business of the State for which he/she is responsible is properly conducted and that public funds entrusted to his/her care are properly safeguarded
Act	the Public Procurement and Disposal of Public Property Act of 2015, as amended
Agreement	a negotiated and typically legally binding arrangement between parties as to a course of action
Annual Procurement Performance Report	a monitoring mechanism performed on contract delivery progress and close-out
Annual Procurement Plan	the requisite document that the procuring entity must prepare to reflect the necessary information on the entire procurement activities for goods and services and infrastructure that it plans to undertake within the financial fiscal year
As-built	as-built drawing is a revised set of drawings submitted by a contractor upon completion of a construction project. As-built drawings show the dimensions, geometry and location of all components of the project
Asset Management	the process of ensuring that tangible and intangible assets are maintained, accounted for and put to their highest and best use
Buyer	a person that is responsible for identifying and procuring the goods and services that an organization requires
Codified	the arrangement of laws or rules into a systematic code

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Commissioning	project commissioning is the process of assuring that all systems and components of a building or industrial plant are designed, installed, tested, operated and maintained according to the operational requirements of the owner or final client
Competitive Dialogue	a procedure where an organisation is able to conduct dialogue with suppliers/contractors with the goal of developing suitable alternative solutions
Confidentiality	the state of keeping or being kept secret or private
Contract Award	the process of officially notifying a bidder that they have been selected as the preferred provider for a specific contract
Contract Management	the process of ensuring that all parties to the contract fully meet their respective obligations as efficiently as possible, delivering the business and operational outputs required from the contract and providing value for money
Contract Price	the price for the goods or services to be received in the contract. The contract price helps to determine whether a contract may exist
Control Activities	actions established through policies, procedures, guidelines and directives
Control Environment	set of standards, processes and structures
Defects Liability Period	a set period of time after a construction project has been completed during which a contractor has the right to return to the site to remedy defects
Direct Contracting	refers to the option of a procuring entity to purchase directly from one, or where feasible, more than one supplier or contractor without competition where circumstances dictate
Director of Public Prosecutions	the office or official charged with the prosecution of criminal offences

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Disposal of Public Property	includes the transfer without value, sale, lease, concession, or other alienation of property that is owned by a public body
Efficiency	achieving procurement objectives within reasonable time and cost
Emergency Procurement	to consider an urgent and unexpected requirement where the conservation of public resources is at risk. Where an emergency exists, the procuring entity may pursue procurement contracts without complying with formal competitive bidding requirements
E-purchasing	electronic purchasing (e-purchasing) automates and extends manual buying and selling processes from the creation of the requisition to the payment of the suppliers. The term e-purchasing encompasses back-office ordering systems, e-marketplaces and supplier websites
Equity	all suppliers/contractors have a fair chance of winning the contract
Evaluation	the opening and assessing of bids to identify the preferred provider for the project
Expression of Interest	a serious interest from a buyer that their company would be interested to pay a certain valuation and acquire the seller's company through a formal offer
Fairness	an even playing field where all suppliers/contractors are treated equally
Fixed price	the price of a good or a service is not subject to bargaining. The term commonly indicates that an external agent, such as a merchant or the government, has set a price level, which may not be changed for individual sales
Framework Agreement	an agreement or other arrangement between one or more procuring entities and one or more contractors or suppliers, which establishes the terms, in particular the terms as to price and - where appropriate - quantity, under which the contractor or supplier will enter into one or more contracts with the procuring entity during the period in which the framework agreement or arrangement applies
Goods	items purchased

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Ineligibility List	the removal of a supplier/contractor from the procurement database
Integrity	avoiding corruption and conflicts of interest
Internal Control Framework	a process effected by the public body's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance
Invitation to Bid	a request from the procuring entity inviting providers to submit a proposal on a project for specific goods, works or services
Junior Procurement Officer	a person whose job involves buying low-value, low-risk goods, works and services
Legally Binding	common legal phrase indicating that an agreement has been consciously made and certain actions are now either required or prohibited
Letter of Acceptance	a formal indication of a successful offer for the project
Limited Bidding	a process that enables the procuring entity to engage a limited number of suppliers or contractors
Local Industry Development	activities that serve to enhance local capacity and competitiveness by involvement and participation of local persons, firms and capital market as well as knowledge transfer during the conduct of the programme of goods, works or services that are being procured
Long-Term Contract	a contract of more than five years in duration. A long-term contract is a contract to perform work over an extended period of time
Market Analysis	a process designed to understand how the supply market works, the direction in which the market is going, the competitiveness and the key suppliers within a specific market
Mean Time Between Failures (MTBF)	the predicted elapsed time between inherent failures of a system, during normal system

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Mean Time to Repair (MTTR)	a basic measure of the maintainability of repairable item. It represents the average time required to repair a failed component or device
Mobilisation	refers to the activities carried out after the client has appointed the trade contractors, but before the trade contractors commence work on site. It is a preparatory stage during which the majority of activities are managed by the construction manager
Named Procurement Officer	a person in charge of an organisation’s procurement department and overseeing the acquisitions of goods, works and services made by the organisation
Non-Governmental Organization	any non-state, non-profit, voluntary organisation
Open Bidding	an invitation to bid that is advertised either nationally, regionally or internationally
Parliament	the arm of the State entrusted with the responsibility of making laws for good governance and providing oversight of the Government or Executive
Payment terms	the conditions under which a vendor completes a sale. The payment terms cover when payment is expected, any conditions on that payment, any discounts the buyer will receive
Performance Bond	also known as a contract bond, is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor. The term is also used to denote a collateral deposit of good faith money, intended to secure a futures contract, commonly known as margin
Procurement	the acquisition of goods, works and services
Procurement and Disposal Advisory Committee	a body set up to ensure that procurement activities, including the disposal of public property, are conducted in line with accepted professional purchasing practices and appropriate rules and regulations
Procurement Portfolio	The full listing of the items that comprise the public body’s annual procurement expenditure. This includes both capital (and/or projects) and recurrent expenditure items of goods, works and services.

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Procurement Proceedings	in relation to public procurement, 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
Procuring Entity	a public body engaged in procurement proceedings
Public Body	ministries to the Tobago House of Assembly (THA), municipal corporations, regional health authorities, statutory bodies, service commissions, Parliament, state-owned enterprises, non-governmental organisations, the judiciary and the Office of the President
Public Confidence	trust bestowed by citizens based on expectations
Public Money	money that is received or receivable by a public body
Public Private Partnership Arrangement	an arrangement between a public body and a private party under which the private party undertakes to perform a public function or provide a service on behalf of the public body
Public Procurement Review Board	a board set up to review decisions made by The Office of Procurement Regulation
Request for Information	formal request designed to obtain general information about goods, services or providers. It is often used prior to specific requisitions for items
Request for Proposals	formal request prepared by the Procuring Entity for the selection of Consultants
Request for Quotation	formal request inviting suppliers to a bidding process to bid on specific products or services
Retention (public property)	the continued possession, use or control of goods.
Retention (works)	a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Risk	the potential for failure of a procurement process to purchase services, products or resources
Risk Assessment	a dynamic and iterative process of identifying, analysing and assessing supply risk. The result of the analysis is used as an input into the development of the procurement and contract management strategies
Scope of Works	the detailed communication of requirements for civil or building design and/or construction works
Senior Procurement Officer	a person whose job involves buying high value, high risk goods, works and services
Service Level Agreements (SLA)	a commitment between a service provider and a client. Particular aspects of the service – quality, availability, responsibilities – are agreed between the service provider and the service user
Services	the work to be performed by the Consultant/Contractor pursuant to the Contract
Short-term contract	a temporary contract. Similar to fixed-term, temporary contracts are offered when a contract is not expected to become permanent
Socio-Economic Policies	environmental, social, economic and other policies of Trinidad and Tobago authorised or required by the Regulations or other provisions of the laws of Trinidad and Tobago to be taken into account by a procuring entity in procurement proceedings
Solicitation	seeking information from supply market participants, including in the case of pre-qualifications. A solicitation usually involves seeking bids to supply goods, services or works
Specifications	a clear, complete and accurate statement of the description and technical requirements of a material/item/service
Spend analysis	review and consideration applied to the public body’s expenditure portfolio that results in the development of its spend profile

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Spend profile	the picture that emerges on completion of the analysis of the public body's procurement portfolio. This will include, among other things, spend categories and their monthly and annual amounts, suppliers and contractors and related contract values, number of contracts and purchase orders issued during the period of analysis, the relative value and supply risk of items or category of items.
Stand-Still Period	the period from the dispatch of a notice as required by the Act, during which a procuring entity cannot accept the successful submission and suppliers or consultants can challenge the decision so notified
State-Owned Enterprise	a business enterprise where the government or state has significant control through full, majority, or significant minority ownership
Supplier Performance Management	a business practice that is used to measure, analyse and manage the supplier's performance to cut costs, alleviate risks and drive continuous improvement
Supplier Registration	the first step in the process of building and enhancing a global supplier community. The information provided about a company will be used to source potential opportunities
Supplier Relationship Management	the systematic approach of assessing suppliers' contributions and influence on success, determining tactics to maximise suppliers' performance and developing the strategic approach for executing on these determinations
Sustainable Development	developmental projects that meet the needs of the present without compromising the ability of future generations to meet their own needs
Sustainable Procurement	a process whereby public bodies meet their needs for goods, works or services in a way that achieves value for money on a long-term basis in terms of generating benefits not only to the public body, but also to the economy and wider society, whilst minimising damage to the environment
Terms of Reference	set of terms that explains the objectives, scope of work, activities and tasks to be performed, respective responsibilities of the Procuring Entity and the Consultant, and expected results and deliverables of the assignment
The Office of Procurement Regulation	a body corporate established pursuant to the Public Procurement and Disposal of Public Property Act of 2015

General Guidelines – Evaluation of Bids and Award of Contracts

Terms	Meaning
Transparency	appropriate information placed in the public domain
Treaty	a formally concluded and ratified agreement between countries
Two-Stage Bidding	a procurement method where submission of proposals takes place in two (2) stages, with the technical and financial proposals being submitted separately
Value analysis	can be used to optimise reliability, availability and maintainability requirements during requirement analysis and equipment design. Consideration can be given to possible upgrades and avenues for upgrading equipment and software. It can define what additional or enhanced capability is, or may be, required. The timeframe for implementing the upgrade and information required to evaluate the bids received may be included in the request for bids
Value for Money	the value derived from the optimal balance of outcomes and input costs on the basis of the total cost of supply, maintenance and sustainable use
Warranty Claims	a Customer’s claim for repair or replacement of, or compensation for non-performance or under-performance of an item as provided for in its warranty document
Works	construction and engineering works of all kinds