**Procurement plan template**

**$100,000 and above**

Agency instructions

* This template is intended for procurements valued from NZ$100,000 upwards.
* Your agency may customise this template to reflect its practice and requirements – especially the approvals section.
* When customising, consider including user instructions like the example given below. Note that the yellow highlighted areas specify where to customise.
* Example of user instructions
* This template is intended for any procurement valued from NZ$100,000 upwards.
* A procurement plan describes the process used to approach the market, evaluate bids and identify the recommended supplier. This template is designed to be used in conjunction with a business case. Where there is no prior business case you should consider using the combined business case / procurement plan template instead.
* This template is intended for any procurement valued from NZ$100,000 upwards. For procurement less than this, use the *Procurement plan lite template*.
* This template covers the common elements usually included in a procurement. However, you will need to tailor it to your needs. Keep it simple – the level of analysis and detail you include should be proportionate to the nature, scope, value, complexity and risk of the procurement.
* A procurement plan [choose: should / must] be completed and approved before initiating your tender process (e.g. advertising on GETS). You will need approvals from:
* procurement manager confirming the plan meets your agency’s requirements
* project sponsor giving authority to proceed to market
* delegated financial authority holder giving authority to spend.
* You may need approvals from:
* subject-matter expert for the proposed evaluation criteria
* legal advisor for the proposed contract.
* Parts of the document contain suggested solutions (e.g. estimated whole-of-life costs, indicative timeline and evaluation criteria). These are only examples. You should amend or substitute appropriate models to suit your procurement. Alternative models can be found in MBIE’s *Mastering procurement guide.* For more information on procurement, visit www.procurement .govt.nz => For agencies.
* If you would like assistance in preparing your plan, or a constructive peer review of your draft, please contact [enter contact details for the procurement team].

[Insert agency logo]

[Name of agency]

Procurement plan

[Name of procurement project]

| Document development control | |
| --- | --- |
| Prepared by: |  |
| Position / title: |  |
| Business unit: | [Insert: business division or group] |
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**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:** |  | |
| **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 |  |
| **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 |  |
| 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 | ✓ | ✓ | ✓ | |
| 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 intent 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*.*

Diagram of Risk anaylsis framework showing 'likelihood of risk happening' ('rare' to 'almost certain') against 'consequence if the risk happens' ('negligible' to 'extreme'.  

*Diagram: Risk analysis framework*