

Review criteria for Significant Procurement Plans

To help agencies get the best outcome from their procurement, we can peer review any document that sets out:

- what you want to procure
- how you intend to approach the market and why
- how you'll evaluate bids
- how you intend to contract.

This could be a business case, a procurement plan or similar.

There are specific instances where your agency may need help from our Advisory and Business Services team to review a business case or procurement plan:

- if the investment is at a level that needs Cabinet approval through the Treasury's Better Business Case process
- if MBIE requests an agency to submit their 'significant procurement plan' for review, or
- where an agency requests a review.

In all cases, our reviews help with:

- improving procurement planning practice and the quality of decision-making
- achieving the best value-for-money over the whole-of-life
- identifying opportunities to collaborate with other agencies to achieve cost savings and other benefits.

And in all cases, we don't:

- approve or sign off your procurement planning document
- audit your procurement process.

We use the criteria below as a guideline when peer reviewing Significant Procurement Plans.

Review Criteria	Guidance
<p>1. Procurement Objective:</p> <ul style="list-style-type: none">• Key procurement objective• Outcomes/Planned benefits to be achieved• Strategic alignment with agency's objectives/ goals• Public value, and a five-year outlook	<p><i>What is the procurement attempting to achieve or overcome?</i></p> <p><i>What is the problem statement or case for change?</i></p> <p><i>Does documentation demonstrate consideration for agency goals, government priorities, and a longer-term view?</i></p>

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<ul style="list-style-type: none"> • Alignment with Government Policy Objectives • Includes Economic Benefits • Funding is in place for the contract • 	<p><i>Are Economic Benefits incorporated into the procurement and do they meet Rule 8 requirements?</i></p> <p><i>Are Economic Benefits proportionate to the size, risk, complexity and value of the procurement?</i></p> <p><i>Where the procurement is for construction have the Construction Procurement Guidelines been followed including the requirement to use woollen fibres in Government Buildings?</i></p>
<p>2. Scope statement: Clear in-scope and out-of-scope statements</p>	<p><i>Are in-scope and out-of-scope statements clearly defined to avoid unapproved incremental expansion of agreed scope</i></p>
<p>3. Supply market analysis and engagement:</p> <ul style="list-style-type: none"> • Supply market status • Impact the procurement will have on the market • Number of suppliers, market share, size of and competition between suppliers • Opportunities for, and NZ businesses participation in, the supply market • Quality of the supply chain • Employment standards and health and safety practices of supply chain • Agency's value as a customer to the supplier 	<p><i>Domestic / international supply market?</i></p> <p><i>What direction is the market is headed (supply market trends, growth/decline/churn)?</i></p> <p><i>Size of market and sub-market, and capability and capacity to supply</i></p> <p><i>Solution maturity</i></p> <p><i>Degree of investment hurdle for suppliers</i></p> <p><i>Substitute or alternative goods / services / solutions</i></p> <p><i>What is the medium to long-term impact on the market and the NZ economy generally considering the nature of the procurement and potential outcomes? For example, will the initiative grow the NZ market for small-to-medium enterprises (SMEs), or shrink future supply options?</i></p> <p><i>Will the proposed procurement approach impact the market?</i></p> <p><i>Has there been any communication with the relevant industry sector/bodies where practical to identify current practices/thinking in delivery of services?</i></p>

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	<p><i>How well can the supply chain deliver solutions (on premise, hosted, private/public cloud service; degree of customisation / redevelopment required; various service delivery models available (agency service provider, technology outsourcing, Business Process Outsourcing etc.)</i></p> <p><i>Panel opportunities to widen market capacity or to develop market capability</i></p> <p><i>Supplier Preferencing Matrix</i></p> <p><i>What engagement has there been with other agencies for possible collaboration or lessons learned?</i></p>
<ul style="list-style-type: none"> • 4. Risk identification, analysis and management: • Has risk been assessed (technically, commercially, legally, financially and politically)? • Risk analysis conducted to identify mitigation and/or minimising actions to reduce risk • Are there any risks identified with implementation of the Economic Benefits initiatives? 	<p><i>Have the impacts of the risks on the procurement process, and its outcomes been adequately assessed?</i></p> <p><i>What is the likelihood of the risks occurring? Do these change the approach? Do risks differ for procurement process vs implementation vs contract management? Impact on supply market?</i></p> <p><i>If ICT, consider also Cloud Information Security and Privacy requirements, and ICT System Assurance</i></p>

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<ul style="list-style-type: none"> 5. Demand analysis: Current and forecasted spend on procurement Has spend increased or reduced over the duration of the contract? Cost breakdown (e.g. implementation, purchase, holding, maintenance, delivery and disposal) Key cost drivers Supply positioning matrix Future direction regarding demand 	<p><i>Spend breakdown - By category; by supplier; by agency; spend behaviour (e.g. BAU, one-off lump sum, project-based etc.)</i></p> <p><i>Cost breakdown - consider also implementation, upgrade and licensing costs etc. over whole of life</i></p> <p><i>What drives cost into the supply chain (for example, unique IP (limited supply), distribution, length of supply chain etc) and how does the procurement strategy address this? Consider aspects such as implementation, purchase, storage, delivery, disposal, and transition.</i></p> <p><i>What is the procurement position when considering the risk and total dollar value?</i></p> <p><i>Do the Spend and Cost analyses support the procurement approach?</i></p>
<ul style="list-style-type: none"> 6. Stakeholder engagement: Stakeholder identification Communication plan with stakeholders (for example, using the RASCI model) Governance 	<p><i>Identify other key stakeholders – for procurement process, implementation, and end users. Use of stakeholder power and influence matrix</i></p> <p><i>Ensure supply market has access to GETS</i></p> <p><i>Ensure communications suit the target audience (especially SMEs, if relevant); consider “customer” stakeholders as well as immediate project stakeholders</i></p>
7. Supply strategy/solution: <ul style="list-style-type: none"> Proposed or preferred supply solution (e.g. single national provider, multi-supplier by region, supply panel, etc.) Justification for the supply strategy/solution 	<p><i>Is there a clear indication of a preferred or intended supply strategy or solution for this procurement?</i></p> <p><i>How does the supply strategy/solution support the procurement objectives and leverage the supply market and/or demand?</i></p> <p><i>Have service delivery models been considered to include Economic Benefits where feasible?</i></p>

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<p>9. Sourcing approach:</p> <ul style="list-style-type: none"> • Sourcing approach needed to engage the market (e.g. pre-tender market briefings, one-step RFx) • Justification for this approach • Timeframes are practical for suppliers to respond and meets the rules 	<p><i>Is the sourcing approach tailored to the risk, size and nature of the procurement?</i></p> <p><i>An indicative procurement timeline for each stage of the procurement lifecycle is stated.</i></p> <p><i>Timeframes indicated meet the Government Procurement Rule 16 Sufficient time requirements, and will allow for meaningful responses from the market</i></p> <p><i>Where purchasing Cloud Services does it meet the Guidance for Sourcing Cloud Services?</i></p>
<ul style="list-style-type: none"> • 9. Evaluation criteria: • Evaluation methodology to be used • Pre-conditions • Quantitative and qualitative criteria used (technical competence) and relative importance of each criteria is identified • Evaluation team identified, including job title and role in the evaluation (relevancy) 	<p><i>Is the evaluation approach suitable for this procurement?</i></p> <p><i>Evaluation criteria are relevant to the objectives being sought, and weightings reflect the relative importance of requirements being sought</i></p> <p><i>Do pre-conditions meet the Rule 14 Pre-conditions and Rule 4 Non-discrimination and offsets requirements? Are they able to be evaluated as yes / no, meets / does not meet?</i></p> <p><i>Are Economic Benefits reflected in the evaluation criteria with a minimum of 10% weighting?</i></p> <p><i>Are the proposed due diligence activities outlined?</i></p>

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<p>10. Contractual Arrangements:</p> <ul style="list-style-type: none"> Termination and Transition provisions Intended type of contractual arrangement to be put in place with the new supplier On-going contract, relationship and operational management with the new supplier has been considered Relevant funding and other approvals 	<p><i>Is there consideration for how the agency will transition out of any existing contract (which may include collaborative agreements), and into the proposed contract?</i></p> <p><i>Is there consideration for termination arrangements including upskilling/training, change management of stakeholders, testing requirements etc.?</i></p> <p><i>Is there any impact of early termination?</i></p> <p><i>Will a Buyer's Guide or similar communications or training be required and/or put in place for users?</i></p> <p><i>What communications will be made to exiting suppliers, new suppliers, and new users/stakeholders?</i></p> <p><i>Outline the intended contract structure – term, secondary procurement processes if a panel, termination aspects, high level KPIs, legislative, regulatory or standards requirements including health & safety etc.</i></p> <p><i>Describe the proposed Governance structure</i></p> <p><i>Consider additional aspects if relevant such as volume tier pricing, whether the contract could be applicable to other agencies and therefore a collaborative procurement might be a possibility</i></p> <p><i>If ICT, has consideration been given to the requirements of the ICT System Assurance Framework and alignment with the ICT Strategy and Action Plan?</i></p> <p><i>Does the proposed contract reflect Economic Benefit requirements? Are appropriate measures included to monitor Economic Benefits throughout the life of the contract including reporting commitments? Does the contract account for reporting to NZGP on Economic Benefits?</i></p>

Contact

For peer reviews on Significant Procurement Plans and related queries, contact us at procurementplanning@mbie.govt.nz