

MINISTRY OF FINANCE

**GUIDE TO PREPARING ANNUAL
PROCUREMENT PLAN**



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Ministry of Finance
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1.0 Background

- 1.1 Ministry of Finance is the central agency for the Fijian Government that manages the Finance for the Government. Fiji Procurement office is a division of the Ministry of Finance that regulates and administers the whole of government procurement.
- 1.2 The procurement of goods, services and works is governed by the Procurement Regulations 2010. Under Regulation 26. It's a requirement that an Annual Procurement Plan is prepared by the Permanent Secretaries of a budget sector agency
- 1.3 The aim is to give individual PSs more capacity to achieve the policy outcomes required by each agency and government overall.

2.0 Purpose and Scope

- 2.1 This policy must be read in line with the relevant provisions of the Fiji Procurement Regulations 2010 issued by the Minister for Finance.
- 2.2 These guidelines serve as a procedural guide to the process of preparing, updating and maintaining APPs within government agencies.
- 2.3 These guidelines also include advice on how agencies can:
 - determine which procurements and details to include in the APP to ensure a consistent approach across whole of government;
 - describe the details of planned procurement to ensure the listing is properly understood and easy to use;
 - use appropriate disclaimers and/or additional information to alert readers to the purpose of the APP and how timing of planned procurements may change over time; and
 - update their APPs and present changes in a suitable format.
- 2.4 A template is included to assist agencies with the preparation of APPs.

3.0 Definition

- 3.1 An Annual Procurement Plan (APP) is a document that lists and summarizes the purchasing estimated for the next (12) months.
- 3.2 The purpose of the APP is to give advance notice of the expected nature and timing of procurements and to enable cost effective whole of government procurement.

4.0 Annual Procurement Plan - Objectives and Components

4.1 Objectives

4.1.1 A good APP should:

- provide potential users, which include suppliers, FPO, Government Tender Board with useful information about the agency and the environment in which it conducts procurement;
- provide early information about the agency's intended procurements for the period covered by the APP;
- facilitate good procurement planning within the agency; and

- enable the FPO and/or other agencies to recognize those procurements that can be combined and how much do those procurements interrelate.

5.0 Key Components of an APP

5.1 In order to give the users a clear indication of the procurements, an APP will comprise two (2) key components:

- i. an overview of the agency and its planned procurements – in the form of a Strategic Procurement Outlook Statement; and
- ii. a detailed listing of planned and key procurements including the subject matter of each procurement and the estimated date the goods, services or works are required.

6.0 Annual Procurement Plan – Planning and Maintenance Procedures

6.1 It is highly encouraged that the agencies have wide discussion with all respective individuals so that the APP has a maximum procurement list. This will give if not 100% but a close accuracy to the procurement request overall.

6.2 The APP procedures will reflect the nature of the agency and its procurement needs and could include processes for:

- providing input to the APP;
- ensuring all procurements are included in the APP;
- drafting the APP;
- approval of the APP;
- issuing the APP to the Fiji Procurement Office; and
- reviewing and updating the APP.

7.0 Appointing an APP Coordinator

7.1 Agencies must appoint an APP Coordinator. The APP Coordinator must be a senior official of the agency, either at Deputy Secretary or Director Level either Director Corporate Services or Director Admin/Finance or even the Accounting Heads of the agency. The Coordinator is responsible for collecting information, drafting the APP, submitting the APP for review and approval, and managing reviews, updates and procurement throughout the year.

8.0 Sourcing and Recording APP Information

8.1 The individual *Activity* level will forward the procurement details to the respective *Programme* that will then forward the information to the *Head*. This is where the overall consolidation of the information will happen. The final consolidated report will be called the APP for that particular Ministry. Please refer to Image 1 in the appendix for an example of how Ministry of Finance as a head will work on getting a reliable Annual Procurement Plan.

8.2 Also the range of sources and the information each source can provide will depend on the nature of the agency and its procurement operations and could include:

- i. line managers;
- ii. corporate services managers (including facilities management and human resources);
- iii. accounting heads or accounting personnel;
- iv. a contracts register (to identify contracts due to expire);
- v. planning and reporting documents such as budget statements and annual reports; and

vi. Supplier product/service information including technical specifications.

8.3 It is encouraged that all the information passed on to the head or the agency should be well kept. These records can assist with:

- i. obtaining clarification or additional information;
- ii. Justification of the required purchases
- iii. updating the APP; and
- iv. Preparation of APPs in future years.

9.0 Strategic Procurement Outlook Statement

9.1 All agencies are required to provide a brief Strategic Procurement Outlook Statement.

9.2 A Strategic Procurement Outlook Statement should:

- describe the agency's responsibilities and business activities, locations and staff numbers
- summarise the major areas of the business where procurement activity is expected
- describe the manner in which the agency undertakes procurement activities. This could include, for example:
 - an overview of provisions for simple procurement undertaken within the agency;
 - an overview of the processes for engagement with FPO and the Government Tenders Board for purchases over \$30,000; and
 - the types of contracts used and how these are managed.

9.3 Where the agency has significant procurement requirements or needs from a whole of government perspective, the Strategic Procurement Outlook Statement should also:

- provide guidance on the frequency and approach to identifying changes in the APP, as the financial year progresses
- indicate how changes to the planned procurement listing will be reported – addressing new, tendered, deferred and deleted procurement.

9.4 Box 1 provides a good practice example of what a Strategic Procurement Outlook Statement would look like.

Box 1

Good Practice Example: Strategic Procurement Outlook Statement

Health Agency A is a health agency delivering specialized services within the health sector. It has a network of 10 offices across Fiji. The agency has no major procurement initiatives planned for 2009/2010. Minor supply opportunities may arise in the areas of corporate support and staff development.

10.0 Details of Planned Procurement

10.1 What should be listed?

The APP is intended to provide early information for the agency and FPO of procurement needs and must include:

- (i) all procurement of goods, services or works required to be carried out during the budget year;
 - (ii) the proposed methods of procurement; i.e. Quotes, tenders, indents etc
 - (iii) the estimated quantity, budget and timing of each purchase or group of purchases.
- 10.2 The APP should identify all major projects, common items that can be contracted on a whole of government basis and all smaller items specifically required by the agency. They should include a combination of the following:
- major contracts required during the coming financial year;
 - major contracts due to expire in the coming financial year;
 - items that have been or could be sourced through whole of government procurement contract arrangements managed by FPO.
- 10.3 Agencies should also consider the following factors when deciding which procurements to publish in the APP:
- The level of meaningful information that can be made available about each procurement such as general or detailed requirements and/or specifications;
 - The likelihood of the procurement actually occurring in the budget period, e.g. 70% likelihood.
- 10.4 Whether it is a recurrent or operating expenditure, or capital expenditure it should be well reported.

11.0 Making the Listing Easy to Use

- 11.1 Where an agency has a number of significant procurements planned for the coming year, it is good practice to present the planned procurements in groupings under appropriate headings. Procurements can be grouped in various ways:
- a. by functional categories, for example:
 - I. Information technology services;
 - II. Labor hire (contractors) services;
 - III. Market research;
 - IV. Property services;
 - V. Training services; and
 - VI. Corporate services.
 - b. by location; or
 - a. (Individual Mines and Exploration sites) – OHS Services
 - b. (Individual agricultural developments sites) – Vuda Pig Farm , Tailevu dairy farmers
 - c. by volume or value.

12.0 Importance of Arranging in date order:

- 12.1 Agencies must provide advance notice to the market of the likely procurement requirements for the next 12 months with the details of planned procurements in ***date order***. This allows procurements that will arise in the short term to be readily identified. Where procurements are grouped, the listings within each group can be placed in order of the estimated time of the approach to the market.

12.2 Disclaimer

- 12.2.1 It is good practice to include a disclaimer at the end of any published procurement listing of upcoming procurement requirements to alert readers to the primary purpose of the planned procurements and to advise that the timing of procurements could change over time or may not eventuate at all (See Box 2 for a good practice example of a disclaimer).

Box 2

Good Practice Example: A Disclaimer

All planned procurements are subject to revision or cancellation. The information in this Annual Procurement Plan is provided for planning purposes only and it does not represent a solicitation or constitute a request for proposal, nor is it a commitment by the Government to purchase the described goods, services or works.

12.3 Acronyms and Abbreviations

- 12.3.1 Acronyms and abbreviations used in the APP should be explained.

13.0 **Dates for the Submission of APP**

- 13.1 The Initial draft must be submitted to FPO 14 days following the announcement of the budget. After further discussions or amendments the APP must be finalized and endorsed within the next 14 days by the respective Permanent Secretary of the Ministry/Department and forwarded to Permanent Secretary of Finance for approval via FPO.

14.0 **Updating Annual Procurement Plans**

- 14.1 During the course of the year, it is practical to insert details of new planned procurements and amend or strike out/delete inaccurate information to keep the APP current. If there are significant or fundamental changes within an agency, it would be necessary to fully revise the APP as soon as practicable within the year. FPO must be notified of all changes to an agency's APP as soon as possible as these changes may affect the whole of government procurement contracts.

14.2 Frequency of Updates

- 14.2.1 Agencies should have procedures setting out how often APPs will be reviewed and, if necessary, updated. An event of significance that impacts on an agency's procurement planning may trigger an unscheduled, non-cyclical review and update. An example would be where the government announces a change of functions or a new major policy initiative arises, it is likely that there will be a flow-on to the procurement plans of the agency.

14.3 Presentation of Changes

- 14.3.1 When the APP is updated, an agency should include a brief explanation of the reason for each change to the listing of procurements and to notify FPO immediately. For example, *'a major programme has been cancelled'* or *'this is a routine update'*.
- 14.3.2 Any update to the APP should be easily recognisable. The front page of the APP version control information should be inserted with the date of the update clearly identified. New procurement should be identified along with any adjustments to listed procurement. Items removed from the APP should be retained in the APP but clearly marked. Changes to existing items should also be clearly identified.
- 14.3.3 Care should be taken in the numbering of the listed items within the APP. When changes are made, including where a planned procurement is cancelled, it is preferable to retain the same

reference numbers for the procurement throughout the course of the year to allow easy referencing.

See Box 3 below for a good practice example.

Good Practice Example: Updated APP Advice

The Annual Procurement Plan for the Ministry of Finance for the 2010 financial year was updated on 8 October 2010 (version 2). Planned procurements that have been added are identified by their listing date and are highlighted in italics.

Procurements that were planned but have now lapsed have been marked as *'removed'* with a line drawn through the entry. They remain in the listing for reference purposes only for the remainder of the financial year.

15.0 Quick Reference – Preparing and Maintaining Annual Procurement Plans

15.1 The following steps summarise the processes an agency can follow to prepare their APP.

- Steps for Preparing and Maintaining an Annual Procurement Plan**
- Establish procedures and approval processes for the preparation of your agency’s APP.
 - Set timelines for the completion of the internal process steps for the preparation of the APP.
 - Appoint an APP Coordinator who has responsibility for ensuring processes are followed and completed in accordance with the agreed timeframe.
 - Identify sources of information.
 - Prepare the Strategic Procurement Outlook Statement.
 - Prepare the detailed listing of planned procurements.
 - Make the listing easy to use, e.g. group like items and record in date order.
 - Specify how to obtain or prepare request for tender documentation.
 - Prepare the disclaimer.
 - Obtain approvals of your draft APP from your senior management team
 - Submit draft to FPO for checking
 - Obtain approval from Permanent secretary and submit to FPO for endorsement by the PSF
 - Issue your draft APP to FPO for review and consolidation across government. FPO will prepare a whole of government procurement plan.
 - Update the APP as required during the budget process.
 - Receive the Schedule of Agency Procurement.
 - Update the APP as required during the year for significant changes.
 - Advise FPO of all changes to your APP.

16.0 Annual Procurement Plan Template

16.1.1 Explanation of the fields

1. Type of purchase

The agency should choose from any of the following

- Verbal quotes
- Written quotes
- Government tender board
- Indents
- Standing offers

2. Goods, Services or works procured

The detail of the item being purchased has to be entered here. Example would be

- a. Purchase title – Soft furnishing for government offices
- b. Description of goods would include the breakdown of the soft furnishing e.g Curtains, blinds, fixed up upholstery

3. Estimated purchase/contract start date: or contract end date.

The date of the expected purchase is required. This section needs to be clearly identified, this would enable the users of the APP e.g. FPO would be able to follow up if there are any delays in the tenders being requested.

4. Estimated purchase/contract end date.

This section also allows the users e.g suppliers to reassess their capabilities and matching with end date by using project management techniques. Also this is an important section for the monitoring department as it will set a benchmark for the individual agencies to achieve these goals.

5. Quantity

The total number of the particular product required. E.g. four sets of blinds, 1000 litres of diesel.

6. Units of measurement.

The UOM for individual items procured. E.g. Litres of paint.

7. Estimated Value

What is the expected cost of that particular procurement? This section should be paid most attention to. The agencies need to work on the budget allocated to them. The allocated value together with the planned value will be matched with the final value of that procurement.

8. Cost Center No.

The cost center to which the procurement relates.

9. Head, Programme and Activity No.

The procurement cost must relate to the budget under each of the three sections.

10. Comments

General comments which will assist users understand the need or the complexity of the procurement.

11. Version No

The Draft version of the APP must be numbered as follows:

Head Number/Date/Draft

The final version must be numbered as follows:

Head Number/Date/001

Any Updates must be numbered in the following sequence:

Head Number/Date/002 (onwards)

12. APP Coordinator

The Officer in charge of collecting and consolidating all the procurement information into the Annual Procurement Plan.

ANNUAL PROCUREMENT PLAN

Ministry of _____

Head No: XX

Period Covered: _____

APP Coordinator: _____

Date: _____

Version number: _____

Mandatory fields											optional fields
Type of Purchase (e.g. Tender, Quotations, Standing offer)	Goods , Services or Works procured	Start date	End date	Quantity	Units of Measurement	Cost per unit (FJD-VEP)	Total Value (FJD-VEP)	Cost Center No:	Programme No:	Activity No:	comments

Disclaimer

Approved

 [Name of Permanent Secretary/Head of Department]

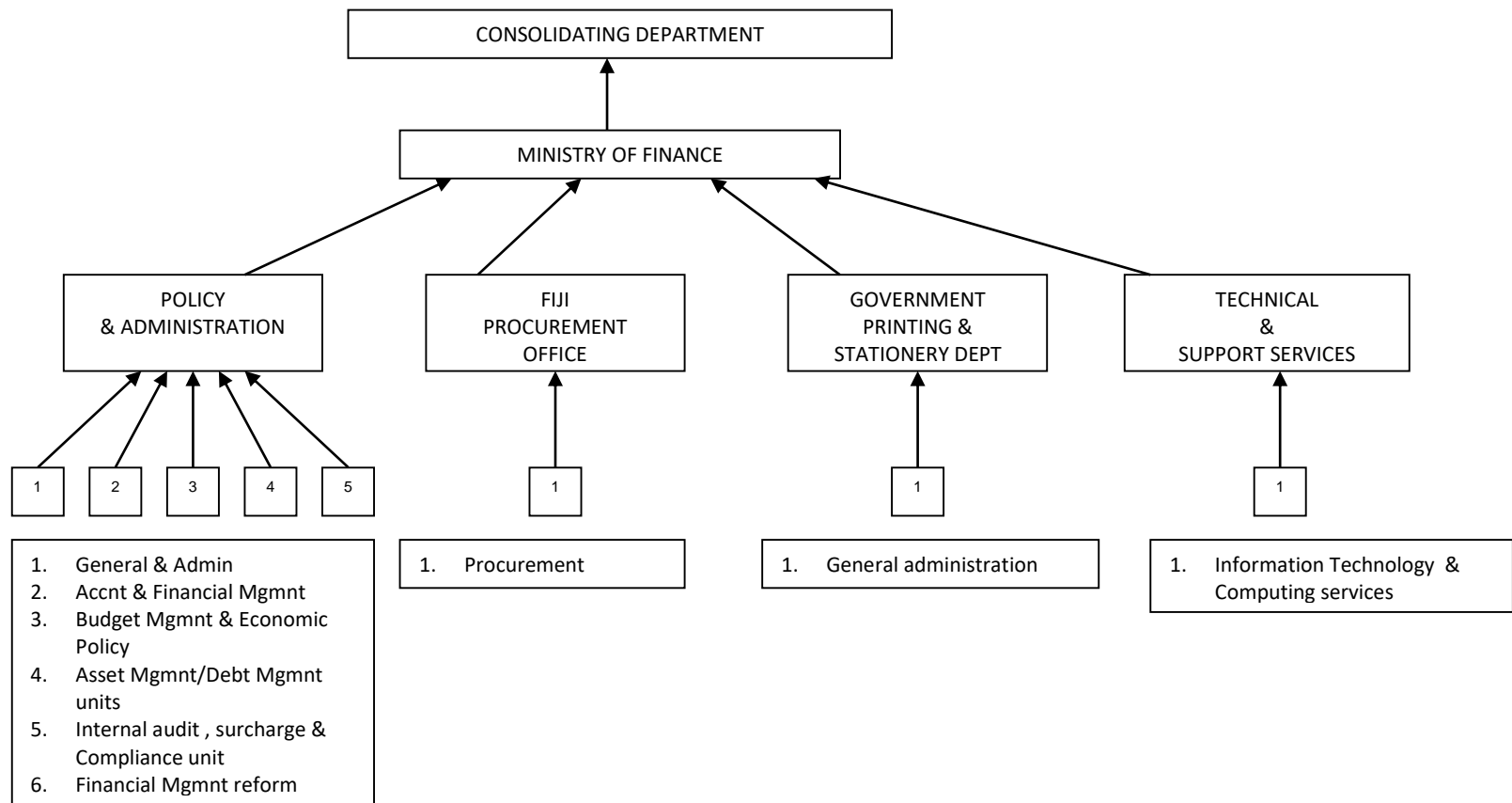
 [Signature of PS/Head of Department]

Date _____

APPENDIX

Image 1

Example:



Sourcing and Recording Information:

The above example shows the information needs to flow to the head in an agency so that the APP prepared has got the reliable information.

The consolidating department (FPO) will be get APPs from the agencies and will enter into a database to have a consolidated procurement plan.