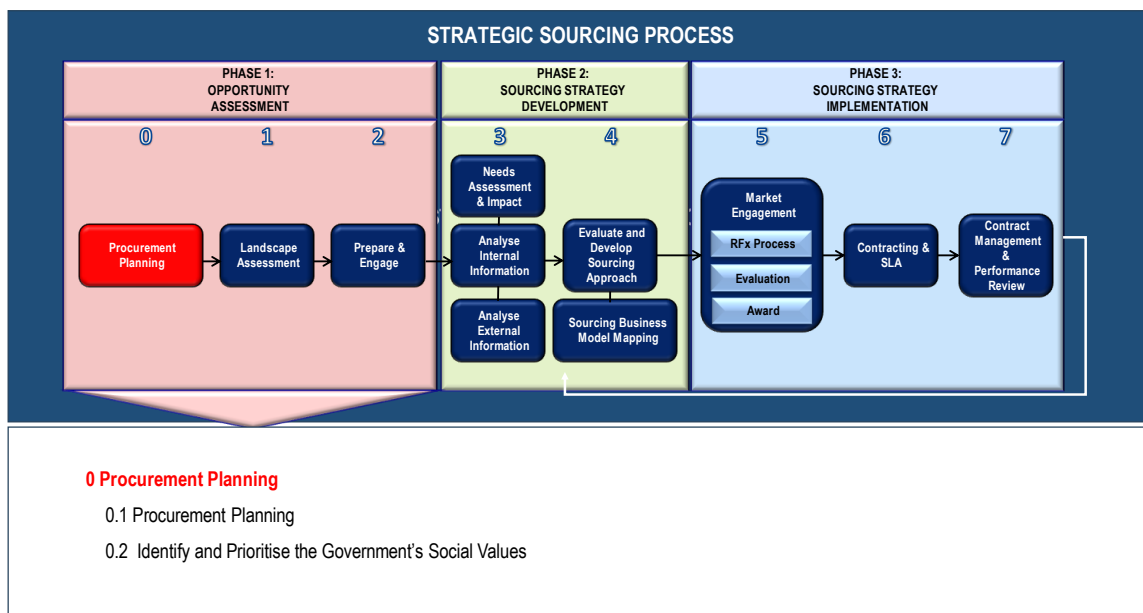


Using this guide

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>. The SPF can be found here: http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf

PROCUREMENT PLANNING



1.0 Introduction

- i. At this stage, the objective is to ensure that procurement plans are developed and aligned with the institution's strategic goals.
- ii. The procurement planning is crucial for a successful sourcing strategy.
- iii. A well-executed procurement plan tries to balance following the rules with achieving goals (compliance and outcome).
- iv. The procurement plan suggests the most appropriate procurement method for the commodity.

- v. Agree on the process ownership. In other words, decide who should start (or trigger) the procurement plan: The user or the supply chain practitioner?
- vi. The following good practice guides and templates apply to procurement planning:
 - a. Procurement planning checklist
 - b. Demand management requirements
 - c. Procurement plan (template)

1.1 The objective

- i. The objective of the procurement plan is to align with the procuring institution's needs, budget, strategic plans, and social values.
- ii. Procurement planning details when the procurement process can be undertaken to ensure the goods and services are delivered on time, within budget with the right or acceptable quality to achieve value for money.

1.2 The output

- i. Annual procurement plan that integrates with social values as prioritised by the procuring institution.

2.0 Good practice guide

2.1 Procurement planning checklist

Procurement needs consideration	Tick (✓)
Business unit	
Project description	
Estimated value	
Procurement method: (Open tendering, Request for proposals (RFP), Two-stage tendering, Request for quotations (RFQ), Selective tendering, Single sourcing, Competitive dialogue, Sole sourcing, Piggybacking (organ of state), Framework	

Procurement needs consideration	Tick (✓)
agreements, Electronic reverse auctions, Negotiated procurement, Panels, Sub-contracting, Design and build(
Contract type: (Framework contracts, Type of price contracts, Panel contracts, Transversal contracts, Term contracts, Short-term, Long-term)	
The person responsible for triggering the procurement process	
Bid specification date	
Approved evaluation criteria date	
Advert date	
Social value consideration	
Can a social benefit be achieved (Yes/No)	
If no, give a short justification	
Identified/intended social outcome/benefit	
Mechanism to achieve the social outcome	
Review & reporting	
Administrative consideration	
Bid closing date	
Bid award date	
Contract commence date	
Contract expiry date	
Review & reporting	

Table 1: The procurement planning checklist

- i. Planning is vital for the successful implementation of the sourcing strategy.
- ii. The procurement plan aims to make the procurement process efficient, effective, and transparent.
- iii. The procurement plan describes how goods or services will be procured, including the preferred procurement methods, and when the procurement process should start in line with the spend threshold.
- iv. Procurement planning starts with the development of annual plans, budgets, and time schedules for an operational or capital activity.
- v. Plans must detail all necessary resources including those affected by procurement or asset disposal.
- vi. Procurement planning is crucial for any public entity's annual planning requirements as it is necessary to calculate the expected procurement costs.
- vii. The plan will include both recurring and non-recurring costs.
- viii. To avoid delays, plan procurement activities before budget approvals.
- ix. Estimate the lead times per commodity to include the delivery dates on the procurement plan.
- x. A procurement plan is a tool to promote a proactive approach to procurement that will avoid unnecessary emergencies or deviations because of last-minute surprises.
- xi. A procurement plan also indicates the responsibility in the procurement process.

2.2 Demand management requirements

- i. Demand management is integral to the institution's planning process.
- ii. During the planning process, demand management must:
 - a. Continuously verify resources that are needed to reach the goals and objectives of both the strategic and annual performance plans
 - b. cost these resource requirements; and
 - c. Provide feedback to management accounting in the budget office.
- iii. Costs are weighed against available funds. Then plans are amended until a balance is reached between resource requirements in terms of the plans, and the availability of funds in the budget.

- iv. Demand management, includes principles and activities that are typically found in Strategic Sourcing processes. Examples include:
- a. Spend analysis
 - b. Categorising procurement spends
 - c. Commodity/category analysis
 - d. Industry analysis
 - e. Determining specifications, etc.

3.0 The templates

3.1 Integrated Procurement Plan

Integrated procurement plan

ANNUAL PROCUREMENT PLAN REPORTING FORMAT													
Name of Department: National Treasury													
Name of Project Manager / Delegated Official:													
Name of Budget Manager / Delegated Official:													
PROCUREMENT NEEDS CONSIDERATION									ADMINISTRATIVE CONSIDERATION				
No	Business Unit	Project Description	Estimated Value (incl. taxes)	Method of procurement (see below)	The person responsible for triggering the procurement process (SCM or User) Clearly specify	Bid Specification Date	Approved Evaluation Criteria Date	Advert Date	Bid closing Date	Bid award Date	Contract commence Date	Contract expiry Date	Review & reporting
20													
		The Project Manager declares that he/she has engaged with the Executive Authority who concurs with and has approved this Procurement Plan Name & Surname: Signature: Date: Budget Manager/ Delegated Official Signature: Date:											
Methods of Procurement (for definitions refer to SS methodology stage 5)													
Open tendering													
Request for proposals (RFP)													
Two-stage tendering													
Request for quotations (RFQ)													
Selective tendering													
Single sourcing													
Competitive dialogue													
Piggy backing (organ of state)													
Framework agreements													
Electronic reverse auctions													
Negotiated procurement													
Panels													
Sub-contracting													
Design and build													

Figure. 1: Integrated procurement plan