# Procurement and Vendor Management

## Needs identification and procurement plan

Before any procurement activities take place, it's essential to have a clear plan in place. This plan outlines what needs to be purchased, when it needs to be acquired, and how it aligns with the organisation's goals and budget.

Before creating the procurement plan, there's a phase of identifying what exactly should be included in it. This involves a thorough assessment of the organisation's needs, considering factors such as operational requirements, budget constraints, and any regulatory or compliance considerations.

## Reviewing and approving department purchases

The CDO and his/her team are responsible for ensuring that the Ministry or sector receives the necessary resources on time. This involves not only identifying the needs but also coordinating with vendors or suppliers to facilitate timely delivery and implementation.

The expenditures typically fall into two categories: development project budgets and operational budgets.

The development project budget encompasses expenses associated with project deployment. For instance, these could involve prototyping and Proof of Concept, consulting or Professional Services, Software Development, System Integration…

On the other hand, the operational budget includes expenses tied to the day-to-day functioning of the IT department. This incorporates purchases such as IT Consumables, Hardware and Software Maintenance, IT Security Expenses...

The national procurement laws and guidelines must be applied for managing the procurements.

It is incumbent upon CDOs to meticulously review and validate these expenses before they are processed for payment by the sector's financial department. This duty **necessitates the establishment of an expenses follow-up tool**. The tool will serve to compare budget consumption against the allocated budgeted amount, mitigating the risk of surpassing the budget limit by the end of the fiscal year. CDOs are advised to leverage tools already in place for budget management and expenses follow up.

By implementing an effective expense monitoring system, the CDO ensures prudent financial oversight, preventing potential over budget situations and maintaining financial discipline within the IT department. This meticulous approach not only ensures efficient resource allocation but also contributes to the overall fiscal health and strategic planning of the sector.

## Management of Framework Contracts

RISA holds framework contracts that encompass a significant portion of the necessary purchases for CDOs across their respective sectors. RISA is in charge of negotiating and signing these framework contracts. However, consulting with the CDO and their teams before considering and negotiating each framework enhances decision-making and promotes alignment with public administrations needs and goals. It reflects a strategic approach to procurement and contract management that prioritises public administrations effectiveness.

CDOs are tasked with providing feedback to RISA regarding any purchases not covered within the existing frameworks.

This process mandates that when a CDO requires a purchase, the initial step involves reviewing RISA's framework contracts before exploring alternative procurement options. Should the specific need not be covered by an existing framework contract, it must be forwarded to RISA for approval, alongside the sector's management. Further details regarding this scenario will be outlined in the subsequent section titled "Negotiating contracts with vendors and service providers."

Framework contracts denote agreements directly negotiated between RISA and providers, possessing both commencement and expiration dates. Prior to the contract's expiration and the decision on renewal, CDOs are approached to provide feedback to RISA based on their prior experiences with the providers. This feedback is strongly encouraged and must be submitted to RISA on a quarterly basis as per compliance requirements.

Moreover, enhancing the management of framework contracts necessitates the incorporation of best practices in contract management. Some examples are listed below:

**Satisfaction KPIs**: Introducing KPIs specifically focused on satisfaction metrics allows for the quantification and assessment of customer contentment with the suppliers. These metrics should encompass feedback mechanisms, surveys, or ratings that gauge the satisfaction levels of CDOs and other stakeholders with suppliers' services. These KPIs must be about:

- **Satisfaction Levels**: Gauge the contentment of CDOs, teams, or sector employees with the supplier, considering aspects like responsiveness, support quality, and overall satisfaction.
- **Service Efficiency**: Evaluate the efficiency and effectiveness of the services rendered by the provider in meeting established goals and requirements.
- **Timeliness Comparison**: Measure the average service delivery time against market practices to assess whether the provider meets or exceeds industry benchmarks.
- **Innovation in Service**: Assess the provider's innovative approaches or unique solutions offered during service delivery, showcasing adaptability and progressive strategies.
- **Provider Availability**: Evaluate the provider's accessibility and availability for support or inquiries within specified working hours or agreed-upon schedules.
- **Response and Intervention Times**: Monitor the average time taken by the provider to respond to queries or issues raised and the time taken for intervention or problem resolution.

- **Emergency Service Quality**: Analyse the quality and effectiveness of the alternative solutions or temporary services provided in emergency situations, ensuring they meet required standards and mitigate disruptions effectively.
- **Service after sales satisfaction**: It measures the degree to which CDOs are satisfied with the support, assistance, or resolution provided after they've received a service or a product from a supplier: quality of Support, Follow-Up Communication…

The process must involve **each CDO providing input or feedback** regarding the suppliers/service provider's performance through these designated KPIs. Once the CDOs have completed and submitted their assessments, RISA consolidates this data promptly. This allows for an ongoing compilation of Key Performance Indicators, enabling RISA to continuously monitor the service provider's performance throughout the contract duration.

RISA needs to establish a feedback template or portal to allow the CDO team to provide feedback on specific contracts. The establishment of a feedback template or portal for feedback on each contract by the CDO team is a proactive step towards enhancing communication, streamlining processes, improving contract evaluation, fostering continuous improvement, and promoting accountability in procurement and contract management practices.

By regularly **gathering and aggregating these KPIs, RISA gains timely insights into the supplier's performance** at various stages of the contract. This proactive approach enables RISA to make more informed and well-grounded decisions, especially when approaching the contract's conclusion or when contemplating renewal or modifications to the existing agreement.

The prompt compilation and review of these KPIs empower RISA to assess the service provider's effectiveness, address any identified issues or areas for improvement, and make strategic decisions based on comprehensive data and evaluations provided by the CDOs.

There also must be **Service Level Agreements (SLAs)** in the contract signed with the suppliers. The implementation of SLAs establishes clear expectations between RISA and the service suppliers. These agreements outline agreed-upon response times, resolution deadlines, and quality benchmarks, ensuring that services align with predefined standards. RISA must be responsible for forcing suppliers to comply with these SLAs. In the event of non-compliance, penalties must be applied, up to and including termination of the service contract.

A framework for **monitoring and reporting performance against SLAs and satisfaction KPIs** should be put in place. Regular assessments and reports will provide insights into service delivery effectiveness, enabling continuous improvement and informed decision-making.

**Ticketing Systems**: A ticketing system will be introduced to manage and track service requests and issue resolution. This systematic approach ensures that every reported issue or service request is documented, assigned, and tracked through to resolution, promoting accountability and efficient service delivery.

## Negotiating Contracts with vendors and service providers

As mentioned in the section on negotiating framework contracts, purchases not covered under the framework contract may entail direct negotiations between the CDO and suppliers. Nonetheless, adherence to the Rwandan Public Administration procurement procedure is mandatory for guidance on the purchasing process. Please, refer to guidelines for acquisition and upgrade of IT systems.

Specifically, for CDOs, obtaining RISA's approval is essential before releasing the terms of references for any purchase. Moreover, when multiple approvals are granted and CDOs are poised to engage in vendor contract negotiations, it's crucial to implement recommended best practices.

**Effective contract negotiation** involves **strategic planning, communication, and a focus on achieving mutually beneficial outcomes**. Effective contract negotiation also involves a **balance of assertiveness and collaboration to achieve favourable outcomes for both parties**. Being **well-prepared**, **maintaining a constructive dialogue**, and **seeking mutually beneficial solutions** are crucial aspects of successful contract negotiations.

Here are some best practices:

**Preparation is Key**: Thoroughly research and understand all aspects of the contract, including terms, conditions, goals, and potential risks. Clarify your organisation's needs, priorities, and desired outcomes before negotiations begin.

**Set Clear Objectives**: Define clear and realistic objectives for the negotiation process. Establish what you aim to achieve, whether it's cost savings, service enhancements, or specific deliverables.

**Build Collaborations**: Foster a positive and collaborative collaboration with the other party. Focus on mutual respect, transparency, and open communication to create a conducive negotiation environment.

**Understand Alternatives and Leverage**: Know your alternatives and leverage points. Understand what alternatives exist if the negotiation doesn't yield the desired outcome and use these as negotiating leverage.

**Flexibility and Creativity**: Be flexible and open to creative solutions. Explore various options beyond just price, such as performance-based incentives or long-term partnerships that benefit both parties.

**Listen Actively**: Actively listen to the other party's concerns, needs, and perspectives. Understanding their goals can help identify areas of agreement and compromise.

**Negotiate Incrementally**: Break down the negotiation into smaller, manageable components. Negotiate each aspect separately, allowing for compromises and concessions on less critical points.

**Be Patient and Respectful**: Negotiations can take time, so exercise patience. Remain respectful and professional throughout the process, even during challenging discussions.

**Document Agreements**: Ensure all agreements, concessions, and terms discussed during negotiations are documented in writing. This helps prevent misunderstandings and serves as a reference for both parties.

**Seek Legal Advice**: Involve legal experts or contract specialists to review and provide guidance on the terms and conditions. They can ensure legal compliance and protect your organisation's interests.

**Review and Follow-Up**: Review the negotiated terms thoroughly before finalising. Ensure that both parties understand and agree on the finalised terms. Follow up with regular reviews to ensure compliance.

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## Vendors Management

Successful vendor management allows key benefits. By effectively managing vendors, CDOs can foster strong partnerships, optimise performance, mitigate risks, and ensure that vendor collaborations contribute positively to overall business objectives. Some benefits are:

- Improve vendor selection
- Harness cost savings
- Speed up vendor onboarding
- Reduce the risk of supply chain disruption
- Strengthen supplier collaborations
- Negotiate better rates

Managing sector’ vendors involve several mandatory steps to ensure effective collaborations and optimal performance.

**Vendor Onboarding**: Streamline the onboarding process for new vendors. Provide necessary documentation, guidelines, and training to ensure they understand your sector's requirements and standards.

**Establish Clear Expectations**: Clearly communicate your sector's expectations regarding performance, quality, timelines, reporting, and communication channels.

**Performance Monitoring**: Implement Key Performance Indicators (KPIs) to measure vendor performance against agreed-upon benchmarks. Regularly monitor and evaluate their performance.

**Regular Reviews and Meetings**: Schedule periodic meetings and reviews with vendors to discuss performance, address any issues, provide feedback, and align strategies.

**Communication Channels**: Establish effective communication channels to facilitate ongoing dialogue, address concerns promptly, and maintain transparency.

**Vendor and Third-Party Risk Management**: Assess the cybersecurity measures of third-party vendors and contractors. Ensure that they comply with your department's security standards. Identify potential risks associated with vendors and develop risk mitigation strategies to manage disruptions or failures.

**Compliance and Governance**: Ensure vendors comply with legal, regulatory, and ethical standards. Implement governance frameworks to oversee adherence to contractual obligations.

**Collaboration Building**: Foster strong collaborations with vendors based on trust, collaboration, and mutual respect. Cultivate partnerships rather than transactional interactions.

**Performance Improvement Plans**: Collaborate with vendors to create improvement plans if performance falls short. Set achievable goals and monitor progress.

**Exit Strategies**: Have well-defined exit strategies in case a vendor collaboration needs to be terminated. Ensure a smooth transition to alternative suppliers without disrupting operations.

**Incentives and Rewards**: Offer incentives or rewards for outstanding performance to encourage vendors to exceed expectations.

**Continuous Improvement**: Continuously seek opportunities for improvement and innovation in vendor collaborations, processes, and outcomes.

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