

# 2021-2022 **ANNUAL REPORT**



**Public Procurement Agency**





## MESSAGE FROM THE MINISTER

It is my pleasure to present the 2021-22 annual performance report for the Public Procurement Agency (the Agency). This report was prepared in accordance with the requirements as a Category Two entity under the **Transparency and Accountability Act**. I am accountable for the results presented within this report.

This performance based report provides details on the indicators and objectives achieved for the April 1, 2021, to March 31, 2022 fiscal year. It also outlines the progress by the Agency towards achievement of the goal outlined in the 2020-23 Business Plan.

The Agency is committed to modernizing the procurement framework and supporting alternate approaches to procurement where they are consistent with ensuring best value, transparency and accountability.

I want to take this opportunity to acknowledge and thank the dedicated staff of the Agency for their outstanding commitment to the successes achieved thus far. I look forward to working together in the 2022-2023 fiscal year.

Sincerely,

A handwritten signature in black ink that reads "Elvis Loveless". The signature is written in a cursive, flowing style.

Hon. Elvis Loveless

Minister Responsible for the Public Procurement Agency



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## Agency Overview

### Organizational Structure

The Public Procurement Agency (the Agency) is an independent branch of the public service and the central procurement unit for the Government of Newfoundland and Labrador. The authority for the Agency's operations is provided by the **Public Procurement Act (Act)** which outlines its mandate and role. The Chief Procurement Officer is responsible for the direct management of the Agency and ensures that all procurement activities are carried out in accordance with the Act. The Act is the primary legislation that governs procurement within the public sector. The Agency provides the following lines of business:

#### **1. Procurement and Strategic Sourcing**

The Agency acquires commodities for the Government of Newfoundland and Labrador and other public bodies. It manages the procurement cycle from planning to post-award in accordance with the **Public Procurement Act** and Regulations, trade agreements, and established policies and procedures. The Agency ensures that procurement opportunities undertaken are conducted in an open and competitive environment while maintaining fair and equitable opportunities for suppliers.

The Agency is also responsible for achieving value-added opportunities for Government and the broader public sector by applying strategic sourcing techniques to priority sourcing initiatives and continuously identifying opportunities for increasing value in procurement spend through analysis of supplier market and internal spending profiles, and leading cross-departmental teams in the execution of sourcing strategies.

#### **2. Auditing**

The Agency administers an auditing program to facilitate and assess compliance with the procurement legislation, regulations and policy (procurement framework). The Agency compliance audits and reports and leads special investigations and reviews as required on procurement-related matters.

#### **3. Information and Training**

The Agency administers training programs to facilitate compliance with Government's procurement framework. Specifically, the Agency facilitates interpretation of the procurement framework; leads the development and delivery of a training program for public bodies; provides advice and expertise to internal and external stakeholders relating to the procurement framework; and manages the procurement reporting system.

## Staff and Budget

Division	# of Employees	Budget
Procurement	8	\$2,020,400
Strategic Sourcing	2	
Audit and Compliance	4	
Policy, Planning and Administration	6	

The Public Procurement Agency is comprised of four divisions, each carrying out the work and mandate of the Agency: Procurement; Strategic Sourcing; Audit and Compliance; and Policy, Planning and Administration.

The Agency's head office is located in the Petten Building, 30 Strawberry Marsh Road, St. John's.

As of March 31, 2022, the Agency employed 20 people. Of the 20, there were 15 females and 5 males.

The Agency's gross expenditures for fiscal year 2021-22 were \$1,882,900.

More information about the Public Procurement Agency can be found by visiting [www.ppa.gov.nl.ca](http://www.ppa.gov.nl.ca).



## Highlights and Partnerships

### Highlights

In addition to the results outlined in the Report on Performance section of this report, the following provides further information on key accomplishments of the Public Procurement Agency for the 2021-22 fiscal year:

- In 2021-22, the Province continued to address issues related to the COVID-19 pandemic. The Provincial Government and its employees continue to make adjustments to meet the ongoing challenge of providing essential public services as the pandemic evolves. The Agency continues to meet those challenges by leading the sourcing of Personal Protective Equipment (PPE) and other related supplies for government departments and other public bodies in a rapidly changing supply chain environment.
- To ensure ongoing assistance to the public, the Agency maintained a directory of PPE suppliers on the website to help public and private sector organizations sectors find the PPE they require to enable them to conduct their operations safely. The site and related information continues to be managed by the Agency as long as necessary to address the ongoing pandemic.

### Partnerships

- In June 2021, the Agency conducted online consultations via EngageNL to obtain input from provincial suppliers on ways to improve the Public Procurement Framework to enhance benefits for local companies. The input from these consultations will be used to better understand what opportunities exist to better support local suppliers.
- In March 2022, the Agency conducted online consultations via EngageNL to obtain input from stakeholders to inform how social impact considerations may be included in the procurement of goods, services and public works alongside other factors such as price, quality, and technical specifications. Information obtained through the engagement process will be used by the Agency to ensure that any new policy meets the needs and expectations of vendors, advocacy groups, and industry leaders in Newfoundland and Labrador.

## Report on Performance

### Issue: Modernizing Public Sector Procurement

Over the period of the 2020-2023 Business Plan, the Agency will further develop procurement tools and practices to support both public bodies and local suppliers to take advantage of new approaches to achieve best value in public sector procurement and help create value in the local economy. The following section describes the outcome of the Agency's objectives for the second year of the 2020-23 Business Plan.

### Goal

By March 31, 2023 the Public Procurement Agency will have reviewed, developed, implemented, and supported procurement policies and practices to modernize procurement approaches and support the local economy.

### 2021-22 Objective

By March 31, 2022, the Public Procurement Agency will have supported public bodies and local suppliers in their respective use of and response to strategic procurement tools.

### Indicators:

- Enhanced training, updated to reflect new developments within the Public Procurement Framework, provided to public officials involved in procurement.
- Supplier development sessions provided to local suppliers.
- Support provided to public bodies in the use of alternative procurement approaches where they are consistent with ensuring best value.

In response to developments in the public procurement landscape, including measures to address the COVID-19 pandemic and updates to trade agreements, the Agency continued to provide a wide array of training opportunities to public body officials and suppliers during the 2021-22 fiscal year. The Agency regularly offered such training sessions, including:

- Enhanced training, updated to reflect new developments within the Public Procurement Framework, provided on various procurement tools and approaches
  - Training provided to Agency staff in September 2021

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- Training provided to Newfoundland and Labrador English School District staff in September 2021
- Training on public procurement legislation and policy provided to Newfoundland and Labrador Hydro staff in May 2021
- Throughout April and May 2021, the Agency conducted seven training sessions on low-dollar purchasing with 180 employees from various Provincial Government departments; and
- In June 2021, the Agency conducted a training session in conjunction with the Professional Municipal Administrators of Newfoundland and Labrador on procurement legislation.
  
- Supplier development sessions provided to local suppliers and social enterprises
  - Presentation to Canadian Manufacturers and Exporters members Sept 2021;
  - Presentation to local suppliers as a pilot group over two sessions in November 2021; and
  - Presentation to Newfoundland and Labrador Social Enterprise and Social Innovation Coalition in March 2022.
  
- Support use of alternative procurement approaches where they are consistent with ensuring best value
  - Led consortium of public bodies from the four Atlantic provinces for procurement of purchase card;
  - Supported Regional Health Authorities in use of another province's procurement contract; and
  - Supported municipalities in use of buying group.

### 2022-23 Objective

**Objective:** By March 31, 2023, the Public Procurement Agency will have further supported strategic procurement capacity across stakeholder groups.

#### Indicators:

- Enhanced access to supplier development training.
- Developed and published a Procurement Guide for public bodies
- Provided procurement Framework training to municipalities
- Developed and published an updated Green Procurement guide for public bodies

## Opportunities and Challenges

Over the last number of years, the Agency has continued to lead the adoption of modern procurement practices across departments and other public bodies. Modern procurement approaches enable compliance with legislative requirements and maximize competition to help ensure best value in procurement.

As new procurement tools are implemented that enable more flexible approaches to the procurement of commodities, there is now an opportunity to explore using the procurement function as a policy tool with which to provide additional value.

One way to do this is through the development of policies aimed at encouraging sustainable procurement - using existing purchasing to capture and direct the social, environmental and economic impacts of the procurement function towards achieving broader governmental policy goals.

The challenge to such an approach is ensuring key procurement principles of fairness, transparency, and a competitive process are maintained while incorporating sustainability criteria and considerations. The Agency will be consulting with internal and external stakeholders throughout the year to ensure perspectives relating to the implementation of such a policy are considered in its development.

## Financial Information

Expenditure and revenue figures included in this document are based on public information provided in the “Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund” for Fiscal Year Ended 31 March, 2022. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however, the Public Procurement Agency is not required to provide a separate audited financial statement.

### Estimates 2022-23

## PUBLIC PROCUREMENT AGENCY

### PUBLIC PROCUREMENT AGENCY

	2022-23 Estimates	2021-22 Revised	2021-22 Budget
	\$	\$	\$
<b>PUBLIC PROCUREMENT AGENCY</b>			
<i>CURRENT</i>			
<b>1.1.01. PUBLIC PROCUREMENT AGENCY</b>			
Appropriations provide for the operation of the Public Procurement Agency which conducts purchasing and provides oversight, support and audit of procurement activities for public bodies in the province.			
01. Salaries	2,020,400	1,799,300	2,010,400
Operating Accounts:			
<i>Employee Benefits</i>	2,000	200	2,000
<i>Transportation and Communications</i>	43,900	11,400	48,900
<i>Supplies</i>	7,900	2,200	7,900
<i>Professional Services</i>	23,500	47,500	23,500
<i>Purchased Services</i>	57,800	17,600	52,800
<i>Property, Furnishings and Equipment</i>	2,100	4,700	2,100
02. Operating Accounts	137,200	83,600	137,200
<b>Amount to be Voted</b>	<b>2,157,600</b>	1,882,900	2,147,600
02. Revenue - Provincial	(361,900)	(741,700)	(361,900)
Total: Public Procurement Agency	1,795,700	1,141,200	1,785,700
TOTAL: PUBLIC PROCUREMENT AGENCY	1,795,700	1,141,200	1,785,700
TOTAL: PUBLIC PROCUREMENT AGENCY	1,795,700	1,141,200	1,785,700

