

2020-2021 ANNUAL REPORT



Public Procurement Agency





MESSAGE FROM THE MINISTER

It is my pleasure to present the 2020-21 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, 2020, to March 31, 2021 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 2021-2022 fiscal year.

A handwritten signature in blue 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

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 Public Procurement 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 Division develops 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

The Public Procurement Agency comprises 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, 2021, the Agency employed 25 people. Of the 25, there were 18 females and seven males.

The Agency's gross expenditures for fiscal year 2020-21 were \$2,147,600.

More information about the Public Procurement Agency can be found by visiting www.ppa.gov.nl.ca.

Highlights and Partnerships

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 2020-21 fiscal year:

- In 2020-21, with the rest of the world, the Province faced the COVID 19 pandemic. The Provincial Government and its workers had to quickly adjust to meet the challenge of continuing to provide essential public services in a pandemic environment. The Agency met those challenges by coming to the forefront in 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. In collaboration with the regional health authorities, the Agency worked diligently to locate new sources of PPE while also ensuring compliance with public health standards.
- As a public service, a directory of PPE suppliers was compiled and posted to the Agency's website to help both public and private sector organizations sectors to find the PPE they required to enable them to continue their operations. This was especially important as the economy re-opened and the demand for PPE increased. The site and related information will continue to be managed by the Agency as long as necessary to address the ongoing pandemic.
- On November 4, 2020, the Agency launched a new e-procurement system to allow users to submit, view and manage bid submissions online. Suppliers who do business with the government are no longer required to drop off paper copies to the procurement office. Instead, they are able to manage their own accounts, identify types of open calls relevant to their type of business and receive electronic notification when open calls are published. Training webinars were offered to suppliers as part of the system launch.
- In the Fall of 2020, the Agency partnered with the former Department of Environment, Climate Change and Municipalities to provide virtual training sessions to municipalities regarding their roles and responsibilities under the Public Procurement Framework. Multiple virtual training sessions were made available to municipalities which focused on procurement planning, solicitation of bids, contract evaluation and award, as well as the post award requirements.

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 taking advantage of new approaches to achieve best value in public sector procurement and help create value in the local economy. This work will support strategic directions of government, specifically as relating to “A Better Economy” and a “More Efficient Public Sector.” The following section describes the work under the Agency’s objectives in the first 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.

Objective 1: By March 31, 2021, the Public Procurement Agency will have supported the local economy through the implementation of new procurement provisions.

Indicators:

- Increased thresholds for an open call.
- Introduced mandatory local preference provision to provide an allowance for local businesses.
- Reviewed procurement legislation and policies to identify additional opportunities to improve local preference.

On June 1, 2020, amendments were made to the **Public Procurement Regulations** to increase the thresholds required for an open call. Increasing the thresholds for an open call provides for more opportunities to direct business to local suppliers through a limited call process. It also provides public bodies with the flexibility for a more efficient procurement process when purchasing goods and services below those thresholds.

In addition, a local preference provision was added to the Regulations, which mandates an allowance of ten percent for local suppliers for all procurements to the maximum permitted under the Canadian Free Trade Agreement. Increasing the thresholds and implementing a local preference provision enhances the ability to award contracts to provincial suppliers, thereby supporting and strengthening our local economic base.

In addition to these regulatory amendments, PPA officials reviewed procurement legislation and policies in an effort to identify additional opportunities to improve local preference. Following from this review, options will be developed and brought forward for consideration.

Objective 2: 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 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.

Objective 3: By March 31, 2023, the Public Procurement Agency will have further supported strategic procurement capacity across stakeholder groups.

Opportunities and Challenges

In 2021-22, the Public Procurement Agency will continue to work with both public bodies and suppliers to enhance opportunities to achieve best value in procurement. Modern procurement approaches ensure both compliance and competition. The Agency will continue to support public bodies with a modernized public procurement framework and will support alternative approaches to procurement where they are consistent with achieving best value, transparency and accountability.

As the Agency continues to modernize procurement practices, both public body stakeholders and the supplier community will require continued training and support. Public sector users will need support to ensure they understand how to leverage this new framework and suppliers will require support to understand how to respond to opportunities. These requirements will help frame the work of the Agency for the upcoming year.

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, 2021. 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 2020-21

	2021-22 Estimates	2020-21	
	\$	Revised	Budget
	\$	\$	\$
PUBLIC PROCUREMENT AGENCY			
<i>CURRENT</i>			
1.1.01. PUBLIC PROCUREMENT AGENCY			
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	2,010,400	1,849,500	2,022,800
Operating Accounts:			
<i>Employee Benefits</i>	2,000	1,100	800
<i>Transportation and Communications</i>	48,900	12,400	48,900
<i>Supplies</i>	7,900	3,200	7,900
<i>Professional Services</i>	23,500	21,600	23,500
<i>Purchased Services</i>	52,800	14,800	54,000
<i>Property, Furnishings and Equipment</i>	2,100	1,100	2,100
02. Operating Accounts	137,200	54,200	137,200
Amount to be Voted	2,147,600	1,903,700	2,160,000
02. Revenue - Provincial	(361,900)	(256,200)	(361,900)
Total: Public Procurement Agency	1,785,700	1,647,500	1,798,100
TOTAL: PUBLIC PROCUREMENT AGENCY	1,785,700	1,647,500	1,798,100
TOTAL: PUBLIC PROCUREMENT AGENCY	1,785,700	1,647,500	1,798,100

