

Government Purchasing Agency

Annual Report

2016-17



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MESSAGE FROM THE MINISTER

As Minister responsible for the Government Purchasing Agency, I am accountable for the results presented within this report. I wish to acknowledge the contributions of the Honourable Eddie Joyce and the Honourable Perry Trimper, who were the Ministers Responsible for the Government Purchasing Agency during the reporting period. This is a performance-based report that reflects the success of the Agency meeting the objectives outlined for 2016-17 as well as the goals stated in the 2014-17 Business Plan.

In keeping with The Way Forward, this was a significant year for the Agency as the new **Public Procurement Act** received Royal Assent in December 2016. The new Act establishes a framework enabling public bodies to achieve best value, transparency, and accountability in procurement. With these values and purpose at the forefront, Government will modernize public procurement and expand opportunities for local businesses.

I would like to take this opportunity to acknowledge the outstanding commitment of the staff of the Government Purchasing Agency. I look forward to their continued dedication.

Sincerely,

A handwritten signature in black ink that reads "Sherry Gambin-Walsh". The signature is written in a cursive, flowing style.

Honourable Sherry Gambin-Walsh
Minister Responsible for the Government Purchasing Agency

Agency Overview

The Government Purchasing Agency (the Agency) is the central procurement unit for the Government of Newfoundland and Labrador. It is an independent branch of the Public Service under the control and management of a Chief Operating Officer. The Agency provides procurement, information, and training services to Provincial Government departments and public bodies throughout Newfoundland and Labrador. It also maintains a website, www.gpa.gov.nl.ca, where the public may access current bidding opportunities as well as information on contract awards, relevant legislation, trade agreements and terms and conditions. Bidding opportunities within the province and other jurisdictions may also be accessed through this website.

The Agency operates under the authority of the **Public Tender Act**, **Government Purchasing Agency Act** and **Intergovernmental Joint Purchasing Act**. The **Public Tender Act** governs the acquisition of goods, services, public works and leases in the public sector. Its primary goal is to ensure procurement is conducted in an open and competitive environment while maintaining fair and equitable opportunities for suppliers to compete for public sector business. The Agency's primary clients include Provincial Government departments, public bodies and the supplier community.

The Agency is comprised of four divisions, which carry out the work and mandate of the Agency: Procurement, Strategic Sourcing, Audit, Information & Training and Policy, Planning & Administration. Headquarters for the Agency is located at the Petten Building in St. John's. The Agency also maintains a warehouse facility in Pleasantville where surplus Government assets are held for disposal. Further information about the Agency can be found at <http://www.gpa.gov.nl.ca/division/index.html>.

As of March 31, 2017, the Agency maintained a staff of 37 positions and had an overall budget of \$2.2 million.

Highlights and Partnerships

In addition to the results included in the Report on Performance section of this document, the following provides further information on key accomplishments of the Government Purchasing Agency;

- On December 14, 2016, Bill 46, **an Act Respecting Procurement by Public Bodies**, received Royal Assent in the House of Assembly. This new legislation will modernize public sector procurement with a focus on best practices and achieving best value for dollars spent. Key enhancements in the new Act include increased oversight over a broader range of procurement activity, more transparency in the procurement process, increased consistency in procurement practices, and greater flexibility in how public bodies acquire commodities. The Agency consulted with industry stakeholders and public bodies during the development of this primary legislation. During the reporting period, work was initiated on other elements of the procurement framework including drafting of regulations, policies and procedures.
- In collaboration with the Government of Canada, the Intergovernmental and Indigenous Affairs Secretariat and the Government Purchasing Agency entered into a National Master User Agreement on behalf of Government to enable Provincial Government departments and the broader public sector to leverage savings associated with joint procurement.
- The Agency collaborated with public bodies and associations to deliver educational sessions on the legislative requirements of the **Public Tender Act**; the benefits of group purchasing through Standing Offer Agreements; and the high level themes of the new **Public Procurement Act** (to be proclaimed).

- The Agency hosted the Atlantic Provinces Reverse Trade Show in partnership with the Department of Tourism, Culture, Industry and Innovation and the St. John's Board of Trade. This show provided an opportunity for potential and existing suppliers, manufacturers, consultants and contractors to interact with public sector buyers to facilitate access to bidding opportunities and strengthen the supply base in the province. Seminars on leveraging 'Lean' through continuous improvement, good faith contractual performance, and the Build in Canada Innovation Program of the Government of Canada were also incorporated into this event.
- The strategic sourcing team worked with senior officials from client departments to discuss their major upcoming procurement requirements. This pro-active approach to procurement resulted in the continuation of 35 procurement opportunities across all departments.
- The Agency provided day-to-day interpretations of procurement legislation and guidance on best practices in public sector procurement. In 2016-17, there were in excess of 16,000 purchase orders issued by staff at the Agency.
- The Agency processed 1697 exceptions and compiled reporting for the House of Assembly.
- The Agency administered the GNL Corporate Travel and Purchasing Card (P-Card) Program. In doing so, the Agency plays a pivotal role in the development of policy and processes to support the program. As of March 31, 2017 there were nearly 900 active cards (796 travel cards, 102 p-cards) throughout Government.

Report on Performance

Issue 1: Procurement Reform

Over the period of the 2014-17 Business Plan, the Agency moved forward with activities to modernize and reform government procurement. This included the development and approval of new comprehensive procurement legislation; extensive work on the required regulations, policies and other documents needed to ensure successful implementation of the legislation; and the development of technology solutions to enhance existing and support new procurement approaches.

Goal 1: By March 31, 2017, the Government Purchasing Agency will have reformed procurement processes throughout the public sector.

Indicators: Modernized procurement tools and processes
Increased the use of strategic procurement techniques

In the first year of the 2014-17 Business Plan, the Agency continued to review opportunities for modernizing and reforming its current procurement processes. Areas were identified where efforts could be adjusted to enhance the business processes and as a result, adjustments were made which amended work flows and streamlined processes. Additionally, in the same year the Agency partnered with the Office of the Chief Information Officer and the Department of Finance to advance the Purchasing Card Program to the pre-pilot stage.

In 2015-16, the Agency continued its review of procurement policy with Government's commitment to modernize public sector procurement. Additional procurement enhancements were implemented after further consultations to ensure full consideration was provided to the integrity of the new **Public Procurement Act** moving forward. This included development and delivery of a comprehensive training module for Phase 1

participants of the Purchasing Card (P-Card Program). During 2015-16, the Agency also developed an e-learning module on green procurement that was released in 2016-2017.

In 2016-17, the third and final year of the business planning cycle, the Agency focused on completing the goals, objectives and indicators of the 2014-17 Business Plan to better reflect the progress achieved with respect to the enhancements to the public sector procurement process. In accordance with the National Master User Agreement, the Agency began reviewing the Government of Canada's federal standing offer agreements to determine suitability for joint purchasing. In 2016-17, the Agency examined the agreement relating to office supplies. However, the Provincial Government determined that it was receiving best value in its current purchasing agreements. Analysis will continue during 2017-18 to determine whether other agreements may be of value for joint participation. In addition, in line with strategic procurement techniques, the Agency also implemented a data analysis approach to assist Government departments to increase cost savings with respect to airline ticket credits.

Objective: By March 31, 2017 the Government Purchasing Agency will have completed enhancements to the public sector procurement process.

Indicator: P-Card rolled out to Government departments
New online self-service tool released for government travel contract

In 2016-17 the Agency completed Phase I of the P-Card Program and commenced Phase II. Phase II included a partnership with the Office of the Chief Information Officer to develop, test and implement a fully integrated technical solution between Financial Management System and P-Card transactional data from the financial institution; implementation of amendments to the P-Card policy and procedures developed in Phase I; additional training for Phase I participants; and the continued rollout of P-Cards to Departments. Upon the recommendation of the Organizational Management and Design Division, Human Resource Secretariat, Phase II commenced with the original

pilot group to test the technical solution and address any initial issues with this technical solution.

In May 2016, as part of the Travel Management Program, GNL successfully launched Concur, an online travel self-booking tool. The new online tool is convenient for booking trips since it allows single sign-on for access to multiple services such as air, hotel, and vehicle bookings. Concur benefits Government by allowing employees to book travel and accommodations online at a lower rate than booking with a travel agent. As a result, this allows Government to be more efficient in arranging travel and thus results in long-term cost savings.

Issue 2: Access to Training and Development Opportunities

The Agency operates within a legislative and regulatory environment that promotes transparency and equal opportunity in public sector procurement. Procurement professionals play a very important role in the financial position of organizations and need to be apprised of any changes in the legal environment as it relates to purchasing. Training provided and delivered by the Agency enhances transparency and supports effective public sector procurement throughout the province.

Goal: By March 31, 2017 the Government Purchasing Agency will have put into practice a training and development program supporting procurement professionals throughout the public sector.

Indicator: Training and development program implemented

During the 2014-17 planning cycle, the Agency worked to develop a new training program as a means of providing additional information to be used in the delivery services. As such, in the first year of the business planning cycle, the Agency provided training for staff that offered insight into relevant subject matter including legislation, contractual requirements, policy initiatives and sustainability. Additionally, during the same fiscal year, information sessions on the type and service delivery options for in-house learning and development were provided.

In 2015-16, the Agency continued to roll out its training program to its public sector clients beginning with the municipal sector. In support of the overall goal as identified in the planning cycle the Agency established a partnership with the Department of Municipal Affairs to deliver comprehensive sessions on the application and interpretation of current procurement legislation, as well as procurement best practices.

During the 2016-17 fiscal year, the Agency continued to deliver on its training program by developing materials for new procurement initiatives.

Objective: By March 31, 2017, the Government Purchasing Agency will have fully implemented the training and development program.

Indicator: Green procurement e-learning module released
Comprehensive training materials released for Phase II P-Card implementation

The Government Purchasing Agency, in collaboration with the Department of Municipal Affairs and Environment, and the Centre for Learning and Development, released the Green Procurement e-Learning module on the Public Service Access Learning Management System in Spring 2016. This module was developed for employees who are involved in the purchase and use of goods and services to promote awareness of the benefits of green procurement, help identify opportunities to incorporate green principles into procurement activities, and outline the steps to purchase goods and services with green considerations.

Training sessions were delivered to stakeholders in Summer 2016 for the Phase II implementation of the P-Card Program. These sessions were complemented by the release of comprehensive P-Card and related Electronic Claims Management System training materials on the Public Service Access Learning Management System.

Opportunities and Challenges

Over the next three years, the Agency will continue its commitment to identify and promote strategic procurement opportunities. The federal-provincial-territorial collaborative procurement initiative is part of the ongoing work to modernize procurement practices. Jurisdictions have common interests and procurement requirements and increased buying power through joint procurement will benefit the Provincial Government as a whole. By using collaborative procurement tools to purchase certain commodities where feasible, there is an opportunity for the Agency to benefit from rates negotiated by the Government of Canada, as we strive to find opportunities to realize savings.

This is a transitional time for the Agency as we move towards increased governance for public sector procurement. In 2017-18, in keeping with the Agency's Business Plan to modernize procurement, a new **Public Procurement Act** will enable public bodies to achieve best value, transparency and accountability in procurement. A commitment from The Way Forward stated "In 2017-18, our Government will introduce regulations under the new **Public Procurement Act** that will increase bidding thresholds to align with trade agreement commitments. An increase in thresholds will provide greater opportunity for acquisitions below this value to be sourced locally within Newfoundland and Labrador. Local suppliers will also realize benefits through increased opportunities to bid on Government services that were once excluded from procurement legislation. This new legislation will build demand for the products and services of local businesses". The Agency will work to create a strong foundation of information, tools and resources that will help with the learning process for our public sector and clients adapting to the new procurement practices. However, comprehensive training and guidance provided by the Agency in the future will mitigate this challenge.

Looking forward, the Agency will continue collaborating with internal and external stakeholders to ensure the Government is well positioned to better support public

bodies in obtaining 'best value' in their purchases while taking into consideration innovation and contribution to local economic growth. Proclamation for the majority of the Legislation is anticipated for December 2017. Sections of the Act as they relate to supplier debrief, complaint and supplier performance requirements will come into force within six months of the initial proclamation date. Provisions relating to the electronic notification system will be proclaimed once that system is built.

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 2017. Audited financial statements are a requirement at the Provincial Government level and are made public through the Public Accounts process; however, the Government Purchasing Agency is not required to provide a separate audited financial statement.

| Government Purchasing Agency | | | |
|---|------------------|------------------|------------------|
| Statement of Expenditure and Related Revenues | | | |
| For Fiscal Year Ending 31 March 2017 | | | |
| | | Estimates | |
| | Actual | Amended | Original |
| Salaries | 1,730,327 | 2,052,000 | 2,052,000 |
| Employee Benefits | 1,142 | 1,300 | 1,300 |
| Transportation and Communication | 18,814 | 49,300 | 49,300 |
| Supplies | 6,021 | 18,500 | 18,500 |
| Professional Services | 105,172 | 24,000 | 24,000 |
| Purchased Services | 20,970 | 84,000 | 84,000 |
| Property, Furnishings and Equipment | 927 | 2,000 | 2,000 |
| | | | |
| Less Revenue | (262,271) | (268,000) | (268,000) |
| Total: Government Purchasing Agency | 1,621,102 | 1,963,100 | 1,963,100 |