

ANNUAL REPORT 2018-19

Public Procurement Agency





MESSAGE FROM THE MINISTER

As Minister responsible for the Public Procurement Agency, I am pleased to submit the 2018-19 Annual Report 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 is a performance-based report that reflects the success of the Agency meeting the objectives outlined for 2018-19 in the 2017-20 Business Plan.

This report also highlights important work completed during 2018-19 with internal and external stakeholders and identifies opportunities and challenges for the upcoming fiscal year. The Public Procurement Agency demonstrated its commitments to building a stronger economic foundation, as outlined in **The Way Forward**, by modernizing the public procurement framework and expanding opportunities for local businesses.

I would like to take this opportunity to acknowledge the outstanding commitment of the staff of the Public Procurement 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, MHA
Minister Responsible for the Public Procurement Agency

Table of Contents

- Agency Overview..... 1**
 - Staff and Budget.....2
- Highlights and Partnerships..... 3**
 - Highlights..... 3
 - Partnerships..... 4
- Report on Performance..... 5**
- Opportunities and Challenges 7**
- Financial Information..... 8**

Agency Overview

The mandate of the Public Procurement Agency (the Agency) is derived from the **Public Procurement Act** (the Act) and includes: the acquisitions of commodities as the central procurement unit of the Government of Newfoundland and Labrador; and the oversight of, and establishment of policies for, the procurement activities of all public bodies.

Lines of Business:

The Public Procurement Agency provides the following lines of business:

1. Procurement and Strategic Sourcing

The Agency acquires commodities for public bodies and manages the procurement cycle from planning to solicitation, evaluation, award, and post-award in accordance with the **Public Procurement Act** and Regulations, trade agreements and established policies and procedures and ensures that procurement opportunities undertaken by the Agency 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 or the framework), including the development of compliance audits and reports, and leading 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 is comprised of four divisions, each carrying out the work and mandate of the Agency: Procurement, Strategic Sourcing, Audit, Information and Training, and Policy, Planning and Administration.

The Agency's head office is located in the Petten Building, 30 Strawberry Marsh Road, St. John's and the warehouse facility, where surplus assets are held for reuse within government departments, is located in Pleasantville. For more information about the Public Procurement Agency, please visit <http://www.ppa.gov.nl.ca>.

As of March 31, 2019, the Agency employed 26 people. Of the 26, there were 21 females and 5 males.

The Agency collects revenues through the disposal of assets as well as through rebates received from the use of purchasing cards (p-cards). The Agency's gross expenditures for fiscal year 2018-19 were \$2,110,800.

Highlights and Partnerships

In addition to the results as outlined in the Report on Performance section of this report, the Agency was involved in a broad range of activities and accomplishments throughout the year, as outlined below:

Highlights

- A new Chief Procurement Officer (CPO) was appointed in August, 2018, replacing the Chief Operating Officer position. The mandate of the CPO is derived from the **Public Procurement Act** and includes the following: administering the agency; developing and publishing general policies for the procurement of commodities for application by all public bodies; maintaining effective oversight of the procurement activities of public bodies, providing advice to public bodies relating to the interpretation and application of the framework; developing standardized procedures for the procurement of commodities; providing training programs for public bodies.
- Additional provisions of **The Public Procurement Act** came into effect September 24, 2018. These include supplier debriefing; supplier complaint process; supplier performance; and appeals to the Chief Procurement Officer. Government is very proud of this progressive piece of legislation which will benefit many companies throughout Newfoundland and Labrador, by increasing transparency and allowing public bodies greater ability to hold suppliers accountable for their performance.
- In 2018-19, the Agency continued to work closely with various associations such as Municipalities Newfoundland and Labrador, Professional Municipal Administrators, St. John's Board of Trade and the Newfoundland and Labrador Construction Association to deliver information sessions on the public procurement framework.
- The Agency completed training sessions for public bodies on the requirements of the procurement framework. Approximately, 330 public body representatives received training from April 1, 2018 – March 31, 2019.

- The Agency worked with the Centre for Learning and Development to establish a new online purchasing card training module that will be mandatory for purchasing cardholders. During last fiscal year 2017-18, there were approximately 220 purchasing cards in circulation. As of March 31, 2019, there is an estimated 433 purchasing cards being used throughout Government. Purchasing cards provide for faster procurement of goods, immediate payment to vendors who accept p-cards, and a rebate to government based on volumes of purchases. For every \$1 million in spending that is conducted through the p-card, Government receives an \$11,200 rebate. P-cards also reduce the number of purchase orders and invoices that are processed at a departmental level. When used with proper controls and oversight, p-cards present a significant opportunity for Government to improve its operations and achieve financial benefits.

Partnerships

- Our partnerships are crucial to enabling the Public Procurement Agency to effectively carry out its mandate. The Agency, in partnership with the Atlantic Supplier Development Team, participated in the Atlantic Provinces' Reverse Trade Show on October 18, 2018, in Prince Edward Island. This show alternates between the four Atlantic Canada Provinces and provides an opportunity for the supplier community to interact with public sector procurement officials to gain insight into the types of commodities purchased by the four Atlantic Provinces, as well as helping suppliers navigate the public procurement process.
- In the Fall of 2018, the Procurement Advisory Council held its first meeting. The Council consists of representatives of public bodies, with a responsibility for providing advice and making recommendations to the Minister respecting matters related to procurement and, in particular, how the purpose of the Act may be achieved. The CPO is the chairperson of the Council and members of the Council are appointed by the Minister. The Council met twice in 2018-19. The **Procurement Advisory Council Regulations** provide additional information regarding the Terms of Reference, composition and role of the Council.

Report on Performance

Issue: Modernized Public Sector Procurement

The Agency continues to modernize the procurement process. The framework promotes transparency and accountability for all parties involved in the procurement process.

Goal: By March 31, 2020 the Public Procurement Agency will have modernized public sector procurement to ensure it is responsive to client needs.

Objective for 2018/19: By March 31, 2019, the Public Procurement Agency will have further advanced regulatory and systems modernization.

Indicators:

- Policy and training materials developed for sections of the **Public Procurement Act** and Regulations relating to supplier debriefing, supplier complaint process and supplier performance.
- Request for Proposals for the new electronic notification system developed and released.

The Agency was successful in satisfying all of the indicators associated to the 2018-19 annual objective. The Agency continues to focus its efforts to modernize the procurement legislation. Policy components and training materials were developed relating to the supplier debriefing, supplier complaint process and supplier performance sections of the **Public Procurement Act** and Regulations, which came into effect on September 24, 2018. The Agency incorporated this information into its regular training program.

In 2018-19 the Agency worked with the Office of the Chief Information Officer and the Department of Transportation and Works to develop a Request for Proposals (RFP) for an e-Procurement Solution, for the Government of Newfoundland and Labrador. The committee focused on the business requirements and issued an RFP in August, 2018, with a closing date of October, 2018.

This solution will allow Government to more efficiently and effectively manage the procurement of commodities by providing the ability to publish bidding opportunities, self-register suppliers, securely receive bid submissions from suppliers online, and publish award information. The solution will also enable users from other public bodies to input bidding opportunities and award information for reporting purposes. In November, 2018, an evaluation team was formed and vendor demonstrations were provided in December. By the end of the fiscal year, the evaluation process had concluded and a preferred vendor was identified. The evaluation team, through a fair and competitive process, recommended MERX as the preferred vendor for the e-Procurement Solution and OCIO sought further authority to enter into a multi-year agreement with the vendor. As of March 31, 2019, final approval to award the contract was still ongoing.

Objective: By March 31, 2020, the Public Procurement Agency will have completed regulatory and systems modernization.

Indicators:

- Support provided to public bodies through implementation of regular audit processes.
- Supported the implementation of an electronic notification system.

Opportunities and Challenges

In 2019-20 the Agency will continue to leverage the opportunities provided by the **Public Procurement Act**. Specifically, with input from the Procurement Advisory Council, the Agency will develop an annual procurement planning process for public sector procurement in Newfoundland and Labrador. These plans will better enable analysis of procurement activities, and thus better inform strategic procurement options aimed at seeking to streamline the procurement process for public bodies, while also seeking to deliver efficiencies and cost-savings.

The Way Forward outlines Government's plan to sourcing goods and services more strategically. With respect to strategic approaches to procurement, the Public Procurement Agency continues to work with the federal government under the terms of the National Master User Agreement in an effort to identify commodities that NL public bodies may be able to acquire under the benefits of that agreement.

The Agency will continue its commitment of creating a strong foundation of information, tools and resources that will help with the learning process for public bodies as they adapt to new procurement practices. While working within a new and comprehensive procurement framework may be challenging, the Agency plays a pivotal role in delivering services that support the framework. Comprehensive training and the continued guidance provided by the Agency will help mitigate those challenges.

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, 2019. 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.

**PUBLIC PROCUREMENT AGENCY
Statement of Expenditure and Related Revenue
FOR THE YEAR ENDED 31 MARCH 2019**

	Actual	Estimates	
		Amended	Original
	\$	\$	\$
PUBLIC PROCUREMENT AGENCY			
PUBLIC PROCUREMENT AGENCY			
<i>CURRENT</i>			
1.1.01. PUBLIC PROCUREMENT AGENCY			
01. Salaries	1,831,901	1,961,300	1,961,300
Operating Accounts:			
<i>Employee Benefits</i>	-	1,000	1,000
<i>Transportation and Communications</i>	25,548	49,000	49,000
<i>Supplies</i>	7,154	10,400	10,400
<i>Professional Services</i>	59,986	23,500	23,500
<i>Purchased Services</i>	13,086	63,500	63,500
<i>Property, Furnishings and Equipment</i>	1,032	2,100	2,100
02. Operating Accounts	<u>106,806</u>	<u>149,500</u>	<u>149,500</u>
	<u>1,938,707</u>	<u>2,110,800</u>	<u>2,110,800</u>
02. Revenue - Provincial	<u>(427,334)</u>	<u>(308,000)</u>	<u>(308,000)</u>
Total: Public Procurement Agency	<u>1,511,373</u>	<u>1,802,800</u>	<u>1,802,800</u>
TOTAL: PUBLIC PROCUREMENT AGENCY	<u>1,511,373</u>	<u>1,802,800</u>	<u>1,802,800</u>
TOTAL: PUBLIC PROCUREMENT AGENCY	<u>1,511,373</u>	<u>1,802,800</u>	<u>1,802,800</u>
TOTAL: PUBLIC PROCUREMENT AGENCY	<u>1,511,373</u>	<u>1,802,800</u>	<u>1,802,800</u>