



procurement
governance

Government Purchasing Agency

Annual Report

2015 - 2016



Newfoundland
Labrador



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Message from the Minister



I am pleased to submit the 2015-2016 Annual Report of the Government Purchasing Agency (Agency) in accordance with the requirements as a Category Two entity under the *Transparency and Accountability Act*. This report covers the period April 1, 2015 to March 31, 2016. As Minister responsible for the Agency, a position to which I was appointed on December 14, 2015, I am accountable for the results presented within this report. This is a performance-based report that reflects the progress by the Agency towards achievement of the goals outlined in the 2014-2017 Business Plan. I also have received a public mandate letter from Premier Dwight Ball, which is available online.

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 "Eddie Joyce". The signature is written in a cursive, slightly slanted style.

Eddie Joyce

Minister



Agency Overview

The Government Purchasing Agency (Agency) is an independent branch of the public service under the management and control of a Chief Operating Officer. The Chief Operating Officer is responsible for the direct management of the Agency and ensures that all procurement activities are carried out in accordance with the *Public Tender Act*.

Primary clients of the Agency include departmental and government-funded body employees and members of the local supplier community. The Agency provides clients with up-to-date procurement information including public bidding opportunities, contract award summaries, relevant legislation, agreements and terms and conditions through its website www.gpa.gov.nl.ca.

Authority for the Agency's operation is provided through the *Government Purchasing Agency Act* and *Public Tender Act*;

- *Government Purchasing Agency Act* – outlines the mandate of the Agency and provides for its operation.
- *Public Tender Act* – primary legislation that governs procurement within the public sector.

Vision

The vision of the Agency is of an informed public sector and supplier community participating in a transparent and equal opportunity procurement environment. Its programs and services are guided by this vision.

Mission

By March 31, 2017 the Government Purchasing Agency will have enhanced its business processes.

Mandate

The Agency's mandate is derived directly from the *Government Purchasing Agency Act* and includes the following:

The Agency acquires goods and services on behalf of government departments and agencies in accordance with the Public Tender Act and Regulations, trade agreements and established policies and procedures.

- Acquisition of goods and services required by departments of the public service. The Chief Operating Officer may delegate this authority, in full or in part, to departments in the interest of efficiency. Additionally, the Agency may acquire goods and services required by government funded bodies, upon the direction of the Lieutenant-Governor in Council, where efficiencies may be achieved.
- Responsibility for a joint purchasing advisory board - currently the Central Purchasing Authority (CPA). The CPA is responsible for the coordination and establishment of high value contracts for common goods and services utilized by departments and government-funded bodies.
- Reporting to the House of Assembly of exceptions to the *Public Tender Act* and awards to other than the preferred bidder. The Chief Operating Officer of the Agency has the authority to review and express an opinion regarding the sufficiency of the grounds for using an exception.
- Auditing and review of the acquisition process of departments and other government-funded bodies to ensure compliance with procurement legislation, policies and procedures.
- Provision of training to employees of the government-funded bodies to ensure awareness of applicable legislation and purchasing policies and procedures.

The Minister Responsible for the Agency received a mandate letter from the Premier on December 14, 2015, which provided, "I expect you to modernize the public procurement framework and expand opportunities for local businesses. This work should include examining barriers to local businesses bidding on public works, with a goal of removing obstacles and strengthening local opportunities, and working with industry to look for ways to improve the overall public procurement system, and ensure an open and competitive bidding process."

Lines of Business

The Government Purchasing Agency has two lines of business:

1. Procurement

The Agency acquires goods and services on behalf of government departments and agencies in accordance with the *Public Tender Act* and *Regulations*, trade agreements and established policies and procedures. The Act provides for openness and transparency in the procurement process requiring an open call for tender or request for proposals for the acquisition of goods and services in excess of \$10,000 unless special circumstances exist. For acquisitions with an estimated value less than or equal to \$10,000 the Act requires either three direct quotes or the establishment of a fair and reasonable price.

The Agency manages the procurement cycle from planning to solicitation, evaluation and award, and post-award. Staff provides direction and guidance to end-users during the preparation of their request documents and advertises the solicitation documents on their behalf. Procurement officials review and evaluate supplier submissions to ensure compliance with the terms, conditions and specifications of the document. Subsequent to the evaluation process and upon determination of a preferred bidder, a contract is awarded by the Agency to the successful supplier. In the post-award stage the Agency provides support during contract administration.

2. Audit, Information and Training

The Agency provides information and training regarding the *Public Tender Act*, *Government Purchasing Agency Act*, Atlantic Procurement Agreement, Agreement on Internal Trade and purchasing policies and procedures. This service is readily available to clients of the Agency, including departments, government-funded bodies and the supplier community.

The Atlantic Procurement Agreement and the Agreement on Internal Trade allow local businesses to openly compete for Government opportunities throughout the country. An



In the interest of transparency the Agency posts its tender award information on its website providing suppliers with the results of procurement opportunities.

important aspect of the competitive process for suppliers is remaining up-to-date on the public sector procurement process. Through its partnership with the Department of Business, Tourism, Culture and Rural Development, the Agency provides forums for businesses to obtain information on public sector procurement and potential supply opportunities.

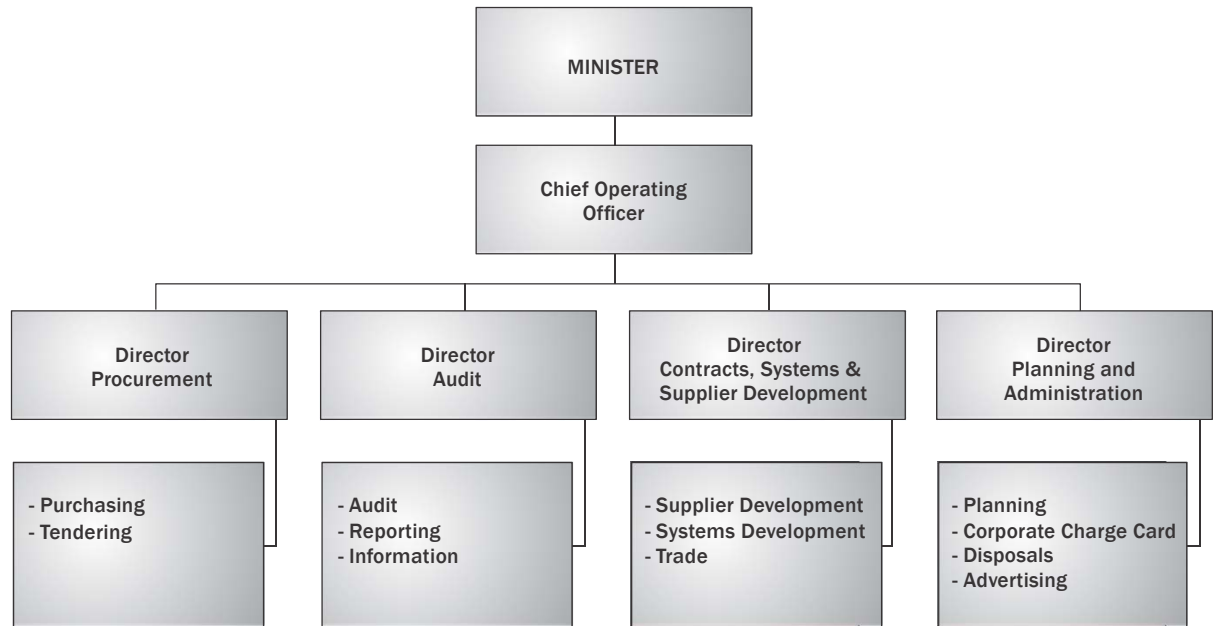
Tender and award information is also collected from government-funded bodies. This information allows the Agency to monitor procurement patterns across the province and the success of local companies when competing for government business. In the interest of transparency the Agency posts its tender award information on its website providing suppliers with the results of procurement opportunities.

The Agency's audit function promotes accountability and proper application of the procurement legislation throughout the public sector. Reviews of the procurement practices of departments and government-funded bodies facilitate legislative compliance and the identification of training opportunities.

Organizational Structure

The effective and efficient delivery of the Agency's programs and services was supported by an organizational structure that consisted of four distinct provisions as depicted in the diagram shown on the following page:

Government Purchasing Agency Organizational Chart



Staffing Complement

As of March 31, 2016 the Agency maintained 39 positions with a female to male ratio of 4:1. The headquarters for the Government Purchasing Agency has all staff located at the Petten Building, 30 Strawberry Marsh Road, St. John's. The Agency also maintains a warehouse facility in Building 910 in Pleasantville where government assets are held for disposal.

Through a joint initiative public bodies are better able to achieve standardization of products and obtain best value through the utilization of increased efficiencies and economies of scale.

Shared Commitments

As an Agency of Government, the Government Purchasing Agency continues to develop and maintain relationships with government departments, government funded bodies, the supplier community and provincial, federal and territorial governments to achieve strategic and operational priorities. As such, much of the performance achieved during 2015-16 fiscal year was made possible because of the Agency's shared commitment to achieving common results. Additional accomplishments made by these collaborative relationships are detailed below.

Public Sector

To continue in support of Government's strategic direction the Government Purchasing Agency focuses on modernizing and reforming procurement practices across the public sector and enhancing stakeholder communication. Agency staff has reached out to other government funded bodies for discussions on furthering the aggregation of common items for the purpose of joint procurement. Through a joint initiative public bodies are better able to achieve standardization of products and obtain best value through the utilization of increased efficiencies and economies of scale.

The Agency continued to support the Department of Business, Tourism, Culture and Rural Development with the procurement component of trade relations. Information regarding the province's purchasing legislation, policies, procedures and practices has been provided to that department to support the province's position on these matters.

The Agency continued to support the public service in the development of tender specifications, bid evaluation, the tendering and award process and the interpretation and application of relevant legislation.

The Purchasing Card (P-Card) Pilot commenced in August 2015 through the collaborative efforts of the Agency, the Office of the Chief Information Officer, the Department of Finance and the Centre for Learning and Development.

The province remains a participant in procurement and trade agreements which have reduced trade barriers both regionally and nationally and provide inputs for a more competitive procurement environment.

Industry

In the past year the Agency continued consultations with industry associations as part of the engagement process with respect to procurement reform. Development of a strong relationship with the supplier base is an important aspect for an efficient and effective procurement process.

The Agency is continuing its partnership with the Department of Business, Tourism, Culture and Rural Development to increase awareness and supplier access to public procurement opportunities.

Federal, Provincial and Territorial Governments

The province is a participant in the Atlantic Procurement Agreement and the Agreement on Internal Trade; intergovernmental trade agreements have established a framework ensuring equal access to public procurement opportunities. These agreements have reduced trade barriers both regionally and nationally and provide inputs for a more competitive procurement environment.

The Agency has also been involved in discussions with our regional counterparts regarding consolidation of requirements for commonly used items. This would allow all provinces to leverage their buying power and consolidate demands to achieve better value for their procurement. Strategic Sourcing has been involved in discussions and meetings with the Federal Government in seeking opportunities for joint procurement in various commodities. Evaluations for cost feasibility and logistics efficiency are continuously being examined by both the Federal and Provincial Sourcing/Procurement analysts.

Highlights and Accomplishments



Purchasing

The Agency fostered relationships with suppliers and public officials, monitored usage and buying patterns, provided assistance to end users; and addressed procurement needs and related issues as they arose.

During fiscal year 2015-2016, procurement statistics were as follows:

- In excess of 20,000 purchase orders were issued by the Agency.
- Eight tenders for the disposal of surplus government assets were issued and one auction was completed.
- 950 corporate travel and purchasing cards were administered.
- 36 strategic procurement contracts for consolidated commodities were managed on behalf of government departments and public bodies.

Audit, Information and Training

The Audit, Information and Training division of the Agency continued its work during 2015-2016 and marked the following highlights and accomplishments.

- 1667 exceptions were processed by the Agency and compiled for reporting to the House of Assembly.
- Continued delivery of training in the procurement component of government's financial system and the legislative requirements of the *Public Tender Act*.
- Development and delivery of a comprehensive training module for Phase 1 participants of the Purchasing Card (P-Card Program). Development of an e-learning module on green procurement to be released in 2016-2017. Personal development sessions were also provided to Agency staff.
- The Agency continued to review procurement activities of government funded bodies to ensure compliance with the *Public Tender Act* and Regulations.

Report on Performance 2015 - 2016

Issue 1: Procurement Reform

Increasing efficiencies in procurement has become a priority for Governments across Canada. New and evolving techniques are continuously being proposed. The Agency continues to review several opportunities for modernizing and reforming its current procurement processes.

Goal:	By March 31, 2017, the Government Purchasing Agency will have reformed procurement processes throughout the public sector.
Objective:	By March 31, 2016, the Government Purchasing Agency will have initiated implementation of procurement enhancements to the greater public sector.
Measure:	Implementation of procurement enhancements to the greater public sector initiated.
Indicator:	Implementation of procurement enhancements has commenced.

In 2015-16, the Agency continued its review of procurement policy and the refinement of proposed enhancements in accordance with Government's commitment to modernize public procurement. Procurement enhancements were not implemented as further consultations were required ensuring full consideration was provided to the integrity of the new Public Procurement Act moving forward. Further progress will be dependent upon the approval of a new procurement act. As noted in the March 8, 2016 Speech from the Throne, "A new act to replace the aging *Public Tender Act* is under development by the Government Purchasing Agency. The intent of the new act is to better support public bodies in obtaining 'best value' in their purchases and to reduce administrative burden for both suppliers and public bodies. Introduction of changes to the *Public Tender Act* are a priority for My Government."



To further enhance the Agency's business process a technical team was established to evaluate the options for the integrated solution to facilitate the long-term use of the P-Card.

Objective:	By March 31, 2017 the Government Purchasing Agency will have completed enhancements to the public sector procurement process.
Measure:	Enhancements to the public sector procurement process completed.
Indicator:	<ul style="list-style-type: none"> • P-Card rolled out to government departments • New online self-service tool released for government travel contract.

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. With responsibility for the administration of the *Public Tender Act*, the Agency recognizes the critical role of training within the public sector environment and the evolving world of procurement. Procurement professionals play a very important role in the financial position of organizations and need to be apprised of new and innovative strategies and methodologies and changes in the legal environment as it relates to purchasing.

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.
Objective:	By March 31, 2016, the Government Purchasing Agency will have begun the roll-out of a training strategy to public sector entities.
Measure:	Training strategy to public sector entities commenced.
Indicator:	Training strategy to public sector entities has commenced.

In 2015-2016, the Government Purchasing Agency commenced the rollout of a training strategy for its public sector clients, beginning with the municipal sector. The Agency established a training partnership with the Department of Municipal Affairs to offer a comprehensive half day session on the interpretation and application of procurement legislation, as well as procurement best practices, for municipalities and local service districts across the province. The first training event was held on March 22, 2016 in St. John's. Client feedback will be assessed to identify any required modifications to the training strategy, delivery and/or materials.

Objective:	By March 31, 2017 the Government Purchasing Agency will have fully implemented the training and development program.
Measure:	Training and development program implemented
Indicator:	<ul style="list-style-type: none">• Green procurement e-learning module released• Comprehensive training materials released for Phase II P-Card implementation

Opportunities and Challenges



The Agency continues to focus on a more strategic approach to procurement and its operations including increased sourcing opportunities and delegation of purchasing authority where feasible. As procurement evolves the emphasis on price is reduced and other factors are given consideration as we strive to achieve best value, maximize resources and find opportunities to realize savings,

In keeping with the Agency's Business Plan to reform procurement practices throughout the public sector, our resources will continue to form closer relationships with other government funded bodies, provinces and the supplier community to learn about new commodities and services that may be available in the marketplace. Further work in this area will continue during 2016-17. This is an opportunity to work collaboratively with other jurisdictions for common interests to expand the number of procurement opportunities. The challenge will be to define opportunities for cost savings and streamline processes across multiple contracts with various stakeholders.

The Agency will also continue work towards fulfilling the commitments in the Minister's mandate letter and the 2016 Speech from the Throne, described earlier in this report.

The Agency looks forward to both the opportunities and challenges as we continue to work towards fulfilling our mandate and achieving our goals and objectives.

Financial Statements

Expenditure and revenue figures included in this document are unaudited and based on public information provided in the “Report on Program Expenditures and Revenues of the Consolidated Revenue Fund” for the year ended March 31, 2016. Audited financial statements are a requirement at the 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 2016

	Actual	Estimates Amended	Estimates Original
Salaries and Benefits	1,525,162	2,220,400	2,247,600
Employee Benefits	1,095	1,500	1,500
Transportation and Communication	26,402	130,000	70,000
Supplies	14,473	20,000	20,000
Professional Services	156,736	25,000	25,000
Purchased Services	46,510	89,000	89,000
Property, Furnishings and Equipment	1,997	2,200	2,200
Less Revenue	(161,053)	(258,000)	(258,000)
Total: Government Purchasing Agency	1,611,322	2,230,100	2,197,300



<http://www.qpa.gov.nl.ca>