



# GOVERNMENT PURCHASING AGENCY

ANNUAL REPORT  
2004-05

## *Message from the Minister*

*Pursuant to the 2003 Speech from the Throne, it is my honour to present the Government Purchasing Agency Annual Report for fiscal year 2004-05.*

*On February 20, 2004, nearing the close of the 2003-04 fiscal year, it was announced that the Government Purchasing Agency would become a separate arm's-length entity. As a result, 2004-05 was a transitional year that offered many opportunities and challenges.*

*The mandate of the Government Purchasing Agency is to provide leadership and support to government-funded bodies in the area of procurement through purchasing, auditing, reporting, training and advisory services. These services are delivered through the two divisions of the Agency – the Purchasing, Policy & Administration Division and the Audit, Information & Training Division.*

*The purpose of this report is to promote a better understanding of the Agency's activities and policy directions in relation to its mandate. This is accomplished by providing an overview of the Agency and highlighting key statistics and accomplishments and identifying potential opportunities and challenges for 2005-06.*

*I would like to take this opportunity to acknowledge those who contributed to this report and the dedication of the staff of the Government Purchasing Agency.*



*Dianne Whalen*  
**Dianne Whalen**  
Minister

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***Transition to a  
Separate Arm's-Length  
Entity***

***Overview***

The Government Purchasing Agency (the Agency) is the central procurement unit of the government charged with the responsibility of acquiring goods and services required by departments of the public service.

In February 2004, it was announced that the Government Purchasing Agency, formerly a division of the Department of Works, Services & Transportation, was to become a separate arm's-length entity reporting to the Minister of Government Services.

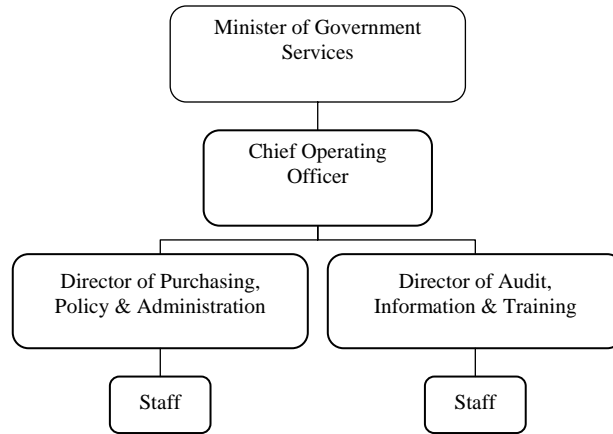
At the onset of 2004-05, the Agency, in consultation with the Office of the Legislative Counsel, had identified a number of legislative amendments that would be required for the Agency to function as a separate arm's-length entity. A proposed bill was subsequently prepared for submission to the House of Assembly.

In December 2004, the *Government Purchasing Agency Act* was proclaimed. This Act identified the Agency as a branch of the public service of the province, outlined the role of the Agency and provided for its operation and management. The *Public Tender Act* was also amended to confer related procurement and reporting responsibilities to the Chief Operating Officer of the Agency.

The transition to an independent entity necessitated a review of the roles and responsibilities of the Agency and an assessment of its future direction. A multi-year performance-based business plan will be developed in 2005-06 outlining the goals and objectives of the Agency.

**Organizational Structure**

The office of the Agency is located in the Petten Building, Strawberry Marsh Road, St. John's. The Agency is organized into two divisions, the Purchasing, Policy & Administration Division and the Audit, Information & Training Division. These divisions collectively ensure the efficient and effective delivery of the Agency's programs and services. The following organizational chart depicts the reporting structure.



**Mandate**

The mandate of the Government Purchasing Agency is to provide leadership and support to government-funded bodies in the area of procurement through purchasing, auditing, reporting, training and advisory services. In 2004-05, the Agency had a budget of approximately \$1.6 million and 28 staff positions. Services were delivered under the following core program areas:

1. Purchasing
2. Auditing
3. Reporting/Information
4. Training
5. Supplier Development

## *Program Areas and Activities*

### *Purchasing on Behalf of Government Departments*

#### **Purchasing**

The Agency is responsible for the acquisition of goods and services required by government departments, in accordance with the *Government Purchasing Agency Act*. The Agency acquires goods and services for departments on an as and when required basis and also establishes strategic government contracts.

The *Government Purchasing Agency Act* also provides for the delegation of purchasing authority, in whole or in part, where it is in the interest of efficiency to do so. As a result, the Agency has delegated purchasing authority to government departments for low dollar value acquisitions and for immediate operational requirements.

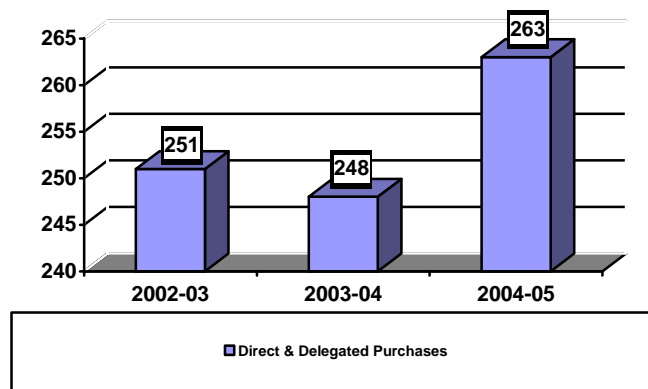
The *Government Purchasing Agency Customer Manual* provides an overview of the programs and services offered by the Agency as well as guidelines for the use of delegated purchasing authority.

### *Purchasing on Behalf of Other Government-Funded Bodies*

The Agency also directs the Central Purchasing Authority, which was established to coordinate and administer a system of high volume procurement on behalf of government-funded bodies. Information on the activity of this entity may be obtained through the annual report of the Central Purchasing Authority.

### *Value of Acquisitions*

In 2004-05, acquisitions made through direct and delegated purchasing authority, as identified through government's purchasing system, totaled \$263 million. This compares to \$251 million in 2002-03 and \$248 million in 2003-04.



***Electronic Tendering***

In 2004-05, the Agency posted its bidding opportunities with an estimated value of \$2,500 or greater to the Agency's website. Requests for Proposals issued by government departments, crown corporations, municipalities, academic institutions, school boards and health care facilities were also posted to the site, upon the request of the government-funded body.

***Corporate Charge Card System***

The Government of Newfoundland and Labrador utilizes a Corporate Charge Card System, which is administered by the Agency. This system facilitates business travel for employees of the public service offering an efficient method of payment for all travel-related goods/services. In 2004-05, there were 2200 active cards within this system

***Disposal of Crown Assets***

The Agency also coordinates and arranges for the disposal of crown assets by public tender, auction, transfer to another department or agency, or destruction. In 2004-05, the Agency administered seven public auctions and nine invitations to tender on behalf of government departments/agencies.

***Advertising***

Advertising is used as a method of communicating significant issues, vital information and bidding/employment opportunities to the people of Newfoundland & Labrador. The advertising requirements of government departments are generally coordinated through the Agency. In 2004-05, the estimated expenditure for coordinated advertising was \$1.1 million.

**Auditing**

***Accountability in the Procurement Process***

The Agency conducts departmental audits that measure compliance with procurement legislation and the conditions of delegated purchasing authority. Internal audits of the procurement function within the Agency are also conducted on a regular basis. Investigative audits of the application of the *Public Tender Act* are conducted, as required.

The auditing function of the Agency promotes the proper application of procurement legislation, as well as accountability in the procurement process. In 2004-05, internal and delegated purchasing authority audits were conducted. The audit process of the Agency was also re-evaluated to identify where efficiencies could be created with respect to data collection and analysis.

***Strengthening the  
Public Tender Act &  
Promoting  
Transparency***

***Tender Award  
Reporting System***

***Understanding  
Legislative  
Requirements &  
Intergovernmental  
Agreements***

***Educational Sessions***

## **Reporting/Information**

The *Public Tender Act* was amended in December 2004 in response to government's commitment to strengthen this *Act* and to promote openness and transparency in the procurement process. Reporting responsibilities under Section 8 and 10 of the *Act* were transferred to the Chief Operating Officer of the Agency, who was also given the authority to review the grounds on which an exception was made by a government-funded body. In 2004-05, exceptions were compiled into monthly reports and submitted to the House of Assembly on behalf of government-funded bodies. Exceptions were reviewed by the Agency and clarification was sought, where required, to ensure accuracy in the reporting process. The Agency also began an analysis of the reporting process, which included the identification of methods for capturing all required information and for streamlining the reporting process.

The December 2004 *Public Tender Act* amendment also included the requirement for government-funded bodies to provide the Agency with information respecting a tender invitation and the resultant contract award. In 2004-05, the Agency commenced development of a Tender Award Reporting System that would permit government-funded bodies to enter tender and award information online in accordance with the requirements of Section 10.1 of the *Public Tender Act*.

The Agency is responsible for the administration of the *Public Tender Act* as it relates to goods and services and for the administration of intergovernmental procurement agreements. In 2004-05, the Agency provided interpretative services to government-funded bodies with respect to procurement legislation and the intergovernmental procurement agreements. The *Public Tender Act*, *The Atlantic Procurement Agreement* and *The Agreement on Internal Trade* are available online at [www.gpa.gov.nl.ca](http://www.gpa.gov.nl.ca).

## **Training**

Training sessions for government-funded bodies are delivered by the Agency and in consultation with other government departments or agencies. In 2004-05, the Agency began an assessment of its training practices with a view to introducing and administering a scheduled training program in respect of the *Public Tender Act* to ensure that government-funded bodies are aware of legislative requirements and standards for purchasing.





*Supplier Development*

**Supplier Development**

The Agency collaborates with government departments and industry on supplier development initiatives. During 2004-05, the Agency participated in discussions surrounding supplier development, including the delivery of supplier development sessions and seminars.

## *Shared Commitments*

### ***Consultation & Collaboration With:***

The Government Purchasing Agency relies on strong internal and external collaboration and consultation to deliver its programs and services.

### ***Government Departments***

The Agency works closely with departments of the public sector in the development of tender specifications, the performance of technical evaluations and in the contract award process.

### ***Industry***

The Agency collaborates with industry during the tendering process to ensure equal opportunity and access to government business. This collaborative effort also ensures that end users receive the goods and services best suited to their needs.

### ***Federal/Territorial Governments***

The Agency administers the intergovernmental procurement agreements on behalf of the Province. The Government of Newfoundland and Labrador's involvement with these agreements has become a valuable means of reducing trade barriers among governments. The purpose of implementing intergovernmental procurement agreements is to establish a framework that will ensure equal access to procurement for all suppliers. These agreements contribute to a reduction in purchasing costs and the development of a strong economy. The Agency has a representative on all intergovernmental procurement committees.

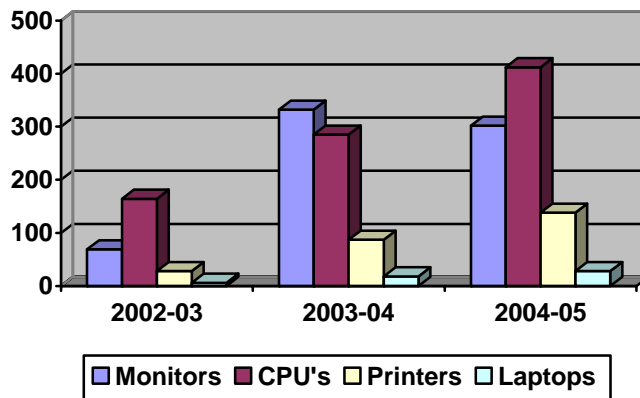
### ***All Government-Funded Bodies***

The Agency also collaborates with government-funded bodies during the tendering process by offering advice with respect to RFP/tender specifications. Upon the request of the government-funded body, the Agency will also post bidding opportunities on the Agency's website to facilitate the bidding process for government-funded bodies and the supplier community.

**All Sectors (Public,  
Private, Voluntary)**

Computers for Schools (CFS) is a national program that operates in cooperation with all provinces and territories, the private and volunteer sectors. The program collects, repairs and refurbishes donated surplus computers from government and private sector sources and distributes them to schools, public libraries and not-for-profit learning organizations throughout Canada (<http://cfs-ope.ic.gc.ca/>).

The Agency participates in this program through its disposal of crown assets initiative. The following chart depicts the contribution that the Agency has made to the Computers for Schools Program over the past three years through the donation of Monitors, CPU's, Printers and Laptops.



## Highlights

### ***New/Revised Legislation***

- In December 2004, the *Government Purchasing Agency Act* was proclaimed and the *Public Tender Act* was amended to reflect the new reporting structure and responsibilities of the Agency.

### ***Delegated Purchasing Authority***

- The delegated purchasing authority for government departments was increased from \$500 to \$2,500 in February 2005 in order to better serve government departments and to improve access to procurement opportunities for companies within the various regions of the province.

### ***Atlantic Provinces Standard Terms and Conditions***

- The Atlantic Provinces Standard Terms and Conditions, which apply to all Atlantic tenders for goods and services, were finalized and introduced in October 2004.

### ***Supplier Development***

- Opportunities for supplier development programs were explored in collaboration with other government departments.

### ***Training Initiative***

- Preliminary plans for a structured training program for government departments commenced. Training will provide departments with information relating to legislative requirements and best practices in the field of public procurement.

### ***Best Practices/Ethical Procurement***

- Increased attention is being paid to ethical standards and behavior across the Canadian Public Sector. There is a rising public demand for ethical practices in areas such as government procurement. During 2004-05, the Federal, Provincial & Territorial Ethical Procurement Workgroup developed an *Ethical Procurement Framework* and a *No Sweat Procurement Discussion Paper* to be forwarded to the Deputy Minister responsible for Procurement within each government.

*Looking to the Future*

*Opportunities and Challenges*

The Government Purchasing Agency looks forward to opportunities to advance its leadership role in the area of public procurement during 2005-06.

The Agency continues to examine efficient methods of procurement and new initiatives within the field of procurement, in its effort to continue to provide the best service to its clients within a fiscally responsible framework.

It is anticipated that the opportunity to further explore supplier development initiatives, which will assist in expanding local capacity, will strengthen the relationship between public sector buyers and industry. Ongoing collaboration with the Department of Innovation, Trade and Rural Development and the provincial supplier base will further promote an understanding of the procurement opportunities within the public sector, as well as increase awareness of the local capabilities in meeting the procurement needs of government-funded bodies.

The Agency will continue to explore enhancements to current practices/systems in order to improve the transparency and accountability of government-funded bodies in the area of public procurement.

*Statement of Expenditure and Related Revenues  
for Fiscal Year Ending March 31, 2005*

*Financial*

	<u>Actual</u>	<u>Estimates</u> <u>Amended</u>	<u>Original</u>
	\$	\$	\$
	1,418,799	1,564,700	1,564,700
Less Revenue	(154,795)	(258,000)	(258,000)

*Note: Expenditure and revenue figures (cash-based) included in this document are based on draft, unaudited information, as the Public Accounts had not yet been formally released. Readers are cautioned that these figures may be subject to adjustment.*