

# Public Procurement Agency

## Annual Report 2019-20





## MESSAGE FROM THE MINISTER

As Minister responsible for the Public Procurement Agency, I am pleased to submit the 2019-20 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 performance-based report reflects the success of the Agency in meeting the planned objectives outlined for 2019-20 as well as the goals outlined in the 2017-20 Business Plan. It also highlights other important work completed during 2019-20 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 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, appearing to read 'D. Bragg'. The signature is stylized with a large initial 'D' and a long horizontal line extending to the right.

Honourable Derrick Bragg, MHA  
Minister Responsible for the Public Procurement Agency

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# Agency Overview

The mandate of the Public Procurement Agency (the Agency) is derived from the **Public Procurement Act** (the Act) and includes: the acquisition 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 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 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). 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 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. For more information about the Public Procurement Agency, please visit <http://www.ppa.gov.nl.ca>.

As of March 31, 2020, the Agency employed 25 people. Of the 25, there were 18 females and 7 males.

The Agency's gross expenditures for fiscal year 2019-20 were \$2,097,500.

# Highlights and Partnerships

In addition to the results outlined in the Report on Performance section of this report, the following provides a broad range of activities and key accomplishments throughout the year:

- In 2019-20, the Agency partnered with the former Department of Municipal Affairs and Environment to deliver training sessions on the public procurement framework to municipalities in different regions of the province, including Deer Lake, Grand Falls-Windsor, Carbonear, and Torbay.
- The Agency collaborated with public bodies and associations to deliver sessions on the legislative requirements of the **Public Procurement Act**. In 2019-20 the Agency delivered sessions to the former Department of Natural Resources, Department of Justice and Public Safety, the Town of Clarenville and The Sounds Joint Council, the Eastport Regional Council, and the Clarenville Chamber of Commerce.
- The Agency, in partnership with the Atlantic Supplier Development Team, participated in the Atlantic Provinces' Reverse Trade Show on November 19, 2019, in Halifax, Nova Scotia. This show alternates between the four Atlantic Provinces and provides an opportunity for the supplier community to interact with public sector procurement officials to facilitate access to bidding opportunities and strengthen the supply base in the province.
- Throughout 2019-20, the Procurement Advisory Council had four meetings. The Council consists of representatives of public bodies with responsibility for procurement. The purpose of the Council is to provide advice and make recommendations to the Minister respecting matters related to procurement and, in particular, how the purpose of the Act may be achieved. The Chief Procurement Officer is the chairperson of the Council. During the year the Advisory Council was provided with presentations from the NL Construction Association as well as the Association of Consulting Engineering Companies.

# Report on Performance

## **Issue: Modernized Public Sector Procurement**

Over the period of the 2017-20 Business Plan, the Agency worked towards modernizing the public sector procurement through the introduction of new legislation and the implementation of training and other supports.

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

### **Indicators:**

- New procurement legislation, regulations and policies are in force.
- Training materials have been developed for primary clients.
- Electronic Notification System is in place to support requirements of new legislation.

In March, 2018, the new **Public Procurement Act** and Regulations were brought into force. A new Public Procurement Policy document was developed and released in April, 2018, to provide further clarification and guidance relating to the implementation of the Act and Regulations. This document was updated in September, 2018, to provide guidance for the additional provisions of the **Public Procurement Act** relating to supplier debriefing, supplier complaint process, and supplier performance that came into effect on September 24, 2018.

Immediately after the Act was brought into force, the Public Procurement Agency developed training materials and commenced training on the new procurement framework for core Government departments and other public bodies. This included mandatory training for all public bodies immediately after the legislation came into effect as well as the delivery of additional training as requested.

During this period, Agency collaborated with the Office of the Chief Information Officer (OCIO) and former Department of Transportation and Works to organize a steering committee of departmental officials to review and develop the requirements for an electronic notification system. In August, 2018, the OCIO issued a Request for Proposals (RFP) for an electronic notification system for the Government of Newfoundland and Labrador. In July, 2019, a contract was issued to MERX for the

provision this new system. Due to delays associated with the Covid-19 pandemic, implementation of the system has been delayed to fall 2020.

The following objective provides further detail relating to the work completed in the final year of the plan.

**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.

In 2019-2020, in support of the Agency's governance role, the Audit and Compliance Division commenced its renewal of the Agency's audit and compliance activities based on the new procurement framework. The Division developed a new procurement audit methodology designed to supplement the modernized procurement legislation and policies. Audit activity supports public bodies by providing audit findings and recommendations intended to increase knowledge and understanding of the modernized procurement framework and encourage compliance. The Audit and Compliance Division conducts planned audits as well as responds to inquiries or requests for reviews or investigations of public bodies' procurement activities. As of March 31, 2020, the Division had issued six audit reports, initiated an additional six audits, and completed five reviews.

As noted above, in July, 2019, a contract was issued to MERX for the provision of a new electronic notification system. This system will allow public body users to build, view, respond to, and evaluate procurements online. It will also allow suppliers to submit bids online, replacing the paper-based process used for the majority of procurements.

The new system was due to be implemented by the end of March, 2020; however, due to the Covid-19 pandemic a full roll out of the system was postponed to fall 2020.



# Opportunities and Challenges

Over the next three years, the Agency will continue its commitment to identify opportunities to improve and enhance procurement processes. The Agency will continue its commitment to modernizing public sector procurement while enhancing the ability for users to adapt to evolving procurement practices.

The new framework increases transparency, consistency and flexibility within our procurement practices and supports an open and competitive bidding process to achieve best value in procurement.

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.

# 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, 2020. 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 2019-20

## PUBLIC PROCUREMENT AGENCY

### PUBLIC PROCUREMENT AGENCY

	2019-20 Estimates \$	2018-19 Revised \$	2018-19 Budget \$
<b>PUBLIC PROCUREMENT AGENCY</b>			
<i>CURRENT</i>			
<b>1.1.01. PUBLIC PROCUREMENT AGENCY</b>			
Appropriations provide for the operation of the Public Procurement Agency which conducts purchasing, monitoring, and audit of procurement activities for public bodies in the Province.			
01. Salaries	1,954,000	1,844,000	1,961,300
Operating Accounts:			
<i>Employee Benefits</i>	-	-	1,000
<i>Transportation and Communications</i>	51,000	29,500	49,000
<i>Supplies</i>	9,100	8,400	10,400
<i>Professional Services</i>	23,600	68,500	23,500
<i>Purchased Services</i>	57,800	14,000	63,500
<i>Property, Furnishings and Equipment</i>	2,000	2,100	2,100
02. Operating Accounts	143,500	122,500	149,500
<b>Amount to be Voted</b>	<b>2,097,500</b>	<b>1,966,500</b>	<b>2,110,800</b>
02. Revenue - Provincial	(368,000)	(430,000)	(308,000)
Total: Public Procurement Agency	1,729,500	1,536,500	1,802,800
<b>TOTAL: PUBLIC PROCUREMENT AGENCY</b>	<b>1,729,500</b>	<b>1,536,500</b>	<b>1,802,800</b>
<b>TOTAL: PUBLIC PROCUREMENT AGENCY</b>	<b>1,729,500</b>	<b>1,536,500</b>	<b>1,802,800</b>