

# Knowledge Deepening and Sharing (KDS)

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An Overview of the Office of the Procurement Ombudsman's KDS Reports

**CIPMM Webinar Wednesday**

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# Presentation Agenda

1. What is the Office of the Procurement Ombudsman?
2. Legislated Mandate
3. Knowledge Deepening and Sharing (KDS)
  - Low Dollar Value (LDV) Contracting
  - Dispute Resolution Mechanisms for Vendor Performance Management
  - Social Procurement: A study on supplier diversity and workforce development benefits
  - Emergency Procurement
  - Late Payments
4. Upcoming KDS Studies
5. Questions

# 1. What is the Office of the Procurement Ombudsman (OPO)?

- A **neutral and independent** organization of the Government of Canada
- **Helps resolve contracting issues** between federal organizations and Canadian businesses
- Promotes **fairness, openness and transparency** in federal procurement
- **Connects** stakeholders, **investigates** complaints, **reports** on procurement activities, makes **recommendations** and shares **best practices**

## 2. Legislated Mandate

- ▶ **Review supplier complaints** about the award and administration of a contract (1 contract)
- ▶ **Review procurement practices of federal departments** to assess fairness, openness and transparency (+/- 40 contracts)
- ▶ **Provide dispute resolution services** for parties to a federal contract (mediation)

### 3. Knowledge Deepening and Sharing (KDS)

- ▶ Research papers to provide a **deeper understanding** of key **issues in procurement**
- ▶ Examine **areas of concern** raised by **federal officials** and the **supplier community**
- ▶ Provide **information and guidance** for federal procurement stakeholders

## 4. KDS Topics

➤ 5 published KDS reports to date

- I. [Low Dollar Value Contracting \(2019\)](#)
- II. [Dispute Resolution Mechanisms in Vendor Performance Management \(2019\)](#)
- III. [Social Procurement: A study on supplier diversity and workforce development benefits \(2020\)](#)
- IV. [Late Payments \(2020\)](#)
- V. [Emergency Procurement \(2020\)](#)

➤ Available on **OPO's website**

# I. Low Dollar Value (LDV) Contracting

## This KDS report:

- **Assesses various procurement methods** for LDV contracts:
  - Supply arrangements
  - Standing offers
  - Competitive procurement
  - Directed contracts
- Provides **practical guidance** to help select the appropriate procurement method for LDV contracts
- Examines **factors to consider** before awarding LDV contracts, including costs to both suppliers and federal organizations

## II. Dispute Resolution Mechanisms for Vendor Performance Management (VPM)

This KDS report:

- ▶ **Assesses:**
  - The **need for dispute resolution**/ appeal mechanisms in VPM frameworks
  - **Different forms** of VPM dispute resolution across Canada
  - **Factors to consider** when implementing a VPM dispute resolution process
- ▶ **Highlights:**
  - ▶ **Multiple advantages** of having VPM appeals mechanism
  - ▶ No common **federal** approach to date
  - ▶ Different approaches in **provinces and municipalities**
  - ▶ Different **types** of VPM appeal mechanisms
  - ▶ **Interim ratings; Application fees; Deference; Processing time**



### III. Social procurement: A study on supplier diversity and workforce development benefits (1/2)

This KDS report:

- ▶ Explores the **current landscape of social procurement** across Canada and internationally, e.g.
  - UK
  - USA
- ▶ Provides an **overview of key success factors** for social procurement in the areas of:
  - Supplier diversity
  - Workforce development benefits

### III. Social procurement: A study on supplier diversity and workforce development benefits (2/2)

#### Key success factors and challenges

##### Developing a social procurement program

- Tone at the top – securing senior-level support
- Understanding your organizational needs
- Phased approach for quick wins
- Certifying diverse suppliers
- Outreach activities to attract and support diverse suppliers

##### Implementing a social procurement program

- Training, tools and clear guidelines
- Demystify the perceived implementation barriers
- Collaborate and build partnerships with other groups or organizations

##### Measuring the impact of a social procurement program

- Apply a robust but realistic data collection framework and monitor its implementation internally
- Implement a feedback loop and communicate with your suppliers

# IV. Late Payments (1/2)

This KDS report:

- **Examines late payments** on contracts awarded by federal departments over a 2-year period:
  - Based on suppliers' **complaints** to OPO
  - Between September **2017** and September **2019**
  - **93 late payment files** involving 10 departments
- **Assesses:**
  - **Process** used by departments to pay suppliers
  - **Different perceptions** of when a payment is late (suppliers/ departments)
  - **Root causes** of late payments
  - **How to reduce** late payments

## IV. Late Payments (2/2)

### ➤ Suggestions to **reduce late payments**:

#### ➤ **Education**

- Reconcile “30 days” with **realistic timelines**
- Understand **interest** may not make up for late payments

#### ➤ **Contracts**

- **Simplify** contracts
- Do not **informally change** the contract

#### ➤ **Processing**

- Not waiting **until Day 30** to pay suppliers
- **Incentivize** the Government to pay early

# V. Emergency Procurement (1/2)

This KDS report:

➤ **Assesses:**

- **Use of emergency procurement practices** in response to past disasters
- **Lessons learned** for use in future situations involving emergency procurement

➤ **Common approaches** to emergency procurement

- **Increased delegation** of procurement authority
- **Non-competitive** contracting
- **Decentralizing** versus **centralizing** the procurement function
- Utilizing existing **vendor lists** or **standing offers**

# V. Emergency Procurement (2/2)

## ▶ **Challenges and risks** of emergency procurement

- Corruption and fraud
- Determining best value
- Oversight and accountability
- Supply chain disruption

## ▶ **Conclusion**

- Duties of fairness and transparency continue to exist
- Plan proactively
- Exercise professional judgement/ discretion
- Monitor and report
- Document decisions and create audit trail

## 4. Upcoming KDS studies

- Chief Procurement Officer
- Force majeure
- Social Procurement 2.0

## 5. Questions?



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**Promoting fairness, openness and transparency  
in federal procurement since 2008**