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The Government of Canada's Integrity Regime

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Over time, the Government of Canada has established a strong framework to support accountability and integrity in procurement and real property transactions.

- 2005** **Fairness Monitoring Program** is introduced to provide independent, third-party assurance that PSPC's large or complex procurement activities are conducted in a fair, open and transparent manner. The Program was expanded in 2009.
- 2007** PSPC's **Employee Code of Conduct** for the proper management of procurement activities, and a **Code of Conduct for procurement** are introduced. The Code of Conduct for procurement outlines offences that render convicted suppliers ineligible to bid on procurement contracts. Additional offences were added in 2010.
- 2012** PSPC regroups measures into a formal **Integrity Framework**, extends list of offences and expands scope to include real property transactions. Leniency exemption is eliminated from application.
- 2014** New measures are added to the **Integrity Framework** (i.e. nine new offences; approach to foreign offences; defined timelines for debarment, application to subcontractors, etc.).
- 2015** New government-wide **Integrity Regime** is introduced, which better reflects best practices, responds to stakeholder concerns and ensures consistent application across government.



A key element of this framework is the Integrity Regime.

- The Integrity Regime aims to reduce the risk of the Government of Canada entering into contracts or real property agreements with unethical suppliers, and to:
 - Protect the integrity of procurement and real property agreements
 - Hold suppliers accountable for their actions, while encouraging them to cooperate with authorities when problems arise and to quickly take corrective actions
 - Ensure consistency in application across all contracts and real property agreements issued by the Government of Canada
- Unethical business behaviours, particularly corruption and fraud, undermine fair competition, threaten the integrity of the markets, are a barrier to economic growth, and reduce public confidence in government institutions.



The Regime expands the application of integrity measures to a broader scope of transactions between the Government of Canada and suppliers.

- While the Regime is centrally administered by Public Services and Procurement Canada (PSPC), the [*Ineligibility and Suspension Policy*](#) and [*Integrity Clauses*](#) apply to contracts and real property agreements government-wide, with some exceptions.
- The *Ineligibility and Suspension Policy* and related Directives provide an exhaustive list of important exclusions. For example, the Integrity Regime does not apply to:
 - Contracts and real property agreements below \$10,000
 - Transfer payments (grants, contributions, and other transfer payments)
 - Contracts under the foreign military sales program
- All suppliers bidding on applicable contracts or real property agreements are required to certify to Integrity Clauses, confirming that they are in compliance with the *Ineligibility and Suspension Policy*.

The Integrity Regime establishes a balance of mandatory and discretionary measures.

- There are a number of circumstances wherein a supplier will be automatically ineligible for contract or real property agreement award.

Circumstance	Period of ineligibility	Reduction in ineligibility period
A supplier is convicted of frauds against the government under the <i>Criminal Code</i> or <i>Financial Administration Act</i> , unless granted a pardon, record suspension, absolute or conditional discharge.	As long as the supplier cannot contract pursuant to the <i>Criminal Code</i> , section 750(3).	No reduction is possible.
A supplier is convicted of one of the listed offences in the last three years.	Ten years from the date of PSPC's determination.	Up to five years.
A supplier has entered into a subcontract with an ineligible first-tier subcontractor.	Five years from the date of PSPC's determination.	No reduction is possible.
A supplier has provided a false or misleading certification or declaration.	Ten years from the date of PSPC's determination.	No reduction is possible.

Suppliers *may* be determined to be ineligible in the following circumstances.

Circumstance	Period of ineligibility	Reduction in ineligibility period
A supplier is convicted of an offence outside of Canada in the last three years that is similar to one of the listed offences.	Ten years from the date of PSPC's determination.	Up to five years.
A supplier's affiliate was convicted of one of the listed offences in the last three years, or of a similar offence outside of Canada, and in PSPC's opinion, the supplier directed, influenced, authorized, assented to, acquiesced in or participated in the commission of the offence.	Ten years from the date of PSPC's determination.	Up to five years.



Suppliers *may* be determined to be ineligible in the following circumstances (cont'd).

Circumstance	Period of ineligibility	Reduction in ineligibility period
A supplier has breached any term or condition of an Administrative Agreement entered into with PSPC.	The period of ineligibility may be longer than the original period of ineligibility that was reduced by the Administrative Agreement.	Not applicable.
A supplier is charged with, or admits guilt to a listed offence, or a similar offence in a jurisdiction other than Canada.	18 months from the date of PSPC's determination. This can be extended as the judicial process proceeds. This period cannot abridge the ineligibility period that may be imposed on a supplier as a result of the conviction.	An Administrative Agreement may be entered into in lieu of suspension.

The Integrity Regime also provides measures to strengthen compliance and ensure fairness.

- **Administrative Agreements** have been introduced to provide assurances from the supplier that it will conduct business with Canada in an ethical and responsible manner. An agreement is required:
 - To reduce a period of ineligibility
 - As an alternative suspension
 - To avoid termination of an existing contract or real property agreement
 - To award a contract or real property agreement to an ineligible supplier when it is in the public interest to do so
- Suppliers are required to retain the **services of an independent third party**, at their own expense, in a variety of circumstances to:
 - Provide information on foreign convictions similar to Integrity Regime offences
 - Help assess whether a supplier was involved in the conviction of an affiliate
 - Verify that a supplier has met conditions for a reduced ineligibility period
 - Verify at the end of an ineligibility period that measures have been put in place to address wrongdoing that led to a conviction and ineligibility
 - Verify and report on a supplier's compliance with an Administrative Agreement

The Regime places specific requirements on suppliers bidding on Government of Canada contracts and real property transactions.

- By certifying to the Integrity Clauses, a supplier acknowledges that it is compliant with the Integrity Regime (i.e., the supplier and its first tier subcontractors are not ineligible).
 - If unsure, a supplier may, on its own initiative, submit a request to PSPC to conduct a review to determine its status under the Regime.
- If a supplier is **unable** to certify to the Integrity Clauses, it must submit a [declaration form](#) detailing any adverse information that could potentially impact their status.
 - Completed forms must be placed in a sealed envelope labeled protected B, addressed to the address listed on the form, and included with the bid or offer package.
- A supplier is required to provide a list of names (e.g., corporate entities must provide a list of names of all current directors) for an integrity verification with its bid submission or offer.
- Suppliers are encouraged to come forward at any time to discuss their status and disclose any adverse information.



Suppliers are also required to ensure that their first-tier subcontractors are compliant with the Regime prior to submitting a bid or offer.

- Suppliers are required to verify the status of their prospective first-tier subcontractors prior to bid submission and before entering into a direct contractual relationship. They may do so by:
 - Consulting the [Ineligibility and Suspension List](#) to confirm the company is not ineligible or suspended.
 - Submitting a written request to the Registrar of Ineligibility and Suspension along with a signed [Integrity Verification Request for Subcontractor form](#) for individuals.
- A supplier cannot subcontract with an ineligible or suspended first-tier subcontractor unless they obtain prior approval from the Contracting Authority.
 - An [Integrity Regime Subcontractor Exception Form](#) must be submitted for consideration.

Finally, it is important to note that ineligible suppliers may be awarded contracts or real property agreements only when it is in the public interest to do so.

- It may be in the public interest to award a contract or real property agreement to an ineligible supplier only when:
 - the need to respond to an emergency where delay would be injurious to the public interest;
 - the supplier is the only person capable of performing the contract or providing the real property agreement;
 - the contract is essential to maintain sufficient emergency stocks in order to safeguard against possible shortages; and
 - not entering into the contract or real property agreement with the supplier would have a significant adverse impact on the health, national security, safety, public security or economic or financial well-being of the people of Canada or the functioning of any portion of the federal public administration.
- Contracting Authorities are authorized to make these exceptions.
- Unless time is of the essence (e.g., an emergency, unforeseen urgency), a supplier is required to enter into an Administrative Agreement before being awarded a contract or real property agreement in these circumstances.

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PSPC has developed a number of tools resources to support suppliers, including:

- A toll-free line: 1-844-705-2084 and a generic Integrity email box: PWGSC.O.integrity-TPSGC.O.integrite@pwgsc-tpsgc.gc.ca
- A website: <http://www.tpsgc-pwgsc.gc.ca/ci-if/ci-if-eng.html>
- [Directives](#) elaborating on or clarifying aspects of the *Ineligibility and Suspension Policy*, such as establishing monetary thresholds, or identifying classes of contracts and real property agreements excluded from the application of the Policy
- [Information bulletins](#) that provide greater clarity on elements of the Integrity Regime and are for informational purposes only
- A [list](#) of federal organizations have signed MOUs with PSPC
- A [list](#) of ineligible and suspended suppliers
- A [list](#) of suppliers that have signed Administrative Agreements