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Procurement Modernization: How Public Services and Procurement Canada is Involved?

***Canadian Institute for Procurement and Materiel Management
Regional Professional Development Day***

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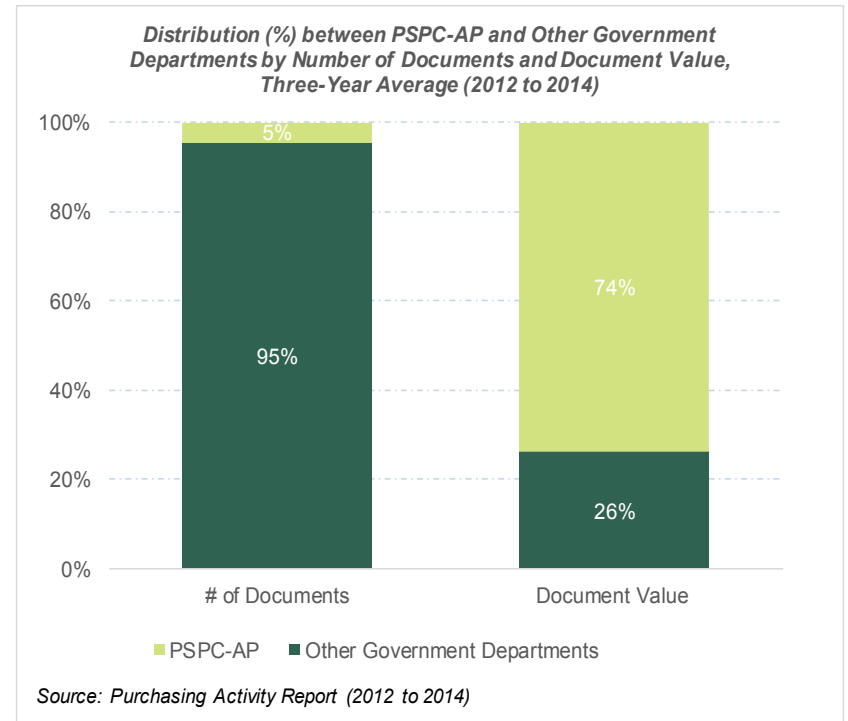
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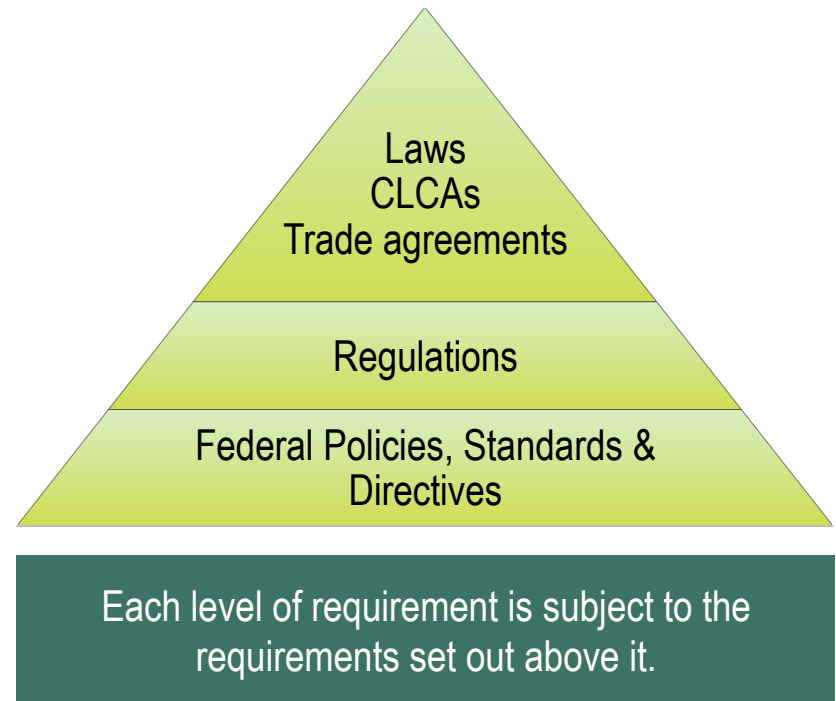
Government of Canada Procurement: A snapshot

- Governments spend enormous amounts of money on goods and services to meet the needs of their citizens, and the Government of Canada is no exception.
 - Over the past three years, Public Services and Procurement Canada - Acquisitions Program (PSPC-AP) contracted an average of \$18 billion annually on behalf of client departments.
- PSPC provides common procurement services to the Government of Canada.
 - Procures on behalf of client federal departments and agencies.
 - Provides procurement tools (e.g., tools such as standing offers and supply arrangements).



Government of Canada Procurement Landscape

- Procurement is an inherently complex function.
 - Legislation, regulation, policies, directives
- A number of players are involved. For example:
 - Treasury Board Secretariat: establishes procurement regulatory and policy environment.
 - PSPC: provides common services and tools to federal departments.
 - Federal departments and agencies (more than 100).
 - Other levels of government (e.g., provincial, territorial, municipal).



A Call to Action

- Procurement direction to Minister of Public Services and Procurement:
“Modernize procurement practices so that they are simpler, less administratively burdensome, deploy modern comptrollership, and include practices that support our economic policy goals, including green and social procurement.”
- Treasury Board President’s (TBS) Mandate Letter direction:
“Take a leadership role to review policies to improve the use of evidence and data, in program innovation and evaluation, more open data, and a more modern approach to comptrollership.”
- To move forward with a Procurement Modernization Agenda means:
 - Working in close collaboration with other government departments.
 - Developing methodological approaches, using metrics and timelines, to ensure mandate commitments to Canadians are honoured.
 - Placing greater emphasis on evidence-based policy-making.

Stakeholder Engagement

- Senior Level Team has been established to:
 - Coordinate engagement with the procurement community and other stakeholders.
 - Ensure solid implementation plans with clear timelines and performance measures are in place.
- Emphasis is also being placed on working with and learning from other jurisdictions both domestically and internationally.
 - Building stronger relationships and partnerships with provinces and territories.
 - Discussing public procurement challenges, opportunities and best practices with other national governments (e.g. Trilateral Procurement Forum (US, UK and Canada)).
- Ongoing engagement/consultation with suppliers.



Where We Are and Where We Want To Be

	<i>From</i>	<i>To</i>	<i>Impact</i>
<i>Simpler & Less Administratively Burdensome Processes, Policies, Tools</i>	Lack of consistency and standardization of procurement processes and practices across the Government of Canada	More uniform procurement processes and practices across the Government of Canada.	<p>More efficient procurement system</p> <p>High quality service</p> <p>Improved access and competitiveness of the procurement process</p> <p>Better managed spend</p> <p>Growth of Canadian Economy</p> <p>Greater agility to respond to changes/ evolutions more effectively</p>
	Time consuming and costly procurement processes	Self Service tools for all stakeholders	
<i>Socio-Economic Benefits</i>	Competing programs and initiatives seeking to leverage procurement for socio-economic benefits	Strategic-decision making capability based on a holistic view of the estimated costs and benefits of leveraging	
<i>Modern Comptrollership and Policy</i>	Outdated procurement policy instruments	Modernized procurement rules	
	Prescriptive, detailed process steps	Modernized and fewer process steps	
	Limited capacity and right mix of skills in the procurement community	Empowered community that has the capacity to deliver complex procurement	
	Limited government-wide supplier performance management regime	Performance-based procurement system	



PSPC's Procurement Modernization Agenda is composed of many initiatives

Simpler Processes, Policies, Tools

***Contract Simplification
Initiative***

***Electronic Procurement
System (EPS)***

***Extension of GC Procurement
Tools to Provinces and
Territories***

Socio-Economic Benefits

Sustainment Initiative

***Build in Canada Innovation
Program (BCIP)***

Indigenous Procurement

Green and Social Procurement

Modern Comptrollership and Policy

***Risk Management
Modernization***

***Supplier Performance
Management Regime***

Simplify and streamline how we do business

- Currently conducting a review and analysis of contractual documents that will:
 - Review/revise the more than 1300 (both English and French) contract clauses within the Standard Acquisition Clauses and Conditions (SACC) Manual to make them simpler and easier to understand.
 - Examine the level of consistency, content, and structure within government contracts, contractual terms and conditions, and related procurement vehicles, using an automated software, to assess the current state of government contracts.
 - Assess current government contracts, contractual terms and conditions, and related practices against organizations/jurisdictions comparable to Canada with a view to identifying best practices and opportunities for improvement.

Simplify and streamline how we do business (cont'd)

- PSPC has also been able to achieve some early successes in terms of streamlining and simplifying the procurement process:
 - ✓ Statement of Work (SoW) Builder introduced to help procurement specialists write an SOW for professional services by using standardized content and predefined categories.
 - ✓ BuyandSell website enhanced PSPC's transparency and accountability by offering suppliers, other departments and provincial/territorial partners a snapshot of Standing Offers (SOs) and Supply Arrangements (SAs).
 - ✓ A new policy was introduced whereby solicitations do not require bidders to provide mandatory certifications, declarations and proofs at bid closing, but rather later on in the process.
 - ✓ Phased Bid Compliance process is being used to provides bidders a second opportunity to comply with mandatory requirements after bid closing.

Implementing an Electronic Procurement Solution

- PSPC will be acquiring and implementing a web-based, commercial e-Procurement Solution (EPS) for the Government of Canada to simplify and improve the procurement process for departments and for suppliers that do business with the federal government.
- The objectives of this initiative are:
 - **Canadians:** Increased transparency, enhanced integrity, stewardship, better value and more efficient government operations.
 - **Suppliers:** Simpler e-enabled processes, reduced cost and process burden, better access, more opportunities, openness to innovation, use of technology to align to industry best practice.
 - **Clients:** Streamlined service delivery, reduced process burden for easier, faster procurement, better information and better value.
 - **Procurement Professionals:** Reduced process burden, improved productivity, efficiency and effectiveness, decreased risk and better data.

Extending the use of PSPC tools and instruments to our provincial/territorial counterparts

- PSPC is working with Provinces and Territories (PTs) to leverage joint buying power and to increase value for Canadians.
- Current focus is on extending use of PSPC's procurement instruments and services (i.e. Standing Offers (SOs) and Supply Arrangements (SAs)).
- PTs require Cabinet approval to utilize PSPC procurement instruments and require a PSPC signed Master User Agreement (MUA)
 - To date, Prince Edward Island, Yukon, New Brunswick and the North West Territories have signed MUAs with the Government of Canada.
 - Nova Scotia received their Executive Council approval on October 11 to enter into a MUA with PSPC.

Enhancing defence in-service procurement...

- The Sustainment Initiative fosters a tailored contract approach for the maintenance of military equipment by optimizing the balance between four principles: performance, value for money, flexibility, and economic benefits for Canada.
- PSPC will strengthen Canada's pricing framework as a tool to stimulate results from industry and drive desirable behaviours.
 - By implementing a tailored approach, Canada will build stronger partnerships with stakeholders and better manage high-risk, complex contracts.
- Successes to-date include:
 - Rolled-out in-service support business case analysis tool and process developed by three departments involved in military procurement and based on the lessons learned from pilot projects.
 - Initiative is endorsed by PSPC, Department of National Defence and Innovation, Science and Economic Development Canada.
 - Incorporated new approach as part of the DPS governance Terms of Reference to be embedded in the decision making process.

... and innovation...

- Given that small- and medium-sized enterprises represent the cornerstone of the Canadian economy, efforts are focused on ensuring that they can successfully bring their innovations to the marketplace.
- The Build in Canada Innovation Program (BCIP), administered by PSPC, is in place to help Canadian businesses get their late stage research and development innovations into the marketplace by buying and testing their pre-commercial innovative products and services within the federal government.
- The BCIP aims to prepare options and recommendations for the development of a renewed procurement-based innovation program driven by federal government demands and challenges.

... and enhancing Indigenous economic opportunities and emphasizing green and social considerations within federal procurement

- The objectives of enhancing Indigenous economic opportunities are:
 - Increase compliance with Canada’s contracting obligations of the Comprehensive Land Claims Agreements, including the Nunavut Land Claims Agreement.
 - Increase outreach and engagement activities with Indigenous people to ensure they are aware of procurement opportunities and understand the procurement process.
 - Structure procurements in a manner to reduce barriers typically encountered by small and medium enterprises.
 - Increase the number of solicitations that are limited to Indigenous businesses for bidding as defined by capacity.
 - Encourage bidders to propose benefits for Indigenous people (subcontracting, employment, and training), consistent with sound procurement management practices.
- Supporting TBS in the development of a framework for leveraging procurement for socio-economic benefits.
- Preparing guidance and tools to assist departments and agencies with these goals¹⁴

Modernizing the Approach to Risk Management

- The Risk Management Modernization Initiatives (Risk Rebalancing and Commodity Groupings/Limitation of Liability) aim to:
 - Strengthen the risk management regime in federal procurement in order to achieve best value for Canadians by enhancing the Government of Canada’s approach to risk in contracting.
 - Increase the access, competitiveness, and fairness of the federal public sector procurement process for suppliers.
 - Improve the current government-wide policy on limitation of liability for commodity groupings.
 - Review the current PSPC commodity groupings and expand usage to other government departments and agencies.
- The Risk Management Modernization Initiatives will help to achieve a more optimal balance of procurement risks for government and suppliers to optimize opportunity for value for money, innovation and competition in GC procurement.

Developing a Government-wide Supplier Performance Management Regime

- The Supplier Relationships and Performance Management (SRPM) regime is designed to be a Government-wide approach to ensure that suppliers are evaluated on their performance which will then be used to inform future contract award.
- The Regime is being developed through stakeholder collaboration and engagement.
- The Regime aims to:
 - Recognize and incent good supplier performance and positively influence the behavior of poor performers by holding them accountable for their performance.
 - Provide suppliers greater certainty and predictability regarding the government's procurement process by leveraging consistent, clear and simple GC performance expectations.

Thank you

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