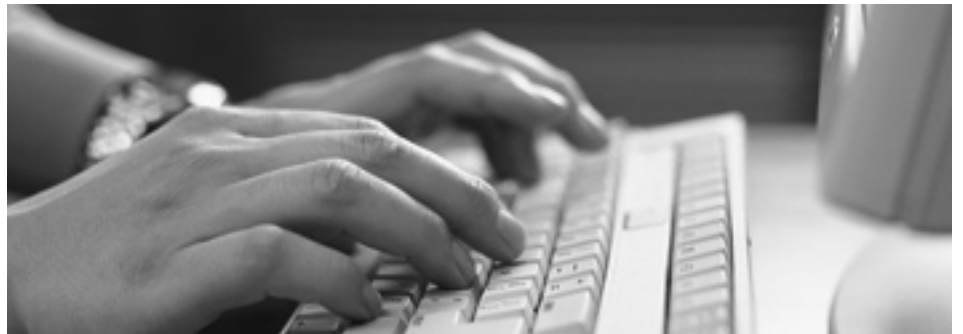




# *Government Purchasing Agency*



## *Annual Report*

*2006-07*

*The Government Purchasing Agency is continued as a branch of the public service of the province. GPA Act Section 3.(1)*





## *Message from the Minister*



It is my pleasure to present the 2006-07 Government Purchasing Agency's (Agency) Annual Report. As Minister responsible for the Government Purchasing Agency I am accountable for the information presented in this report.

The mandate of the Agency is to provide leadership and support to the public sector in the areas of procurement through purchasing, auditing, reporting, training and advisory services. In conjunction with other departments, the Agency has also been tasked with the supplier development initiative of the province.

2006-07 was a busy year for the Agency with many exciting changes. The creation of the Procurement and Systems Development Division allowed the Agency to provide additional focus to the area of supplier development. The addition of this division will allow the Agency to further analyze the impact of Government's procurement practices on the provincial economy.

The Agency also had great success in meeting previously established objectives for developing processes for the collection of information relating to procurement practices, product availability, and regionalized procurement opportunities. The development of a requirements document for a procurement solution along with the creation of a Tender Award Reporting System will have a major impact on the Agency's ability to gather and disseminate data for the purpose of improving the procurement environment.

This report will provide details on the activities and policy direction of the Agency along with outlining its recent successes and potential opportunities and challenges for 2007-08.

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**  
**Minister Government Services**



# Table of Contents

Annual Report 2006-2007

<i>Government Entity Overview</i> .....	1
Vision .....	1
Mission.....	1
Organizational Structure .....	1
Lines of Business .....	2
Purchasing, Policy and Administration Division .....	2
Audit, Information and Training Division .....	3
Procurement and Systems Development Division.....	5
<i>Shared Commitments</i> .....	6
Public Sector .....	6
Industry .....	6
Federal, Provincial and Territorial Governments.....	7
<i>Highlights and Accomplishments</i> .....	8
Purchasing, Policy and Administration Division .....	8
Audit, Information and Training Division .....	9
Procurement and Systems Development Division.....	9
<i>Outputs</i> .....	10
Procurement System Requirements Document .....	10
Tender Award Reporting System (TARS).....	11
Fasse-Track Asset Management Program.....	11
Workforce Planning .....	12
Future Goals.....	12
<i>Opportunities and Challenges</i> .....	13
<i>Financial Statements</i> .....	14

# Government Entity Overview

Annual Report 2006-2007

The Government Purchasing Agency (the Agency) is an independent branch of the public service with 34 staff positions under the management and control of a Chief Operating Officer. The Agency operates under the authority of the Government Purchasing Agency Act and the Public Tender Act. The Government Purchasing Agency Act outlines the mandate of the Agency and provides for its operation while the Public Tender Act is the primary legislation that governs procurement within the public sector.

## Vision

The vision of the Agency is of an informed public sector and supplier community participating in a transparent and equal opportunity procurement environment. Its programs and services are guided by this vision.

## Mission

The mission statement of the Agency is expressed as follows:

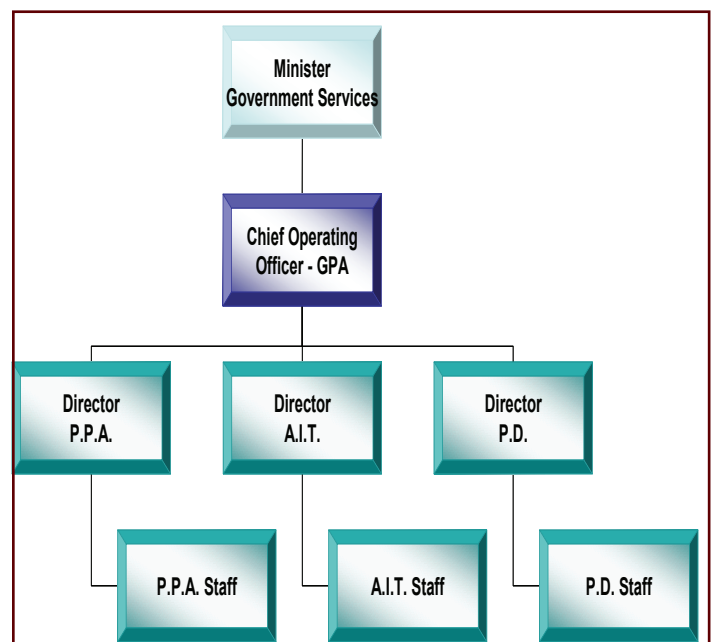
By 2011, the Government Purchasing Agency will have improved internal business processes to enhance efficiencies in the procurement process.

It aims to achieve this goal through establishing clear and defined work flows and timelines, properly allocating duties, ensuring all policies and procedures are clear and efficient, consolidating purchasing activity for volume buying and expanded signing authorities.

## Organizational Structure

The Agency is located in the Petten Building, 30 Strawberry Marsh Road, St. John's, NL and serves all its clients from this location.

The Agency currently has 23 staff members with a female to male ratio of approximately 3.8:1. In 2006-07 the Agency expanded from two divisions into three with the Procurement and Systems Development Division being added to the existing Purchasing, Policy and Administration Division, and Audit, Information and Training Division. These three divisions collectively ensure the efficient and effective delivery of programs and services to government departments, government funded bodies and the supplier community.



## *Lines of Business*

### *Purchasing, Policy and Administration Division*

The Purchasing, Policy and Administration Division provides purchasing services to government departments and coordinates joint purchasing initiatives with departments and other governments. In 2006-07 the Division partnered with the Corporate Services Team in an effort to streamline purchasing procedures under the Corporate Services Model.

In addition to being responsible for administering the intergovernmental procurement agreements, this division also determines purchasing policies, administers advertising and the corporate charge card program and arranges for the disposal of government assets when required.

#### **Procurement**

The procurement cycle includes the advertising, tendering, acquisition of goods and services and the disposal of assets. While the Agency delegated purchasing authority to departments for low dollar value acquisitions and immediate operational requirements, the division continues to procure those goods and services in excess of \$2,500 on behalf of departments. It also offers advice and information to departments when utilizing its delegated purchasing authority. For those goods and services exceeding \$10,000 the requirements are publicly tendered unless special circumstances exist.

The division 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. It currently administers 34 contracts for various commodity items.

Bidding opportunities with an estimated value of \$2,500 or greater are advertised on the GPA website [www.gpa.gov.nl.ca](http://www.gpa.gov.nl.ca). The public may access bidding opportunities as well as information about procurement within the Government of Newfoundland and Labrador from this site. Requests for Proposals issued by government departments are also posted to this website as well as tenders issued by crown corporations, municipalities, academic institutions, school boards and health care facilities upon their request.

As the largest buying unit in the public sector, the Government Purchasing Agency is also responsible for:

- + the application and administration of the Public Tender Act in the acquisition of goods and services;
- + the administration of the corporate charge card system on behalf of government departments;
- + the disposal of crown assets;
- + the importation of goods through Canada Customs;
- + the coordination of advertising for all government departments;
- + the application and administration of Intergovernmental Procurement Agreements;
- + the administration of electronic tendering

## **Corporate Charge Card**

The Government of Newfoundland and Labrador utilizes a Corporate Charge Card System for travel-related goods/services. This system, which is administered by the Agency, facilitates business travel for employees of the public service by offering an efficient method of payment for these types of acquisitions. In 2006-07, there were 2,218 active cards.

## **Disposals**

The Agency coordinates and arranges for the disposal of crown assets by public tender, auction, transfers between departments or agencies, and destruction when there is no remaining realizable value. It also maintains a warehouse in Pleasantville where surplus government assets are stored. Items maintained at this site consist of office furniture, telecommunication equipment, etc. Departments requiring these assets may request the individual items be transferred to the appropriate locations.

## **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 coordinated through the Agency. Through this coordinated effort the Government of Newfoundland and Labrador is able to achieve significant cost savings.

## ***Audit, Information and Training Division***

The Audit, Information and Training Division directs the audit and accountability function for the Government Purchasing Agency. This division also provides training and information sessions to government-funded bodies, departments and the general public on procurement, and monitors and reports tender information and exceptions to the Public Tender Act.

## **Auditing**

The auditing function of the Agency promotes the proper application of procurement legislation, as well as accountability in the procurement process. Departmental audits are conducted to measure compliance with procurement legislation and the conditions of delegated purchasing authority. Audits of government funded bodies are also performed to ensure compliance with the Public Tender Act and related legislation. Investigative



audits, related to the application of the Public Tender Act, are conducted as required.

### **Reporting/Information**

The Public Tender Act identifies the reporting responsibilities of the Agency with respect to exceptions to the Act. Throughout the year 1,044 exceptions were reported and subsequently submitted to the House of Assembly in the form of Monthly Exception Reports.

The Government Purchasing Agency is also responsible for the administration of the Public Tender Act and intergovernmental procurement agreements. In accordance with this responsibility, the Agency provided interpretative services to departments and government-funded bodies to ensure compliance with all applicable legislation.

#### Applicable Legislation

- *Government Purchasing Agency Act*
- *Public Tender Act*
- *Public Tender Regulations*
- *Atlantic Procurement Agreement*
- *Agreement on Internal Trade*

### **Red Tape Reduction**

The Red Tape Reduction Initiative was introduced in August 2005 with the goal of reducing red tape throughout government by 25% over three years. The Agency conducted an analysis of its regulatory requirements and developed a plan to reach the 25% reduction target.

### **Training and Information**

The division has developed a training and information package which is available to all members of the public service. The goal is to provide participants with the required information to ensure procurement is completed in a manner consistent with applicable legislation. Participants are provided with an overview of the Public Tender Act and Regulations, Government Purchasing Agency Act, Atlantic Procurement Agreement, the Agreement on Internal Trade, and purchasing procedures.

The Division also participates in Supplier Development Information Sessions in partnership with the Department of Innovation, Trade and Rural Development. The goal with this initiative is to provide members of the supplier community with information on procurement legislation and the purchasing practices of government departments and government-funded bodies.

*Procurement and Systems Development Division*

The Procurement and Systems Development division was created in February 2007. It has been tasked with the Supplier Development Initiative and ensuring GPA is provided with a comprehensive procurement lifecycle management system.

**Procurement and System Development**

The Agency is currently in the process of issuing a Request for Proposals for a new procurement system. It is anticipated that the procurement solution for GPA will support the following business functions:

- Maximize cost savings
- Self-service requisitioning process
- Self-service for supplier registration / profile maintenance
- Electronic Tender Publications
- Electronic bidding
- E-notification services
- Bid evaluation tools
- Online registration for suppliers
- Regionalize procurement opportunities to maximize localized vendor participation
- Provide the ability to audit and review acquisitions on-line
- Provide web based service for vendors and departments

**Tender Award and Reporting System**

The development of a tender award reporting system also continued during the year as part of the supplier development initiative. The system will 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. This will allow the Agency to monitor the success of Newfoundland and Labrador companies when bidding on tenders issued by the Province.

**Newfoundland Labrador**  
Government of Newfoundland and Labrador  
Government Purchasing Agency -  
Tender and Award Reporting System

**Welcome to T.A.R.S.**

Welcome to T.A.R.S (Tender and Award Reporting System)

- Create a new tender
- Add award information to existing tender
- Batch Upload

While the role of the Agency has expanded so to has its relationships with other government departments, the industry sector and the federal and territorial governments.

## *Public Sector*

In its Strategic Directions the Agency committed to compliance with the Public Tender Act with a desired outcome of enhanced transparency and accountability in the procurement process. In 2006-07 it presented its “Introduction to Purchasing” training package as part of the Leadership and Management Development Strategy delivered through the Centre for Learning and Development. This module provided participants with information on the proper application of the Public Tender Act and Regulations and the intergovernmental trade agreements. The Centre for Learning and Development coordinated delivery of the presentation and ensured feedback was obtained from participants to measure managements understanding of the information presented.



A similar presentation “Overview of Purchasing” was also provided to departmental support staff and employees of government funded bodies.

Staff of the Government Purchasing Agency also continue to be available to the public service in the development of tender specifications, performance of bid evaluations, the tendering and award process and interpretation and application of relevant legislation.

## *Industry*

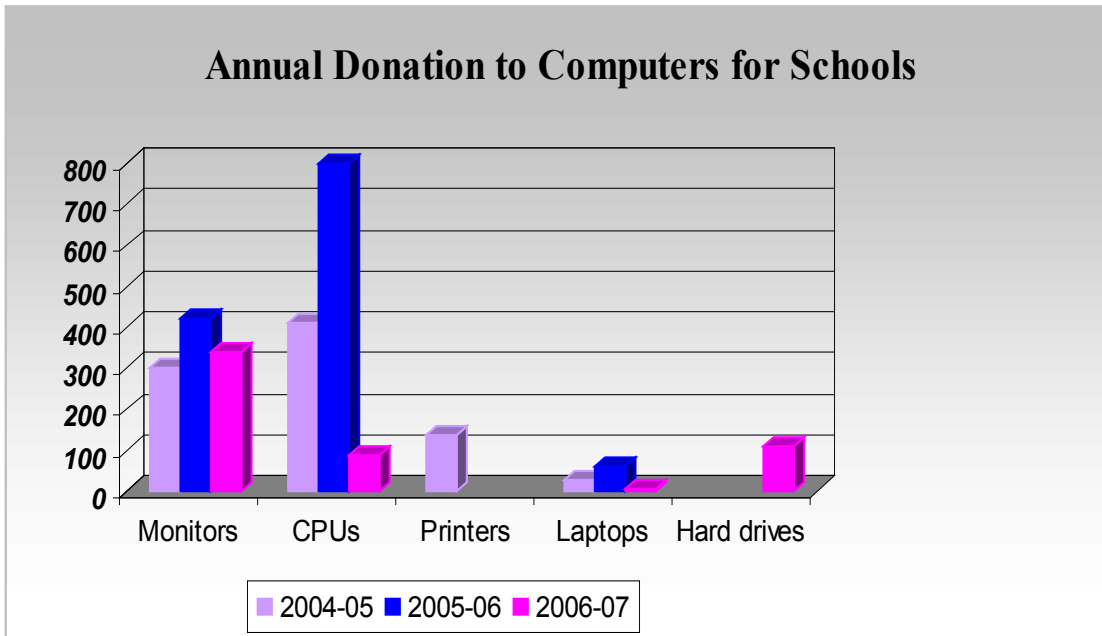
The Agency continues to partner with the Department of Innovation, Trade and Rural Development (INTRD) in its supplier development initiative. The Department of INTRD coordinates Supplier Information sessions throughout the Province and partners with the Agency to promote awareness of governments procurement practices and potential bidding opportunities. The Agency also initiated the recruitment process for a supplier development coordinator and contracts coordinator. The successful applicants will work with the business community to improve supplier access to procurement and analyze opportunities for strategic volume buying. These initiatives directly support the Strategic Direction of the Minister for improved access to procurement opportunities for suppliers.

### Federal, Provincial and 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 across provinces. 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.

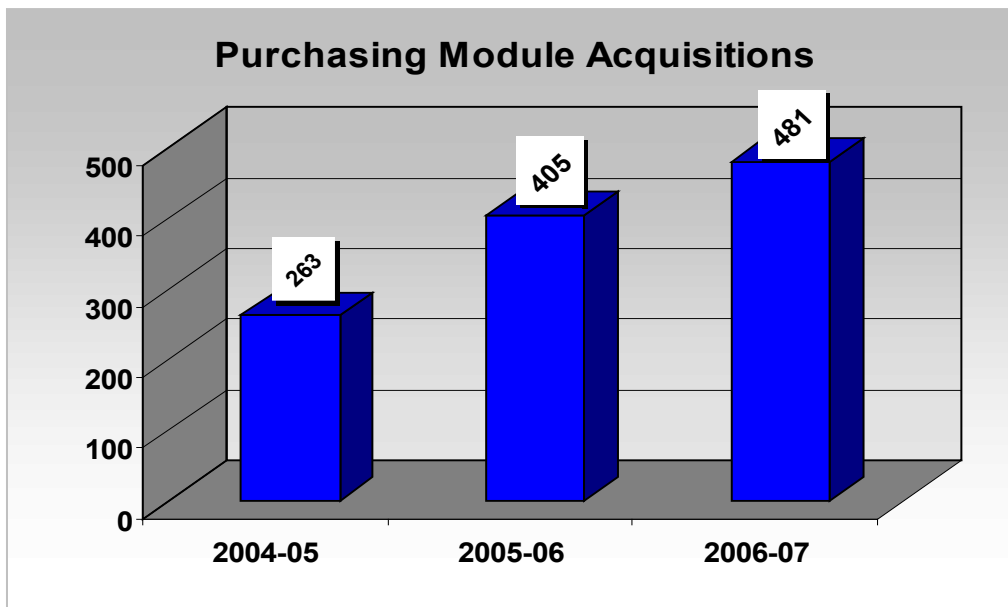
The Agency is also a member of both the national working group for furthering green procurement and the national working group for furthering the development of ethical procurement practices.

The Government Purchasing Agency continues to participate in the Computers for Schools Program which is a national program that operates in cooperation with all provinces and territories, and the volunteer and private sectors. The following chart depicts the Agency's contribution for the past three years through the donation of Monitors, CPU's, Printers and Laptops.



## Purchasing, Policy and Administration Division

- In 2006-07, acquisitions made through the Oracle purchasing module totaled \$481 million. This compares to \$405 million in 2005-06 and \$263 million in 2004-05.



- In 2006-07, the Agency administered 13 public auctions and 12 disposal tenders on behalf of government departments and agencies as compared to nine auctions and ten disposal tenders in 2005-06.
- In 2006-07, the estimated expenditure for coordinated advertising was \$1.8 million compared to \$1.4 million in 2005-06.
- In 2006-07, the Central Purchasing Authority coordinated 34 contracts to be used by both government departments and government funded bodies.
- In 2006-07, the estimated expenditures related to contracts administered by the Central Purchasing Authority was \$27,000,000.

*Audit, Information and Training Division*

- In 2006-07, 12 departmental audits and 10 government-funded body audits were completed.
- To date the Agency has achieved a 10% reduction in Red Tape.
- In working towards its vision of an informed public sector the Agency revised its Customer Manual and made it available to all departments through the Public Service Intranet. Departmental employees can easily access this document which outlines the guidelines for the use of delegated purchasing authority and all relevant purchasing policies and procedures applicable to government departments.
- In 2006-07, the Agency introduced its “Introduction to Purchasing” module as part of the Resource Management Package. Throughout the year the Agency delivered seven presentations which were attended by more than 120 management personnel.
- The “Overview of Purchasing” presentation was made available to departmental support staff and employees of government-funded bodies to ensure a consistent message in the application of the Public Tender Act. These presentations were attended by approximately 220 personnel.
- Representatives from the Agency participated in three Supplier Development sessions. These were held in Stephenville, Port aux Basques and Bay Roberts.



*Procurement and Systems Development Division*

- The Tender Award Reporting System was introduced to six government funded bodies as part of the pilot project in February 2007. Analysis of the data reported by each participant indicated a high level of satisfaction with the system. The system is currently available to all government funded bodies for reporting tender and award information.

In 2005 the Agency established goals to guide it in reaching its Vision of an informed public sector and supplier community within a transparent procurement environment. The initial steps toward achieving this required the development of a structured reporting system to allow for the efficient collection and analysis of baseline data as stated in the 2006-08 Business Plan:

**By 2008, the Government Purchasing Agency has initiated the collection of select baseline data for its internal business processes.**

The objectives, measures and indicators established for 2007 were:

**Objective:** By 2007, the Government Purchasing Agency has initiated processes to collect select baseline data.

**Measure:** Processes have been initiated to implement the collection of select baseline data.

**Indicators:** The data needed related to the indicators in the goal are delineated. Needs assessment including, but not limited to, technical, financial and human resource requirements.

## *Procurement System Requirements Document*

The Agency, in consultation with the Office of the Chief Information Officer and other departments, developed a requirements document for a complete procurement solution. These requirements have been included in a Request for Proposals document which will provide Government with the tools, statistics and reporting capabilities for greater transparency and accountability. Once implemented, the capabilities of the procurement solution will enable users;

- to collect and analyze data currently not available such as regionalized procurement needs and product availability,
- analyze potential for increased volume buying opportunities,
- assist in maximizing the use of local vendors while increasing their access to procurement opportunities within government,
- collect and improve upon turnaround times in the acquisition process
- gather information required for auditing and reporting

This system directly supports each of the Strategic Directions of the Minister. It will assist with ensuring compliance with the Public Tender Act through increased audit capabilities, improve bidding opportunities for suppliers through the analysis of procurement trends and increase the efficiencies in the procurement process through enhanced reporting and analysis functions.

### ***Tender Award Reporting System (TARS)***

In February 2007, the TARS system was introduced to six government-funded bodies as part of the implementation pilot project. These entities reported great success in using the system which is currently available to all government funded bodies for reporting tender and award information. The system will provide the Agency with a means of monitoring the success of Newfoundland and Labrador companies when competing for government business while ensuring compliance with applicable legislation. This system directly supports the strategic directions of the Minister for improved access to procurement opportunities for suppliers and improved efficiencies in the procurement process.

### ***Fasse-Track Asset Management Program***

The Government Purchasing Agency maintains a warehouse for excess government assets. In March 2007, the Agency purchased an asset tracking and monitoring system to provide an up-to-the-minute inventory listing for all items maintained at the warehouse. This will be an invaluable tool for monitoring inventory levels and movement, auction availability and disposal requirements.

## *Workforce Planning*

A workforce planning committee was established to ensure the Agency maintained qualified and knowledgeable staff in an environment of constant change. The initial focus was determining future staffing needs given anticipated retirements within two years. The long-term objective is determining strategies for managing anticipated workforce shortages due to an aging population and out-migration of the provinces workforce.



## *Future Goals*

In continuing to fulfill its mandate and work towards its vision the Agency has established the following objectives, measures and indicators for the 2007-08 fiscal year.

**Objective:** By 2008, the Government Purchasing Agency has initiated the collection of select baseline data for its internal business processes.

**Measure:** Initiated the collection of select baseline data for its internal business processes.

**Indicators:** Report containing supportive data and/or information including, but not limited to, turnaround times and program statistics.

# *Opportunities and Challenges*

*Annual Report 2006-2007*

As the leader in public procurement the Government Purchasing Agency continues to take advantage of opportunities for improving procurement processes and increasing supplier development initiatives. With the creation of additional positions within the Agency to focus on these issues a challenge will be finding individuals with the required skills and knowledge to fill the positions.

The need for enhanced reporting and monitoring capabilities within the procurement environment along with the identified systems requirements provides an opportunity to explore available technologies in the market place. The possible implementation of a complete procurement system will create many opportunities and challenges for the Agency and government as a whole. While a new system will create a high demand for training, given the trend toward self-service across government, there will be increased efficiencies and faster turnaround times once it is fully implemented. It will also provide the reporting and analysis tools required to improve upon volume buying opportunities and review seasonal purchasing trends and regionalized supply and demand trends.

Implementation of the TARS system will provide the Agency with the information required to determine product demand and availability across the province. This information provides a great opportunity for the Agency to assist in increasing the success of local suppliers when competing for government business. It will also provide the Agency with the complete tender award information from government funded bodies. The challenges exist in analyzing the data with the aim of strengthening the provincial supplier market.

Streamlining the procurement process under the Corporate Services Model will present a significant challenge to the Agency in 2007-08. The goal from the purchasing perspective is the centralization of procurement activities under the authority of the Government Purchasing Agency. The success of this reorganization will require the repositioning of staff across departments, developing additional policies and procedures and communicating the new processes to all departmental employees across government.

Statement of Expenditure and Related Revenues For Fiscal Year Ending March 31, 2007	Estimates		
	Actual	Amended	Original
	\$1,264,642	\$1,360,600	\$1,380,600
<b>Less Revenues</b>			
	(\$186,578)	(\$258,000)	(\$258,000)









