

# 2014-2015 Annual Report

**OFFICE OF THE  
PROCUREMENT OMBUDSMAN**

**PROMOTING FAIRNESS, OPENNESS AND  
TRANSPARENCY IN FEDERAL PROCUREMENT**



Office of the Procurement  
Ombudsman

Bureau de l'ombudsman  
de l'approvisionnement

Canada

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**THE MINISTER OF PUBLIC WORKS AND  
GOVERNMENT SERVICES**

Dear Minister:

Pursuant to subsection 22.3(1) of the *Department of Public Works and Government Services Act*, it is an honour and a pleasure to submit the Procurement Ombudsman Annual Report for the 2014–2015 fiscal year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Frank Brunetta', written in a cursive style.

Frank Brunetta  
Procurement Ombudsman  
Ottawa, July, 2015

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# MESSAGE FROM THE PROCUREMENT OMBUDSMAN

It is a pleasure to submit the Annual Report for the Office of the Procurement Ombudsman. This report presents a summary of the activities undertaken by my Office in the 2014-2015 fiscal year.

One of my priorities since being appointed Ombudsman has been on broadening the Office's outreach activities and on listening to and building relationships with key stakeholders. This effort has been necessary to raise awareness of the Office and our services among Canadian businesses that supply goods and services to the federal government. Each year we have introduced new initiatives to enable us to engage in meaningful dialogue with people involved in federal procurement. This year alone we participated in nearly one hundred meetings with suppliers, federal procurement officials, business and procurement associations, and offices of Members of Parliament across the country. We used social media more than ever before to connect with Canadian businesses and to share our "we are here to help" message. We published articles, newsletters and advertisements to raise awareness of the Office and leveraged our Web presence to provide easier access to our services. With 577 contacts to the Office, an increase of 74% since 2011-2012, it is clear that this outreach work is paying off. More businesses than ever before are turning to us when they experience issues with federal procurement. And while there is always more to be done, I'm proud of what we have done to reach out to those who can benefit from our services.

As in past years, I am using my annual report message to highlight some of the more prominent supplier concerns that we have heard through this outreach activity. This year, the three most notable topics raised to me were: the fallacious economics of lowest cost purchasing; unabated frustration with the security clearance process; and the impact of changes occurring in federal procurement.



The first topic is the belief that departments are not obtaining best value with an over-reliance on lowest price. We heard several variations of this issue, but one of the most effective explanations was from a paving contractor at a town hall. He pointed out the false economics of a department's decision to award a contract to pave a federal parking lot based exclusively on cost. He explained that the lot was paved by the contractor who submitted the lowest bid but that the focus on obtaining a low cost solution also resulted in a short life expectancy. He pointed out that a slight modification to the amount of required aggregate and to the thickness of asphalt would result in a modest increase in cost, but it also would result in almost doubling of the life expectancy of the parking lot. The department certainly received the lowest price he said, but did the taxpayer receive the best value in the long run? Suppliers also shared examples of "predatory pricing" or "price cutting", whereby competitors, knowing the department would likely default to the lowest-priced bid, low-ball bids to win the contract only to subsequently provide sub-standard materials or services or under-qualified resources and then obtain contract amendments. Suppliers openly questioned why departments have not caught on to this blatant tactic and have not taken action to curb the practice. Numerous suppliers called for improved bid evaluation models, in particular simpler low-dollar-value solicitation models. Models which place a greater emphasis on delivery capacity and quality (two components of best value currently not consistently considered by departments) and which allow for more nuance in determining best value to taxpayers. Business people understand very well the importance of cost efficiencies and I have yet to hear from a supplier suggesting that cost should be ignored. What many argue, however, is that neither industry nor government benefit from lowest cost being the default in federal purchasing.

The next topic has become a perennial albatross. It has become so common place to hear about federal security clearance process concerns that we are astonished when the topic is not raised with us. This year we heard about the issue at almost every supplier meeting we held, with some suppliers becoming quite fervid in their criticisms of the administration of this program. What we continue to hear has been documented in previous annual reports: excessive time delays, challenges in finding sponsorship, and the lack of transferability of clearances among departments. Alongside these recurring issues, suppliers also expressed concern regarding security clearance requirements which they perceive as unwarranted. Questions about the overall clarity of the information and guidance available to suppliers regarding the security clearance process were also raised this year. In short, suppliers are telling us they are reliant on government to comply with a government-established mandatory requirement which the government is incapable of processing in a reasonable time frame. Many business people referred to the security clearance process as an unequivocal and unmitigated barrier to doing business with the federal government.

Federal officials also weighed in on the security issue. Some shared with us measures taken within the clearance process while others empathized with colleagues required to deal with such a large volume of requests. Many acknowledged that delays had taken a toll on their programs and openly pondered potential contributing factors. Procurement officials wondered whether there is a lack of clarity in the information and guidance provided to suppliers, which may be contributing to errors and unnecessary “back and forth” with suppliers over submitted clearance forms. Others spoke about helping themselves by conducting procurement-specific risk assessments to identify security requirements, rather than simply defaulting to a higher security level, which could be contributing to the unnecessary backlog. We also heard about the potential risks if, in an effort to circumvent the lengthy process, the security requirement is either under classified or not identified. While efforts are being made to expedite the security clearance process, the volume of feedback that continues to be brought to our attention by both suppliers and federal officials is alarming.

I was also struck by the general sense of uneasiness expressed by suppliers and federal officials alike. The malaise seems to stem from the changes occurring in both the procurement world and the public service as a whole. A number of new initiatives have been implemented in the past few years intended to improve the way procurement is conducted. New strategies were launched in the area of defence procurement. Public Works and Government Services Canada continued to implement its three year Acquisitions Transformation Program and continues to decentralize low-dollar-value procurement to departments. Several new standing offers and supply arrangements were created, and new trade agreements were brought into the fold. In addition, whether it was updates to the federal government’s electronic tendering service ([buyandsell.gc.ca](http://buyandsell.gc.ca)), the Open Government initiatives, new departmental tools or major IT procurements, technology continued to change the way the federal government does business. The 2014-2015 fiscal year saw the introduction of new tools, rules and procedures and individuals from both sides of the procurement world spoke to us about the challenges of adapting to these changes. Both suppliers and federal officials highlighted the need for effective ongoing communication and training.

Procurement personnel appreciated the opportunity to speak to someone about the impact and challenges associated with these changes. They were particularly concerned about how to adapt to the changes in light of aging demographics, a loss of corporate memory and ongoing budget cuts. There is palpable angst within the community with the increased workload in an area of work that is considered “back-office” and whose complexity they feel is grossly underestimated.

Many businesses took the time to share positive procurement anecdotes with us. For example, many suppliers were pleased with the new features and information available through [buyandsell.gc.ca](http://buyandsell.gc.ca), and we heard of exceptional professionalism, organization and communication by federal departments. Departments also shared with us their innovative ideas and initiatives to strengthen fairness, openness and transparency including systems that track what phase the contract is at, as well as procurement monitoring tools which identify strengths and weaknesses through a number of risk indicators.

While the Office continues to experience an increase in the number of contacts, the number of complaints we reviewed has remained relatively low and fairly stagnant at three to five per year since the Office opened. This low number can be attributed to two things: our ability to de-escalate issues, which is the hallmark of an effective Ombudsman's office, and the nature of the regulations that govern our operations. Similarly, the results of these complaint reviews were fairly consistent, with as many reviews finding merit to the supplier allegations as those which found no basis for the allegations.

Of particular note among the four complaint reviews completed during the 2014-2015 fiscal year was the recalcitrance of a department in refusing to provide me the information necessary to review a supplier complaint. Despite repeated attempts to obtain the information necessary for the conduct of the review, including a request to the deputy head of the organization, the department chose to provide limited material in the form of redacted documents which the department stated were "within the parameters" of the *Privacy Act* and the *Access to Information Act*. This deliberate withholding of information impeded my ability to execute my mandate as required by subsection 12(1) of the *Procurement Ombudsman Regulations* (the Regulations). This was the first complaint review where the information made available to my Office by the department was insufficient to enable me to assess the extent to which the fairness, openness or transparency of the department's procurement process was prejudiced, as I am required to do by the Regulations.



Frank Brunetta  
Procurement Ombudsman







**WE ARE  
HERE TO HELP**

# WE ARE HERE TO HELP

Everyone has experienced them at one time or another in their personal lives – misunderstandings with service providers, products that do not meet expectations, or disagreements with retailers. These situations are frustrating but, unfortunately, not unusual in the world of commerce. Some organizations seem to be better equipped to deal with these types of issues than others. Reputable firms seem to have a mechanism to allow people to raise, and hopefully resolve their issues. Whether it is a customer service department, a senior person in the firm, or yes ... even an ombudsman, these top-notch firms provide an avenue to ensure that people's issues are addressed and that they are dealt with fairly. That is precisely the role that the Office of the Procurement Ombudsman (OPO/Office) plays in the world of federal procurement.

In any given year, hundreds of thousands of contracts are entered into by federal departments and agencies and Canadian businesses that supply them with goods and services. When one considers this large volume of procurement activity and the vast set of rules and regulations that make doing business with the Government of Canada fundamentally different from doing business in the private sector, it is not surprising that issues occasionally arise with some of these transactions. This is where OPO comes in. We are here to do our part in promoting fairness, openness and transparency in federal procurement. We do this by helping suppliers and federal departments and agencies sort through the issues that arise in the competitive, and often complicated, world of federal procurement.

And the Office is uniquely positioned to be able to do this. While we are part of the federal government, we operate at arm's length from federal departments and agencies. We are a neutral and independent organization available to assist both the supplier and federal communities to address procurement concerns, deal with procurement issues and resolve procurement disputes. We approach our unique, neutral role by being neither an advocate for suppliers, nor an apologist for government.

Our neutrality and independence allow us to be effective in helping to address issues and concerns in an impartial, unbiased and, often, informal manner. And while we strive to adhere to the principles of a true ombudsman's office by putting a premium on attempting to deal with issues brought to our attention in an informal manner, the Office's activities are nevertheless governed by regulations. The *Procurement Ombudsman Regulations* prescribe how and under what circumstances we can and are required to deal with such things as complaints, requests for Alternative Dispute Resolution and procurement practice reviews.



Whether it is through our informal means or one of the elements of our legislated mandate, we perform our work knowing we share responsibility for helping to strengthen the overall fairness, openness and transparency of federal procurement.

So much like the issues we all occasionally encounter when hiring a contractor to renovate our home or purchasing an appliance, the buying and selling of goods and services associated with running government operations occasionally generates an issue or two. And when this happens, we are here to help.

### **OUR MISSION**

To promote fairness, openness and transparency in federal government procurement.

### **OUR MANDATE**

The *Department of Public Works and Government Services Act* provides the mandate for the Procurement Ombudsman to:

- Review complaints with respect to the award of a contract for the acquisition of goods below \$25,000 and services below \$100,000 (including taxes);
- Review complaints with respect to the administration of a contract, regardless of dollar value;
- Review the practices of departments for acquiring goods and services to assess their fairness, openness and transparency and make recommendations to improve those practices; and
- Ensure that an alternative dispute resolution process is provided, if requested and agreed to by both parties to a federal contract.

The following section of the report outlines the profile of the contacts received this past year and how these contacts were dealt with.





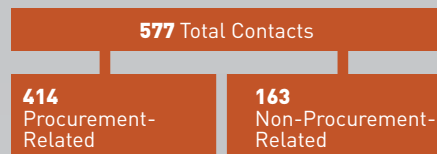
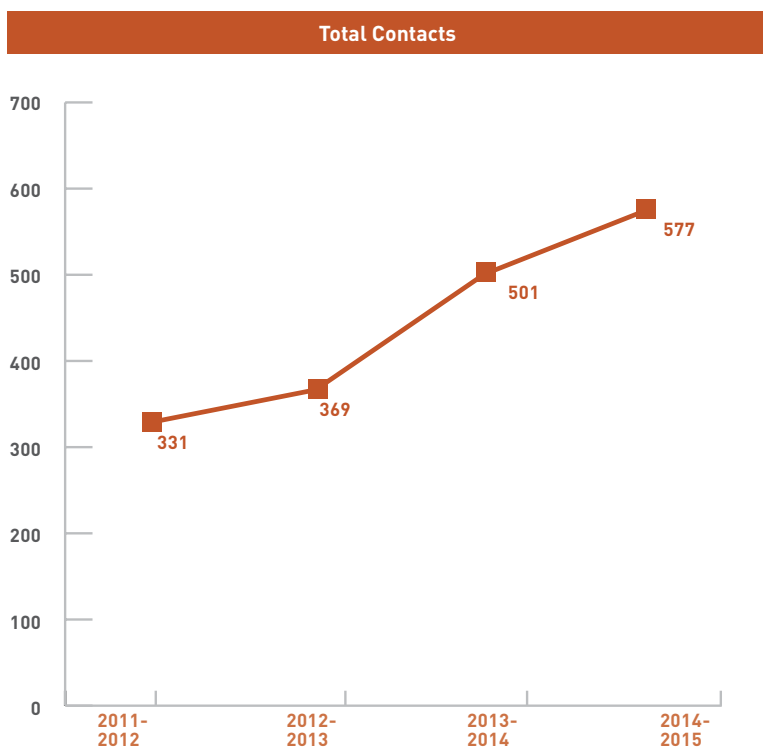
# PROFILE OF CONTACTS

# PROFILE OF CONTACTS

During the 2014-2015 fiscal year the Office received 577 contacts from individuals seeking assistance of one kind or another. Diagram 1 illustrates these 577 contacts as a 76 contact (15%) increase from the previous year, and an increase of 246 contacts (74%) in the four full fiscal years of the current Ombudsman's mandate.

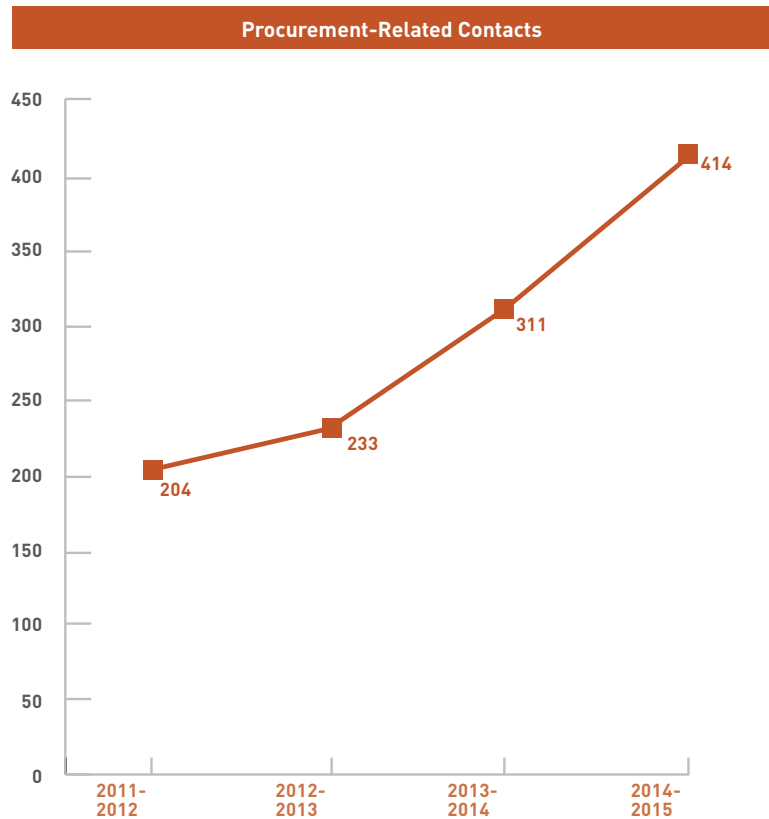
Of the 577 contacts, 163 (28%) were non-procurement-related, meaning inquiries from members of the general public who were often attempting to reach a government department or experiencing difficulty with a non-procurement-related government program. The number of non-procurement-related contacts to the Office has dropped slightly from 190 last year, a decline of 27 (14%). The increase in total contacts coupled with the corresponding decrease in the number of non-procurement-related contacts suggests more of the people contacting the Office are doing so with a better understanding of our mandate. While the 163 contacts did not pertain to a procurement issue, the Office did its best to provide the required information and/or to put the individual in touch with the appropriate resource who could provide assistance.

DIAGRAM 1



The remaining 414 (72%) contacts were primarily from Canadian business people raising issues which were procurement-related. Diagram 2 illustrates the number and trend of procurement-related contacts over the past four years. The diagram shows an increase of 103 (33%) procurement-related contacts over the previous year, and an increase of 210 (103%) since 2011-2012. This 33% increase last year demonstrates an ongoing and steady increase in the number of suppliers contacting the Office for help.

DIAGRAM 2





## **EDUCATE, FACILITATE AND INVESTIGATE**

Whether the Office is carrying out an element of its legislated mandate or dealing with an issue informally, our approach is always focused on promoting fairness, openness and transparency in federal procurement. Part of the way in which we do this is by focusing on the following three strategic objectives, or pillars:

### **EDUCATE**

Raise awareness of procurement issues and exchange information

### **FACILITATE**

De-escalate disputes and help resolve issues

### **INVESTIGATE**

Examine and review procurement issues

The following sections of this report describe the actions undertaken by OPO staff, keeping with these three pillars — Educate, Facilitate and Investigate. The pillars also provide the structure for this report and, accordingly, an understanding of the Office's activities, including how we handled the 414 procurement-related contacts received last year.



EDUCATE

# EDUCATE

## WHAT WE DID TO RAISE AWARENESS OF PROCUREMENT ISSUES AND EXCHANGE INFORMATION

The Office continued to experience an increase in the number of procurement-related contacts. These are contacts from people making procurement- or OPO-related inquiries or wanting to share procurement-related issues or concerns with us. For example, it is not uncommon for suppliers to contact the Office because they have had little success in obtaining answers from a department about what they believe are basic questions regarding a solicitation or about a particular procurement process. It is also not uncommon for suppliers to be exasperated, feeling they simply are not getting anywhere with their query with a department and not knowing where else to turn. Our objective in dealing with these types of contacts is quite simple—to listen and then find a way to address the question as quickly and effectively as possible. In most cases, answering suppliers' questions by providing straightforward, basic information about how federal procurement works is all it takes.

This year, the Office received 414 procurement-related contacts from suppliers and government officials. Of these 414, 99 (24%) were inquiries where the Office provided information on topics such as our mandate or general questions about whom to contact in order to understand how to do business with the federal government.

The balance of 315 contacts was, by and large, primarily from Canadian suppliers regarding somewhat more complex issues. We were able to address some of these contacts by providing information on such things as why a federal department cannot simply renew a contract as often occurs in the private sector, or by explaining the rules surrounding a procurement vehicle such as a supply arrangement or standing offer.

Of these 315 contacts, 175 (56%) raised issues related to the award of a federal contract, and 37 (12%) spoke to us about issues related to the administration of a contract. The remaining 103 (33%) contacts provided feedback on other aspects of federal procurement, for example, suppliers reporting what they believed to be systemic procurement issues and suggesting the issue be reviewed by the Ombudsman.



“Your website was very clear and the response to my inquiry was prompt. I had a pleasant and productive conversation with [the OPO representative] the following day and felt that my questions were answered and I was much better informed about the contracting process.”

- Supplier

DIAGRAM 3

**Contacts Related to Contract Award/Admin & Other Issues**



As illustrated in Diagram 3, these 315 contacts represent an increase of 121 (62%) over the previous year and an increase of 204 (184%) since 2011-2012.

It was not uncommon for many of the individuals who contacted the Office to raise more than one issue. Diagram 4 lists the most common procurement-related issues raised through these contacts. The Office has seen very little variation in the types of issues raised over the past four years. The top three most common procurement-related issues raised in 2014-2015, as listed in Diagram 4, have been among the top five issues raised since 2011-2012.

DIAGRAM 4

**Most Common Procurement-Related Issues 2014-2015**

Procurement strategy and related issues (e.g. competitive vs. non-competitive, type of contracting vehicle)
Evaluation of bids (e.g. undisclosed/changed criteria, inconsistent application of criteria)
Evaluation and selection plan and related issues (e.g. bias for or against supplier/class of suppliers, vague or unclear, excessive or restrictive criteria, unbalanced weighting)
Security clearance and related issues (e.g. delays, one department accepting the security clearance but others not)
Solicitation document (e.g. restrictive or conflicting terms and conditions)

The other primary component of our Educate pillar was our ongoing, concerted effort to reach out to the approximately 1.1 million Canadian businesses that may not have heard of the Office, so as to ensure they were aware of OPO and our services. The benefits of this sustained outreach effort were twofold; it continued to prove to be productive in reaching numerous businesses that had not heard of the Office and it provided yet another means for suppliers to speak to us about their experiences with federal procurement. Our outreach efforts focused on connecting with:

- suppliers at approximately thirty town hall sessions and conferences, and eight online town hall discussions;
- federal procurement specialists via presentations focusing on OPO's mandate and dispute resolution services and at information-exchange meetings; and
- suppliers, federal departments, parliamentarians, associations and other stakeholders via Twitter, Wikipedia, website updates, newsletters and notifications to OPO's distribution list members.

## SUPPLIERS' CONCERNS

Some examples of supplier concerns with federal procurement brought to our attention through outreach activities include:

- The disconnect between high forecasted business volumes communicated for standing offers and supply arrangements and much lower actual volumes;
- Communication barriers and access to procurement-related information;
- The impact of bundling (i.e. including multiple goods or services within one solicitation) and requirements for country-wide delivery capacity;
- Potential overuse of the CORCAN program as a procurement vehicle rather than using pre-existing standing offers and supply arrangements and its impact on local industry; and
- Costly liability insurance as a bidding condition.

## FEDERAL OFFICIALS' CONCERNS

Similarly, the Office has had the opportunity to meet with federal officials involved in procurement who also relayed issues, some of which include:

- The effects of a number of concurrent pressures on the federal procurement workforce, including demographics (aging), budgetary restraints and an increase in the volume of low-dollar-value procurement managed by departments;
- Challenges associated with the growing number of trade agreements (e.g. limited guidance on how to comply, differences between departmental approaches);
- Challenges associated with integrity provisions (e.g. impact on costs, timelines and supplier base); and
- Communication challenges between procurement personnel and program managers.

“Your presentation regarding the Office of the Procurement Ombudsman’s mandate and its Dispute Resolution Services was very informative and well received by the various federal government departments in attendance. Hopefully the issues and discussion raised during the feedback session will be useful to you and your organization.”

*- Ontario Chapter of the Canadian Institute for Procurement and Materiel Management*



### CONCERNS SHARED BY SUPPLIERS AND FEDERAL OFFICIALS

Finally, we were made aware of concerns shared by both suppliers and federal officials:

- The impact of delays in the security clearance process, including:
  - time required to obtain clearance;
  - difficulty obtaining sponsors;
  - clarity of available information;
  - departments potentially defaulting to lower security requirements rather than conducting a risk assessment;
  - risks departments face by failing to assign appropriate security requirements as a means to avoid the lengthy process;
- Need for greater standardization of procurement documents and processes;
- Challenges related to monitoring vendor performance (departments) and frustration with the fact that suppliers are awarded contracts in spite of previous poor performance (suppliers).

In dealing with the 315 procurement-related contacts, the Office's approach in providing straightforward, basic information about how federal procurement works was often all it took to deal with the issue raised. And while this Educate pillar is always the starting point in responding to a contact, there are instances where OPO is called upon to help facilitate the resolution of procurement issues. The following section of the report outlines our activities under the Facilitate pillar.

## **E-Procurement - Are We Being Left Behind?**

Electronic procurement (e-procurement) has become fairly common place in many countries. There are several examples of public and private entities transforming their entire procurement approach by moving to electronic means to process and manage procurement.

E-procurement has been shown to provide significant benefits, including:

- Cost reductions associated with reduced processing times, transaction costs, pricing and paper use.
- Centralized database—all the information required to plan, solicit, award and administer a contract is managed on one platform.
- Better control over and management of the contracting process, through the use of functions such as budget monitoring, invoice processing and workflow validation.
- Better file tracking and visibility—files cannot “sit” on someone’s desk or get lost in the mail.
- Single entry point for all users—suppliers can access and update their credentials in the same system that procurement officers use to manage procurement.
- Increased efficiency and accuracy over the entire procurement process—since all of the information is on one system, reporting requirements become an automated function.

Countries with e-procurement have experienced increased efficiency and lower transaction costs, heightened public procurement monitoring using automated procedures (hence less opportunity for fraud and corruption) and, ultimately greater transparency.

In this day and age of exponential technological growth, other jurisdictions are embracing the benefits of e-procurement. In Canada, federal procurement as a whole has progressed to the point where bids are electronically solicited and contract amendments can be sent by email.



**FACILITATE**



# FACILITATE

## WHAT WE DID TO DE-ESCALATE DISPUTES AND HELP RESOLVE ISSUES

Providing suppliers with straightforward, basic information about how federal procurement works sometimes is not enough. The nature of the issue raised by the supplier is specific and, because the supplier is often reluctant or has been unsuccessful in dealing directly with the department, OPO is asked to intercede. Typically, these are cases where suppliers feel they are not obtaining factual or timely information from departments regarding such things as a particular Request for Proposal or the evaluation of their bid. In these cases our interventions are focused on facilitating - ensuring both the supplier and the department understand each other's perspective and that the necessary information is exchanged so that both sides can move forward. This may be as simple as acting as a conduit for the exchange of information between the supplier and department or taking on a mediator role and encouraging the department and supplier to engage in open, direct dialogue. In playing this facilitation role, two things continue to be apparent:

- How quickly solutions can be found when each party has the opportunity to be heard, to clarify their respective points of view and share concerns and perspectives in a respectful and neutral environment; and,
- How hearing information from an experienced and neutral third party like OPO, which has no vested interest in the outcome, can make the difference in helping move things forward.

Of the 315 contacts, 281 (89%) were dealt with either informally through our facilitation role, meaning they were resolved as a result of our information conduit or mediator roles, or the issue could not be pursued for regulatory reasons (e.g. did not comply with regulatory requirements).

The 34 remaining cases, all of which were written complaints, are dealt with in the next section of the report, entitled: Investigate.

Some examples of issues resolved informally through the Office's facilitation include:

### Lessons Learned

A supplier submitted a complaint regarding the bidding period of a solicitation for services. The supplier was concerned that the three days allocated were insufficient, particularly as an amendment to the statement of work had been issued the day before the closing date. The supplier twice requested an extension to the bidding period but both requests were denied by the department. The supplier had additional concerns about the transparency of the solicitation, particularly the fact that the organization had not disclosed the names of the companies invited



“You are astounding, thank you so much for your in-depth response and willingness to help!”

- *Supplier*

to bid or who had asked questions and received answers during the bidding period. With the supplier’s permission, OPO contacted the department to facilitate communication between the two parties. This resulted in the supplier leaving the conversation assured that the department had understood her concerns and would take these issues into consideration in future solicitations. The supplier, satisfied with how her concerns were addressed, subsequently withdrew her complaint.

#### **Pay up**

A supplier contacted OPO regarding an outstanding payment for an invoice submitted two months prior. With the supplier’s permission, OPO contacted the department which resulted in the supplier receiving payment shortly thereafter.

#### **Hello? Is anybody out there?**

A supplier contacted OPO because it was having difficulties getting in touch with a department with which it had a contract. The company had recently changed its e-mail address and the company suspected this change had caused technical difficulties but were unsure. OPO contacted the department, which resulted in the technical difficulties being identified and addressed. The supplier received confirmation of the contract timelines and the contract was delivered accordingly.

### **HELPING PARTIES TO RESOLVE CONTRACT DISPUTES**

Another aspect of OPO’s facilitation role is the provision of Alternative Dispute Resolution (ADR) services. This is a mediation service to help resolve disputes which arise between a supplier and a federal department over the interpretation or application of the terms and conditions of an existing contract. Disagreements over the fine print of contracts are not unusual in either the public or the private sector. What they all have in common is a breakdown in communication which can often put the project over time and over budget and potentially lead to long, costly legal processes. When the Office is approached and made aware of a dispute between two parties to an existing contract OPO works with both sides in an attempt to restore this communication and to find an informal solution to the dispute. When an informal solution cannot be found and either party to the contract makes a formal request for OPO’s ADR services, the Regulations require the Ombudsman to invite the other party to the contract to participate in the ADR session.

Once both parties to the contract agree to participate, OPO provides a certified and experienced mediator who organizes and guides the dispute resolution session. During the session, OPO provides both parties the opportunity to share their points of view and the ability to generate potential solutions. The process is “without prejudice” and risk-free as participants have full control over the outcome, meaning no decision is imposed and either party can end their participation at anytime if they are unable to reach a mutually satisfactory agreement. In instances where both parties agree to a solution, OPO helps the parties draw up a legally binding settlement agreement.

Four supplier requests for ADR services were received by the Office in 2014-2015, of which:

- One did not fall within the Procurement Ombudsman’s mandate given the dispute was not about the interpretation or application of the terms and conditions of a contract; and
- Three were declined by the department.

While the number of requests is consistent with the previous four years, 2014-2015 is the only year to date where departments have declined to participate in all supplier requests for ADR.

To address the continued low uptake of OPO’s ADR service, the Office undertook a number of initiatives to raise awareness of the benefits of this service among both suppliers and federal organizations. Throughout the year, OPO published articles and advertisements in various publications; shared information on OPO’s dispute resolution services at numerous meetings and events with suppliers and federal officials; leveraged its web and social media presence to promote the service; and created a short video explaining the benefits of ADR.





INVESTIGATE

# INVESTIGATE

## WHAT WE DID TO EXAMINE AND REVIEW PROCUREMENT ISSUES

### REVIEWING SUPPLIER COMPLAINTS

In the 2014-2015 fiscal year, the Office received 34 written complaints from suppliers making allegations regarding some aspect of the contract award process. The allegations included such things as the process to award a federal contract had somehow been prejudiced and that established procurement rules had not been adhered to by a department. Interestingly, with all 34 complaints targeting some aspect of the contract award process, it is the first year where the Office has not received a complaint regarding the *administration* of a supplier's contract with a department.

The Office's treatment of complaints regarding the award of a contract is prescribed by both the *Department of Public Works and Government Services Act* (the Act) and the *Procurement Ombudsman Regulations* (the Regulations). The Act stipulates that in order for a complaint to be reviewed by the Procurement Ombudsman, the complaint must be from a Canadian supplier and must be about the award of a contract to which the *Agreement on Internal Trade Implementation Act* would apply if the value of the contract were not less than \$25K for goods and \$100K for services. The Regulations require the complaint to be submitted in writing and the submission must be made to the Ombudsman within certain timeframes. The Regulations require the Ombudsman to make a determination regarding whether a complaint falls within his jurisdiction and then to assess whether the complaint can be reviewed by ensuring the complaint is in compliance with all other mandatory elements stipulated in the Regulations. The Ombudsman is required to notify the supplier and the federal organization in question of the results of the determination and, at the same time, provide a copy of the complaint to the federal organization. The determination must be made within 10 working days of the complaint being filed. Diagram 5 provides a summary of the criteria used to make the determination and conduct the subsequent assessment.

The 10-day window provided by the Regulations is used by OPO to attempt to facilitate an informal resolution of the complaint. The Office continued to experience success in facilitating informal resolutions to written complaints resulting in some being withdrawn. In cases where the Office is unsuccessful in informally resolving a complaint that meets the regulatory criteria, the Regulations require the Ombudsman to review the complaint and provide findings and recommendations within 120 working days of the complaint being filed.

DIAGRAM 5

### Review Criteria

**For the Procurement Ombudsman to review a complaint regarding contract award, it must meet the following criteria:**

- Complainant is a Canadian supplier.
- Complaint is filed in writing, within prescribed timeframes.
- Contract has been awarded.
- Complaint contains the details of the contract award, facts and grounds of the complaint.
- Contract value is less than \$25K for goods or less than \$100K for services.
- Department falls under the jurisdiction of the Ombudsman.
- *Agreement on Internal Trade* is applicable except for dollar thresholds.
- Facts or grounds of the complaint are not before the Canadian International Trade Tribunal or the courts.
- Reasonable grounds exist to believe the contract was not awarded in accordance with regulations made under the *Financial Administration Act*.
- Complaint is not covered by any exemption or exclusion specified in the *Agreement on Internal Trade*

**Complaints regarding the administration of a contract must meet some of the above criteria (however, no dollar thresholds apply). Additional regulatory criteria include:**

- Supplier must have been awarded the contract to which the complaint relates.
- Complaint cannot be about the application or interpretation of the terms and conditions of the contract (in these cases, Alternative Dispute Resolution services are available).

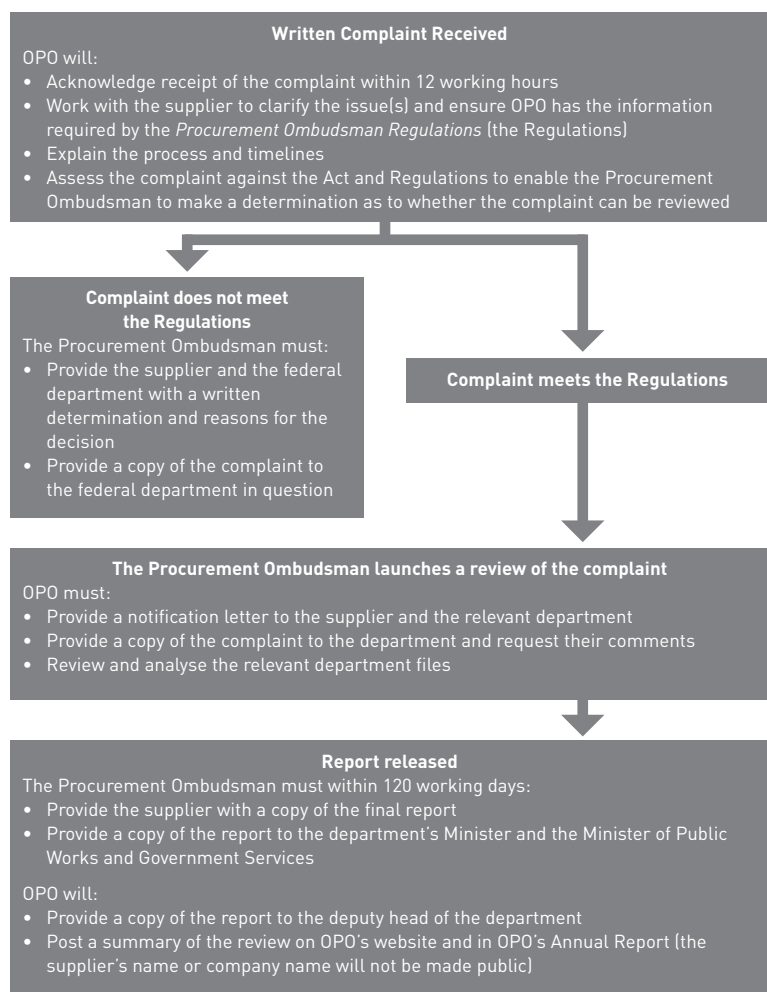
For more details please consult the *Procurement Ombudsman Regulations* on OPO's website.



Of the 34 complaints filed in 2014-2015, 31 (94%) did not meet OPO's regulatory criteria and a review could not be launched (e.g. contract value exceeded dollar thresholds; contract related to a Crown corporation; complaint pertained to the establishment of a standing offer), or the complaint was withdrawn (e.g. resolved through facilitation within 10 days). The remaining three complaints were determined to fall within the Procurement Ombudsman's jurisdiction as they met all regulatory requirements and reviews of the award of the contracts were carried out. Of these three reviews, two were completed within 2014-2015 and one carried over to 2015-2016. An additional two reviews which were initiated in 2013-2014 were completed in 2014-2015.

Diagram 6 highlights the process followed.

DIAGRAM 6



## REVIEW OF SUPPLIER COMPLAINT SUMMARIES

The following section contains summaries of the four reviews where the complaint met the regulatory requirements for review. Two of these complaint reviews were carried over from the 2013-2014 fiscal year.

Of particular note among the four reviews conducted during the 2014-2015 fiscal year was the recalcitrance of a department in refusing to provide the Ombudsman with the information necessary to review one of the complaints. In this case, despite repeated attempts to obtain the information necessary for the conduct of the review, the department chose to provide redacted documents which it stated were “within the parameters” of the *Privacy Act* and the *Access to Information Act*. This deliberate withholding of information impeded the Ombudsman’s ability to execute his mandate as per subsection 12(1) of the Regulations. This represents the first complaint review where the Ombudsman was unable to assess the extent to which the fairness, openness or transparency of the department’s procurement process was prejudiced, as required by the Regulations.

### A Mandatory Criterion Questioned

A supplier filed a complaint regarding a Request for Proposal (RFP) for services. The supplier raised two issues: 1) the importance and value added, in terms of contract performance, of the mandatory criterion requiring an association membership; and 2) his proposal was found non-compliant because the department’s interpretation of the criterion was overly restrictive.

With respect to the first issue, the Procurement Ombudsman concluded that jurisprudence has established that a department has the discretion to define its requirements to meet operational needs. The department provided reasoning for requesting membership in an association. The Procurement Ombudsman found no reason to question the reasonableness of the requirement.

With respect to the second issue, the mandatory criterion also stipulated that suppliers provide a certificate as proof of membership in an association, and identified one association as an example. On this matter, the Procurement Ombudsman concluded that by establishing the criterion as it did, the department had an obligation to declare the supplier’s proposal non-compliant and, in doing so, its interpretation of the criterion was not overly restrictive.

The Ombudsman further noted, however, that the requirement to submit a certificate may have been unnecessarily restrictive on suppliers who were exclusively members of the specified association which did not



provide certificates at the time of the solicitation. In addition, the Ombudsman found that because the supplier met the other mandatory criteria and his proposal was priced lower than the awarded contract, the requirement to provide a certificate may have resulted in the department overpaying for the service.

As the department refused to provide OPO with access to all the required information associated with the award of this contract, the Procurement Ombudsman was unable to determine if the department, in conducting its evaluation of the bids, applied the criterion consistently to all bidders or in a way so as to intentionally disqualify the supplier. In so doing, the department impeded the Ombudsman's ability to execute his legislated mandate. The Procurement Ombudsman was therefore unable to assess the extent to which the fairness, openness or transparency of this procurement process was prejudiced.

### **Was a Supplier Disadvantaged by an Unreasonable Criterion?**

A supplier filed a complaint regarding the award of a contract for services. The supplier's complaint was related to the evaluation of rated criteria (i.e. evaluated against a point scale instead of on a pass/fail basis). More specifically, the supplier took issue with:

- a certification requirement and its allocation of points;
- loss of points and inconsistencies; and
- the transparency of the process.

With respect to the first issue, the supplier contended that a rated criterion requiring a specific certification, and the corresponding allocation of points, were unreasonable. In his findings, the Procurement Ombudsman referred to jurisprudence which has established that a department has the discretion to define its requirements to meet its operational needs. The department provided an explanation of the need for the certification in the Request for Proposal (RFP). The Procurement Ombudsman found no reason to question the reasonableness or relative weight of the certification in terms of points allocated.

The supplier also raised an issue regarding alleged inconsistencies in terms of evaluation criteria between different RFPs. Specifically, the supplier questioned why the RFP in question required the submission of a report when previous RFPs for the same service did not. On this matter, the Procurement Ombudsman concluded that because the supplier did not submit the required report, the department could not, as per established procurement rules, award points for this element. In addition, the Procurement Ombudsman noted he does not have the legal authority, in reviewing suppliers complaints, to review questions related to inconsistencies across different contract award processes.



The third concern related to the overall transparency of the process. While the department provided the value of the resulting contract and the name of the successful supplier, the request for the total score and point breakdown of the winning bidder was denied. On this matter, the Procurement Ombudsman concluded that the department was not required to provide the winning supplier's point breakdown as it needed to respect the winning supplier's right to the confidentiality of specific information related to their proposal. Therefore, the Procurement Ombudsman found no evidence of a transparency issue.

As the issues raised by the supplier could not be substantiated, the review did not establish the necessary grounds for the Procurement Ombudsman to recommend remedy or relief as requested by the supplier.

### **Department's Approach to Soliciting Proposals Was Not Consistent with Government Policy**

A supplier filed a complaint regarding the award of a contract for services. The complainant's allegations included that the department: conducted a competition to award a contract that did not respect the rules of a Standing Offer (SO) or Treasury Board (TB) policy; failed to identify the work activities to be performed; did not establish evaluation criteria; favoured a particular supplier; and failed to inform the complainant that he would not be awarded the contract and to provide the reasons why his proposal was unsuccessful.

Regarding the rules of the SO or TB policy, the Procurement Ombudsman concluded the SO in question was used to identify and invite suppliers but was not used to award the contract. By inviting multiple suppliers to submit proposals, the department initiated a competitive process and was therefore required to, but did not, adhere to the TB Contracting Policy. The Procurement Ombudsman also found the department did not provide suppliers with the required details regarding the work to be completed, nor did it establish or communicate the evaluation criteria to be used. Moreover, the department did not establish an objective basis for determining supplier capability to perform the work.

On the issue of favouritism, the Procurement Ombudsman concluded the department had, in fact, considered awarding the contract to the complainant. Nonetheless, the chronology of events suggests there was a predisposition to award the contract to the lower-cost supplier before the complainant's proposal was received.

Based on these findings, the Procurement Ombudsman recommended the department pay compensation to the complainant in accordance with the *Procurement Ombudsman Regulations* (see Diagram 7). The department agreed with the Ombudsman's recommendation and took immediate action with regard to the settlement.

## **DIAGRAM 7**

### **Compensation**

Under subsection 13(1) of the Regulations, the Procurement Ombudsman may recommend the award of compensation if certain conditions are met. The Procurement Ombudsman may recommend compensation for lost profit or bid submission cost. A number of factors are considered before this recommendation is made. For example:

#### **Compensation For Lost Profit**

- Was the complainant's bid fully compliant?
- Did the violation constitute a material breach of the competitive process?
- Would the complainant have won the contract were it not for the actions of the department?
- Was the complainant wrongfully denied the opportunity to bid?

#### **Compensation For Bid Submission Cost**

- Did the violation constitute a material breach of the competitive process?
- Did the department seek to exclude all bidders except the winning bidder?
- Did the department seek to exclude the complainant or a group of suppliers of which the complainant is a part?
- Did the complainant not have any prospect of winning the bid?
- Had the complainant known the true and complete facts of the solicitation, would it have likely structured its bid differently or not bid at all?



### **Was a Supplier Disadvantaged When a Department Misplaced a Proposal?**

A supplier filed a complaint about a department misplacing their proposal and then evaluating it after the contract had been awarded to another supplier. The supplier further complained that the department failed to follow standard evaluation procedures by not separating the technical from the financial components of the proposal during the evaluation process. The supplier requested compensation for expenses incurred in preparing the proposal.

For proposals to be treated fairly and equally, they must all be evaluated prior to the award of the contract. In this instance, the supplier's proposal was not evaluated until after the contract was awarded. Accordingly, the Procurement Ombudsman found that the department's evaluation process did not respect the principle of fairness.

The Ombudsman further found that although the department originally misplaced the supplier's proposal and assessed it after the award of the contract, this neither prejudiced the supplier's proposal nor did it directly result in any loss. The review of the complaint did not establish the necessary grounds to enable the Procurement Ombudsman to recommend compensation to the supplier.

### **REVIEWING DEPARTMENTAL PROCUREMENT PRACTICES**

All procurement-related issues raised by suppliers and federal officials are documented and tracked. On a regular basis, the number, source and nature of these issues are analyzed to determine if patterns can be detected and if they are systemic in nature within a department or the procurement process.

In cases where the analysis provides the "reasonable grounds" required by section 4 of the Regulations, the Procurement Ombudsman launches a review of the practices of department(s) for acquiring materiel and services. Practice reviews examine the consistency of departmental procurement practices with applicable policies, procedures and the *Financial Administration Act* in order to assess the fairness, openness and transparency of the practices. Where warranted, the reviews highlight good practices as well as recommend improvements.

Last year, the Ombudsman established the required "reasonable grounds" to launch three reviews. The Office also conducted a follow-up to reviews undertaken to determine what action the federal organizations involved had taken in response to recommendations contained in OPO's reports. The following are summaries of the three departmental procurement practice reviews and the follow-up review completed in 2014-2015.

## REVIEW OF DEPARTMENTAL PROCUREMENT PRACTICES SUMMARIES

### Natural Resources Canada (NRCan)

Through its ongoing monitoring of issues, the Office noted a disproportionately high number of contacts raising issues regarding Natural Resources Canada's (NRCan) procurement practices. As a result, the Office undertook a review to determine whether NRCan's procurement management framework ensures the department's procurement practices are consistent with applicable procurement laws, regulations and policies and allows NRCan to respect the principles of fairness, openness, and transparency.

The review found that NRCan's procurement management framework is aligned with procurement related legislation and policy requirements and that there were no major gaps. The Ombudsman's report noted good elements from a governance perspective, particularly the oversight and monitoring entities. Nonetheless, the report found the mandate of the oversight and monitoring entities could be further broadened. The current approach is primarily focused on monitoring and oversight of contracts processed by NRCan's central procurement unit; other groups with delegated contracting authority are not monitored as actively. In addition, the current approach does not explicitly focus on contracts valued at less than \$25,000, which is a risk given the volume of these types of contracts.

Accordingly, the Procurement Ombudsman recommended the department:

- take appropriate measures to enhance its monitoring and oversight regime commensurate with senior management-sanctioned risk tolerances for the full spectrum of NRCan procurement; and
- build on the existing good quality control and assurance practices by taking the necessary measures to ensure these are applied consistently and to all sectors of the department procuring goods and services; regardless of procurement type and monetary value.

In response to the review, the department agreed to continue to focus its efforts on strengthening monitoring, oversight and quality control of contracts.

### Employment and Social Development Canada (ESDC)

In June 2013, OPO received an anonymous letter alleging conflict of interest and unfair advantage pertaining to several Information Technology (IT) contracts awarded by Employment and Social Development Canada (ESDC) to one IT company. The Procurement Ombudsman determined that reasonable grounds for the allegations of conflict of interest and unfair advantage cited in the anonymous letter did not exist. However, an analysis of publicly available information as well as an analysis of 11 contacts about ESDC received by OPO since 2008, resulted in several findings which pointed to potential systemic issues within ESDC's procurement practices.

Accordingly, the Office undertook a review to determine whether the procurement practices used by ESDC to acquire IT services were consistent with relevant policies and procedures, the *Financial Administration Act* and regulations made under it, and the principles of fairness, openness and transparency.

The review found that a procurement management framework was in place and that its application to the procurement of IT services was consistent with applicable legislation, regulations, policies and guidelines. The services in the majority of files reviewed were procured and administered in compliance with the framework and no systemic issues within ESDC's procurement practices were noted. Areas for improvement were identified in the procurement management framework, specifically with regard to policies and direction in support of the administration of Task Authorizations, contract amendments and documentation requirements. A lack of a systematic, risk-based approach to monitoring was also identified.

The Procurement Ombudsman recommended the department continue to improve its procurement policies and practices in order to ensure consistent and compliant procurement practices for IT services by:

- updating internal policies and guidelines in key areas relating to amendments, Task Authorizations and file documentation; and
- taking the necessary measures to ensure a senior management sanctioned risk-based approach to monitoring departmental procurement activity is applied consistently across the department.

The department accepted the recommendation.

### **Standing Offers (SOs) and Supply Arrangements (SAs)**

OPO undertook a procurement practice review on the issuing of call-ups against standing offers and the awarding of contracts against supply arrangements. The objective of the review was to determine whether call-ups against standing offers and contracts against supply arrangements issued by selected departments and agencies were consistent with applicable sections of the *Financial Administration Act* and regulations made under it, the Treasury Board Contracting Policy, and the principles of fairness, openness, and transparency.

The review noted that SOs and SAs have been created with the aim of expediting the procurement process and reducing costs by leveraging the government's purchasing power. Nonetheless, when verifying whether organizations used prices consistent with negotiated prices and rates, prices could not be verified in 25% of the files reviewed by OPO. This raised questions as to whether the cost reduction benefits of

using these tools are being realized. The review found that as no central repository of all SOs and SAs in use by federal organizations is available, the actual number of tools and the associated total spending is unknown. In addition, the review found that there is no way of knowing whether duplicate or overlapping SOs and SAs exist. The review further concluded that while general procurement training exists and includes some information regarding SOs and SAs, training is neither available nor mandatory for all tools. Of the 92 contracts assessed by OPO as part of the review, 43 (47%) contained critical errors such as containing poor documentation which prevented OPO from determining whether the SO or SA was used as intended. Moreover, with the exception of one department, organizations had little, to no, monitoring of contracts issued against SOs and SAs. The lack of monitoring of contracts issued against SOs and SAs raises questions as to whether the use of these tools is receiving the appropriate amount of oversight.

### **2011-2012 Follow-up Review**

Annual follow-up reviews are conducted to determine what action federal organizations have taken in response to recommendations contained in OPO's previous procurement practice reviews. Follow-up reviews provide an opportunity to share information on improvements implemented in response to OPO recommendations which other departments and agencies could emulate. Information on these improvements also provides the Office with an indicator of the usefulness and relevance of its work.

In 2014-2015, OPO assessed action taken on recommendations contained in reports on procurement practice reviews conducted in 2011-12 involving the Public Service Commission and Public Works and Government Services Canada. The following review reports were issued in 2011-2012:

- Review of Procurement Practices Related to Selected Advance Contract Award Notices (ACANS); and
- Professional Services (PS) Online

The Office was encouraged by the fact that the departments took action on all recommendations made in OPO's 2011-2012 reviews.



## STUDIES AND ANALYSIS

In other instances where OPO would like additional information, it undertakes exploratory research or analysis. This year, one topic fell within this category.

### ADR Analysis

Since opening its doors in 2008, OPO has received 37 requests for Alternative Dispute Resolution (ADR) services. In several instances, when invited to participate in OPO's ADR process, federal organizations have declined citing other dispute resolution mechanisms available to them. This past year, the Office undertook exploratory research to follow up with those cases where the organization declined to use OPO's ADR service.

The research focused on 20 ADR requests which met the requirements of the Regulations and had the potential to result in a negotiated agreement. Of these 20 requests:

- 12 requests (60%) to participate in an OPO ADR process were accepted by the federal organization. Of these 12:
  - A mutually agreed to settlement was reached in 11 disputes.
  - A mutually agreed to settlement was not reached in 1 dispute.
- 8 requests (40%) to participate in an OPO ADR process were declined by the federal organization. Of these 8:
  - A negotiated agreement was reached in 4 disputes.
  - 1 process was ongoing at the time the organization responded.
  - A negotiated agreement was not reached in 3 disputes. Of these 3:
    - ◆ 1 process resulted in litigation.
    - ◆ In 2 disputes, the supplier withdrew from the negotiation. In one withdrawal, the supplier cited the costs imposed by the federal organization as a factor in the supplier's decision to withdraw from the negotiations.





# SPECIAL INITIATIVES



# SPECIAL INITIATIVES

## COURT CASE

In April 2013, a Notice of Application to the Federal Court was served on the Attorney General of Canada and the Procurement Ombudsman. The Notice of Application was filed in regard to the report entitled *Review of the Procurement Practices for the Acquisition of Temporary Help Services* by the Canada School of the Public Service, which was published by the Office in March 2013.

The review was initiated pursuant to paragraph 22.1(3)(a) of the *Department of Public Works and Government Services Act* and sections 4 to 6 of the *Procurement Ombudsman Regulations* (the Regulations). The Procurement Ombudsman established that reasonable grounds, as required by the Regulations, existed to review the procurement practices of the Canada School of the Public Service (the School) in acquiring Temporary Help Services.

The Notice of Application contended the Office's review and resulting report was an investigation of the Applicant, whom it was alleged had not been provided procedural fairness prior to the release of the report. As the report was a review of the procurement practices of the School, and not an investigation of an individual, the Ombudsman opposed the Notice.

At the request of the Applicant's legal counsel, a settlement agreement was negotiated between the parties. As part of the agreement, amendments were made to four paragraphs in the report. The amended report includes a "Notice to Readers" which enumerates the amended paragraphs. The modified report was posted on the Office's website in February 2015. The amendments did not result in modifications to the report's objective, findings, conclusions or recommendation.

## **FOLLOW-UP TO THE INCLUSION OF OPO CLAUSES IN DEPARTMENTAL PROCUREMENT DOCUMENTS**

As reported in the 2013-2014 Annual Report, in June 2013 the Minister of Public Works and Government Services wrote to her Cabinet colleagues seeking assistance in ensuring that suppliers dealing with their organizations were made aware of the services offered by the Procurement Ombudsman. The Minister encouraged her colleagues to work with their respective deputy heads to include information related to OPO in their organization's procurement documents, namely:

- solicitations for goods and services;
- resulting contracts; and
- regret letters to unsuccessful bidders.

As reported in the 2013-2014 Annual Report, the vast majority of organizations agreed to include the clauses. Some organizations agreed to include OPO information only in regret letters and on the solicitation pages of websites.

To confirm departments were meeting their commitments, OPO monitored solicitations posted on the buyandsell.gc.ca website between April 1 and December 10, 2014, and identified solicitations where OPO clause(s) were not included. These solicitations were cross-referenced with the list of departments that had committed to include the clauses in solicitation documents.

As a result, in January 2015 OPO contacted the 14 organizations identified through this monitoring and requested a status on the implementation. In the majority of instances, the departments provided an update on the insertion of the OPO clauses in templates, including in some instances information regarding departmental verification approaches to ensure OPO clauses were included in appropriate solicitation documents. In the remaining instances, the clauses were not included in solicitation documents, as the solicitation and resulting contract were above the dollar-value thresholds for OPO to review complaints regarding the award of a contract.

All 14 federal organizations confirmed that they are committed to including OPO clauses in applicable solicitation documents.



# APPENDIX

# APPENDIX

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2015

### Statement of Operations

EXPENSES	2014-15
	(\$000)
Salaries and Employee Benefits	2,861
Professional Services	303
Operating Expenses	75
Information and Communication	67
Materials and Supplies	35
Corporate Services provided by PWGSC (See Note 3)	337
<b>TOTAL</b>	<b>3,678</b>

The following notes are an integral part of the Statement of Operations.

#### OFFICE OF THE PROCUREMENT OMBUDSMAN

Notes to the Statement of Operations for the year ended March 31, 2015.

##### 1. Authority and objective

The position of Procurement Ombudsman was created through the *Federal Accountability Act* and established through amendments to the *Department of Public Works and Government Services Act*. The Procurement Ombudsman has a government-wide mandate, which is defined in the *Procurement Ombudsman Regulations*. OPO's mission is to promote fairness, openness and transparency in federal procurement.

##### 2. Parliamentary authority

The funding approved by Treasury Board for the operation of the Office of the Procurement Ombudsman is part of Public Works and Government Services Canada's (PWGSC's) appropriation. Consequently, the Office is subject to the legislative, regulatory and policy frameworks that govern PWGSC. Nonetheless, implicit in the nature and purpose of the Office is the need for the Procurement Ombudsman to fulfill its mandate in an independent fashion, and be seen to do so, by maintaining an arm's-length relationship with PWGSC.

### 3. Related party transactions

<b>CORPORATE SERVICES PROVIDED BY PWGSC</b>	<b>(\$000)</b>
Finance	91
Human Resources	99
Information Technology	116
Other (Protection & Security)	31
<b>TOTAL</b>	<b>337</b>

### 4. Comparative figures

<b>EXPENSES</b>	<b>2014-15 (\$000)</b>	<b>2013-14 (\$000)</b>
Salaries and Employee Benefits	2,861	2,843
Professional Services	303	380
Operating Expenses	75	58
Information and Communication	67	32
Materials and Supplies	35	26
Corporate Services Provided by PWGSC	337	356
<b>TOTAL</b>	<b>3,678</b>	<b>3,695</b>