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Report of the Review of the Draft Treasury Board Policy on Managing Procurement

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November 15, 2006

Table of Contents

[Foreword](#)

[1.0 Executive Summary](#)

[2.0 Overview](#)

[2.1 Scope of the Review](#)

[2.2 Findings](#)

[2.3 Public Perceptions](#)

[3.0 Background](#)

[3.1 Mandate](#)

[3.2 Conduct of the Review](#)

[3.3 Stakeholder Consultations](#)

[4.0 Procurement Context](#)

[4.1 Definition of Procurement](#)

[4.2 Impact of Procurement in Canada](#)

[4.3 Public vs. Private Sector Procurement](#)

[4.4 Public Procurement Objectives](#)

[5.0 Strengths of the Draft Policy](#)

[6.0 Opportunities for Enhancing the Draft Policy](#)

[7.0 Streamlining the Procurement Process](#)

[8.0 Appendix A: Interviews](#)

[9.0 Appendix B: Robert W. Dye Biography](#)

Foreword

In July 2006, I was appointed by Treasury Board President John Baird to conduct an independent review of the Government of Canada's *Draft Treasury Board Policy on Managing Procurement*.

The federal government spends billions of dollars annually on procurement from thousands of suppliers throughout the private sector. It purchases a wide range of products and services from pens to helicopters to research surveys.

The government recognizes there is room for improvement in managing the acquisition of goods and the contracting of services in order to achieve value for money and sound stewardship of public funds.

In managing its procurement, the government also seeks to strike an appropriate balance between oversight and flexibility. Its goal is to improve accountability, encourage management efficiency and help government achieve its policy outcomes while ensuring that the procurement process is fair, open and transparent.

The review I have undertaken seeks to evaluate and determine if the government's new draft policy will meet its stated objectives. This report outlines the context of the policy review, provides analysis and recommendations, and highlights some further considerations for streamlining the procurement processes of the Government of Canada.

Robert W. Dye, FCMA, LLD

1.0 Executive Summary

This report offers an independent review of the Government of Canada's *Draft Treasury Board Policy on Managing Procurement*. The federal government recognizes there is room for improvement in managing its procurement of billions of dollars of goods and services annually.

After conducting a document review and consulting a range of stakeholders, it is the conclusion of the reviewer that the new draft policy supports the government's stated intent of achieving fairness, openness and transparency in procurement. The policy, if effectively implemented and managed, should obtain value for money, enhance oversight without restricting public servants in a tangle of rules, and foster a culture of ethics and innovation within the federal public service.

The Government of Canada is undertaking to revise its procurement policy at a time when the procurement environment has grown increasingly complex and challenging in the public sector. Taxpayers expect greater levels of accountability, governments cope with budget constraints and procurement professionals face evolving technologies and multiplying global sourcing options. In public procurement, trade-offs must be made among the sometimes competing goals of best value, socio-economic outcomes, openness and competition, integrity and transparency, and responsible management.

In this context, the government's draft policy offers many strengths. The draft policy is principles-based, and takes a broad and strategic approach to guiding and supporting procurement practices. It sets out essential expectations and accountabilities in achieving sound management of resources, while allowing room for flexibility, initiative and professional judgment.

There are, however, a few areas of the draft policy that would benefit from further clarification and expansion. These include defining the key terms of fairness, openness and transparency, and providing further direction on reporting requirements and the establishment of performance measures. Finally, the development of a comprehensive implementation plan will be critical to the effectiveness of the policy.

While the scope of this report is primarily limited to a review of the government's draft procurement policy and not a system-wide review of procurement, several opportunities for streamlining procurement were identified. A key recommendation is that the government incorporate select best practices from the private sector, including alternatives to full competition among suppliers. The government should also consider means to promote a team-based procurement approach across the public service. At the same time, the government must address the need for specialized procurement talent and develop this expertise through training.

It is vital to reinforce public confidence in government spending and to respond to today's challenges through building capacity across the federal public service, and through continuing to pursue a progressive approach to procurement. This draft policy marks a sound starting point.

2.0 Overview

2.1 Scope of the Review

It must be clearly stated at the outset that the scope of this report is primarily limited to a review of the government's *Draft Treasury Board Policy on Managing Procurement*. This report is not intended to offer a system-wide review of government procurement. The wide-ranging research and analysis required for a full-scale examination was neither mandated nor undertaken.

However, in conducting a specific assessment of the policy, opportunities were identified both through documentation review as well as numerous stakeholder consultations for broader reform of the government procurement system. While these additional observations are by no means exhaustive, they do merit further consideration by the Government of Canada.

2.2 Findings

It is the opinion of the reviewer that the *Draft Treasury Board Policy on Managing Procurement* supports government objectives and will obtain its stated intent of achieving fairness, openness and transparency in federal government procurement.

In dramatically reducing the current government *Contracting Policy* from in excess of 200 pages to eight, this new *Draft Policy on Managing Procurement* is appropriately high level. It clearly sets out essential expectations and accountabilities in achieving sound management of resources. The policy provides senior management with an integrated, streamlined framework for effective decision-making on matters of procurement. It takes an enterprise-wide perspective and establishes a solid basis for the development of future directives, guidelines and training to support procurement professionals across government.

The policy, if effectively implemented and managed, should serve to strengthen the government's commitment to value for money, enhanced oversight without unduly restricting public servants in a tangle of rules, and foster a culture of ethics and innovation.

2.3 Public Perceptions

During the course of the review what was revealed is a sound public procurement system. While there are obviously opportunities for improvement, some of which are outlined in this report, there is a disconnect between the high standards of procurement within the government of Canada and the public perception.

High-profile lapses such as those outlined in the Gomery Commission report or the more recent challenges encountered with the government's Way Forward initiative, should not discourage us from recognizing excellence in public sector management. As a personal observation, in conducting this review I encountered a dedicated group of procurement professionals and department managers who want to do the right thing. I now have a greater appreciation of the quality of individual employed in the public service of Canada.

However, it is vital to reinforce public confidence in government spending and address today's challenges through building capacity across the federal public service, and through continuing to pursue a progressive approach to procurement. This draft policy marks a sound starting point.

3.0 Background

This section summarizes the scope and conduct of the review, as assigned by the Treasury Board of Canada. As is clear, the main focus is an assessment of the *Draft Policy on Managing Procurement*. The documentation consulted and the stakeholders interviewed during the review process are also outlined.

3.1 Mandate

- Provide advice on how to achieve openness, fairness and transparency in the procurement process with the draft revised policy on managing procurement.
- Identify opportunities to streamline the procurement process.
- Review the draft revised *Treasury Board Policy on Managing Procurement* to determine whether its requirements will ensure that procurements are fair, open, and transparent and result in a more streamlined procurement process.
- Report back to the President of the Treasury Board

3.2 Conduct of the Review

- Review the draft revised *Treasury Board Policy on Managing Procurement*.
- Review other draft policies in the Assets and Acquired Services Policy Suite.
- Review Government Contract Regulations and relevant sections of the *Financial Administration Act*.
- Review the draft *Federal Accountability Act* to test that the proposed policy direction will result in a federal procurement regime that ensures openness, fairness and transparency by ensuring that:
 - Governance is documented and demonstrated effectively.
 - Standards are set for the procurement process.
 - Accountabilities are assigned based upon capacity, knowledge and skills.
 - Procurement planning is used effectively.
 - Management processes and controls are established.
- Take into consideration related initiatives proposed by the *Federal Accountability Act* and Action Plan, such as:
 - The creation of a Procurement Auditor.
 - Enhancements to the Office of Small and Medium Enterprises within Public Works and Government Services Canada (PWGSC).
 - Other proposals under the Federal Accountability Action Plan dealing with cleaning up procurement of government contracts, bidding of public opinion research and advertising as well as the work of the Canadian International Trade Tribunal (CITT) and transparency initiatives already underway such as Proactive Disclosure of contracts over \$10k.

3.3 Stakeholder Consultations

In carrying out the review, I have met with a wide range of both internal and external stakeholders who have an interest in ensuring that the Government of Canada's procurement process is open, fair and transparent and adheres to the principles of value for money and stewardship.

In total, I have spoken with 27 officials in federal departments and agencies who are involved in or have in-depth knowledge and understanding of the procurement process in their departments.

Additionally, I have met with three external stakeholder groups, two of whom represent major contract service providers and a third stakeholder who is an advocacy body for small and medium enterprises.

The views of all stakeholders were incorporated into this report; however the key conclusions are those of the author.

Please see Appendix A for a complete list of individuals interviewed. Also, see Appendix B for a biography of the reviewer.

4.0 Procurement Context

The procurement environment has grown increasingly complex and challenging in the public sector. Taxpayers expect greater levels of transparency and accountability. Governments face ongoing budget constraints. Meanwhile, evolving technology, global sourcing, and ever-expanding vendor options present difficult choices to those responsible for public procurement.

At one time, public procurement was considered to be a clerical function of government, simply processing purchase orders. This is no longer the case. Today, public procurement consists of a widely recognized body of knowledge practiced by professionals with a highly developed expertise who play a critical role in the quality of service delivery to citizens.

4.1 Definition of Procurement

The U.S.-based National Institute for Governmental Purchasing's (NIGP) *Dictionary of Purchasing Terms* defines procurement as "Purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction; includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration."

Further, the Purchasing Management Association of Canada (PMAC) identifies procurement as the first link in the supply chain, which also involves the core areas of operations and logistics. "Supply chain management is the process of strategically managing flows of goods, services and knowledge, along with relationships within and among organizations, to support and achieve enterprise objectives."

4.2 Impact of Procurement in Canada

The Government of Canada purchases more goods and services of all kinds than any other institution in the country. The federal government spends \$13 billion annually on procurement and conducts over 500,000 transactions. The percentage that all levels of government combined typically contribute to the gross domestic product (GDP) of their countries ranges from 25% to 50%. As such, public procurement expenditures have a powerful effect on the lives and prosperity of individual citizens, on the development of the communities in which we live, and on the economic success of our countries in a highly competitive world. Effective procurement policy can ensure that Canadians receive the best service possible, that the government receives value for the money it spends, and that a culture of accountability is cultivated in the Government of Canada.

4.3 Public vs. Private Sector Procurement

The principles of sound procurement practice share some similarities in both public and private sectors. These common principles include: contributing to organizational goals; providing continuity of supply to meet operational needs; maintaining high standards in the items purchased; developing co-operative relations among suppliers, procurement officials and internal clients ; and minimizing costs without sacrificing quality, delivery and service goals.

However, the procurement environment can differ dramatically between public and private sectors. A key difference is that the public sector looks beyond the bottom line to balance multiple stakeholder interests and overall policy objectives. By contrast, the private sector is largely driven by profit maximization and shareholder return.

There are further distinctions. Public sector procurement is governed by a number of laws, regulations and policies. Governments operate with a heightened level of fairness, openness, and transparency in ensuring equitable access and treatment of all suppliers. Moreover, they face the added accountability of demonstrating sound stewardship of public funds. While procurement professionals in the public sector must also comply with standards of law and ethical behaviour, there is generally more latitude in the private sector for calculated risk-taking, innovation and entrepreneurship in service of achieving organizational objectives.

4.4 Public Procurement Objectives

4.4.1 Best Value - Achieving the best value for tax dollars spent is a primary objective of public procurement, not simply the lowest bid. It is recognized today that the cheapest price does not necessarily translate into the lowest total cost in the long run. The purchase price is just the visible tip of the iceberg that is the total procurement or life-cycle cost. Total procurement costs include all aspects in the operation and maintenance of a product over its life cycle. This cycle consists of inspection, testing, repairs, upgrades, user training, as well as costs associated with downtime, diminished performance, disposal and more. Determining best "value for money" requires an analysis of the supplier's ability to meet satisfactory quality, quantity, delivery, price and service.

4.4.2 Socio-Economic Outcomes - The size and scale of government expenditures creates opportunities for influencing the economy and social well-being of a country, in addition to that country's place in the world economy through global supply chains. Governments use procurement as a policy tool to mandate environmental protection, stimulate regional economies or industrial growth, and prescribe fair employment practices on the part of their contractors. In the interest of equity, governments also stipulate that some supplier groups should receive special consideration through set-aside programs that require a certain percentage of business be given to targeted groups. For example, the United States government has legislation that gives preference to Americans, local suppliers, small business and minority-owned businesses. The Canadian government has a set-aside for Aboriginal businesses.

4.4.3 Openness and Competition - Open competition is generally considered to be a hallmark of public procurement in seeking bids and awarding contracts. This approach to open tendering has been taken with the intention for government to obtain the best value for the dollars it spends. Furthermore, as a public entity, government seeks to create a level playing field, providing equal opportunity for suppliers to win government

work. Competition has also proven valuable in spurring both business and government to reduce costs and improve quality, as well as to stimulate innovation.

4.4.4 Integrity and Transparency - All public procurement professionals must maintain an unimpeachable standard of integrity and honesty in all of their business relationships both inside and outside of government. As key players in the solicitation, evaluation and selection of suppliers, in addition to the ongoing management of contracts, procurement professionals must not only do the right thing, but be seen to do the right thing. It is essential that the procurement process be transparent, treating suppliers fairly and equitably.

4.4.5 Responsible Management - The prudent spending of public funds in support of the broad public interest is paramount in government procurement. Governments have an obligation to optimize the use of resources to provide the maximum benefit to taxpayers. They also seek to manage financial, technical and other risks to ensure the government's ability to fulfill its mandate. This sound stewardship is achieved through clear procurement policy, strong oversight, and cultivating the highest standards of professional competence among those procuring goods and services for the government. Responsible management of public dollars ensures government services benefit those intended and builds trust in government.

4.4.6 Competing Interests - The goals of public sector procurement are numerous and procurement decisions are multi-faceted. The result is that trade-offs are inevitably required. For example, while government strives to maximize competition and obtain the best price through putting procurement contracts out for open tender, the process of participating can be so cumbersome and cost prohibitive that the supply base is actually reduced. Similarly, while managing risk is critical, it has to be balanced with new and better approaches to providing services to citizens, in which some risk is inherent.

5.0 Strengths of the Draft Policy

5.1 The draft policy is principles-based, and takes a broad and strategic approach to guiding and supporting procurement practices. This is the correct focus as opposed to a rules-based system that dictates a cookie-cutter approach to procurement. Rules are rigid; principles are not. Real change in procurement practices will not be achieved by imposing a rigid set of rules and regulations on top of current ones. A principles-based policy will promote an adaptable and entrepreneurial approach on the part of procurement professionals. Guiding principles combined with professional values should inform the decisions and actions of those undertaking procurement on behalf of the Government of Canada.

Highlights of Strengths

1. Adopts a principles-based standard that promotes initiative and flexibility.
2. Outlines responsibilities of department heads and procurement officers, and identifies monitoring and reporting requirements.
3. Defines key concepts of "value for money" and "sound stewardship."
4. Mandates oversight without adding red tape.
5. Takes a joint approach to meet departmental requirements *and* government objectives.
6. Assigns procurement duties based on knowledge, skills and experience.
7. Requires meaningful, objective, performance measures be developed.
8. Identifies scope of the procurement function and emphasizes role of planning.

Imposing a higher degree of control over government procurement processes might seem appealing. However, stifling the discretion of the vast majority of public procurement professionals who conduct themselves appropriately is not beneficial. Complexity, risk and specialized application are not served well by a one-size-fits-all model of procurement. The principle-based approach of the policy will allow for the empowering of a culture of innovation, initiative and improvement. Professionals can apply principles to situations not dictated by rules or procedures.

5.2 The draft policy is clear as to department head and individual procurement official responsibility for government procurement. Clearly defined roles and responsibilities promote accountability. The policy identifies monitoring and reporting requirements. This seeks to clarify who is responsible for what and spells out where accountability rests. Based on previous policy breaches there was not a thorough understanding of accountabilities or acceptance of responsibility for actions.

Under the draft policy, deputy heads are designated with overall responsibility for managing procurement within their respective departments. It is reasonable to locate accountability at this level and to provide deputy heads with the flexibility to be innovative in the creation of sound management practices for their departments. As senior officials, deputy heads are responsible for managing outcomes, monitoring compliance with the policy and acting on problems, while front-line procurement professionals are responsible for conducting their acquisition practices in accordance with the policy. In turn, the Treasury Board Secretariat is tasked with the role of external oversight of each department's performance in the management of its procurement. This oversight mechanism should serve as check and balance in protecting the integrity of the government's procurement processes, and preventing mis-management and misuse.

However, achieving accountability in procurement needs to go beyond defining roles and responsibilities to instilling ethical behaviour. Similarly, well designed control systems must be tied to knowledge and skills development to improve efficiency and effectiveness in obtaining value for money and sound stewardship.

5.3 Straightforward and succinct definitions are provided for the key concepts of "value for money" and "sound stewardship." The policy also clearly states that these should be guiding principles to ensure the government's ability to operate effectively and deliver programs to the citizens of Canada. It is not evident that these fundamental principles were sufficiently defined, appropriately communicated or adequately implemented in the past.

5.4 The draft policy takes the right approach and achieves the balance it seeks between avoiding a system of red tape while requiring reasonable oversight. In providing latitude for the professional judgment in procurement management, the policy encourages creativity, flexibility and a more risk-based approach in the management of processes and procedures.

5.5 It appears from reading the draft policy that the government envisions a joint approach with procurement centrally managed by PWGSC while acquisition tools and processes are put into the hands of departments. According to the policy, the exclusive authority to acquire all good and services, with minor exceptions, rests with PWGSC unless delegated by the Minister of PWGSC. The Deputy Minister of PWGSC is responsible for providing common services for procurement to departments. However, the policy also states that it "recognizes that procurement is conducted within an integrated system....where responsibilities are exercised collaboratively both within and across departments." This seems to allow for flexibility in meeting varying departmental needs while allowing the government to more effectively pursue value for money and sound stewardship through the corporate-level management of procurement.

5.6 It is commendable that the policy is explicit in assigning accountabilities and responsibilities for procurement to those public servants who have the necessary knowledge and skills to fulfill their duties. This acknowledges the specialized expertise that trained and experienced procurement professionals have to contribute. It also reflects the fact that having the right human resources in place is critical to the effective operation of the government procurement system.

Similarly, the government makes the commitment to recognize the value of certification of public servants, specifically referencing those in the procurement, materiel management and real property communities. Investing in the training and certification of its employees will help the government to ensure that public servants perform their jobs professionally and ethically, and that procurement professionals are equipped with the right skills to contribute to the future success of Canada.

5.7 As with any management system, effective measures are essential to monitor, assess and improve performance. The draft policy requires that meaningful, objective and measurable performance indicators be developed, with the specific measures to be determined by the responsible parties. These performance indicators will be of critical importance to not only those managing, reviewing or auditing the government's procurement system, but also to those managing the government's programs and services. In light of this, performance indicators must be developed in the context of measuring procurement's contribution towards achieving overall government objectives.

While the specific performance indicators may well vary, sound measures will invariably need to be built on sound data. Timely and accurate spend data must be captured and analyzed in order to

reliably track performance.

5.8 The policy clearly defines the elements of the procurement function. Properly, the emphasis is placed on procurement planning and analysis. Planning is of greatest importance in procurement, as the first strategic step in the process. Procurement planning involves developing a strategic plan in advance of commencing the procurement process. It draws a strategic connection between the higher level operational planning, and implementation through procurement. This approach ensures a proper business case supports the proposed acquisition and gathers all the relevant stakeholders at the beginning of the process. It also establishes goals for the procurement at the outset as well as a framework for monitoring performance. At the same time, it requires that a procurement team is formed with the necessary knowledge and skills to carry out the task.

6.0 Opportunities for Enhancing the Draft Policy

6.1 The current policy objective (5.1) states: "The objective of this policy is to manage procurement in a sustainable and financially responsible manner that supports program delivery and operations." This policy objective could be more robust. Consider the following objective statement:

The objective of this policy is to ensure that a culture of accountability is cultivated within the Government of Canada, that the government receives value for the money it spends and that procurement is managed in a manner that supports program delivery and operations, and helps government achieve its policy outcomes.

Recommendations for Policy Enhancement

1. Rewrite the draft policy's objective and expected results statement to be more robust.
2. Define fairness, openness and transparency.
3. Clarify dual reporting requirements for deputy heads and set a baseline standard of management control.
4. Attach consequences if departmental procurement needs are not being met by PWGSC.
5. Provide further policy direction on how deputy heads are to assess performance of the acquisition system. Also clarify the responsibilities of the Deputy Head PWGSC and TBS Secretary for performance measurement.
6. Address the role of elected officials in the procurement process.
7. Ensure development of a comprehensive policy implementation plan.

Additionally, the expected results statement (5.2) reads: "Compliance with the requirements of this policy is expected to result in a federal procurement management regime that obtains value for money and sound stewardship in all procurement transactions." This statement is somewhat narrow. It could be expanded to:

Effective implementation and management of this policy and compliance with its requirements is expected to result in an accountable procurement management regime that is fair, open and transparent, and provides value for money and sound stewardship.

6.2 The draft policy states that procurement is to be managed in a manner that is fair, open and transparent. **Fairness, openness and transparency would benefit from being defined in the policy document, as there are conflicting views on what these terms mean. It may be precarious to leave them open to interpretation.** What one individual sees as fair may not be considered fair by another. Those conducting procurement activities on a daily basis, as well as suppliers and potential suppliers to government, require a clear and consistent understanding of these basic principles.

6.3 Deputy heads are assigned dual accountability in the policy (3.2) both to their respective ministers and to the Treasury Board. It would be advisable to clarify the nature and extent of this dual accountability. Otherwise consideration should be given to re-evaluating this dual reporting relationship, in light of possible conflicting priorities. This section of the policy also states that "management controls for procurement will vary across organizations...." **While it is reasonable to expect that management controls reflect differences across departments, caution must also be taken to identify a minimum standard.**

6.4 The policy requirement that the Deputy Minister of PWGSC is responsible and accountable for ensuring that tools and methods of supply are put in place within departments (6.2) could be strengthened. **It would be prudent to attach possible consequences if adequate tools, technologies and resources are not being provided to support departmental procurement processes.** Stipulating what avenues of recourse are available to deputy department heads if they believe their needs are not being met by PWGSC needs to be addressed.

6.5 The draft policy indicates that deputy heads are responsible for reporting on the effectiveness and efficiency of the acquisition system as well as co-developing the measures to be used to assess performance (6.3.2.). While, as previously stated performance measures are critical, the way this requirement is set up **suggests that the deputy heads will be asked to report on themselves based in part on their own criteria.** This has the potential to lead to a subjective evaluation. There needs to be further direction on establishing these performance measures.

Also, in relation to monitoring and reporting requirements, there is some lack of clarity as to the role of the Deputy Head of PWGSC and the Secretary of the Treasury Board in this regard. Specifically, **the wording of the draft policy (6.2, 6.3.2 and 6.3.3) reveals possible redundancy with respect to assessing department performance in the management of procurement.**

6.6 It is noted that there is no reference anywhere in the policy to the roles and responsibilities of elected officials in the procurement system of the Government of Canada. **The Federal Accountability Action Plan states that "the Government will ensure that the procurement process is free of political interference." With a principal goal of the draft policy on managing procurement to enforce fair, open and transparent procurement, consideration should be given to clarifying the scope of involvement of elected officials.** Typically the appropriate role of elected officials is limited to approving procurement policy and overall budgets, and ensuring a professional procurement system is in place.

6.7 The success of the draft policy is dependent on the development of a comprehensive implementation framework to guide departments in their adoption of the policy and ensure consistency in the policy's ongoing administration. While most stakeholders interviewed agree with the draft policy in principle, there are concerns about what it will look like in practice. The consensus is that this policy provides a clear top-level direction to senior management, but staff at the working level will require further guidance. The companion document will be key in addressing this.

Moving from a cumbersome, detailed rulebook to this streamlined procurement policy will also require a comprehensive change management process. It will be essential to the implementation of this new policy that these changes be effectively communicated as federal procurement officials transition from the old to the new.

7.0 Streamlining the Procurement Process

7.1 Treating the acquisition of services in the same way as the acquisition of goods needs to be examined. At present, the federal procurement process is based largely on the commodity model and is focused on savings. But the lowest price will not always guarantee the best value. This is especially true with services. Services are by definition relationship-based, and are often quite complex in their requirements and their delivery. Treating services with a standard "three bids and a purchase order" approach will lead to a commoditization of services that is ultimately disadvantageous to government achieving its value for money and policy objectives.

7.2 Consideration should be given to evaluating select corporate procurement practices (best practices) in the areas of supplier relations and strategic alliances. While openness and competition remain cornerstones of public procurement, building longer-term strategic partnerships with engaged suppliers can be of much greater benefit overall - both from a standpoint of reducing total cost as well as fuelling innovation.

Recommendations to Streamline Procurement

1. Differentiate acquisition strategy for procurement of services vs. goods.
2. Consider alternative to "full competition" among suppliers.
3. Review the role of the Procurement Auditor.
4. Increase internal customer service levels at PWGSC.
5. Provide adequate education and training for procurement professionals.

- | |
|---|
| 6. Supply necessary resources, tools and technologies to support effective procurement. |
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A focus on value would entail recognition of supplier competencies and past supplier excellence as well as the reality of switching costs. A value focus also properly places the emphasis on results not product or service specifications.

Current government contract regulations stipulate "compete on everything" with limited exceptions. This approach should be reviewed with thought given to supplier recruitment and selection formats other than open invitations to tenders. An example of this would be pre-qualifying potential bidders and having only qualified companies compete. The result would be a more streamlined and value-oriented procurement process for government and a more cost-effective proposition for suppliers to respond to a tender. When every supplier competes every time, it becomes about accountability of process not outcomes.

While there must be recognition that the public sector cannot operate by the same principles as the private sector, there is benefit in developing more sustainable and meaningful supplier relationships marked by a higher degree of information sharing and integration. Adapting best practices from the private sector does not preclude looking within the Government of Canada itself for learning opportunities. Of note in the federal government is the work done by the Department of National Defence where its results-oriented approach, leadership and internal culture have resulted in procurement efficiencies and advances.

7.3 The role of the Procurement Auditor should be reviewed. As the position is currently outlined in the government's Federal Accountability Action Plan, most stakeholders view it as more of an advocacy or ombudsperson role, rather than an actual audit function. In its current guise, the Procurement Auditor is charged with, among other duties, handling complaints from potential suppliers, reviewing complaints regarding contract administration and managing an alternative dispute resolution process for contracts. It appears from this, that there may be duplication in the role of the Procurement Auditor, the Auditor General and CITT.

7.4 The level of customer service of PWGSC to its internal customers across departments could be enhanced. There is a perception among many government departments that PWGSC representatives are not as consultative and customer-service oriented as desired. Typical comments relate to concerns with service levels (specifically response time), and not enough attention to operational needs.

Cultivating a customer-centric culture across the public service is critical. As stated earlier this year by the Clerk of the Privy Council, "Public service is about values, and it is about accomplishment. We must emphasize excellence, leadership and teamwork in everything we do." While in the past, supplier selection and management was thought to be the sole domain of procurement specialists, the current trend is towards team-based procurement, recognizing that it is necessary to bring together key people across the organization.

7.5 An evaluation of the relationship between PWGSC and its suppliers may find that PWGSC is not optimizing value for money in the acquisition of goods and services. This may be part of a skills gap best addressed through professional procurement education and training. Progress is already being made on this front through the federal government's Professional Development and Certification Program for the Procurement, Materiel Management and Real Property Community. The program is designed to enhance the skills and professionalism of employees working in these areas.

7.6 Effective procurement also requires that the necessary resources, tools and technologies to support procurement processes be provided. This includes, but is not limited to, adequate staffing levels, common information systems, a suite of current and flexible procurement options, and sufficient discretion to enable procurement staff to exercise independent judgment in decision-making.

8.0 Appendix A: Interviews

Name	Title	Organization/ Department
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1	Martin Desnoyers	Manager, Materiel and Assets Management	Indian and Northern Affairs Canada
2	Linda Oliver	Vice-President, Government Relations	Information Technology Association of Canada (ITAC)
3	Mike Cook	Consultant, Deloitte	Information Technology Association of Canada (ITAC)
4	Philip Stein	Vice President, Fujitsu	Information Technology Association of Canada (ITAC)
5	Jane Cochran	Director General, Procurement	Service Canada
6	Mike Giles	Head, Materiel Management	Treasury Board of Canada, Secretariat
7	Margaret Kenny	Director General, Office of Greening Government	Public Works and Government Services Canada
8	Susie Grynol	Manager, Public Affairs and Business Practices	Association of Consulting Engineers of Canada
9	Marc Whelan	Director, Materiel, Contracting, Security, Facility Management	Transport Canada
10	Marshall Moffat	Director General, Small and Medium Enterprises	Public Works and Government Services Canada
11	Catherine Ella	Senior Director, Investment, Project Management, and Procurement Policy Directorate	Treasury Board of Canada, Secretariat
12	Blair James	Director General, Assets and Acquired Services	Treasury Board of Canada, Secretariat
13	Wally Draper	Director, Finance and Procurement Services	Natural Resources Canada
14	Nick Lukach	Procurement Manager	Natural Resources Canada
15	John Morgan	Executive Director, Office of the Comptroller General	Treasury Board of Canada, Secretariat
16	Glenn Richardson	Senior Policy Analyst, Investment, Project Management, and Procurement Policy Directorate	Treasury Board of Canada, Secretariat
17	Helene Nadeau	Secretary of the Tribunal	Canadian International Trade Tribunal
18	Regan Walker	General Counsel	Canadian International Trade Tribunal
19	Randy Heggart	Director, Procurement Review Division	Canadian International Trade Tribunal
20	Daniel	Financial Director	Canadian Environmental

	Nadeau		Assessment Agency
21	Jim Jordan	National Strategic Procurement and Policy Advisor	Canadian Environmental Assessment Agency
22	Leah Clarke	Director General, Aerospace, Defence and Marine Branch, Industrial and Regional Benefits	Industry Canada
23	Ian Bennett	Assistant Deputy Minister, Acquisitions Branch	Public Works and Government Services Canada
24	Pradeep Kharé	Regional Director, Toronto	Environment Canada
25	Garth White	Executive Vice President	Canadian Federation of Independent Business
26	Corrine Pohlman	Director of National Affairs	Canadian Federation of Independent Business
27	Dan Ross	Assistant Deputy Minister, Materiel	National Defence

9.0 Appendix B: Robert W. Dye Biography

Dr. Robert Dye is President and Chief Operating Officer of the Purchasing Management Association of Canada (PMAC).

In his position, Dr. Dye provides leadership to the PMAC National Board of Directors and works with regional staff in building relationships with stakeholders across Canada. He also has responsibility for building relationships with professional organizations within Canada and internationally.

Dr. Dye's work career includes over 20 years' experience in senior financial management and general management positions in the manufacturing, and oil and gas pipeline industries.

For the past 20 years, Dr. Dye was President and CEO of Certified Management Accountants of Canada (CMA Canada), a professional accounting association. His major accomplishments were providing leadership in strategic planning, education and accreditation reforms, and governance and administrative reforms within CMA Canada. He retired from CMA Canada in February 2004 and joined PMAC in March of 2004.

He received his accounting designation in 1965 and was named a Fellow of CMA Canada in 1981. In July of 1999, Dr. Dye was awarded the honorary Doctor of Laws (LLD) degree from Wilfrid Laurier University in recognition of his contribution to management education in Canadian universities and his visionary leadership in his professional accounting organization.

Dr. Dye is currently an active member of the Canadian Federation of Business School Deans. He also sits on the Board of Directors of the International Federation of Purchasing and Supply Management.