



# Procurement Ombudsman's Annual Report

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2022-2023

**BUILDING TOWARDS  
THE FUTURE**

PROMOTING FAIRNESS,  
OPENNESS AND TRANSPARENCY  
IN FEDERAL PROCUREMENT

Canada

# Letter to the Minister of Public Services and Procurement

Dear Minister,

Pursuant to paragraph 22.3(1) of the *Department of Public Works and Government Services Act*, it is an honour to submit the Procurement Ombudsman's Annual Report for the period of April 1, 2022 to March 31, 2023.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'AJ', is positioned to the left of the typed name.

Alexander Jeglic  
Procurement Ombudsman  
Ottawa, July 2023



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# 1

## Office of the Procurement Ombudsman

### Your Solution to Federal Contracting Disputes

#### Our mission

The mission of the Office of the Procurement Ombudsman is to promote fairness, openness and transparency in federal procurement.

#### Our mandate

The *Department of Public Works and Government Services Act* provides the authority for the Procurement Ombudsman to exercise his mandate as follows:

- Review the practices of federal departments for acquiring goods and services to assess their fairness, openness and transparency and make any appropriate recommendations to the relevant department
- Review complaints respecting the award of certain contracts that would have been subject to the Canadian Free Trade Agreement, were it not for the value of the contract falling below the trade agreement thresholds of \$30,300 for goods contracts or \$121,200 for services contracts

- Review any complaint respecting the administration of certain contracts for the acquisition of goods or services by a department, regardless of dollar value
- Ensure that an alternative dispute resolution process is provided, if the parties to the contract agree to participate

#### Who we are

The Office of the Procurement Ombudsman (OPO) is comprised of employees representing diverse backgrounds and cultures. In 2020–21, we committed to a 50/30 diversity goal, to achieve a 50% female and a 30% diverse workforce within 5 years. As of March 31, 2023, the results of a self-identification survey have shown that OPO has a 70% female and a 26% diverse workforce.

# 2

## Message from the Procurement Ombud



It is a pleasure to submit my sixth annual report as the Procurement Ombud. This report represents a summary of the activities undertaken by my Office in the 2022-23 fiscal year. Since being appointed in 2018, I have remained committed to the following 4 priorities as a foundation for OPO's activities: the growing need to simplify elements of the procurement process; increasing participation in OPO's Alternative Dispute Resolution (i.e., mediation, facilitation) services; better understanding of procurement issues and their root causes through knowledge deepening and sharing (KDS) studies; and the urgent need for more transparency in federal procurement with a focus on gaining public trust by disclosing timely, accurate and reliable procurement information.

This year, I was pleased to see some progress in the priority area of Alternative Dispute Resolution (ADR). However, I remain concerned regarding negative trends related to the lack of competitive processes and deficient documentation practices that continue to pose problems and undermine transparency in federal procurement. This annual report expands on these trends along with several others and provides observations stemming from our work over the past year.

### Update on priorities

#### Growth in Alternative Dispute Resolution

ADR is an area that has seen positive outcomes in 2022-23. For the 4 ADR requests received this year that met our Regulations, OPO had a 100% acceptance rate from federal departments, unlike previous years where some departments declined OPO's invitation to participate in the mediation process. As the number of issues related to the administration of contracts rises, I am encouraged to see OPO's effective and free ADR services being leveraged by more federal departments and suppliers across the country. This is especially important as my Office anticipates playing a key dispute resolution role in Public Services and Procurement Canada's (PSPC) Vendor Performance Management Policy, once it is fully implemented. With this reality approaching, the Office will be working diligently to adapt our governance framework to enable OPO to provide mediation-arbitration services and provide a fair and impartial recourse mechanism in the vendor performance management context.

## Knowledge deepening and sharing

KDS has become a fundamental part of how we deliver on our mandate. The studies we undertake are unique because, unlike our traditional procurement reviews, they are not limited by the parameters of a specific review program or complaint. This allows us to conduct broader research on the root causes of current procurement issues, better understand procurement issues on the horizon, and provide meaningful guidance to suppliers and federal departments.

This year, OPO published 2 KDS studies entitled [National Security Exception](#) and [Procurement set-aside programs](#), which were substantively completed in the previous year. OPO now has a total of [9 KDS studies](#) on key topics in federal procurement, available on our website, which I would encourage you to read. While we did not launch any new KDS studies this year due to budget limitations, our continuous environmental scanning identified key subject areas that deserve attention including: new social procurement developments; sustainable and green procurement; and buying local preference policies. We will be seeking additional funding to enable us to continue to deliver studies related to these and other important issues including the creation of a Chief Procurement Officer (“CPO”) role in the federal framework. OPO initially published a study on the topic in July 2021 and will continue to expand on this research because we believe the creation of the CPO role can help usher the community through this time of evolution and change and beyond.

Our Office equally has an important role to play as federal departments continue to implement the Directive on the Management of Procurement (DMP). Our Office will continue to provide interpretation on new obligations identified in the DMP and share lessons learned across the procurement community to add value and increase our role as a centre of expertise.

## Simplification

OPO continues to receive feedback from stakeholders who believe the contracting process is unnecessarily complex. This complexity is a contributing factor to the lack of participation in solicitations (i.e., bids received) observed in the reviews conducted by my Office since 2018. Last year, I highlighted that the percentage of competitive solicitations we reviewed resulting in only 1 bid had dropped from 52% to 36%. In 2022-23, this number continued to hover at approximately 34%. This number remains much too high and must be addressed. The benefits of competition are greatly reduced when no competitive tension exists. Without this tension, we are simply retaining the burden associated with running a competitive process, such as time and administrative expense, without the benefits of diverse solutions and lower pricing.

Several positive simplification practices have also been identified through our procurement practice reviews, including the standardization of procurement documents across departments and the use of contract options, when appropriate. However, simplification is not solely about processes. Greater effort must be made to integrate



plain language into federal procurement documentation, and to address other barriers to participation such as accessibility. This year, my Office heard 43 instances where suppliers faced barriers (e.g., bond or cash flow requirements, issues obtaining security clearances, etc.) to participating in federal procurement opportunities. These barriers continue to disproportionately affect small and medium-sized enterprises, new organizations seeking to start work with the federal government and Indigenous and diverse-owned businesses. Without making progress on simplification, efforts to diversify the federal supply chain will have limited success.

My Office also observed other instances where suppliers were unnecessarily burdened by aspects of the solicitation process. 1 example that was seen throughout our procurement practice reviews was the requirement to provide extensive reference information as part of bid submission. Unfortunately, this information was almost never validated or used for any purpose. These requirements continue to be administratively burdensome for small and medium-sized enterprises (SMEs) and Indigenous and diverse-owned businesses. In most instances, the collection of references is unnecessary and should not be continued.

### **Transparency**

Transparency in the federal procurement process is a topic that dominated news headlines throughout 2022-23.

Some of the issues raised related to the incompleteness and inaccuracy of proactive disclosure of federal contracting data.



This year, stakeholders contacted my Office 24 times with concerns about the behaviours of federal officials being inconsistent with the Values and Ethics Code for the Public Sector. Concerns about questionable federal procurement activities have negatively impacted public trust in the federal procurement system, and must be addressed.

My Office has also experienced first hand issues regarding transparency. We often encounter difficulties gaining access to procurement documentation or reliable contracting data that is required to conduct our legislated activities. It is clear that more attention is required in the area of information management in order to improve transparency across federal procurement and the government at large. The transition to electronic files has created an opportunity to underscore the importance of recordkeeping and create real consequences for those who do not comply. Access to documentation is also 1 of the areas where I have proposed regulatory changes to address my concern.



## Proposed regulatory changes

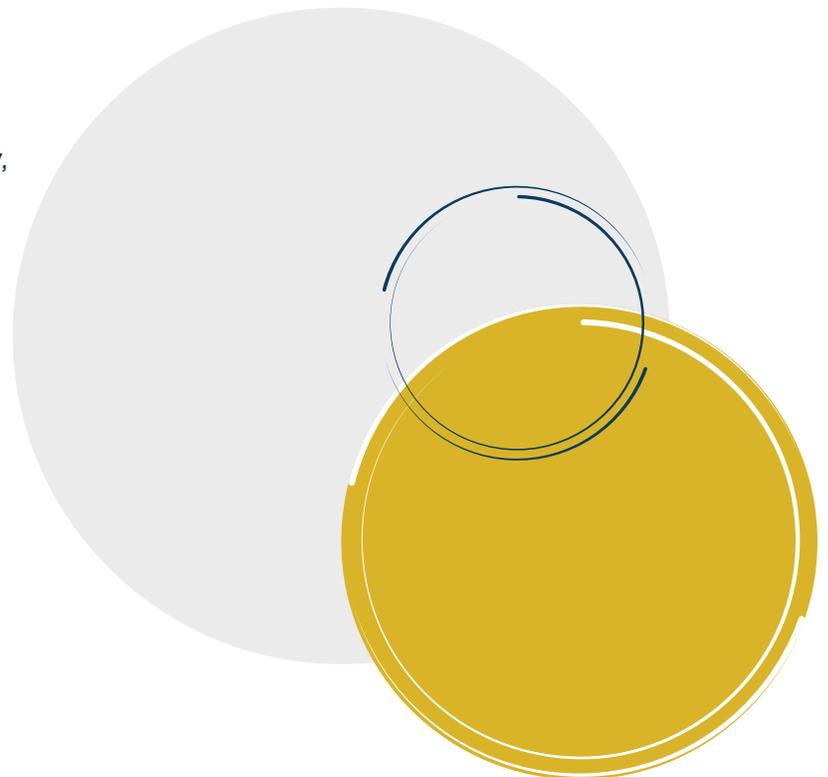
In my last 3 annual reports, I have drawn attention to 4 areas in the *Procurement Ombudsman Regulations* that should be amended to enhance OPO's effectiveness in promoting fairness, openness and transparency:

- 1 Recommend compensation greater than 10% of the value of the contract**, to provide fair and reasonable relief to suppliers impacted by erroneous and/or improper award of contracts
- 2 Compel federal departments to provide documentation**, to support accurate and transparent reviews of complaints and departmental procurement practices
- 3 Receive authority to review complaints related to contracts awarded pursuant to the Procurement Strategy for Indigenous Businesses**, to ensure all suppliers have access to OPO's redress mechanisms
- 4 Change the title of the role from Ombudsman to Ombud**, to allow for gender and linguistic neutrality, consistent with other ombuds at the federal level

I remain steadfast that these proposed regulatory changes should be implemented as they will enable OPO to better serve Canadians and contribute to the ongoing improvement across the federal procurement landscape.

## My continued commitment to you

As I embark on my second term as Procurement Ombud, I remain committed to working with you to make the federal procurement process simpler, more transparent and more diverse. Whether you are a supplier that is facing challenges doing business with the federal government, or a federal government buyer that has noticed an opportunity for improvement, we want to hear from you. We will work to help you resolve the problem.



# 3

## 2022-23 By the Numbers



# 474

cases

### Nature of cases

- 306 Cases related to general procurement inquiries
- 117 Cases related to the award of a contract
- 51 Cases related to the administration of a contract

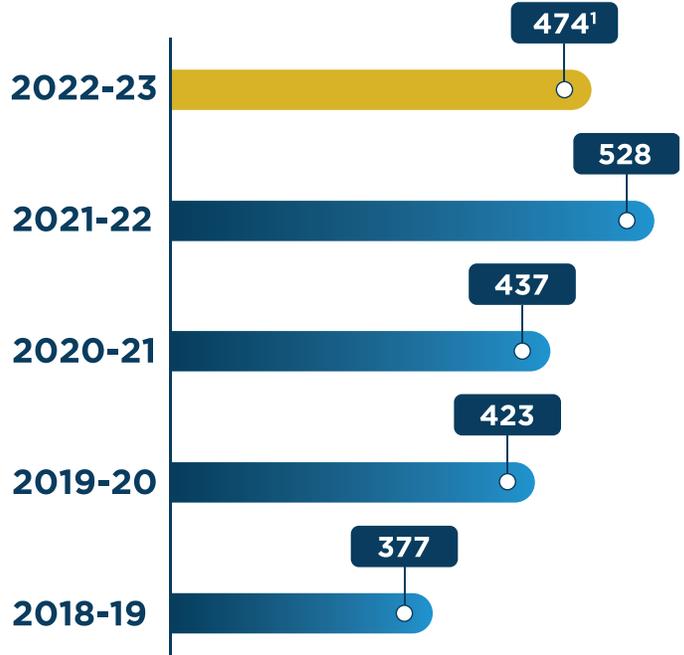
### Who contacted us

- 366 Suppliers or supplier associations
- 75 Federal department representatives
- 12 Subcontractors
- 9 Anonymous
- 7 Members of Parliament or other levels of government
- 5 Citizens

### Total number of cases

The total number of cases reflects the number of times stakeholders contacted OPO regarding a procurement matter. A new “case” is created each time a stakeholder brings a procurement-related issue to our attention. Each case may include multiple issues. This year, OPO had 474 procurement-related cases, which included 728 issues.

### YEAR OVER YEAR COMPARISON DURING 5 YEAR MANDATE



1: Note that OPO’s 5th Diversifying the Federal Supply Chain Summit was originally scheduled to take place in January 2023, but had to be postponed until April 2023 due to budget limitations and unavailability of interpretation services. This postponement resulted in fewer procurement-related cases being brought to the attention of our Office in 2022-23 when compared to the previous fiscal year.

## To reach our stakeholders OPO:



Hosted or participated in **25 information sessions** for suppliers



Participated in **14 events** designed to reach underrepresented groups in federal procurement



Attended **15 trade shows**



Held **13 information-sharing sessions** with other federal departments



Delivered **25 presentations** at procurement events or conferences



Met with **13 procurement stakeholder groups** (e.g., Chambers of Commerce)



Held **5 information-sharing sessions** with post-secondary institutions

Despite being operational since May 2008, many federal procurement stakeholders (Canadian suppliers and federal departments alike) remain unaware of OPO's government-wide mandate and the services we provide. It is critical that OPO connects with federal procurement stakeholders, from coast to coast to coast, so that they can avail themselves of our services should they ever require them.

OPO continues to use social media in order to reach the greatest number of stakeholders. For example, we had:



**586,296** Twitter impressions



**1,637,852** LinkedIn impressions

The relationships we have developed through our interactions and outreach activities have helped us better understand the issues raised by our stakeholders. Every piece of information collected has provided an opportunity to learn, collaborate and improve all aspects of federal procurement.

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**“Thank you for your generous invitation and inclusion. The information is useful; good advice and nice sharing experience.”**

- Q&A WEBINAR ATTENDEE

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## OUTREACH ACTIVITIES

This year, we held virtual outreach activities across Canada and we were particularly pleased to resume in-person outreach activities in the latter part of this year. We had the opportunity to connect in-person with suppliers and departmental stakeholders in:

- St. John's, NL
- Halifax, NS
- Montréal, QC
- National Capital Region
- Kingston, ON
- Mississauga, ON
- Toronto, ON
- Vancouver, BC
- Victoria, BC

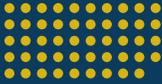
# 4

## Top 10 Procurement Issues

This helps us set the direction of our activities, including our reviews of departmental procurement practices and the selection of topics for our knowledge deepening and sharing (KDS) studies.

OPO tracks all issues raised by our stakeholders. This information is recorded as it is provided, and is used to identify and analyze the top procurement-related issues over a given year.

In 2022-23, the Top 10 procurement-related issues, as raised by our stakeholders, were as follows:

<b>1</b> The stakeholder believed the evaluation was incorrectly conducted or the contract was awarded to the wrong bidder	<b>51</b> times we heard the issues		
	Evaluation incorrectly conducted	<b>31</b>	
	Contract awarded to wrong bidder	<b>11</b>	
	Contract awarded to non-responsive bidder	<b>9</b>	
<b>2</b> The stakeholder felt the evaluation criteria were unfair, overly restrictive or biased	<b>49</b> times we heard the issues		
	Criteria are unfair/biased for or against an individual supplier or class of suppliers	<b>37</b>	
	Criteria are restrictive	<b>12</b>	

**3** The stakeholder reported payment issues **27** times we heard the issues

Payment is late	<b>20</b>	
Refusal to pay	<b>7</b>	

**4** The stakeholder reported that debriefings were not provided or, if they were held, insufficient information was shared **24** times we heard the issues

No award notice or insufficient information provided	<b>9</b>	
Department provided insufficient information or refused to provide explanation during debrief	<b>8</b>	
Department did not provide a debriefing	<b>7</b>	

**5** The stakeholder believed the department was deviating from the terms and conditions of the contract **21** times we heard the issues

Department deviating from terms and conditions of the contract	<b>21</b>	
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**6** The stakeholder reported that the department did not respond, or provided inadequate responses, to their questions during the bidding period **17** times we heard the issues

No response provided	<b>12</b>	
Inadequate response provided	<b>5</b>	

**7** The stakeholder believed that the department inappropriately used non-competitive contracting **11** times we heard the issues

Inappropriate use of non-competitive contracting	<b>11</b>	
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<b>8</b>	<b>The stakeholder believed the solicitation was either confusing, contradictory, and/or had vague information</b>	<b>7</b> times we heard the issues	.....
	Confusing/contradictory/vague information	<b>7</b>	.....
<b>9</b>	<b>The stakeholder was not invited to compete in the solicitation</b>	<b>7</b> times we heard the issues	.....
	Not invited to compete	<b>7</b>	.....
<b>10</b>	<b>The stakeholder is a holder of an SO/SA who is not getting business</b>	<b>6</b> times we heard the issues	.....
	Holder of SO/SA not getting business	<b>6</b>	.....

“ (...) I would like to take the time to thank you for your valuable assistance. In this extremely stressful period, you provided crucial support to our company. (...) Fortunately, you, along with your contacts, provided support and solutions that allowed us to resume our activities on time. On behalf of the entire team, I thank you. Sincerely and with respect. ” [Translated]

- A SUPPLIER

NOTE 1: We have not validated the accuracy of the information in the above Top 10 list that was shared with us, except where an issue prompted a formal investigation of the complaint. We report this information so procurement stakeholders are aware of the issues being raised to our Office's attention.

NOTE 2: In the table above, similar issues have been grouped together. For example, "refusal to pay" and "payment is late" have been grouped together under "The stakeholder reported payment issues." We recognize that there are important nuances between each of the issues, and that these nuances can have a direct impact on their remedy. As such, we have also presented each of the distinct issues as well as the number of times that issue was reported to OPO.

# 5

## Reporting on Results

### Alternative Dispute Resolution (ADR)

OPO offers effective and free ADR (i.e., mediation, facilitation) services to suppliers and federal officials when disputes arise during the performance of a contract. These services, led by OPO-certified mediators, are neutral, confidential and offered to all parties of a federal contract, regardless of dollar value. When both the supplier and department voluntarily agree to participate in OPO-led mediation, it often leads to a mutually agreed-to resolution of the contract dispute, allowing both parties to get back to work. OPO's mediation services are a quick and economical alternative to expensive and time-consuming litigation.

Over the years, OPO has championed the benefits of ADR and encouraged departments to include a clause referencing OPO services in all federal contracts, to raise awareness amongst both suppliers and federal officials. OPO will continue to promote ADR as a benefit to all parties, and we are encouraged by the increase in number of ADR requests received, and invitations accepted by federal departments this past year.

# 8

requests:

- 1 resolved formally with settlement agreement
- 3 resolved informally with OPO's help before the ADR invitation was sent
- 1 supplier withdrew the request
- 3 are ongoing, to be reported in 2023-24

**“Thank you for holding the pre-mediation meeting as well as providing an overview of the process, this was very helpful and will allow us to adequately prepare for the next steps”.**

- DEPARTMENTAL REPRESENTATIVE

## Alternative Dispute Resolution requests received in 2022-23

In 2022-23, OPO received 8 requests for ADR services. Notably, this year OPO had a 100% acceptance rate from federal departments unlike previous years where some departments declined OPO's invitation to participate in the mediation process. Additionally, 3 disputes were resolved informally before invitations were sent. We see this as a very positive development that can help suppliers and departments resolve contract disputes quickly and avoid the delays and costs of potential litigation. We will continue to advocate for even more usage of this service.

## Reviews of complaints

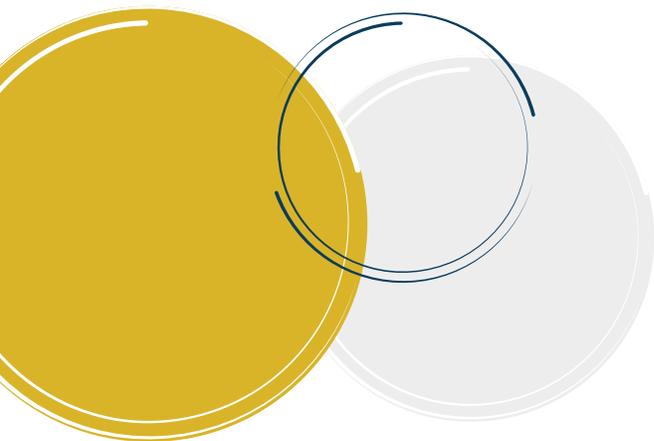
The Regulations provide the Procurement Ombud with the authority to investigate formal complaints from suppliers about the **award** of certain federal contracts and set out the criteria for launching a review. These criteria include:

- The complaint must be from a Canadian supplier
- The complaint must be filed in writing within 30 working days after public notice of the award of the contract or, if there was no public notice, within 30 working days after the award of the contract became known or reasonably should have become known to the complainant

- The contract would have been subject to the Canadian Free Trade Agreement, were it not for the value of the contract falling below the applicability thresholds of \$30,300 for goods contracts or \$121,200 for services contracts
- The facts and grounds on which the complaint is based are not, and have not been, the subject of an inquiry before the Canadian International Trade Tribunal or a proceeding in a court of competent jurisdiction
- There are reasonable grounds to believe that the contract was not awarded in accordance with regulations made under the *Financial Administration Act*

To launch a review into the **administration** of a contract, regardless of dollar value, the criteria in the Regulations that must be met include:

- The complaint must be from the Canadian supplier that was awarded the contract
- The complaint must be filed in writing within 30 working days after the day the complainant became aware or reasonably should have become aware of the grounds on which the complaint is based, or within 30 working days after the contracting department denied the complainant's objection
- The interpretation and application of the terms and conditions or the scope of work of the contract are not in dispute between the parties. (Note: In instances where the terms and conditions or scope of work are in dispute, parties to the contract are encouraged to participate in OPO's ADR services where such issues can be addressed and resolved)

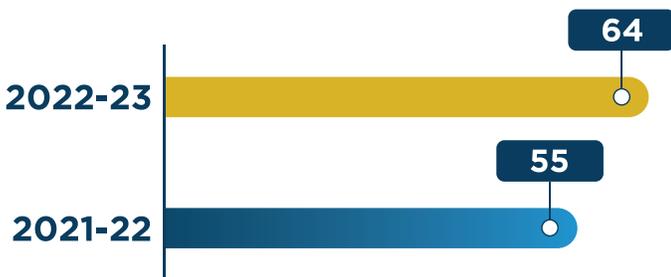


## Reviews of complaints completed in 2022-23

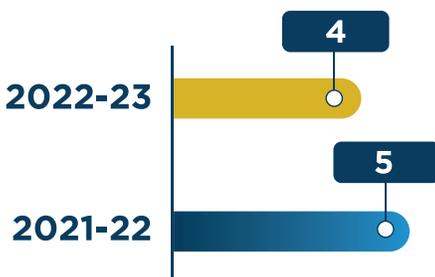
### WRITTEN COMPLAINTS



### OUT OF MANDATE



### REVIEWS OF COMPLAINTS LAUNCHED



## Reviews of complaints regarding the award of a federal contract

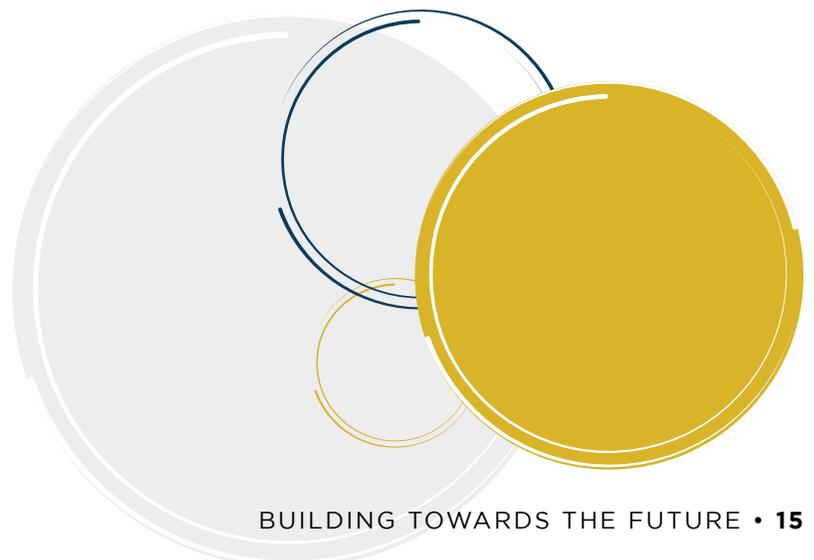
The following section contains summaries of the 4 reviews where the complaint met the regulatory requirements for review, and 2 complaints launched in 2021-22 and completed in 2022-23 in accordance with legislative requirements.

### Parks Canada Agency (PCA)

A supplier filed a complaint regarding a contract awarded by PCA for construction work at a PCA facility.

The complaint raised 3 issues:

- 1 Was the contract awarded in accordance with the applicable laws, regulations and policies and in accordance with the methodology set out in the solicitation document?
- 2 Was the complainant improperly prevented from submitting a bid after requesting to do so, and did the department attempt to cause the Complainant financial and reputational harm?
- 3 Did the department meet its obligations with respect to transparency in the award of the contract?



With respect to the first issue, PCA awarded the contract in accordance with the applicable laws, regulations and policies, and the methodology set out in the solicitation document.

With respect to the second issue, the review found PCA unfairly prevented the Complainant from submitting a bid after it requested to be invited. The Procurement Ombud found that PCA could have allowed the Complainant to submit a bid as 2 additional suppliers had been invited to bid 1 day prior to the Complainant's request to be invited, without having to cancel the solicitation.

With respect to the third issue, no evidence was found that PCA attempted to cause the Complainant financial or reputational harm. PCA did not meet its obligations with respect to transparency in the award of the contract. PCA misled the Complainant as to whether it received the Complainant's request to be allowed to bid, and was not transparent in providing the reason it would not allow the Complainant to submit a bid.

The Procurement Ombud recommended PCA pay compensation to the Complainant in an amount equal to one third of 10 percent<sup>2</sup> of the value of the contract, to represent their one third chance of having been awarded the contract, as there were 2 other bidders.

Read the full [Review of complaint report](#).

## Public Health Agency of Canada (PHAC)

A supplier filed a complaint regarding a contract awarded by PHAC for the provision of Senior Leadership Development Services under the ProServices Supply Arrangement established by Public Services and Procurement Canada.

The complaint raised 1 issue:

1 Did PHAC improperly evaluate the proposals and award the contract to the wrong bidder?

PHAC evaluated the proposals using the flexible grid per the RFP; however, it awarded the contract based on the number of points scored by the respective bidders rather than the lowest price as required by the ProServices Supply Arrangement. The point based selection method was not expressed nor implied in the solicitation document. Therefore, PHAC improperly evaluated the proposals and awarded the contract to the wrong bidder.

The Procurement Ombud noted the Agency implemented corrective measures in response to the issues raised in this complaint prior to the completion of this review, and recommended PHAC pay compensation to the Complainant in an amount equal to 10 percent<sup>3</sup> of the value of the contract awarded.

Read the full [Review of complaint report](#).

<sup>2&3</sup> In accordance with subsection 13(1)(b) of the Regulations, the Procurement Ombudsman may only recommend compensation in an amount up to 10 percent of the value of the contract awarded.

## Innovation, Science and Economic Development Canada (ISED)

A supplier filed a complaint regarding 2 contracts awarded by ISED. The contracts were for English to French translation services and were awarded as call-ups under 2 Standing Offers (SOs).

The complaint raised 2 issues:

- 1 Did ISED utilize the standing offer method of supply incorrectly?
- 2 Did ISED conduct a competitive procurement process using undisclosed criteria?

With respect to the first issue, ISED simultaneously solicited proposals from 3 SO holders and compared those proposals, constituting a second competitive process which was outside the terms and conditions of the SO. In doing so, and with respect to the second issue, ISED conducted a competitive process using undisclosed criteria. By inviting 3 SO holders to submit proposals and subsequently awarding 2 call-ups, ISED breached competitive procurement rules by failing to inform the 3 SO holders they were in competition and failed to disclose the evaluation criteria and selection methodology.

The Procurement Ombud recommended payment to the Complainant as compensation for bid preparation costs resulting from 2 call-ups awarded as a result of the SO process.

Additionally, the Procurement Ombud recommended that ISED: avoid secondary competitive processes as part of future SO call-ups, unless specifically contemplated under the terms of the SO; and implement an appropriate level of oversight on Request for Standing Offers (RFSO) and SOs, to ensure they are being used consistently, and in compliance with policy.

Read the full [Review of complaint report](#).

## Department of National Defence (DND)

A supplier filed a complaint regarding a contract awarded by the Department of National Defence (DND) for Sexual Misconduct Response training services for the Canadian Defence Academy (CDA).

The complaint raised 2 issues:

- 1 Did DND award the contract to a non-compliant bidder?
- 2 Were the mandatory evaluation criteria unclear so as to make it difficult for a bidder to submit a compliant bid?

The review of the complaint concluded that regarding the first issue, DND awarded the contract to a non-compliant bidder, as the winning bid did not comply with 1 of the mandatory evaluation criteria.

Regarding the second issue, the review found that the criteria were sufficiently clear for bidders to understand and submit fully compliant bids, though the clarity of the mandatory evaluation criteria could be improved.

The Procurement Ombud did not recommend compensation as the solicitation was found to be sufficiently clear to obtain fully compliant bids, and the Complainant's bid was rightfully deemed non-compliant, meaning they would not have been awarded the contract as a result of the winning bid being deemed non-compliant.

Read the full [Review of complaint report](#).

## Review of complaint regarding the administration of a federal contract

### Parks Canada Agency (PCA)

A supplier filed a complaint regarding the administration of a contract awarded by PCA for upgrades to the wastewater system at a National Park.

The complaint raised 3 issues:

- 1 PCA cancelled the contract after the project was substantially complete
- 2 PCA failed to negotiate in good faith and had refused to pay for the full value of the extra work it had agreed to
- 3 PCA retained the holdback for extra work in excess of the actual values without any evidence or supporting documentation

The review of the complaint was limited to the second issue regarding PCA's refusal to pay the full value of the agreed-to extra work, as it met the conditions of Sections 15 and 16 of the Regulations. The other 2 issues, which pertained to the interpretation and application of the terms and conditions or the scope of work of the contract, were beyond the Procurement Ombud's legal mandate for review and therefore did not form part of the review.

The review found that while PCA agreed to the additional work, it should have progressed further in the discussions with the Complainant regarding cost implications before proceeding.

The Procurement Ombud recommended that, in accordance with Section 22 of the Regulations, PCA pay the Complainant for the additional reasonable costs of the extra work undertaken.

Read the full [Review of complaint report](#).

## Review of complaint that was terminated

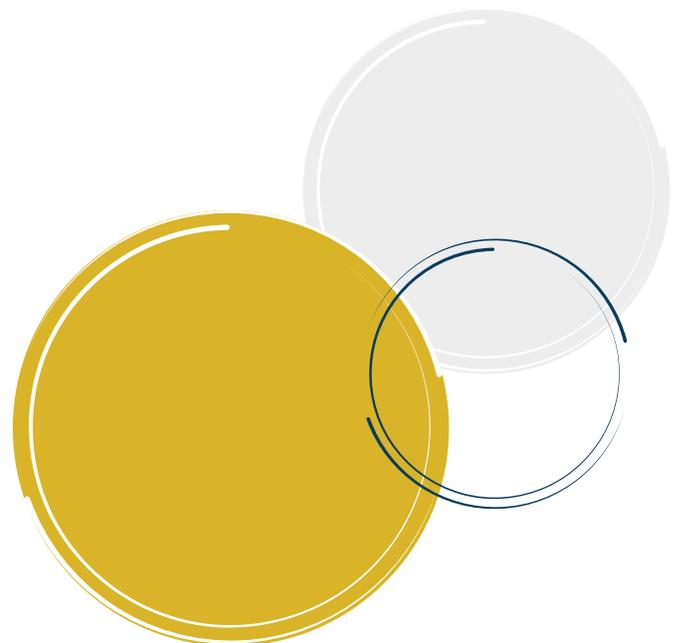
### Department of National Defence (DND)

A supplier filed a complaint regarding the administration of a contract awarded by DND for the provision of rental vehicles.

The complaint raised 1 issue:

- 1 Non-payment of a previously agreed to payment term of the contract

Shortly after launching the investigation, the Procurement Ombud was notified that the Complainant had received payment and had withdrawn the complaint. In accordance with paragraph 10(a) of the Regulations, the review was terminated.



## Written complaint assessments

OPO assesses all written complaints received to determine if a review of complaint must be launched. There is no discretion in this area, and when all legislative and regulatory criteria are met, the Ombud must launch a review; conversely, when all criteria are not met, the Ombud may not launch a review. For the 64 complaints that OPO was unable to review under the Regulations, the top 3 reasons were:

69%

Were above the trade agreement thresholds of \$30,300 for goods contracts and \$121,200 for services contracts; these complaints are forwarded to the Canadian International Trade Tribunal (CITT)

10%

Were related to the establishment of a Standing Offer/Supply Arrangement

7%

Failed to meet the prescribed time limits to file a complaint

**Complaints that fall outside OPO's mandate are forwarded to the Canadian International Trade Tribunal (CITT), with the consent of the Complainant, as per the established Memorandum of Understanding between OPO and the CITT, to help ensure supplier complaints are filed with the appropriate oversight body without delay.**



The issues raised in these complaints were aligned with the Top 10 issues identified previously and included:

13%

Improper/incorrect bid evaluations

12%

Contract performance issues, including deviation from contract terms and conditions and wrongful contract terminations/suspensions

10%

Behaviours by federal officials inconsistent with Values and Ethics Code for the Public Sector

8%

Contract awarded to a non-compliant/wrong bidder

While formal reviews could not be launched for these complaints, the information provided in the complaint is incorporated into OPO's on-going environmental scanning and risk assessment processes to help identify topics for future procurement practice reviews and research studies.

## Procurement practice reviews

OPO conducts reviews of departmental procurement practices for acquiring goods and services to assess their fairness, openness and transparency, if there are reasonable grounds to do so, and makes any appropriate recommendations to the relevant department for the improvement of those practices.

Under the 5-year Procurement Practice Review Plan ([5-year PPR Plan](#)), OPO followed a standardized review program supported by 3 lines of enquiry (LOE) to determine whether departmental procurement practices relating to evaluation and selection plans (LOE 1), solicitation processes (LOE 2), and evaluation of bids and contract award (LOE 3) were conducted in a fair, open and transparent manner.

OPO also conducts ad-hoc reviews, in response to emerging risks and newly identified systemic issues in federal procurement.

“ We would like to thank you for the diligence and high [level of] professionalism demonstrated by your team since the beginning of the review. ”

- DEPARTMENTAL REPRESENTATIVE

## Procurement practice reviews completed in 2022-23

OPO completed 4 reviews and 1 follow-up review under the 5-year PPR Plan.

5 completed:

- 4 planned reviews
- 1 follow-up review

8 ongoing reviews to be completed in 2023-24

- 3 planned reviews
- 2 ad-hoc
- 3 follow-up reviews

## Innovation, Science and Economic Development Canada (ISED)

The review found that mandatory evaluation criteria were not overly restrictive and were aligned with the requirements; however, in nearly a quarter of files reviewed, these criteria were not defined in a clear, precise and measurable manner. Issues were also identified with scoring grids for point-rated criteria in one-third of the files. Clear,

precise and measurable evaluation criteria and scoring grids contribute to fair and transparent procurement by enabling bidders to know the requirements and the methods by which their proposals will be evaluated. Failure to adequately define evaluation criteria at the outset carries the risk that evaluators may struggle to interpret these criteria during the evaluation process and may not apply the criteria equally to all bids.

Most solicitation documents were open to an appropriate number of suppliers, for an appropriate period of time and provided a clear description of the requirements. Communications with suppliers during the solicitation period appeared to be appropriate and supportive of the preparation of responsive bids, and regret letters to unsuccessful bidders were generally adequate.

ISED's bid evaluation processes did not ensure contracts were awarded in accordance with the solicitation. In some cases contracts were wrongly awarded to non-responsive suppliers. Additionally, a number of files were missing evaluation documentation. In order to ensure fairness, evaluators are required to strictly adhere to evaluation criteria included in the solicitation. When bid evaluations are not conducted consistently and in the manner prescribed by the solicitation it calls into question the integrity of the procurement process.

The Procurement Ombud made 5 recommendations to ISED to address the issues identified. ISED has accepted the recommendations and developed an action plan to support their implementation.

Read the full [Procurement practice review report](#).

## **Correctional Service of Canada (CSC)**

The review found that mandatory criteria were not overly restrictive and, for the most part, aligned with the requirements. Selection methodology was clearly communicated in the solicitation and was aligned with the requirements.

Solicitation documents were in most instances complete, open to an appropriate number of bidders, for the required time period. As well, communications with suppliers supported the preparation of responsive bids, and regret letters were consistently sent to unsuccessful bidders.

Issues were noted with the bid evaluation process including: planned approaches were not followed in several files; non-compliant bids were accepted; and contracts were awarded to non-compliant bidders in some instances.

File documentation was incomplete in the majority of files reviewed, impacting CSC's ability to demonstrate that procurements were conducted in a fair, open and transparent manner.

The Procurement Ombud made 5 recommendations to CSC to address the issues identified. CSC has accepted the recommendations and developed an action plan to support their implementation.

Read the full [Procurement practice review report](#).

## National Research Council Canada (NRC)

The review found that mandatory criteria were not overly restrictive and were mostly aligned with the requirements. Some instances of point-rated criteria were found to be unnecessarily subjective. In most files, the selection methodology was clearly communicated and was aligned with the requirements.

Solicitation documents were complete in most instances, and most solicitations were open to the appropriate number of bidders and respected the required bid solicitation period. Communications with suppliers during the solicitation period supported the preparation of responsive bids.

Significant shortcomings were found regarding the bid evaluation process, and deviations from the planned approach were noted in several files.

Incomplete documentation was found in the majority of files reviewed, significantly inhibiting NRC's ability to demonstrate that the procurements were conducted in a fair, open and transparent manner.

The Procurement Ombud made 8 recommendations to NRC to address the issues identified. NRC has accepted the recommendations and developed an action plan to support their implementation.

Read the full [Procurement practice review report](#).

## Department of National Defence (DND)

The review found that a third of the reviewed files had appropriate evaluation and selection plans. Numerous issues were detected regarding mandatory criteria and point-rated criteria including instances of unclear and overly restrictive mandatory criteria which appeared to have favoured a bidder.

While most solicitation documents contained clear and complete information and instructions for submitting compliant bids, several issues regarding unclear or missing selection methodology were identified, which did not support the preparation of compliant bids.

Most communications with suppliers during the solicitation period supported the preparation of responsive bids; however, there were instances where suppliers were not treated equally and did not have equal access to information.

Inconsistencies in the bid evaluation process and deviations from the planned approach were noted in most files, as was missing documentation, which greatly impacts the transparency and integrity of DND's procurement processes.

The Procurement Ombud made 6 recommendations to DND to address the issues identified. DND has accepted the recommendations and developed an action plan to support their implementation.

Read the full [Procurement practice review report](#).



## Follow-up reviews

As its standard practice, OPO follows up on review recommendations approximately 2 years after completion of the initial procurement practice review. The purpose of the follow-up review is to assess the status of the department’s implementation of the Ombud’s recommendations. Information on action taken by departments in response to the recommendations provides other departments with concrete suggestions on how to improve their procurement activities.

Departments are asked to self-assess their progress made to date in response to each recommendation from the original report. Supporting documentation is required to support responses to each recommendation. This documentation is assessed by OPO against a standard progress scale and any outstanding issues are addressed through additional dialogue with the department or additional testing. A report card is prepared with a rating that depicts the department’s performance with regard to the standard lines of enquiry.

In 2022-23, OPO completed 1 follow-up review launched the previous year, and launched 3 additional follow-up reviews including the Department of Fisheries and Oceans, Environment and Climate Change Canada, and Employment and Social Development Canada, which will be completed in 2023-24.

### Canada Food Inspection Agency (CFIA)

The initial review was undertaken in 2019-20 to determine whether CFIA’s procurement practices pertaining to evaluation criteria and selection plans, solicitation, and evaluation of bids and contract award supported the principles of fairness, openness and transparency; 8 recommendations were issued. To perform the follow-up review, OPO asked CFIA to self-assess its progress in

implementing the 8 recommendations and to provide substantiating documentation to support the self-assessment.

CFIA self-assessed its action plans for all 8 recommendations as fully implemented and provided evidence of a number of advancements including a new Procurement Quality Assurance Process and Compliance Review Directive and implementation of the ePro procurement application software system. As such, OPO found CFIA’s self-assessment and substantiating documentation to be reasonable and credible.

### Progress Scale

Implementation Level	Assessment
<b>LEVEL 5</b>	Full implementation
<b>LEVEL 4</b>	Substantial implementation
<b>LEVEL 3</b>	Preparations for implementation
<b>LEVEL 2</b>	Planning stage
<b>LEVEL 1</b>	No progress or insignificant progress
<b>OBSOLETE</b>	Recommendation is no longer applicable due to new policies, procedures, etc.

Additionally, OPO follow-up reviews now include a report card. To achieve the highest report card score of “Satisfactory plus” a department must not have received any recommendations in the initial review.

OPO REPORT CARD	
Overall Performance	Assessment Criteria
<b>Satisfactory plus</b>	Initial review resulted in no recommendations and rating is based on initial review results
<b>Satisfactory</b>	Initial review resulted in 1 or more recommendations and action plan(s) have achieved level 5 or a combination of level 4 and level 5 implementation
<b>Partially satisfactory</b>	Initial review resulted in 1 or more recommendations and some progress has been made in implementing action plan(s)
<b>Unsatisfactory</b>	Initial review resulted in 1 or more recommendations and insignificant progress has been made to implement action plan(s)

CFIA achieved a Satisfactory assessment, as the initial review resulted in 1 or more recommendations, the action plans achieved Level 5 implementation, and CFIA’s response was supported with adequate documentation and testing results.

Read the full [follow-up report](#).

## Procurement practice reviews to be completed in 2023-24

As previously noted, the Procurement Ombud launched 2 ad-hoc reviews:

### ArriveCAN Application

On November 14, 2022 the Standing Committee on Government Operations and Estimates (OGGO) adopted a motion recommending that the Procurement Ombud “assess whether contracts awarded by departments in relation to the ArriveCAN application were issued in a fair, open, and transparent manner, and whether contracts awarded on a non-competitive basis were issued in compliance with the *Financial Administration Act*, its regulations, and applicable policies and procedures”.

After the Procurement Ombud was able to establish reasonable grounds, as per regulatory requirements, the review was launched in January 2023. The scope includes all contracts, contract amendments, standing offer agreements, supply arrangements, task authorizations and service orders under which work was performed for the ArriveCAN application that were awarded/issued before December 31, 2022, from the following departments:

- Canada Border Services Agency (CBSA)
- Public Services and Procurement Canada (PSPC)
- Shared Services Canada (SSC)

The results of this review and any recommendations made by the Procurement Ombud will be published on OPO’s website in 2023-24 in accordance with regulatory requirements, and summarized in OPO’s next annual report.

## McKinsey & Company

On February 3, 2023 the Minister of Public Services and Procurement requested that the Procurement Ombud undertake a review of the procurement practices used by federal departments and agencies to acquire services through contracts awarded to McKinsey & Company.

The review was launched in March 2023 and includes all competitive and non-competitive procurement processes and resulting contracts, contract amendments, task authorizations, standing offer agreements or supply arrangements and call-ups against standing offers awarded or issued to McKinsey & Company since April 1, 2011, from the following 10 departments:

- Canada Border Services Agency (CBSA)
- Department of Finance Canada (FIN)
- Department of National Defence (DND)
- Employment and Social Development Canada (ESDC)
- Immigration, Refugees and Citizenship Canada (IRCC)
- Innovation, Science and Economic Development Canada (ISED)
- National Research Council Canada (NRC)
- Privy Council Office (PCO)
- Public Services and Procurement Canada (PSPC)
- Veterans Affairs Canada (VAC)

The results of this review as well as the ongoing reviews of Shared Services Canada (SSC), Public Health Agency of Canada/Health Canada (PHAC/HC) and Public Services and Procurement Canada (PSPC), all of which were all launched in 2022-23, will be published on OPO's website in 2023-24 and summarized in OPO's next annual report.

## 5-year Procurement Practice Review Plan report

This year marked the conclusion of OPO's 5-year Procurement Practice Review Plan, which examined the 3 highest-risk procurement elements across the top 17 federal departments (see Annex A), based on the value and volume of their annual purchasing activity.

**Systemic documentation issues undermine the transparency of government procurement practices.**

A total of 15 reviews have been completed or substantially completed as of publication, with the remaining 2 to be completed in 2023-24. While a summary report will be published once all reviews have been finalized, OPO has identified key recurring issues that were found across all reviewed departments, including:

- Instances where mandatory criteria, point-rated criteria or associated rating scales were not clear
- Issues related to communications with suppliers, including problems with the sharing of information with suppliers during the solicitation period and the communication of results of solicitation processes, such as regret letters and debriefings
- Bid evaluation processes not consistently applied or carried out in accordance with the planned approach, with some resulting in wrongly awarded contracts

The largest and most consistent problem observed relates to insufficient file documentation practices. Documentation deficiencies were noted in over a third of the 554 files reviewed, and documentation to support evaluation processes was found to be particularly problematic. These systemic documentation issues undermine the transparency of government procurement processes, and can erode public trust in the Public Service's ability to exercise sound stewardship.

The planning process for OPO's next Procurement Practice Review Plan is underway, and will focus on the highest risk areas as well as trends that have the potential to impact fairness, openness and transparency across the federal procurement landscape.

# 6

## Key trends in federal procurement

The state of procurement is ever-changing. To ensure that OPO is aware of current trends and initiatives in procurement, OPO monitors numerous procurement-related information sources and analyzes the data, interprets findings and produces reports for management to support effective business decision-making.

The following are a few notable examples captured by OPO's environmental scanning process of how the federal procurement landscape has evolved in 2022-23.

## 2022-23 PROCUREMENT YEAR IN REVIEW

### Key Trends in Federal Procurement

#### APRIL 2022

- The new **Appendix E of the Directive on the Management of Procurement: Mandatory Procedures for Contracts Awarded to Indigenous Businesses** became effective. It was developed in collaboration with Indigenous partners and describes procedures to address the Government of Canada's requirement for the mandatory minimum target of 5% of the total value of contracts to be awarded to Indigenous businesses annually.
- Global Affairs Canada and Finance Canada launched consultations on potential approaches to implement **reciprocal procurement policies** in Canada. This will help ensure that Canada's trading relationships are mutually beneficial, and that countries restricting Canadian access to their procurement markets do not unfairly benefit from Canada's procurement system.

## MAY 2022

- The **Directive on the Management of Procurement** officially became the new federal government procurement framework upon completion of the transition from the Treasury Board Contracting Policy.
- PSPC announced the launch of a new **coaching service**, delivered by Procurement Assistance Canada (PAC). It is designed to help bidders from diverse socio-economic groups that have had limited success bidding on federal procurement opportunities. The coaching service will give businesses from diverse socio-economic priority groups access to 1 introductory meeting and at least 3 personalized coaching sessions with a procurement specialist from PAC's regional offices.

## AUGUST 2022

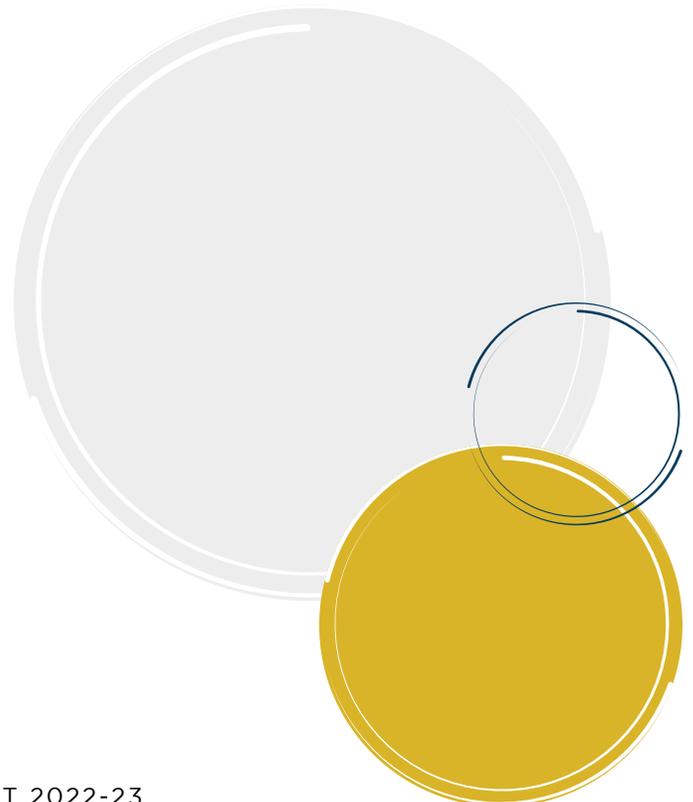
- The Honourable Helena Jaczek appointed as **Minister of Public Services and Procurement**.

## SEPTEMBER 2022

- The **CanadaBuys** e-procurement platform officially replaced the Buyandsell Government Electronic Tendering Service as the place where suppliers go to search and bid on federal government tender opportunities. It also provides a single place for suppliers to view tender opportunities from federal, provincial and territorial governments, as well as academic institutions, schools and hospitals.

## JUNE 2022

- **The COVID-19 vaccination requirement** for supplier personnel (including subcontractor personnel) and contractors was suspended. The policy had previously applied to all new and existing Government of Canada contracts that involve services (including goods contracts that have a services component and construction services) where, in order to perform the work, supplier personnel access Government of Canada workplaces (i.e., places of work owned or operated by the Government of Canada) where they may come into contact with public servants.

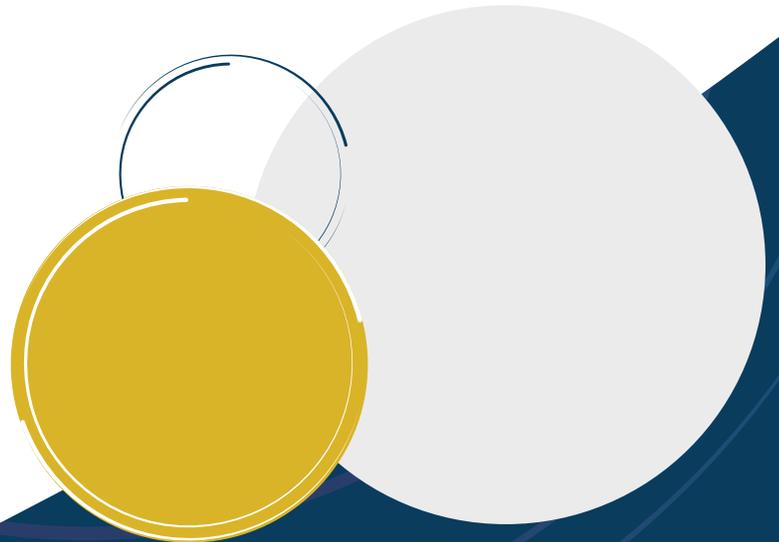


## OCTOBER 2022

- PSPC launched a request for information (RFI) process on **ethical procurement**, inviting businesses to complete an online questionnaire on the risks of human trafficking, forced labour, and child labour in the supply chains of their goods. The information gathered will be used to inform the development of guidance and awareness materials, including content for upcoming supplier engagement sessions.
- The Standing Committee on Government Operations and Estimates (OGGO) adopted a motion to undertake a study on the development, launch and maintenance of the **ArriveCAN application**.

## DECEMBER 2022

- The Office of the Auditor General released a procurement-related **audit**, which focused on **COVID-19 Vaccines**. The audit found that the Public Health Agency of Canada and Health Canada, supported by Public Services and Procurement Canada, responded to the urgency of the coronavirus pandemic in 2020 and procured COVID-19 vaccine doses so that everyone in Canada who chose to be vaccinated could be. The establishment of advance purchase agreements increased the chances that the government would obtain enough doses to meet Canada's needs. It also found that the Public Health Agency of Canada's efforts to minimize wastage were unsuccessful, in part because of delays in developing and implementing the information technology system and data sharing agreements to support planning and managing vaccine use.



## JANUARY 2023

- The Department of Canadian Heritage (PCH) released its **Audit of Procurement Practices**. The objective of the audit was to assess the effectiveness of the procurement governance, risk management, and control processes, and to determine whether PCH practices related to contracting for goods and professional services are effective and in compliance with the government and departmental contracting policies, directives, and procedures. It found that while PCH has overall established a framework, several gaps were noted. Key opportunities for improvement include active and effective guidance, oversight, and leadership over procurement activities; effective planning and a strategic deployment of resources; and a quality assurance program to ensure that procurement activities are undertaken in a compliant manner.

## FEBRUARY 2023

- The Procurement Ombud appeared before **OGGO** in relation to the Committee's study of federal government consulting contracts awarded to **McKinsey & Company**. The Procurement Ombud was also tasked by the Minister of Public Services and Procurement to undertake a procurement practice review to examine the practices used by federal departments and agencies to acquire services through contracts awarded to McKinsey & Company.

## MARCH 2023

- The Government released **Budget 2023** which noted a number of procurement-related commitments, including \$79.3 million over 3 years, starting in 2023-24, to improve procurement opportunities for Canadian businesses by maintaining the Government's electronic procurement platform and a commitment to reduce spending on consulting, other professional services and travel.

# 7

## Looking Ahead

### Treasury Board Directive on the Management of Procurement

It's been a full year since the Treasury Board Directive on the Management of Procurement (DMP) fully came into effect on May 13, 2022, and replaced the Treasury Board Contracting Policy (TBCP). Throughout the transition period and the first year of implementation of the DMP, my Office has noted initial observations as to how this change has impacted or will likely impact federal procurement, as well as fairness, openness and transparency.

Now more than ever, federal departments must develop and implement appropriate internal procurement policies, guidelines and procedures that are supported by effective training, oversight and quality assurance processes. With the DMP being notably less prescriptive in its requirements than the TBCP, it is critical that federal departments ensure that their approaches are detailed and comprehensive enough so that any procurement file could pass the scrutiny of an audit or review.

It is certainly reasonable and appropriate that procurement practices may vary from department to department, in light of their specific operational needs and requirements. Therefore, it is understandable as to why greater flexibilities were imagined in the development of the new outcomes-based DMP. A possible drawback of such flexibility is that there is an inherent risk that the level of variation in its application and possible contradictions and/or differing

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**“Over the course of this next 5-year term, my Office will look to play a key role in supporting the interpretation and application of the DMP across federal departments and identifying good practices and areas of improvement so they can be shared across the community.”**

- THE PROCUREMENT OMBUD



interpretations across federal departments can further complicate the procurement process for suppliers and departments alike as the standardization of procurement practices across departments may be compromised.

Over the course of this next term, my Office will look to play a key role in supporting the interpretation and application of the DMP across federal departments and identifying good practices and areas of improvement so they can be shared across the community. With suppliers already feeling burdened by the overly complex nature of the process, it is critical to ensure that this enhanced flexibility does not come at the expense of overall simplification of the process.

Establishing the balance between flexibility and simplicity will be an important priority for the senior designated official(s) for the management of procurement in each federal department, as required by the DMP. This new role aims to address issues in leadership, planning, standardization, and performance monitoring at the departmental level.

My Office has previously explored the feasibility of creating a federal Chief Procurement Officer (CPO) to address long-standing issues in federal procurement. A federal CPO can contribute to the broader modernization of government procurement by acting as an agent of change, policy centre, and leader in the areas of training, interpretation, standardization, analytics, and overall coordination and professionalization of the procurement function. The concept of modernization has been a recurring theme in the Minister of Public Services and Procurement's mandate letters. This concept is wide-reaching, inclusive of simplification, best practices, encouraging competition,

and other considerations like economic development and social procurement. Our initial research on the topic has demonstrated how a CPO can be successful in furthering modernization initiatives, and we are committed to conducting additional research on this critical issue.

### **Vendor Performance Management**

Another piece of the federal government's procurement modernization initiative remains the implementation of a Vendor Performance Management Policy, which is being led by PSPC. The goal of the Policy is to:

- incentivize good vendor performance while helping to hold poor performers accountable
- support better decision-making on bidder selection by leveraging past vendor performance
- encourage open communications with vendors
- optimize best value for Canadians

A key component of this framework includes a dispute resolution process. As noted in last year's annual report, OPO will assume responsibility for delivering and managing the appeal mechanism for vendors who wish to dispute their final performance score through a mediation-arbitration (med-arb) process.

OPO recognizes the importance and urgency of tackling issues related to contract administration, especially as it relates to vendor performance. When such issues are left unaddressed, they can develop into larger, more complex issues that may risk the overall successful completion of the contract. There is the further risk that poor performers may continue to win government contracts if such issues are not addressed or documented, which does not represent the best value for Canadians. OPO also recognizes the importance of providing suppliers with an independent and impartial avenue of recourse to ensure fairness, openness and transparency of the vendor performance management process. The lack of a comprehensive vendor performance management framework can lead federal departments to manipulate the award process to achieve desired results.

OPO is pleased to take on this role, and it will certainly have financial and human resource implications for the Office. We must first increase our internal capacity in the area of med-arb, as our involvement in ADR to date has been in informal dispute resolution or formal mediation processes. Additional financial resources will be required to: establish the med-arb process; procure specialized training for OPO's certified mediators; and hire subject matter experts whom already have this specialized knowledge and experience.

## **Diversity and Inclusion**

In 2022-23, OPO published its first [Accessibility Plan](#) in response to the *Accessible Canada Act* and the *Accessible Canada Regulations*. This plan outlines OPO's commitments to establish and maintain a workplace culture that is accessible through a number of initiatives, such as OPO's Diversity and Inclusion Committee. This Committee meets regularly to ensure the values of equity, diversity and inclusion are part of our Office's culture, both within the workplace and the community. OPO has created a positive learning environment where employees can develop their understanding of diversity and inclusion, and improve access and awareness of OPO services to diverse suppliers. We strive to maintain a welcoming and inclusive work environment, where employees are respected for what they bring to the workplace, and where differences enrich OPO's workplace culture and maximize the success of our team.

This lens is also applied to OPO's interactions with all of our stakeholders. OPO actively supports Government of Canada projects and initiatives to increase the diversity of suppliers within the federal supply chain. OPO's annual Diversifying the Federal Supply Chain Summit (the Summit) is designed to raise awareness of the public and private sector programs that can help small businesses and businesses led by Indigenous Peoples, Black and racialized Canadians, women, Two-Spirit, lesbian, gay, bisexual, transgender, queer, intersex, additional sexually and gender diverse people (2SLGBTQI+), persons with disabilities and other underrepresented groups access federal contracting opportunities. Since its first Summit held in March 2019, OPO has welcomed over 2000 participants both in person and virtually.



OPO's 5th Summit was originally scheduled to take place in January 2023, but had to be postponed until April 2023 due to budget limitations and unavailability of interpretation services. The Summit is an important undertaking and directly serves our mission to promote openness and fairness in federal procurement. As such, next year OPO will be seeking additional funding to support the continuation of this activity.

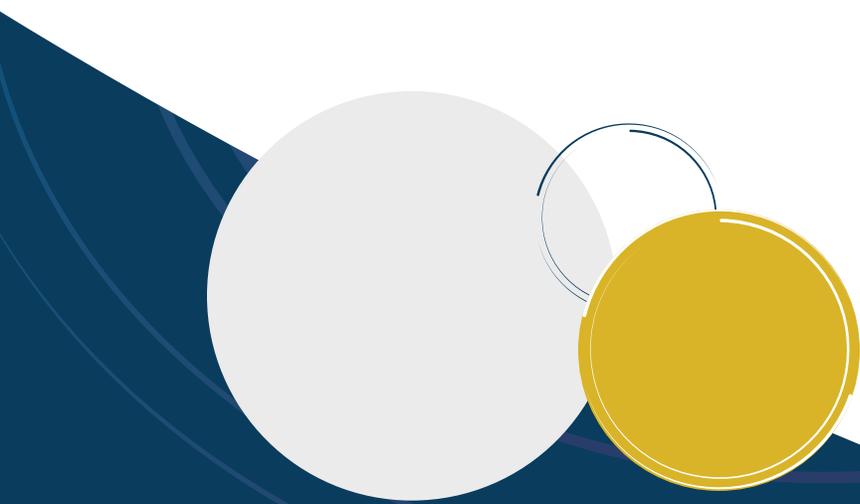
### **Future of OPO**

Since its creation in 2008, OPO has operated within its allocated budget, which has remained static for 15 years.

While the Office has continued to deliver on its mandate, budget constraints have made it difficult to meet all our business needs and serve Canadian suppliers and federal departments as effectively as we could. OPO's annual salary deficit limits the number of procurement and audit personnel the Ombud can hire. Last year was the sixth consecutive year that OPO needed to convert a large portion of its operating budget in order to cover a salary deficit. These staffing shortages prevent OPO from conducting ad-hoc systemic reviews or research projects regarding fairness-related risks brought to the Office's attention during the course of a fiscal year.

OPO's previous request for additional funds was unsuccessful; however, a temporary increase was provided in response to the Minister of Public Services and Procurement's request to OPO to conduct a review on federal contracts awarded to the McKinsey & Company firm and the OGGO Committee request to review the procurement of the ArriveCAN application.

To ensure that OPO is sufficiently resourced to serve our stakeholders and fulfill our mandate, the Office will again seek to secure a permanent increase to its budget.



# 8

## Statement of Operations

### Statement of operations for the year ending March 31, 2023

#### Authority and objective

The position of Procurement Ombudsman was established through amendments to the *Department of Public Works and Government Services Act*. The Procurement Ombudsman's mandate is further defined in the *Procurement Ombudsman Regulations*. The Office of the Procurement Ombudsman's mission is to promote fairness, openness and transparency in federal procurement.

#### Parliamentary authority

The funding approved by the Treasury Board for the operation of the Office of the Procurement Ombudsman is part of Public Works and Government Services Canada's (PWGSC)<sup>4</sup> appropriation, and consequently, the Office is subject to the legislative, regulatory and policy frameworks that govern PWGSC. Nonetheless, implicit in the nature and purpose of the organization is the need for the Office of 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 PSPC and all other federal departments.

<sup>4</sup> The Department of Public Works and Government Services, or Public Works and Government Services Canada, is now referred to as Public Services and Procurement Canada.

### Statement Of Operations

EXPENSES	2022-23 (\$000)
Salaries and employee benefits	3,316
Professional services	101
Operating expenses	33
Information and communication	112
Materials and supplies	23
Corporate services provided by Public Services and Procurement Canada <sup>5</sup> (finance, human resources, information technology, other)	540
<b>TOTAL</b>	<b>4,125</b>

#### Proactive Disclosure

Compliance with the Treasury Board of Canada Secretariat and Public Services and Procurement Canada (PSPC) financial management policies requires the mandatory publication of the Procurement Ombudsman's travel and hospitality expenses. It also requires disclosure of contracts entered into by the Office of the Procurement Ombudsman for amounts over \$10,000. Information on our proactive disclosures can be found by selecting the "[Disclosure of Travel and Hospitality Expenses](#)" link on PSPC's "[Transparency](#)" webpage or on the "[Open Canada](#)" website by searching for "Procurement Ombudsman." Disclosure of our contracts is published under PSPC as the organization.

<sup>5</sup> This collaboration has allowed the Office of the Procurement Ombudsman to increase efficiency by leveraging Public Services and Procurement Canada's expertise in these areas, and to ensure adherence to necessary policies and procedures while respecting the independence of the office in delivering on its mandate.

## 9

## Annex A

ORGANIZATION REVIEWED	STATUS
Canada Food Inspection Agency (CFIA)	<b>COMPLETE</b>
Department of Fisheries and Oceans (DFO)	<b>COMPLETE</b>
Environment and Climate Change Canada (ECCC)	<b>COMPLETE</b>
Employment and Social Development Canada (ESDC)	<b>COMPLETE</b>
Parks Canada (PC)	<b>COMPLETE</b>
Transport Canada (TC)	<b>COMPLETE</b>
Immigration, Refugees and Citizenship Canada (IRCC)	<b>COMPLETE</b>
Canada Border Services Agency (CBSA)	<b>COMPLETE</b>
Natural Resources Canada (NRCan)	<b>COMPLETE</b>
Royal Canadian Mounted Police (RCMP)	<b>COMPLETE</b>
Department of National Defence (DND)	<b>COMPLETE</b>
National Research Council of Canada (NRC)	<b>COMPLETE</b>
Correctional Service of Canada (CSC)	<b>COMPLETE</b>
Innovation, Science and Economic Development Canada (ISED)	<b>COMPLETE</b>
Public Services and Procurement Canada (PSPC)	<b>TO BE REPORTED IN 2023-24</b>
Health Canada – Public Health Agency of Canada (HC-PHAC)	<b>TO BE REPORTED IN 2023-24</b>
Shared Services Canada (SSC)	<b>TO BE REPORTED IN 2023-24</b>



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