

Chapter 4

Department of Government Services

Procurement of Goods and Services – Phase I

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Department of Government Services Procurement of Goods and Services – Phase I

Introduction

4.1 In 2012, the Organisation for Economic Co-operation and Development (OECD) identified “...*four elements of good governance*”¹ in public procurement:

- transparency;
- value for money;
- resistance to fraud and corruption; and
- accountability and control.

4.2 The OECD stated that “...*to ensure overall value for money, the challenge for decision makers is to define an appropriate degree of transparency and accountability to reduce risks [that would threaten] integrity in public procurement...*”²

Why We Completed this Audit

4.3 We reviewed the procurement of goods and services for the following reasons:

- Procurement by the Government of New Brunswick (GNB) is significant to the provincial economy. A recent government report indicated that purchase expenditures in 2010-11, including Crown construction, approximated \$1.460 billion³. A breakdown of these expenditures by department is provided in Exhibit 4.1.
- Our 2012 chapter on E-Health highlighted some specific

¹ Organisation for Economic Co-operation and Development. *Fighting Corruption in Public Procurement*. OECD, 2012, 3.

² Organisation for Economic Co-operation and Development. *Integrity in Public Procurement – Good Practice from A to Z*. OECD, 2007, 10.

³ Office of the Comptroller, Finance. *Procurement Process Improvement Review, Government Renewal Project # 5 - Procurement*. Government of New Brunswick, 2011, 5.

issues with service contracts in one department. We wanted to review the Department of Government Services processes supporting the procurement function from a best practices perspective; and

- In New Brunswick, the procurement of goods and services is complex and shared by multiple departments and organizations. The regulatory framework was first established in 1974 and is currently undergoing significant change.

Exhibit 4.1 - 2010-11 Purchase Expenditures by Department

4.1	2010-11 PURCHASE EXPENDITURES BY DEPARTMENT		
Department	2010-11 Expenditures (\$Million)	% of Total	
Transportation	500	34%	
Supply and Services	398	27%	
Education and School Districts	142	10%	
Public Safety	88	6%	
Post-Secondary Education and Training	57	4%	
Health	55	4%	
Social Development	39	3%	
Natural Resources	37	3%	
NB Highway Corporation	32	2%	
Tourism and Parks	18	1%	
Other Departments	<u>94</u>	<u>6%</u>	
Total	1,460	100%	
<p>Note: Total accounts payable spend (Purchase Expenditures by Department) is based on financial information system data and includes Crown construction and other items not currently tendered by the Department of Government Services.</p> <p>Source: Table created by OAG-NB with information from the Government of New Brunswick Spend Analysis and Strategic Sourcing Implementation Report (unaudited)</p>			

Objectives

4.4 Our audit had two objectives:

- to determine if the public purchasing practices used by government comply with key components of the regulatory framework and best practices; and
- to determine if the Department of Government Services publicly reports on the effectiveness of the

procurement function.

Conclusion

4.5 Under our first objective we have concluded that documented practices and procedures, as currently administered by the Department of Government Services, have been designed to comply with the current regulatory framework. However, these practices and procedures are not always adhered to, resulting in non-compliance with the current regulatory framework. For this reason, we intend to undertake additional work in public procurement in coming years.

4.6 In addition, we have identified certain best practices that could be incorporated into existing government policies and procedures to enhance the effectiveness with which the procurement function is performed.

4.7 Finally, we conclude that the Department of Government Services does not adequately report on the effectiveness of the procurement function.

Summary of Main Findings and Recommendations

4.8 The Department of Government Services (DGS) is responsible, in conjunction with various departments and agencies, for purchasing goods and services in New Brunswick. The DGS governs and coordinates the public tendering process for specific departments and agencies defined under the *Public Purchasing Act*.

Non-compliance in public procurement processes

4.9 Although we found that the processes designed by the DGS to guide the procurement function appear to support the legislation, our testing of procurement files detected instances of non-compliance where we believe the processes were not followed and as a result failed to meet the legislative requirements. These findings are detailed in Exhibit 4.7.

4.10 The Act, regulation, and policies provide a framework to support competition, transparency, and accountability in the public procurement process. Circumvention of this control system could result in favouritism, costly purchases, and increased liability to the Province.

4.11 Given the number of infractions we identified in a limited sample and the estimated value of the

procurements, we are concerned with these results and intend to continue our work in this area in the future.

DGS purchase order data is incomplete

4.12 The DGS relies upon purchase order data stored in the New Brunswick Opportunities Network (NBON) database to provide procurement information. This information is especially important when the DGS is planning corporate contracts such as contracts of supply used by various government entities and involving multiple suppliers. A significant issue for the DGS is reliability of this data.

4.13 During the period we reviewed (2011-12) the DGS preferred to have client departments use the NBON when requisitioning purchases against an existing contract but did not require it in practice. This meant that contract usage reports and other information from the NBON was incomplete and therefore could not be relied upon in planning future procurements.

4.14 Unless client departments use the NBON to draw against contracts of supply, the DGS has no way to verify that prices and discounts have been provided by vendors as contracted. This can result in lost savings.

Improvements and positive changes are underway at the DGS

4.15 In our review of government reports on planned changes to the procurement process and in interviews with DGS management and staff, we noted recent improvements in processes. We also noted the following positive changes that are underway:

- DGS is working collaboratively toward enhancing governance in public procurement across GNB entities;
- DGS is now more involved in departmental contract negotiations in an attempt to lower procurement costs; and
- DGS is attempting to address inconsistency issues with the overall regulatory framework and procurement practices.

4.16 Since these changes were being undertaken by the DGS during the period of our work we could not evaluate the results.

Further best practice improvements in the procurement process are needed

4.17 While we recognize that changes being made at the DGS may produce positive results, we did note possible best practices that could further improve existing procurement processes. Some of these include:

- increased DGS Procurement Specialist involvement in critical tasks and functions such as mandatory site visits and Request for Proposal (RFP) evaluation committees;
- increased consistency in file documentation to ensure completeness and decision support for vendor debriefings and to address RFP evaluation committee process and documentation weaknesses we identified in our work, such as;
 - lack of detailed evaluation documentation;
 - lack of clear explanations for scoring decisions;
 - unsigned committee evaluation documentation; and
 - no conflict of interest declarations by committee members;

and

- increased continuous improvement and forward planning practices such as project / file reviews and increased vendor performance reporting.

4.18 Implementation of recognized best practices in public procurement should result in lower risk, greater efficiencies, and decreased procurement cost for the Province.

Public reporting of performance results is needed

4.19 Effective public reporting of performance provides government accountability to the public, allows government to monitor programs and services effectively, and promotes better decision making. In order for public reporting to provide these benefits, effective performance measures must be in place.

4.20 Effective performance measurement requires preset targets to be established against which actual results can be compared. No such targets were reported in the DGS's 2011-12 annual report. Therefore, readers cannot determine how successful the DGS was in reaching its procurement goals and the benefits of

comprehensive public reporting are lost.

The regulatory framework is changing

4.21 Over the past two years the DGS has drafted a new Act to govern the public procurement process and undertaken significant changes in support of this framework. At the time of our audit, the new *Procurement Act* had not been proclaimed and the associated regulation had not been drafted. Until this process is complete the *Public Purchasing Act* (PPA) remains in effect.

Regulation is inconsistent with existing trade agreements

4.22 In addition to the PPA and regulation, governments have entered into trade agreements that the DGS must consider in planning procurements. These agreements may dictate the procurement method based on estimated dollar value of the procurement.

4.23 We found, for example, the following inconsistencies between the regulation and trade agreements:

- The estimated dollar value thresholds used to determine the need for a public tender include tax in regulation but do not in trade agreements. This means that NB publicly procures goods and services at lower estimated procurement values (before tax) than our trading partners, placing NB vendors at a competitive disadvantage; and
- Special exemptions under the regulation allow departments to purchase specific goods without public tender if the estimated value does not exceed \$25,000. The Atlantic Procurement Agreement requires a public tender if the estimated value exceeds \$10,000. This means that when a department uses a special exemption they may be contravening the Atlantic Procurement Agreement.

4.24 We were told by the DGS that these and other issues with the current regulation are being considered in the new Act and associated regulatory framework.

Exhibit 4.2 – Summary of Recommendations

Recommendations	Department's Response	Target Date for Implementation
<p>4.58 We recommend the DGS ensure that provincial regulation, policies and practices are internally consistent, and are consistent with trade agreements signed by the Province.</p>	<p><i>The DGS agrees with this recommendation and will introduce new procurement legislation and supporting regulation, policies and practices that are internally consistent and are consistent with provincial trade agreements.</i></p>	<p>01-06-2014</p>
<p>4.71 We recommend the DGS require the use of the NBON system by client departments or implement a mechanism to accurately capture contract of supply draw down information and changes to purchase orders.</p>	<p><i>The DGS agrees with this recommendation and has implemented this recommendation through policy effective April 1, 2013. Enhancements were made to the NBON System to support the policy changes which requires draw down purchase orders be created in the system. We are working with Departments to ensure compliance with this policy.</i></p>	<p>01-04-2014</p>
<p>4.72 We recommend the DGS establish a plan to undertake periodic reviews of significant contracts to ensure all of the benefits such as discounted pricing of the contract are received by government entities and vendors meet their contracted obligations.</p>	<p><i>The DGS is implementing a contract management framework that will ensure compliance of significant contracts.</i></p>	<p>01-04-2014</p>
<p>4.79 We recommend the DGS modernize and update the procurement policy and procedural framework used by government to include the establishment of a policy defining the roles and responsibilities of the entities involved in critical procurement functions, particularly between DGS as the central agency and client departments.</p>	<p><i>This recommendation will be addressed as part of the response noted in 4.58 above.</i></p>	<p>01-06-2014</p>
<p>4.85 We recommend the DGS develop an exemption approval policy that balances procurement risk and value against timeframe considerations to better meet client department and DGS approval requirements.</p>	<p><i>The DGS will develop an exemption policy for approval that balances procurement risk and value against timeframe considerations.</i></p>	<p>01-12-2014</p>

Exhibit 4.2 - Summary of Recommendations (continued)

Recommendations	Department's Response	Target Date for Implementation
<p>4.118 We recommend the DGS:</p> <ul style="list-style-type: none"> • design criteria effective in determining when significant procurements should fall under the <i>Public Purchasing Act</i>, adhere to the criteria, and establish procedures to ensure this decision is supported and documented; • design an effective review process to ensure that no single individual can complete the evaluation of a procurement project and award a purchase order; and • enforce compliant procurement practices and ensure adequate file documentation is maintained to demonstrate compliance with the Act, regulations, and policy. 	<p><i>Definitions for goods and services will be included in the new Regulation. Staff will be trained on contents of the Act and Regulation.</i></p> <p><i>We agree with this recommendation and internal procedures will be drafted to reflect this.</i></p> <p><i>A requirement to maintain proper documentation will be included in the new Regulation. Staff will be trained on contents of new Act and Regulation.</i></p>	<p><i>01-06-2014</i></p> <p><i>01-01-2014</i></p> <p><i>01-06-2014</i></p>
<p>4.129 We recommend the DGS ensure all of the required information is included with exemption requests to provide sufficient support for their approval.</p>	<p><i>A second staff person will be designated to approve the procurement and will be directed to review the file prior to approval to ensure all necessary documentation is included.</i></p>	<p><i>01-01-2014</i></p>

Exhibit 4.2 – Summary of Recommendations (continued)

Recommendations	Department's Response	Target Date for Implementation
<p>4.163 We recommend the DGS create best practice policies and procedural guidelines including but not limited to:</p> <ul style="list-style-type: none"> • enhancing the role of the procurement specialist to include the level of involvement in critical functions such as mandatory site visits and membership on Request for Proposal (RFP) evaluation committees; • improving records management practices to ensure consistency, completeness, and adequate decision support for vendor debriefing sessions, final contracts, and RFP bid evaluations to address issues such as: <ul style="list-style-type: none"> ▪ missing and incomplete evaluation documents; ▪ potential conflict of interest situations; and • enhancing continuous improvement processes to improve forward planning by including practices such as soliciting vendor and client department feedback, completing procurement summaries and vendor performance reports, and undertaking periodic file reviews. 	<p><i>We support this recommendation. Internal procedures will be revised to require procurement specialist participation in Request for Proposal evaluations. A policy will be drafted outlining the proper procedures for conducting vendor meeting including site visits. There are cost and resource implications and in cases where it is not possible to have strategic procurement staff directly involved, they will be tasked with ensuring that the client department are briefed and understand the process.</i></p> <p><i>We support this recommendation and will implement internal procedures to improve record management. Staff will be trained on their new roles and responsibilities with respect to proper file documentation.</i></p> <p><i>Strategic procurement is prioritizing initiatives through the strategic planning exercise and ongoing process improvement agenda. Selection and deployment will be based on available resources. Vendor performance reporting will be considered at a later date.</i></p>	<p><i>01-04-2014</i></p> <p><i>01-06-2014</i></p> <p><i>01-04-2015</i></p>
<p>4.171 We recommend the DGS publicly report on the goals, objectives, performance targets and actual results achieved by the Strategic Procurement business unit with explanations for any variances between actual results and targets.</p>	<p><i>The DGS is planning to report annually on performance targets and actual results and will provide explanations for any variances between actual results and targets.</i></p>	<p><i>2014/2015 Annual Report</i></p>

Scope & Methodology

4.25 This chapter focuses on the procurement of goods and services undertaken by the DGS on behalf of and in conjunction with departments listed in schedule A of regulation 94-157 under the *Public Purchasing Act* (PPA).

4.26 A glossary of key terms is included in Appendix I of this chapter.

Focus was on DGS oversight role in procurement

4.27 We reviewed practices undertaken by the DGS. We concentrated our efforts on procurement functions where the DGS exercised the greatest degree of oversight. Most of our work centered on services where the estimated dollar value should result in a public tender. However, we also examined exemptions when the Minister of Government Services approves a department's request to complete a purchase outside of applicable sections of the Act.

We did not review:

- procurements under the *Crown Construction Contracts Act* as it is administered by the Department of Transportation and Infrastructure;
- procurements undertaken by entities listed in schedule B of Regulation 94-157 (government funded bodies)⁴ such as Crown agencies, universities, and municipalities; or
- detailed information in other government departments or entities.

4.28 Our audit was performed in accordance with standards for assurance engagements, encompassing value-for-money and compliance, established by the Chartered Professional Accountants of Canada, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

4.29 Certain financial and statistical information presented in this chapter was compiled from information provided by the DGS. It has not been audited or otherwise verified. Readers are cautioned that this financial and statistical information may not be appropriate for their purposes.

4.30 Our work included but was not limited to:

- review of the regulatory framework governing public purchasing in New Brunswick and included applicable

⁴New Brunswick Regulation 94-157 under the *Public Purchasing Act*, ch.212, p. 34.

Background Public Procurement in New Brunswick

Acts, regulations, and policies;

- review of DGS policies and procedural guidelines as available;
- review of relevant project documentation, procurement data, and DGS reports;
- examination and testing of procurement files and contract documentation maintained by the DGS; and
- discussions and interviews with DGS procurement personnel and management.

4.31 Public procurement in New Brunswick significantly impacts taxpayers, businesses, and government. It is primarily regulated by two Acts:

- Crown construction contracts are governed by the *Crown Construction Contracts Act (CCCA)*; and
- Procurements for goods and services not related to Crown construction are regulated under the *Public Purchasing Act (PPA)* supported by provincial policy and procedural guidelines.

4.32 A new Act to govern procurement had been approved but not proclaimed at the time of our audit. For the purposes of our work the previous Act applied.

4.33 Appendix II provides additional information on the regulatory framework.

4.34 The main tenets of the PPA and regulation have been in place since 1974. Public purchasing practices have changed significantly over the past 30+ years, with the current focus on strategic procurement.

The procurement process

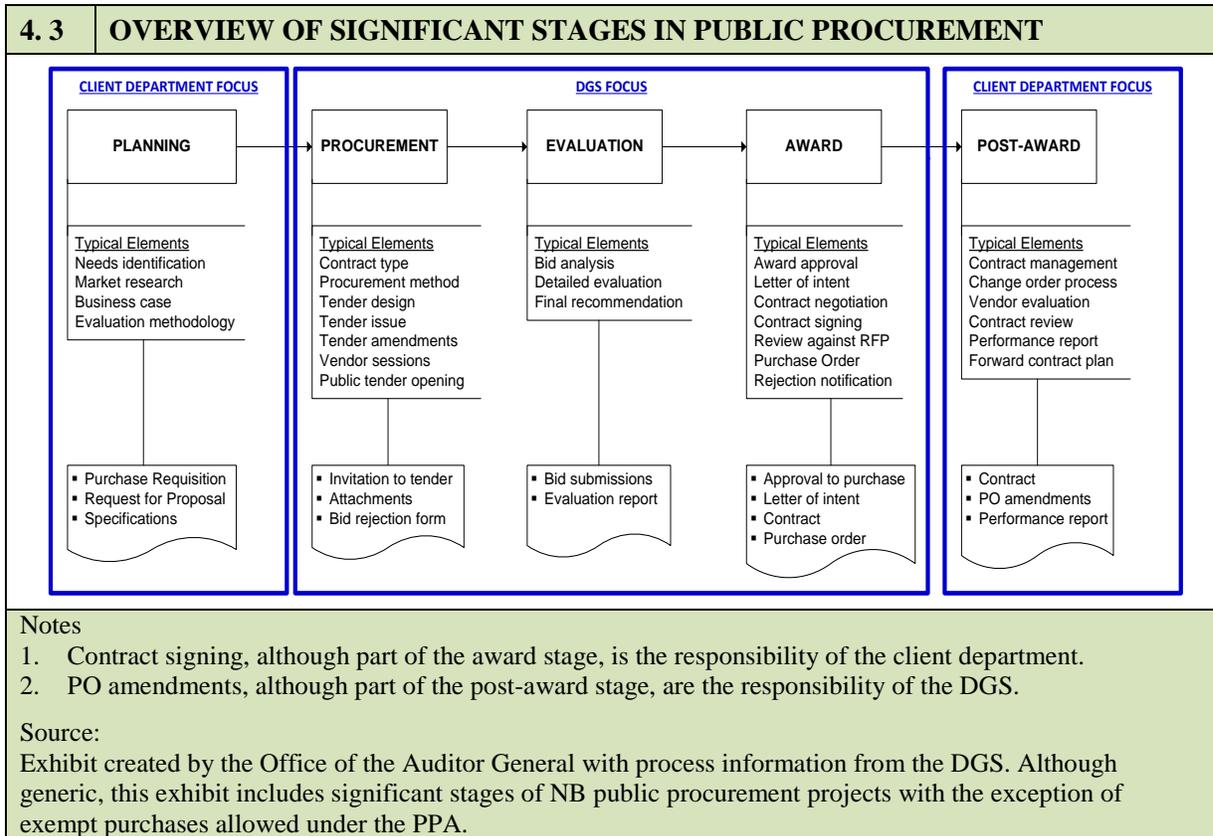
4.35 The Government of New Brunswick internal website provides the following mandate for the Department of Government Services (DGS) Strategic Procurement business unit:

“Our mandate is to measure savings and improve cycle times by creating a client and a customer-focused procurement culture dedicated to continuous improvement and compliance. This will yield financial results wherein taxpayer benefits means reduction of costs associated with acquiring goods and services.”

4.36 This is a new mandate for the DGS and came about when the previous Central Purchasing branch was changed to the Strategic Procurement unit.

4.37 The unit’s mandate emphasizes the importance of continuous improvement and compliance. To accomplish this, the DGS must design processes that ensure compliance with the PPA and regulation, and meets the needs of their stakeholders while minimizing resources.

Exhibit 4.3 - Overview of Significant Stages in Public Procurement



4.38 An overview of key stages in a normal procurement cycle is shown in Exhibit 4.3 above. Much of the work of the DGS focuses on procurement, evaluation, and award. Although the DGS is involved in planning and post-award, many elements of these stages are managed at the client department level.

4.39 The complexity of the contract being procured and the estimated dollar value are two significant factors determining the scope of each stage. For single purchases of goods this process may be reasonably simple, but for complex service contracts each stage may require significant effort.

Solicitation methods for procurement of goods and services

4.40 The general rules governing the method to be used when procuring goods and services are provided in the legislation and are usually based on estimated cost thresholds. Exhibit 4.4 provides an overview of these regulatory thresholds.

Exhibit 4.4 - Procurement Threshold Values (Including Tax)

4.4	PROCUREMENT THRESHOLD VALUES (Including Tax) ¹				
	Procurement Method	Estimated Cost		Quotes / Bids Solicited	Open Period Timeline (days)
		Goods	Services		
	<u>Direct purchase</u> - made by departments directly with vendors	Up to \$1,500	Up to \$10,000	No minimum requirement	N/A
	<u>Price solicitation</u> – made by a DGS solicitation of price quotations directly from vendors	\$1,501 – 5,000		3 price quotes	3 - 5
	<u>Invitation to tender</u> – DGS issues a tender to invite bids from selected vendors ²	\$5,001 – 10,000	\$10,001 – 50,000	6 invited bids	12
	<u>Publicly advertised tender</u> - DGS publicly advertises an open tender to invite bids	Over \$10,000	Over \$50,000	Open	17

Notes:
Quotes / Bids Solicited - the minimum number of bids generally solicited by the DGS, if available.
Open Period Timeline - the timeframe for bids to be received from a vendor. Only the 17 day period (including the advertised and closing dates) for publicly advertised tenders is required by regulation.

- Regulatory exemptions may not be subject to these threshold limits.
- Regulation 94-157 allows the use of an invitation to tender for goods with an estimated value of \$5,001 to \$25,000 (inclusive). Due to the Atlantic Procurement Agreement, the DGS began using publicly advertised tenders for goods with estimated values in excess of \$10,000 in 2009.

Sources:
 Department of Government Services (Supply and Services) Procurement Coordinator Information Manual (2009) (unaudited)
 Regulation 94-157 under the *Public Purchasing Act*

4.41 The DGS procurement specialist determines the appropriate method given the PPA and regulation. There are three primary methods used in the procurement of goods and services:

- Price solicitations are used for lower dollar value purchases of goods and require the solicitation of a minimum of three vendor quotes where possible. The final decision is generally based on cost alone;
- Invited tenders are used for specific estimated cost threshold ranges. The DGS is required to invite at least

six vendors to respond to the tender from a pre-qualified list of registered vendors. Competition is restricted to only invited vendors; and

- Publicly advertised tenders are used for all procurements that exceed specified estimated cost thresholds. Publicly advertised tenders provide the most open procurement environment, allowing any interested vendor to respond to the tender invitation.

Exemptions under the PPA

4.42 In certain circumstances, the DGS and government departments can forego purchasing under the Act or sections of the Act by using regulatory exemptions. Exemptions are the least competitive and transparent method of purchasing goods and services. An exemption for the Minister of Government Services is provided under section 27.1 of the regulation.

4.43 Under section 27.1 the Minister is exempt from his obligation to comply with the threshold limits presented in Exhibit 4.4. The Minister can restrict the procurement to a single vendor in these instances. Appendix IV provides a list of 26 situations under which this exemption can be approved.

4.44 Client departments must request approval from the Minister to exercise exemptions under section 27.1 by supply requisition and a “*Request for Minister’s Exemption*” in acceptable format.

Observations and Recommendations

4.45 We have presented our observations, conclusions, and recommendations under the following headings:

- the regulatory framework is changing;
- regulation inconsistent with existing trade agreements;
- NBON purchase order data is incomplete;
- weaknesses in provincial procurement;
- non-compliance in procurement practices; and
- need for best practice improvements in the procurement process.

The regulatory framework is changing

4.46 The regulatory framework is represented by the Acts and regulations applicable to procurement. It is further complimented by trade agreements, government policy, standards, and procedural documentation. For effective governance and control, these need to align with the practices employed in the procurement function.

4.47 In its November, 2010 throne speech, government stated that “*changes to the Public Purchasing Act may be needed to ensure that New Brunswick-based businesses have a fair chance to bid on provincial government contracts*” and indicated that stakeholders would be consulted about the changes.

4.48 In its November 2011 throne speech, government indicated it had consulted with stakeholders and stated that “*due to the scope and magnitude of the changes required to current legislation, a new Act, the Procurement Act, will be introduced*”.

4.49 We noted that although the new *Procurement Act* was assented to June 13, 2012, it was not proclaimed at the time of our audit. In addition, we were told by the DGS that supporting regulation would not be completed until winter of 2013-14. The original target for the regulation was the fall of 2012.

4.50 The *Procurement Act* states under Section 30:

“Any procurement that was commenced before the commencement of this section shall comply with the provisions of the Public Purchasing Act, despite the repeal of that Act.”

4.51 Therefore, although repealed under Section 37 of the *Procurement Act*, the former *Public Purchasing Act* continues to underpin the regulatory framework for procurement in the Province and will apply to those procurements initiated prior to proclamation of the new *Procurement Act*.

Regulation inconsistent with existing trade agreements

4.52 In addition to the PPA and regulation, governments have entered into trade agreements that the DGS must consider in planning procurements. These agreements may dictate the procurement method based on estimated dollar value of the procurement. The thresholds used for each agreement applicable to this audit work are presented in Appendix VI.

4.53 Exhibit 4.5 below presents examples of inconsistencies between trade agreements and Regulation 94-157 under the Act.

Exhibit 4.5 - Inconsistencies Between Regulation & Trade Agreements

4.5 INCONSISTENCIES BETWEEN REGULATION & TRADE AGREEMENTS		
Regulatory Component	Trade Agreements	Regulation 94-157
1. Estimated Cost	Estimated cost thresholds in trade agreements do not include tax	Estimated cost thresholds in regulation include tax
2. Threshold Level	Atlantic Procurement Agreement (APA) - A publicly advertised tender is required for goods with an estimated cost in excess of \$10,000	An invited tender can be used in lieu of a publicly advertised tender for goods with an estimated cost between \$5,001 and \$25,000 (inclusive)
		Some departmental exemptions allow specific goods with an estimated cost not exceeding \$25,000 to be purchased without a publicly advertised tender
Source: Table created by OAG NB with information (unaudited) provided by the Department of Government Services		

4.54 Estimated cost thresholds are used in both the regulation and trade agreements to determine when a tender must be publicly advertised. The estimated cost used in the regulation includes tax, but the thresholds in the trade agreements do not. For this reason, the two threshold values cannot be directly compared. It also means that New Brunswick is required to publicly tender at a lower threshold than some of its provincial trading partners, thereby putting NB suppliers at a disadvantage through increased competition for low dollar value procurements.

4.55 In addition, under the regulation goods can be purchased using an invited tender if the estimated cost is between \$5,001 and \$25,000 (inclusive). Since the Atlantic Procurement Agreement (APA) requires a public tender for

goods when estimated cost exceeds \$10,000 any invited tender greater than this value could contravene the agreement. The DGS mitigated this risk in 2009 by using public tenders for goods in excess of \$10,000.

4.56 Similarly there are exemptions in the regulation available to various departments allowing the purchase of specific goods directly from vendors if the estimated cost does not exceed \$25,000. If the estimated cost exceeds \$25,000, a public tender is normally required. For example, under the regulation subsection 34(a) the Department of Post-Secondary Education, Training, and Labour can exercise a special exemption to purchase “*school textbooks and textbook materials*” directly from a vendor if the estimated cost does not exceed \$25,000. In contrast, the APA requires a publicly advertised tender for goods with an estimated cost in excess of \$10,000. This means that departmental exemptions for specific goods in excess of \$10,000 (before tax) could contravene the APA. We did not look at the total dollar value of special exemptions for departments.

4.57 The DGS indicated that changes underway will address these and other issues with the current regulation. We could not confirm this as the new regulation was incomplete at the time of our work.

Recommendation

4.58 We recommend the DGS ensure that provincial regulation, policies and practices are internally consistent, and are consistent with trade agreements signed by the Province.

NBON purchase order data is incomplete

4.59 The DGS relies upon purchase order (PO) data stored in the New Brunswick Opportunities Network (NBON) database to provide procurement information (see Appendix VII for additional information on the NBON). This information is especially important when the DGS is planning corporate contracts such as contracts of supply used by various government entities and involving multiple suppliers. A significant issue for the DGS is reliability of this data.

4.60 Exhibit 4.6 below highlights the total dollar value and number of purchase orders issued for three fiscal periods.

Exhibit 4.6 - Purchase Orders (\$ Millions) by Contract Type

Purchase Order Type	2009/10		2010/11		2011/12	
	Value	Count	Value	Count	Value	Count
Service Contract	\$ 276	1,116	\$ 156	1,388	\$ 336	1,144
Standard PO	130	3,413	87	2,946	80	2,317
Contract of Supply	81	622	104	782	126	633
Estimated Quantity	69	497	33	380	24	327
Standing Offer	2	26	2	7	2	31
Total	\$ 558	5,674	\$ 382	5,503	\$ 568	4,452

Notes

Purchase Order Type refers to the different types of contracts procured by the DGS. For additional definitions please see Appendix I.

PO value is the dollar value (expressed in millions) of the issued purchase order. These do not represent expenditures but are based on value of the PO in the NBON database (often an estimated ceiling amount).

PO count is the number of purchase orders issued (including amendments).

Source: Information and data provided by the DGS (unaudited)

4.61 Exhibit 4.6 suggests service contracts consistently constitute the highest PO dollar value across periods. In 2011-12 service contracts amounted to \$336 million or 59% of the total PO dollar value and 26% of the number of purchase orders issued.

4.62 Contracts of supply were also significant at \$126 million or 22% of total PO dollar value and 14% of the number of purchase orders issued.

4.63 Exhibit 4.6 indicates that standard purchase orders worth \$80 million in total are numerous, at 52% of all purchase orders issued in 2011-12, but they only constituted about 14% of total PO dollar value in that period.

4.64 Although the information provided by the DGS and highlighted in Exhibit 4.6 offers general insight into procurement trends, it can be misleading due to weaknesses in the collection of the data.

DGS data is inaccurate and incomplete

4.65 The DGS prefers to have client departments use the NBON but does not require it in practice. Government departments can order without using the NBON. This means contract usage reports and other information from the NBON is incomplete and therefore cannot be relied upon in planning future procurements.

Potential for lost contract discounts

4.66 In addition, if departments do not use the NBON system for releases, the DGS cannot determine if the price paid agrees to the discounted price that the supplier bid. DGS personnel indicated to us that this was a significant risk that could result in lost discounts if client departments did not confirm price when ordering against the original PO issued by the DGS.

No periodic contract / purchase order monitoring by the DGS

4.67 DGS personnel indicated they do not undertake any form of periodic contract or purchase order monitoring for significant contracts to ensure vendors comply with terms such as discounted price and/or to verify the actual client department expenditure against the established purchase order.

4.68 Therefore, the amount actually spent under significant corporate contracts of supply, for instance, is not readily available to the DGS. Consequently, DGS personnel go directly to past contract suppliers to obtain the order and spend information necessary to properly plan their future contracts.

4.69 We believe complete past purchase data is vital in planning future contracts because it helps the DGS focus effort on high spend and high quantity commodities where greater value for money may be attainable from quantity discounts.

4.70 Unless client departments use the NBON to draw against contracts of supply, the DGS has no way to verify that prices and discounts have been provided by vendors as contracted. This can result in non-compliance and lost savings.

Recommendations

4.71 We recommend the DGS require the use of the NBON system by client departments or implement a mechanism to accurately capture contract of supply draw down information and changes to purchase orders.

4.72 We recommend the DGS establish a plan to undertake periodic reviews of significant contracts to ensure all of the benefits of the contract such as discounted pricing are received by government entities and vendors meet their contracted obligations.

Weaknesses in provincial procurement

4.73 Although both the DGS and the various departments are involved in most stages of the procurement process, the level of responsibility for significant functions and tasks within the

stages is not well defined.

Roles and responsibilities of key entities are not well documented

4.74 We looked for a document similar to the “*Matrix of Responsibilities*” used in the Supply Manual from Public Works and Government Services Canada that identified the roles and responsibility of each entity. We found no such information in DGS documentation as it was limited to procedural guidelines.

4.75 We believe well-defined and documented roles and responsibilities increase accountability across the organizations involved in procurement and further supports good governance practices.

Policies are outdated and procedural documentation is limited

4.76 In their Good Practice Guide, Procurement Guidance for Public Entities, the New Zealand Office of the Controller and Auditor-General stated that “*Organisational policies and procedures are more effective when they are up to date and easily available to all staff who need to access them.*”⁵

4.77 We reviewed the Government of New Brunswick (GNB) Management Manual policies available from the GNB intranet related to purchasing in government. We found that some are outdated with references to departments, branches, practices, and forms that no longer exist.

4.78 We did find that there is a Procurement Coordinator Information Manual and an RFP process summary document on the GNB intranet which is available to any government entity with access to the site. We were also provided with an RFP Evaluation Handbook. Although limited and not always followed, the procedures in these documents do reflect some best practices we reviewed.

Recommendation

4.79 We recommend the DGS modernize and update the procurement policy and procedural framework used by government to include the establishment of a policy defining the roles and responsibilities of the entities involved in critical procurement functions, particularly between DGS as the central agency and client departments.

⁵ Controller and Auditor-General, New Zealand. *Procurement Guidance for Public Entities*. 2008, 15.

Exemption approval process is inefficient

4.80 Since November 2010 the DGS has continually tightened the approval process for departmental exemption requests under section 27.1 of the regulation. Prior to November 2010, exemption approvals were made at various positions in the DGS hierarchy based on estimated dollar value of the exemption, as noted below:

Position (Department of Supply and Services)	Authorize up to (\$):
Deputy Minister	500,000
Assistant Deputy Minister	400,000
Director, Purchasing	250,000
Manager - Procurement	150,000
Senior Procurement Specialist	25,000
Procurement Specialist	10,000

4.81 We were told by the DGS that by February of 2012 all exemption requests under section 27.1 had to be approved by the Minister of Government Services and signed by the Deputy Minister of the client department. The DGS also required an acknowledgment (currently in the form of a checkbox on the Request for Exemption form) that the Minister of the client department was aware of the procurement.

4.82 We understand the need to ensure adequate control of the exemption process. It limits competition and transparency in public procurement. There are instances though when excessive control can lead to unwarranted and unnecessary delays. DGS management indicated that the current process takes an average of 20 working days to complete.

4.83 Exemptions can be very small in dollar value and include situations such as purchases of goods and services:

- in emergencies; and
- provided by a vendor under provisions of a warranty.

4.84 We are concerned that in some situations involving emergencies, low risk, or low dollar value procurements the current process may inhibit timely actions by government.

Recommendation

4.85 We recommend the DGS develop an exemption approval policy that balances procurement risk and value against timeframe considerations to better meet client

department and DGS approval requirements.**Non-compliance in procurement practices**

4.86 The Act, regulation, and policies provide a framework to support competition, transparency, and accountability in the public procurement process.

DGS processes support key requirements of regulation

4.87 We reviewed the DGS procurement processes for regular procurement requests and specific exemptions requested by client departments under section 27.1 against the Act, regulation, and policy requirements. We determined that the current, documented process supports key requirements of the regulatory framework.

4.88 We selected and tested 12 procurement files from Fiscal 2011-12 NBON purchase order data which represented typical procurement projects of differing purchase order values. We found no significant issues with five of these files. We also selected and tested seven exemption requests approved in 2011-12 under section 27.1 and found no significant issues with three of the seven.

Compliance issues

4.89 We noted practices used in some items tested appeared non-compliant with the regulatory framework. We reviewed these cases with DGS procurement personnel to determine if any further evidence existed to establish compliance. We were unable to find evidence in the DGS files to provide sufficient assurance that the requirements under the current regulatory framework were met in these cases. We did not conduct any work at the client departments.

4.90 Our compliance findings refer only to the items tested and we caution readers against drawing conclusions on matters not reported. The following exhibit provides a summary of our findings.

Exhibit 4.7 - Summary of Compliance Findings by Contract Type

4.7 SUMMARY OF COMPLIANCE FINDINGS BY CONTRACT TYPE					
Compliance Issue	Instances per Items Sampled	Contract Description	Estimated Cost (\$)/ Contract	DGS Response	
Contracts exceeding thresholds were not publicly tendered	2 of 12	Service contract to determine program effectiveness	50,000	DGS concurs	
		Service contract for the development of an employee engagement process	49,650	DGS concurs	
Procurement under the wrong Act	1 of 12	Service contract for open pit mine dewatering	700,000	DGS concurs	
Open invitation to tender period was inadequate for a public tender	1 of 12	Service contract for open pit mine dewatering	700,000	DGS concurs	
Incomplete tender evaluation information	2 of 12	Service contract for the provision of property negotiation services	400,000	DGS concurs	
		Contract of supply for OEM off-brand light duty parts	3,750,000	DGS concurs	
Missing final contracts	2 of 12	Service contract for the provision of property negotiation services	400,000	DGS concurs	
		Service contract to determine program effectiveness	50,000	DGS concurs	
Successful bid submissions lacked required information	1 of 12	Service contract for the provision of property negotiation services	400,000	DGS concurs	
Bid submissions opened prior to the public opening due to improper completion by vendor	4 of 12	Service contract to provide information technology resources over a 3-year period	4,500,000	DGS concurs	
		Service contract to provide out of country medical services fee negotiations over a 5-year period	400,000	DGS concurs	
		Service contract for the provision of property negotiation services	400,000	DGS concurs	
		Contract of supply for OEM off-brand light duty parts	3,750,000	DGS concurs	
DGS approved exemption requests that did not fulfill requirements	4 of 7	Service contract to provide apprenticeship technical training course over a 5-year period	350,500	DGS concurs	
		Service contract to provide executive leadership training	95,000	DGS concurs	
		Service contract to provide bilingual Systems Analyst resource	100,000	DGS concurs	
		Service contract to provide educational textbooks and resources over a 3-year period	900,000	DGS concurs	

Note: Estimated Cost (\$) was taken from the supply requisition submitted by the department and does not include tax.

Contracts exceeding thresholds were not publicly tendered

4.91 The Act requires that services with an estimated cost exceeding \$50,000 (including tax) be procured using a public tender.

- 4.92** In 2 of the 12 procurement files we reviewed, where estimated cost (including tax) exceeded the \$50,000 threshold, the DGS used price solicitation instead of public tendering. Price solicitations are only allowed in the regulation for services not exceeding \$10,000.
- 4.93** In one of these cases the client department did not appear to complete a supply requisition until after the award was approved. The regulation requires that “*A department shall request the Minister to purchase supplies and services by completing a supply requisition...*”
- 4.94** In each case it appeared only two vendors were invited to submit a quote. With price solicitations, the DGS recommends the client department invite at least 3 vendors to submit quotes in an effort to support competition.
- 4.95** In both cases, it appeared the entire procurement was handled by a single DGS employee, including the purchase order authorization. Although this individual had adequate authority to authorize the purchase order, the risk of non-compliance increases when only one individual is involved and no review is completed by a second employee or management.
- 4.96** Public tendering is required above specific purchase values to enhance competition and transparency. By using price solicitations to avoid a public tender, competition can be significantly limited, possibly resulting in greater cost to the Province. We believe the DGS should ensure that public tendering is used when required under regulation.

***Procurement
handled by single
DGS employee***

***Procurement under
the wrong Act***

- 4.97** Contracts in New Brunswick can be procured under the PPA or the CCCA. In one contract we reviewed, related to construction work with an estimated cost of \$700,000, the procurement was completed under the terms of the PPA although the final contract and numerous communications referenced the CCCA.
- 4.98** Each Act has different requirements under public tendering. The CCCA for instance, has different threshold rules and requires bid bonds and/or security deposits in certain circumstances to protect the Province’s position from contractor default. Avoiding these requirements by tendering under the PPA shifts risk to the Province.

***Open tender period
was inadequate for a
public tender***

4.99 Although publicly advertised under the PPA instead of the CCCA, the open period for the tender appeared to contravene regulation. The supply requisition was dated March 28, 2011 with a required date of April 15, 2011. Tender documentation in the file indicated an original publish date of April 6, 2011 and a closing date of April 20, 2011. This allows only 13 days for the DGS to complete the procurement process

4.100 Public tenders are required under the regulation to be openly advertised for a period of 15 days between the published and closing date. This is meant to ensure that all interested parties have adequate time to submit a response.

4.101 Reducing the open tender period may limit competition and increase the cost of procurements because some qualified suppliers may not have an opportunity to complete their submission documents.

***Tender
documentation***

4.102 Tender documentation should include any attachments required for a vendor to understand the requirements and submit an acceptable response. This would include technical specifications and a request for proposal (RFP) if applicable.

4.103 An RFP is a competitive bid solicitation issued by the procuring entity either publicly or to select suppliers, where the entity is seeking a solution or proposal to resolve an issue with the input of proponents and price is not the only primary evaluation criterion. These are often used for more complex requirements for goods and services.

4.104 The DGS stipulates minimum RFP requirements and provides guidance and a template to client departments when requested. An RFP is considered by the DGS to be a framework for the final contract.

4.105 We found the following instances of non-compliance in tender documentation:

- incomplete tender evaluation information;
- missing final contracts;
- successful bid submissions lacked required information; and
- bid submissions opened prior to the public opening.

Incomplete tender evaluation information

4.106 In one file we reviewed for the procurement of goods under a contract of supply, the evaluation included criteria and weighting that was not well defined in the tender documentation. Additionally, in one of the service contracts we reviewed, we could not trace the weighting used in the evaluation back to the RFP or tender documentation.

4.107 The regulation requires the Minister to “...*clearly indicate in the tender documents the criteria to be used and the method by which the tenders will be evaluated, including the relative weight to be assigned to each criterion.*”

4.108 Incomplete or poorly defined evaluation criteria or weighting may result in unfair evaluations as some vendors may be eliminated for submitting a response that does not adequately address the required criteria.

Missing final contracts

4.109 The DGS requires departments to submit a final signed contract when using an RFP to procure services. In two RFP service files we reviewed we could not locate a final signed contract in the DGS documentation.

4.110 This increases the risk that the scope of work and final price could be changed during contract negotiation without DGS knowledge.

Successful bid submissions lacked required information

4.111 In one service contract we reviewed there were four successful bids awarded at various purchase order values. The documentation in the file for one successful vendor awarded a contract for up to \$100,000 appeared to be missing a copy of the certificate used to confirm stated vendor qualifications as well as other less significant requirements in the RFP. If a bid response does not meet the terms of the tender it should normally be rejected.

Bid submissions opened prior to the public opening due to improper completion by vendor

4.112 We found 4 instances in our 12 sample items where it appeared the sealed tender submissions from vendors were opened before public opening due to absence of required vendor information on the part of the bidder.

4.113 Under section 18 of the regulation, “*A tender is improperly completed if*” (among other things) “...*it is a mailed, hand delivered or courier delivery tender, it is not in a sealed package bearing the correct tender number and closing date on its face.*”

4.114 Typically, we found the original envelope attached to the

file, making it possible to confirm that at least the vendor had provided the required information on the surface of the envelope. In four instances, only the bids were in the files, making it impossible to confirm that the bid was sealed and the envelope was completed correctly by the vendor, per regulation.

4.115 In addition, DGS staff admitted that bids are opened before the public opening process and indicated many bids would be rejected if this were not done. This is because vendors often neglect to include required information such as tender number or closing date on their envelope. The envelope is opened and the information is found in order to accept the bid. They indicated they do this with management approval to support competition in the process.

4.116 When we questioned DGS personnel they agreed this was a contravention under the PPA. They further explained that this typically happens with couriered or mailed packages.

4.117 Although we support competition in procurement and understand the challenge presented to the DGS in this situation, opening bids prior to public opening increases the risk that information will be released before the submission closing date and time, potentially compromising fairness of the process.

Recommendation

4.118 We recommend the DGS:

- **design criteria effective in determining when significant procurements should fall under the *Public Purchasing Act*, adhere to the criteria, and establish procedures to ensure this decision is supported and documented;**
- **design an effective review process to ensure that no single individual can complete the evaluation of a procurement project and award a purchase order; and**
- **enforce compliant procurement practices and ensure adequate file documentation is maintained to demonstrate compliance with the Act, regulations, and policy.**

Specific exemptions from public tendering are allowed under the Act

4.119 There are provisions in the PPA and regulation for various types of exemptions from compliance with the Act or sections of the Act for the Minister of Government Services, government funded bodies (as defined in the PPA), and government departments.

4.120 There are 26 categories of exemptions under subsection 27.1 of the regulation based on many criteria. A listing is provided in Appendix IV.

4.121 Exemption approvals made under regulation subsection 27.1 for a five-year period beginning in 2007-08 are presented in Exhibit 4.8.

Exhibit 4.8 - Exemption Approvals Over 5-Year Period

4.8 EXEMPTION APPROVALS OVER 5-YEAR PERIOD					
Fiscal Year	Total Procurement Value (\$ Millions)	Number of Purchase Orders	Section 27.1 Exemption Value (\$ Millions)	Total Number of Section 27.1 Exemptions	Exemption \$ Value as a % of Total \$ Value
2011-12	567	4,452	143	931	25%
2010-11	383	5,503	109	1,603	29%
2009-10	557	5,674	286	1,736	51%
2008-09	639	5,806	180	1,810	28%
2007-08	513	5,763	204	1,616	40%

Notes

Total Procurement Value - value of purchase orders including exemptions issued during the fiscal year.

Number of Purchase Orders - all purchase orders including amendments and exemptions.

Section 27.1 Exemption Value - dollar value of procurements exempted under section 27.1 of the regulation under the PPA.

Total number of Section 27.1 exemptions - all purchase orders for exempt procurements under section 27.1.

Exemption \$ Value as a % of Total \$ Value - the percentage of exemptions under section 27.1 of the regulation relative to the total procurement dollar value.

Source: Table provided by the Department of Government Services (unaudited)

4.122 Exhibit 4.8 illustrates exemptions under this section represent a significant percentage of total procurement dollar value from a high of 51% in 2009-10 to a low of 25% in 2011-12.

- Required information not included in department requests for Minister's exemption**
- 4.123** A checklist of requirements is included with the Request for Minister's Exemption form provided by the DGS. This checklist can be found in Appendix VIII.
- 4.124** We reviewed seven exemptions approved by the Minister of Government Services under subsection 27.1(1) of the regulation.
- 4.125** Of these seven, four were approved under subsection 27.1(1)(f) of the regulation. This paragraph states:
- “where there is an absence of competition for technical reasons and the supplies or services can be supplied only by a particular vendor and no alternative or substitute exists;”*
- We found the following deficiencies in these four:
- quotes and sole source letters missing; and
 - regulation section not properly identified.
- 4.126** The DGS Procurement Coordinator Information Manual states:
- “For a sole source exemption as listed in section 27.1 paragraph (f) in Regulation 94-157, the request must be accompanied by a quote and a letter from the supplier indicating that they are the only Canadian source of supply for the particular good or service being purchased.”*
- 4.127** In the four requests made by entities under this paragraph, no quote from the supplier was in the file. Only one of the four sampled files included a letter from the supplier. The DGS uses this information as basic proof that the exemption request is valid. Without the letter, as a minimum, the DGS cannot verify an absence of competition.
- 4.128** We found one instance where the regulation paragraph under which the department was requesting an exemption was not included in the request. The inclusion of this information is required for the DGS personnel to measure compliance with requirements of the section.
- Regulation section not properly identified**
- 4.129** We recommend the DGS ensure all of the required information is included with exemption requests to provide sufficient support for their approval.
- Recommendation**

Need for best practice improvements in the procurement process

4.130 We researched best practices in public procurement from a number of sources (see Appendix IX for the main sources referenced). We used these as a baseline against which to compare the DGS practices to determine if improvements could be made.

4.131 We examined 29 procurement files from two fiscal years for evidence of selected best practices. The estimated value of these files was \$30 million, including option years that could be exercised by the DGS without further public tendering.

Recent Improvements at the DGS

4.132 When comparing 2012-13 procurement file documents to the 2011-12 files, we found that the file structure, organization, and supporting documentation had generally improved.

4.133 We saw evidence that some of the benchmarks we researched were regularly in practice at the DGS, including:

- a defined and well documented approval process is typically used for procurements of significant dollar value. This was especially evident in the more recent projects;
- standardized templates are available to client departments for RFP development and Requests for Minister's Exemption. These include many elements we identified as good practice; and
- vendor communications are typically limited to a single point of contact in the DGS during the tendering processes to support fairness and confidentiality.

Indications that positive change is underway

4.134 We noted changes are underway to modernize the procurement process, including initiatives to:

- enhance governance across GNB entities involved in public procurement;
- increase DGS involvement in some critical processes such as contract negotiation; and
- address issues of inconsistency between the regulatory framework and practices employed.

4.135 We did however identify some areas where we believe improvement is possible to strengthen practices in key aspects of public procurement. These include the need for:

- DGS Procurement Specialist involvement in key tasks to

provide sufficient oversight;

- DGS to maintain records in a consistent manner to provide adequate support for decisions made;
- continuous improvement and forward planning; and
- standardization of exemption requests.

DGS Procurement Specialist involvement in key tasks is inadequate to provide sufficient oversight

4.136 In order to effectively provide oversight of the process, the DGS should be regularly involved in tasks that expose government to risk. Tasks that could result in unfair practices, undue influence, or biased recommendations require the highest level of involvement by procurement specialists.

4.137 We believe the DGS should increase their involvement in significant functions, including:

- mandatory site visits during the public tendering process; and
- RFP evaluation committees for significant procurements.

DGS specialists not directly involved in mandatory site visits

4.138 In our sample, two significant procurements with a combined estimated cost of \$4.7 million required mandatory site visits during the period under which the tender was open for bid submissions. It appeared in both cases the site visits were carried out by the client department alone. We were told by DGS specialists that they do not generally attend site visits outside the Fredericton area due to cost considerations. We believe, particularly on significant projects (typically in excess of \$250,000), this increases risk of inappropriate interactions between vendors and client departments that could influence results of the tendering process.

RFP Evaluation Committees - Potential conflict of interest in bid evaluations

4.139 Bid evaluations of significant contracts procured with an RFP are typically completed by a committee from the client department. In 2 of the 11 RFP procurement files we reviewed, a client department committee member was included as a reference on a bid submission. In both cases the particular vendor was awarded a purchase order. This suggested a potential conflict of interest existed in these files.

4.140 In five of these files it was apparent that the successful proponent had an established business relationship with the department from past contracts. This increases the risk that the evaluation could be biased and the award more difficult to defend if challenged.

4.141 As part of their guidance on evaluation teams, the New Zealand Office of the Controller and Auditor-General states

that:

“...the evaluation team should include: a procurement specialist, who ensures that the evaluation process is managed in a fair, robust, and defensible manner, and who understands the rules of the evaluation and ensures that they are followed”⁶

4.142 Some DGS specialists we interviewed indicated they attend all evaluations. Others told us they did not. There was no specific documentation on attendance in any of the DGS files we reviewed, making it difficult to confirm the level of DGS involvement.

DGS records are inconsistent and often provide only limited support for decisions made

4.143 In their Procurement Guideline for Publicly Funded Organizations in Ontario, the Ontario Ministry of Finance provides examples of the types of records that should be retained as best practice in procurement, some of which are presented here:⁷

- approvals obtained;
- copies of procurement documents used to qualify and select vendors;
- copies of award letters, notices and posted announcements;
- copies of agreements; and
- supplier performance, such as performance monitoring and management, and knowledge transfer.

4.144 Despite improvements in the 2012-13 files, we found that documentation maintained in the DGS files remained inconsistent and at times incomplete, particularly in relation to:

- RFP bid evaluations;
- vendor debriefing sessions; and
- final contracts.

RFP Evaluation Committees

4.145 RFP bid evaluation records are critical to support the final award decision recommended for approval to management. We identified a number of weaknesses in evaluation records of the eleven DGS RFP files we reviewed. Some of the more

⁶ Controller and Auditor-General, New Zealand. *Procurement Guidance for Public Entities*. 2008, 75.

⁷ Ministry of Finance, BPS Supply Chain Secretariat. *Procurement Guideline for Publicly Funded Organizations in Ontario*. 12.

significant include:

- three contained no detailed bid evaluation;
- five (excluding the three above) lacked clear explanations for scoring decisions made against criteria identified in the evaluation;
- three did not specifically identify committee members;
- nine did not contain evaluations signed by committee members;
- ten did not provide evidence of DGS attendance at the evaluation; and
- None of the eleven files we reviewed contained any conflict of interest declarations by committee members. As previously mentioned, two had evaluators who were references in vendor submissions.

4.146 We believe adequate records need to be maintained to justify awards to successful vendors.

Vendor debriefings

4.147 Vendor debriefings are provided at the request of unsuccessful proponents. We were told these are often handled by client departments without DGS involvement. We view this as a risk because the DGS has no control over information that is shared by the client departments and may not become aware of legitimate concerns raised by unsuccessful vendors.

4.148 Further, responses should be documented in the file. In one of the files we reviewed three vendors made the request. We only saw one clear response (e-mail) and no formal documentation.

Final contracts

4.149 Final signed contracts are required by the DGS before a PO will be issued for RFP files. Although the DGS provides an RFP template designed to include most of the elements of a final contract, final signed contracts completed by departments do not always follow that format.

4.150 As previously noted, there were two files that contained no final contract. We reviewed other files where contracts were included but lacked correct signatures with witnesses (2) or were not dated on the signature page (3). In addition, there was variation with contracts when compared to the RFP document.

4.151 When we spoke with the DGS specialists, some indicated

they only verify that final price is reflective of the award. Some suggested they are not legal experts and cannot review contracts at that level of detail.

4.152 Regardless of whether the DGS specialists have legal experience we believe a comparative review of contracts against the RFP requirements as well as a cursory review to verify dates and signatures should be part of good practice.

**Need for
continuous
improvement
practices and
forward planning**

4.153 Among the best practices highlighted under “*Review and Improve*”, the Ontario Procurement Guide cited above included:⁸

- develop a time frame, for example, once a year, to review procurement policies to make sure they still apply to the organization’s present business and operational needs, and
- monitor contracts, vendor performance and satisfaction with the procurement process regularly, and introduce improvements as necessary.

4.154 We looked for evidence of practices meant to improve the procurement process and future contracts. Such practices included:

- client department and vendor feedback;
- procurement summaries;
- periodic project/file reviews;
- vendor performance reporting; and
- standardization of exemption requests

***Client department
and vendor feedback***

4.155 For significant, repetitive contracts such as contracts of supply for janitorial services or furniture, we looked for evidence the DGS was soliciting feedback from client departments and vendors in an effort to improve the future contract. We believe this could have been done for at least five of the contracts we reviewed.

4.156 We saw evidence that this was completed in one 2011-12 file during the planning stage. A second file showed some evidence of this but the documentation was poor. We were told by DGS specialists that they sometimes do this but do

⁸ Ministry of Finance, BPS Supply Chain Secretariat. *Procurement Guideline for Publicly Funded Organizations in Ontario*. 13.

not always document results. Documentation of feedback for significant contracts should provide a summary of what was learned to facilitate positive changes in future contracts of similar nature.

Procurement summaries

4.157 Using a procurement summary is a way for DGS specialists to finalize the file by formally summarizing the challenges faced and the lessons learned during projects to avoid repetitive problems and share best practices. We saw no evidence of this in the files we reviewed. However, we were pleased that two DGS personnel provided examples of this in recent files.

Periodic project / file reviews

4.158 Periodic file reviews are not completed at the DGS. A primary purpose of file review is to highlight practices used in procurement projects that either should not be used or would be considered good practice references for future use. We also believe this reduces risk of non-compliance in procurement projects.

4.159 The DGS indicated it does use team meetings and briefings to identify practices and challenges encountered in projects.

Vendor performance reporting

4.160 We saw no evidence of vendor performance reporting in the files we reviewed. Interviews with DGS specialists confirmed that this is rarely done unless there is a significant issue. Vendor performance should be evaluated and documented by client departments for contracts of significant dollar value as part of good contract management practice. A summary report should be provided to the DGS at the end of significant contracts. This provides valuable feedback for reference during future procurements and supports fairness and accountability in the process.

Standardization of exemption requests

4.161 In our review of exemptions approved under section 27.1 of the regulation, we noted the DGS has a request form with a good checklist of requirements including many best practices for departments to use in making a Request for Minister's Exemption but there is no requirement to use it.

4.162 The checklist and form are an attempt to standardize requests and make the process more efficient. We believe entities should be required to use this form for exemption requests to better promote consistency in the process and help ensure adequate information is submitted.

Recommendation

4.163 We recommend the DGS create best practice policies and procedural guidelines including but not limited to:

- enhancing the role of the procurement specialist to include the level of involvement in critical functions such as mandatory site visits and membership on Request for Proposal (RFP) evaluation committees;
- improving records management practices to ensure consistency, completeness, and adequate decision support for vendor debriefing sessions, final contracts, and RFP bid evaluations to address issues such as:
 - missing and incomplete evaluation documents;
 - potential conflict of interest situations;

and

- enhancing continuous improvement processes to improve forward planning by including practices such as soliciting vendor and client department feedback, completing procurement summaries and vendor performance reports, and undertaking periodic file reviews.

Performance Reporting

4.164 Effective public reporting of performance provides government accountability to the public, allows government to monitor programs and services effectively, and promotes better decision making.

4.165 The DGS produces an annual report as a primary mechanism of communicating performance achievements publicly. We reviewed the Department of Supply and Services (DSS) 2011-12 annual report to determine how the DGS reports publicly on the effectiveness of its procurement division.

4.166 The 2011-12 annual report acknowledges structural changes that occurred in the following paragraph:

“A structural reorganization took place at the close of this fiscal year. The Services Division of the Department of Supply and Services was transferred to the new Department of Government Services and the Buildings Division was transferred to the Department of Transportation and Infrastructure.”

The DSS annual report identifies the overall goal of the Branch

4.167 The 2011-12 annual report states the goal of the Central Purchasing Branch as:

“The goal of the branch is to maximize competition so as to achieve the best value for money while ensuring that all suppliers who wish to compete for government contracts have a fair and open opportunity to do so.”

Exhibit 4.9 - 2011-12 DSS Annual Report Statistics

4.9 2011-12 DSS ANNUAL REPORT STATISTICS		
Activity	2010-11	2011-12
Bids Received	6,084	5,396
Bids Received on NBON	17%	14%
Purchase Orders, Goods	2,633	2,436
Purchase Orders, Services	2,870	2,016
Purchase Orders issued to NB Suppliers (%)	71.0%	72.6%
Purchase Value, Goods (\$)	177,154,674	208,615,027
Purchase Value, Services (\$)	<u>206,154,099</u>	<u>381,079,233</u>
Total Purchase Value (\$) ¹	383,308,773	589,694,260
Notes		
1- Total purchase value in 2011-2012 was corrected from the amount stated in the annual report.		
Activity - the procurement statistics reported in the annual report		
Bids Received - the total number of bids received at the DGS by any acceptable method including hand-delivery, facsimile, courier, mail, and electronic through the NB Opportunities Network (NBON)		
Bids Received on NBON (%) - the percentage of the total bids received at the DGS represented by electronic submissions through the NBON		
Source: DSS annual report – 2011-12 (unaudited)		

4.168 Exhibit 4.9 shows a summary of Central Purchasing activities for 2010-11 and 2011-12 presented in the DSS annual report. Although statistics are valuable in providing general data summarizing activity levels, they do not allow for performance evaluation. Note that some information presented here cannot be confirmed due to data issues identified previously in this report.

The DGS’s annual report has no identifiable performance measures for procurement

4.169 Effective performance measurement requires preset targets to be established against which actual results can be compared. No such targets were reported in the DGS’s annual report. Therefore, readers cannot determine how successful the DGS was in reaching its procurement goals.

4.170 The DGS informed us it is currently developing a balanced scorecard approach to performance reporting for

internal purposes.

Recommendation

4.171 We recommend the DGS publicly report on the goals, objectives, performance targets and actual results achieved by the Strategic Procurement business unit with explanations for any variances between actual results and targets.

Appendix I – Glossary of Terms

Unless otherwise noted these definitions were extracted verbatim from the Department of Supply and Services Policy and Procedure Manual (2000).

Bid	A submission by a vendor in response to an Invitation to Tender or Request for Proposals.
Bid Security Deposit	A sum of money, certified cheque or a bond issued by a surety and deposited with a procurement activity guaranteeing the bidder will not withdraw the bid for a specified period of time, will furnish bonds as required, and will accept a contract, if awarded, or forfeit the deposit.
Construction	The process of building, altering, repairing, improving or demolishing any public structure or building, or other public improvement of any kind to any public real property. It does not include the routine operation, or routine maintenance of existing structures, building or real property.
Contract of supply	A long term contract for the delivery of goods or services that has no quantities listed, has an effective date and an expiry date and an estimated value and whereby users can obtain goods or services directly from the vendor. Example - automotive parts tendered as a contract of supply. (DGS)
Estimated cost	<i>“...cost of the supplies or services and includes transportation costs, tariffs, duties, taxes, installation costs, premiums, fees, commissions, interest and any other costs incidental to the purchase of the supplies or services, but does not include optional renewals if the compulsory part of the contract in relation to the purchase of the services or supplies is of at least one year’s duration.”</i> (Regulation 94-157 under the <i>Public Purchasing Act</i>)
Estimated quantity contract	A long term contract requested by a user for an estimated quantity of goods or an estimated value of services or concessions that has an effective date and an expiry date and a total dollar value. Users draw off the contract by contacting the supplier directly. (Example - the provision of food to provincial jails)
Exemption	The exemption from tendering certain services, goods or concessions or the exemption from tendering services, goods or concessions in certain circumstances.
Goods / supplies	Refers to <i>“goods, wares and merchandise required by a department or a government funded body for the transaction of its business and affairs, and includes all furnishings, whether fixtures or otherwise, all equipment and all stationery and includes services that are furnished incidental to the supply of those goods, wares and merchandise.”</i> (<i>Public Purchasing Act</i>)
Invitation to tender	A written announcement for prospective vendors to submit offers, bids, quotations or proposals for specified services, goods or concessions.
Letter of Intent	A letter issued in advance of a contract in which the signer declares his/her intention to buy, manufacture, or deliver a product, service or concession.
Performance Bond	A bond executed subsequent to award by a successful bidder, to protect the purchaser from loss due to the bidder's inability to complete the contract as agreed: secures the fulfillment of all contract requirements.
Price solicitation	An informal solicitation where oral or written quotes are obtained from vendors without formal advertising and does not require a sealed bid, public opening, public reading of bids and is not subject to the standard terms and conditions and tendering rules.
Purchase Order Alteration (Amendment)	Any written cancellation or alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or any other provisions of any contract.

Appendix I – Glossary of Terms (continued)

Qualified bidders	A list of approved bidders, established by a tender process, in which such factors as financial capability, experience, reputation and management are considered in order to develop a list of qualified potential suppliers.
Request for Proposal	A tender or bid solicitation method used where other criteria listed in the document will be considered in the selection of the contractor in addition to price.
Service contract	Typically client specific agreements to provide services for which there is a defined budget within the client department. Examples would include snow removal, janitorial services, and consulting contracts. (DGS)
Services	Refers to “ <i>services required by a department or a government funded body for the transaction of its business and affairs.</i> ” (Public Purchasing Act)
Specification	Any description of the physical, functional or performance characteristics or of the nature of a service, supply or concession item. A specification includes as appropriate, requirements for inspecting, testing or preparing a service, supply or concession for delivery.
Standard purchase order	A one-time purchase of goods or services delivered to one client. An example would be the purchase of a compressor for a specific use. (DGS)
Standing offer	A long term contract for the supply of goods or services that has no quantities listed, an effective date and an expiry date and an estimated value and whereby users must submit a requisition to Central Purchasing for processing of an order to release the goods or services. Example - a standing offer for furniture. (DGS)
Supply Requisition	A request in written or electronic form to obtain services, goods or concessions, which has the authority to commit funds to cover the purchase.
Tender	An offer that is submitted in response to an invitation from a prospective client.
Tender documents	Those documents issued by the Minister in the Invitation to Tender or Request for Proposals and include any addenda subsequently issued prior to the closing date.
Tender opening	The formal process in which tenders are opened, usually in the presence of one or more witnesses, at the time and place specified in the Invitation to Tender.

Appendix II – Regulatory Framework Information

Under the *Public Purchasing Act* (PPA), the Minister of Government Services is “responsible for administration of the Act” and “may designate one or more persons to act on the Minister’s behalf”.

The PPA also establishes the Minister’s responsibility, for acquiring, “by purchase or otherwise, all services and supplies that are required by a department.”

Exemptions from the Act or specific sections of the Act are available to the Minister, government funded bodies, and government departments. Some exemptions apply automatically while others require formal Department of Government Services (DGS) approval. This audit only reviewed exemptions cited under section 27.1 of the regulation.

Although the DGS is responsible under the PPA and regulation for acquiring goods and services on behalf of departments, it is in reality a shared responsibility. The regulation divides government entities to which the Act applies into two schedules. Different rules apply to the entities represented in each schedule.

Schedule A entities include Part I and Part II departments and agencies (see Appendix III for the complete listing). Except as exempted in specific sections of the Act and regulation, Schedule A entities are required to purchase goods and services through the DGS.

Schedule B entities are defined as “government funded bodies” in the Act and include Crown corporations, universities, and municipalities.

The regulation also identifies responsibilities of suppliers that wish to bid on government contracts and the rules under which the Minister can refuse to accept tender submissions from a vendor and remove the vendor from the registered vendor list.

Appendix III – Schedule A Entities listed in Regulation 94-157

SCHEDULE A	ANNEXE A
Chief Electoral Officer Clerk of the Legislative Assembly Department of Agriculture, Aquaculture and Fisheries Department of Culture, Tourism and Healthy Living Department of Economic Development Department of Education and Early Childhood Development Department of Energy Department of Environment and Local Government Department of Finance Department of Government Services Department of Health Department of Justice and Attorney General Department of Natural Resources Department of Post-Secondary Education, Training and Labour Department of Public Safety Department of Social Development Department of Transportation and Infrastructure Executive Council Office Labour and Employment Board Language Training Centre Management Board New Brunswick Internal Services Agency New Brunswick Police Commission Office of the Auditor General Office of the Comptroller Office of the Leader of the Opposition Office of the Lieutenant-Governor Office of the Ombudsman Office of the Premier	Agence des services internes du Nouveau-Brunswick Bureau du Conseil exécutif Bureau du Contrôleur Bureau de gestion du gouvernement Bureau de l'Ombudsman Bureau du Vérificateur général Cabinet du Chef de l'opposition Cabinet du Lieutenant-gouverneur Cabinet du Premier ministre Centre de formation linguistique Commission de police du Nouveau-Brunswick Commission du travail et de l'emploi Directeur général des élections Greffier de l'Assemblée législative Ministère de l'Agriculture, de l'Aquaculture et des Pêches Ministère de la Culture, du Tourisme et de la Vie saine Ministère du Développement économique Ministère du Développement social Ministère de l'Éducation et du Développement de la petite enfance Ministère de l'Éducation postsecondaire, de la Formation et du Travail Ministère de l'Énergie Ministère de l'Environnement et des Gouvernements locaux Ministère des Finances Ministère de la Justice et du Procureur général Ministère de Ressources naturelles Ministère de la Santé Ministère de la Sécurité publique Ministère des Services gouvernementaux Ministère des Transports et de l'Infrastructure

Note: The Department of Government Services considers school sectors to be part of this schedule.

Appendix IV – Exemptions under Regulation 94-157 Section 27.1

The following is an excerpt of the exemptions available under section 27.1(1) of the regulation.

27.1(1) Subsection 4(1) of the Act does not apply to the Minister or government funded bodies for the following supplies or services or in the following circumstances:

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| <p>(a) purchase of supplies that are the subject of a lease contract where payments are partially or totally credited to the purchase;</p> <p>(b) purchase of services with a total value of less than one hundred thousand dollars where it can be shown that for reasons of specific skills, knowledge or experience, the choice of vendor is limited to one or a very limited number of individuals, provided that the exemption is not used to unduly restrict competition;</p> <p>(c) purchase of supplies or services for representational purposes outside the Province;</p> <p>(d) where the supplies or services are required in the event of an emergency or urgent situation;</p> <p>(e) where the use of a public tendering process would interfere with the ability to maintain security or order, or to protect human, animal or plant life or health;</p> <p>(f) where there is an absence of competition for technical reasons and the supplies or services can be supplied only by a particular vendor and no alternative or substitute exists;</p> <p>(g) supplies or services provided by a vendor that is a statutory monopoly;</p> <p>(h) where it is necessary to ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;</p> <p>(i) for services or supplies provided by a vendor under the provisions of a warranty or guarantee;</p> <p>(j) in the event of an absence of bids in response to a tender made in accordance with the tendering procedures specified in the Act and this Regulation;</p> <p>(k) where supplies may be purchased under exceptionally advantageous circumstances such as bankruptcy or receivership;</p> <p>(l) where the carrying out of work by a vendor other than the vendor who did the original work would nullify the guarantees held;</p> <p>(m) services related to matters of a confidential nature where disclosure of the matter through a public tendering process would compromise the confidentiality of the matter;</p> <p>(n) purchase of supplies or services from philanthropic organizations or handicapped persons;</p> <p>(o) purchase of goods intended for resale to the general public</p> <p>(p) where Board of Management has determined that there would be a significant economic benefit to the province if the purchase is made from a specific vendor and recommends the purchase to the Minister or the government funded body;</p> <p>(q) supplies or services directly related to research and development or production of a prototype or original concept, provided that subsequent purchases are carried out in accordance with the Act and this regulation;</p> | <p>(r) supplies or services purchased from a department, government funded body or non-profit organization;</p> <p>(s) purchase of supplies and services made under the provisions of a cooperation agreement financed in whole or in part by an international cooperation organization, if the agreement specifies different rules for such purchases;</p> <p>(t) purchases of supplies or services made jointly with another government or a department, agency or body under the jurisdiction of that government through an agreement or through an agency established to oversee such purchases provided that the purchases are made through an open tendering process;</p> <p>(u) purchases of supplies or services from standing offer or supply contracts established by the federal government;</p> <p>(v) purchases of sand, stone, gravel, asphalt compound or pre-mixed concrete for use in the construction or repair of roads where transportation costs or technical considerations restrict the available supply base to local sources of supply;</p> <p>(v.1) transportation services provided by locally-owned trucks for hauling aggregate on highway construction projects;</p> <p>(v.2) services for sporting events if the sporting events have been procured by an organization whose main purpose is to organize such events;</p> <p>(v.3) services of financial analysts;</p> <p>(v.4) services provided by an organization for the management of investments if the management of investments is the primary purpose of the organization;</p> <p>(v.5) financial services respecting the management of financial assets and liabilities, including ancillary advisory and investment services and information services, whether or not delivered by a financial institution;</p> <p>(v.6) advertising and public relations services;</p> <p>(w) purchase of products under supply management or regulated by provincial marketing boards;</p> <p>(x) purchase of supplies and services related to cultural or artistic fields;</p> <p>(y) purchase of subscriptions to newspapers, magazines or other periodicals;</p> <p>(z) purchase of supplies or services on behalf of a third party not covered by the Act or this Regulation.</p> |
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Appendix V – Government Services

This description of the reorganization undertaken by government in 2012 was provided by the Department of Government Services.

Government Services

On March 15, 2012, a Government of New Brunswick structural reorganization designed to streamline administration, improve performance and better align existing resources with government renewal goals resulted in corporate services government-wide being aligned under a common Minister and Deputy Minister / President.

The new structure aligned two agencies Service New Brunswick (SNB) and New Brunswick Internal Services Agency (NBISA), with a new Department of Government Services which includes a number of services from the former Department of Supply and Services (DSS) (Provincial Archives, Purchasing, Printing, and Translation Bureau) and the former Communications New Brunswick (marketing, graphic design, Web site and event management).

Government's objective was to bring together the expertise, experience, investment and leadership around a shared service delivery model. In support of this objective, the combined resources of the three agencies are being aligned, thereby ensuring a more comprehensive and effective shared service delivery model. This alignment included the integration of the executive management teams.

Appendix VI – Trade Agreement Threshold Comparison

The following table, provided by the Department of Government Services, summarizes the estimated cost thresholds identified in trade agreements where if exceeded, a publicly advertised tender would be required. Exceeding the thresholds shown for the Public Purchasing Act (PPA) would require an invited tender, not a publicly advertised tender.

Note: All trade agreement values are exclusive of tax, legislated values are inclusive of tax.

	Category	PPA / LAP	APA / EMPA	QC-NB / QC-NB	AIT / ACI	GPA / AMP
Departments / Agencies / School Districts (Schedule A of the Public Purchasing Act) *An <u>invited</u> tender may be issued between \$5,000 <u>tax incl.</u> & \$10,000 <u>tax excl.</u> rather than a <u>public</u> tender.	Goods:	\$5,000*	\$10,000	\$25,000	\$25,000	\$560,300
	Services:	\$10,000	\$50,000	\$100,000	\$100,000	\$560,300
	Construction:	N/A See <i>CCCA / LCCC</i>	\$100,000	\$100,000	\$100,000	\$7,800,000
	PR & Advertising:			\$200,000		

Notes

PPA / LAP – Public Purchasing Act

APA / EMPA – Atlantic Procurement Agreement

QC-NB / QC-NB – Agreement on the Opening of Public Procurement for New Brunswick and Québec

AIT / ACI – Agreement on Internal Trade

GPA / AMP – Agreement on Government Procurement

Source: Chart created by the Department of Government Services (unaudited)

Appendix VII – The New Brunswick Opportunities Network

The information system used by the DGS to support their processes is the New Brunswick Opportunities Network (NBON). The NBON:

- provides a portal for government, suppliers, and the public to access information on contracting opportunities with the Province;
- allows vendors to submit bid proposals electronically and view the status of a procurement opportunity; and
- creates basic documentation used in the procurement process and provides a mechanism to move documents between the entities. It also provides reports for DGS personnel use.

Electronic documentation used by the DGS and produced through the NBON include:

Supply Requisition - completed by the client departments and forwarded to the DGS. It typically initiates the formal procurement process. These are required for all procurements except corporate contracts completed by the DGS.

Invitation to Tender – completed by the DGS as the formal tender notification and document in which specifications and terms of the procurement are stated. This is the document that vendors use to complete their bid submission. Tender amendments usually result in a new version of the document.

Purchase Order – completed by the DGS as a formal order for goods and services. This is typically the final document that DGS produces to end the award stage of the procurement. PO amendments are required when there are changes to dollar value, quantity, schedule, etc.

The NBON system is a key component in the procurement process. It is the central repository for most procurement data and provides procurement project history.

Appendix VIII – Request for Minister’s Exemption Checklist

The following checklist is provided to the client departments on the back of the DGS Request for Minister’s Exemption form. Although the departments are not required to use the actual form, they are to include this information in their requests.

The following elements are to be addressed when submitting a request for Minister's Exemption:

1. A detailed description of the goods / services being requested, including effective and expiry dates where applicable.
2. The reason these goods/services are needed by your department.
3. Is this a recurring request? /If applicable, what action will be taken to avoid another request in the future? (Improved planning or establishing a contract)
4. Under which subsection of the regulation is this request being made? Include paragraph number and description.
5. Provide the rationale for the application of the particular exemption to this procurement.
6. Has this requirement ever been tendered? If yes, please provide details.
7. Could this procurement be tendered? Why? / Why not?
8. Has the department considered NB (or other) vendors for this requirement? If yes, please provide the particulars.
9. Has the department consulted with any other department(s) regarding this procurement? If yes, please provide the particulars.
10. Has the department received a verbal or written legal opinion regarding the procurement? If yes, please provide the particulars.
11. If this request has been approved by senior officials of the department, please indicate at what level.
12. Has this procurement been submitted to [Board of Management] BOM for approval? -If yes, provide a copy of the Record of Decision.
13. Is the Minister aware of and in support of this request?

Note: this is not an exhaustive list; your department may be approached to provide further detail and/or information prior to evaluation and approval of your request. This list may be used as a reference prior to sending your exemption request to Strategic Procurement for consideration.

Appendix IX – Objective 1: Audit Criteria and Sources

Objective - To determine if the public purchasing practices used by government comply with key components of the regulatory framework and best practices

Criteria 1 - Government procurements should comply with the Public Purchasing Act, Regulation, and policy

Primary sources of compliance criteria

1. *Public Purchasing Act*, Chapter 212
 2. *Public Purchasing Act*, Chapter P-23.1(repealed)
 3. Regulation 94-157, *Public Purchasing Act*, 2011, c.212
 4. Administrative Manual System, Government of New Brunswick
 5. Procurement Coordinator Information Manual, Department of Supply and Services, Central Purchasing, June 2009
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Criteria 2 - Government should adhere to established best practices when planning, procuring for, and managing purchase contracts

Primary sources of best practice benchmarks

1. Organisation for Economic Co-operation and Development (2007). *Integrity in Public Procurement – Good Practice from A to Z*. 2007. Retrieved from: <http://www.oecd.org/development/effectiveness/38588964.pdf>
 2. Organisation for Economic Co-operation and Development (2012), *Fighting Corruption in Public Procurement*. Retrieved from: <http://www.oecd.org/cleangovbiz/>
 3. Controller and Auditor General, New Zealand (2008). *Procurement Guidance for Public Entities*. Retrieved from: <http://www.oag.govt.nz/2008/procurement-guide>
 4. Public Works and Government Services Canada (2013). *Supply Manual*. Retrieved from: <https://buyandsell.gc.ca/policy-and-guidelines/Supply-Manual>
 5. Ministry of Finance, BPS Supply Chain Secretariat. *Procurement Guideline for Publicly Funded Organizations in Ontario*. Retrieved from: <http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/English/bps-procurementguideline>
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