

Overview

How To Do Business with The Ontario Government

**Supply Chain Management, Ontario Shared Services
Ministry of Government Services**

May 15, 2006

Procurement Policy Overview

- Management Board of Cabinet (MBC) Procurement Directives for Goods and Services, Information Technology and Consulting Services apply to all ministries and certain agencies
- Advertising/creative communications services procurements covered under separate directive, administered by Advertising Review Board
- The directives otherwise delegate authority to Deputy Ministers for their ministry procurement activities within the corporate procurement policy framework
- Subject to corporate procurement policy framework, acquisitions occur through specific ministry procurement processes with the operational assistance of Ministry of Government Services (MGS) and/or corporate vendor of record (VOR) arrangements

Procurement Requirements

- Competitive procurement process must be fair, transparent, open and advertised widely, using electronic tendering where possible, for:
 - Goods acquisitions valued at \$25,000 or more; and,
 - Services and construction acquisitions valued at \$100,000 or more
- No local preference – Provincial procurement subject to Agreement on Internal Trade (AIT), but no international trade obligations apply
- Services between \$25,000 and \$100,000 must be acquired through a competitive invitational process by inviting at least three written bids/proposals

Procurement Requirements

- Per the Ontarian's with Disabilities Act, ministries must consider the accessibility for persons with disabilities of the goods/services to be purchased
- Contract awards can only be made to vendors in good tax standing
- No conflict of interest or unfair advantage: both for vendors and Ontario Public Sector (OPS) staff. Government has right to disqualify vendor during procurement process or over term of contract if there is a conflict of interest. In particular, during the procurement process vendors must:
 - sign declaration that they do not have confidential information that would give them an unfair advantage
 - identify former OPS employees who participated in preparing bid response to see if that gave them an unfair advantage
 - In the case of public and media relations services and polling services, declare if they are registered under the Lobbyist Registration Act, including whom they have lobbied on behalf, the ministries and subject matter in the past 12 months

Procurement Requirements

For Procurements Less Than \$25,000:

Ministries may establish their own procurement processes for goods and services acquisitions below \$25,000, but such processes must support the principle of obtaining value for money

- Where established for the required goods or services, a VOR arrangement may be used for purchases where the estimated total contract value is less than \$25,000
- When a VOR arrangement is not utilized, ministries must provide a clear description of its requirements so potential vendor(s) can submit valid responses
- Ministries must ensure that the selected vendor(s) can meet the requirements as outlined and that value for money is achieved
- A legal agreement is entered into with the selected vendor(s)

Purchasing Card Program (Pcard)

- Pcard program reduces the administrative costs of acquiring and paying for low dollar value goods and services, generally \$5,000 or less
- Each ministry determines the transaction limit for the cards issued to their staff
- Pcard is issued in government employee name with government liable for all card expenditures

Vendor benefits include:

- Improved cash flow with payment in 24 to 48 hours
- Simplified accounting process

Procurement Requirements

- Non-competitive (single/sole source) procurements above the thresholds are permitted based on certain justifiable exceptions, for example:
 - where an unforeseeable situation of urgency exists and the procurement cannot be concluded in time to meet requirements;
 - procurement of consulting services or goods regarding confidential matters where their disclosure could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest; and
 - where public order or security would be compromised

Advertising & Creative Communications Services

- Ministries may establish their own procurement processes for advertising and creative communications services acquisitions below \$25,000
- Procurements from \$25,000 to \$500,000 must be done either through a separate competitive process or through one of the “pools” established competitively by the Advertising Review Board (ARB)
- The ARB conducts competitions for procurements valued at \$500,000 or more
- ARB conducts separate open competitions for assignments of a large and/or recurring nature, e.g., Foodland Ontario campaign
- The members of the ARB have private sector and industry experience in advertising and creative communications services

Procurement Process Solicitation of Bids

- Potential vendors consulted during business case development; may be through Request for Information (RFI), vendor consultations prior to the release of the Request for Proposal (RFP), or draft RFP
- Once formal RFP is issued, strict rules apply to communications between vendors and buyers
- Official contact designated for all vendor inquiries
- All questions must be submitted in writing and all questions and answers must be made available to all potential bidders

Procurement Process Solicitation of Bids

- RFP must include clear statement of requirements and full description of the evaluation process, including:
 - All mandatory requirements and the weighting for each rated requirement, including price
 - Overall evaluation methodologies, including any minimum score requirements
- Opportunities must be posted for at least 15 calendar days (at least 30 days for Alternative Service Delivery procurements)
- Draft contract/form of agreement included with RFP; includes standard government requirements, i.e., intellectual property ownership, limits on liability, etc.

Procurement Process Receipt of Bids

- All bids must be sealed and delivered on time to the designated location
- Conditional proposals are rejected
- Late bids returned unopened
- Buyer's RFP and vendor's bid become binding contract, i.e., "Contract A"

Procurement Process Evaluation and Selection

Evaluation team members must:

- Follow evaluation process set out in the RFP
- Evaluate vendor submissions; no assumptions

Evaluation process usually has three independent stages:

- Mandatory criteria
- Rated requirements
- Pricing (done last to avoid any influence on rated evaluation)

Procurement Process Contract Award

- Contract is awarded to highest ranked proposal, i.e., “Contract B”
- Contract finalization:
 - No material change to pro forma contract in RFP; and
 - No substantive post award negotiations
- If requested by vendors, ministries provide debriefings explaining why their bid was unsuccessful (subject to FIPPA); facilitates better vendor responses in the future

Vendor of Record (VOR) Arrangements

- A VOR arrangement is a fixed contractual arrangement with multiple vendors for the on-going acquisition of commonly purchased goods or services within a defined term (e.g., 3 years)
- Established through open, competitive procurement processes (i.e., RFPs posted on MERX)
- Vendors may bid according to geographical area (e.g., temp help)
- Vendors expected to agree to common terms and conditions, including pricing
- Buyers do not need to repeat full open, competitive process and get access to preferred pricing (i.e., volume pricing)

Vendor of Record (VOR) Arrangements

- The VOR program is designed to ensure that qualified vendors, including small and medium sized vendors, get access to government contracts once they have been selected as a VOR
- MGS contracts directly with all suppliers although vendors are free to subcontract to others in the agreement if they wish
- Vendors, including small and medium sized vendors, do not have to have broad experience to qualify for a VOR arrangement
- For example, in our IT consulting services VOR arrangements, requirements have been structured so that vendors can submit responses for one or more roles at one or more experience levels within one or more computing environments

Vendor of Record Arrangements Vendor Access

- Generally closed for the duration of the contract
- Can include refresh process to:
 - Capture new vendors
 - Allow for pricing changes by existing vendors
 - Allow for the addition of services/products by existing vendors
- Refresh occurs at defined points during the term of the VOR arrangement and must be fair, open and competitive

Second Stage Selection Process

- Depending on the value of the assignment, buyers may be required to complete a second stage selection process. Specific requirements will be set out in the User Guide for the VOR arrangement
- The second stage selection process shall be concerned only with the particular goods and services to be acquired, including the specific needs and issues for a particular project or assignment, such as:
 - contract price for the project or assignment (vendors may have the option during the second stage selection process to discount their rates);
 - the resources to be assigned; and,
 - availability and timelines to complete the project or assignment.

Second Stage Selection Process

- Ministries do not need to evaluate general requirements of vendors already determined through the initial competition to establish the VOR arrangement
- Where multiple bids or proposals are required under a VOR arrangement, the solicitation and evaluation procedure and criteria must be designed to achieve best value for money in the context of the specific goods and services being acquired

Second Stage Selection Process

- The following are the second stage selection process thresholds:
 - **Under \$25,000** - Select one, or consider more than one vendor, from VOR arrangement
 - **\$25,000 - \$249,999** – Ministries must consider, and invite (where applicable), at least **3 vendors** to submit bids or proposals
 - **\$250,000 - \$749,999** – Ministries must consider, and invite (where applicable), at least **5 vendors** to submit bids or proposals
 - **Over \$750,000** - Ministries must proceed with full open competition, unless a higher threshold is otherwise approved by MBC for a particular VOR arrangement

VOR Arrangements: Vendor Responsibilities

- Establish and maintain relationships with ministry clients through effective marketing
- Determine resource and time requirements for assignments in response to client requests through the second stage selection process
- Sign Statement of Work (if successful)
- Maintain and ensure the availability of qualified resources as proposed
- Transfer of knowledge to Ontario Public Sector staff during services assignments

VOR Arrangements: MGS Corporate Responsibilities

- Communicate corporate VOR arrangement guidelines and policies to vendors and clients
- Make VOR arrangement User Guide available to clients
- Maintain vendor contact lists and profiles
- Monitor VOR arrangement usage and vendor performance
- Resolve issues not settled at client level and / or matters arising from Master Agreement
- Conduct any scheduled refresh processes described in the original RFP
- Extend Master Agreement, discontinue VOR arrangement or issue new RFP upon expiry

Overview

How To Do Business with The Ontario Government Task Force Report

January 2006

Task Force Overview

- On January 12th, the Minister of Government Services released the Report on Doing Business with the Ontario Government Task Force
 - The Task Force was created by Minister Phillips to consult with small and medium-sized enterprises (SMEs) to help find ways to enhance access to government procurement
 - The Task Force held five consultation sessions in Ajax, Thunder Bay, Ottawa, London and Toronto. Each session had the following agenda:
 - Procurement 101 presentation;
 - Joint (participants, OPS staff and task force members) identification of opportunities and challenges; and
 - Oral presentations from participants

Consultation Findings

- Common observations/themes identified by participants identified perceived barriers to doing business with the government including:
 - The Ontario Government procurement processes are too complicated and favours large companies;
 - Responding to government procurements is costly and time-consuming;
 - It is difficult to get information about low-value procurements; and
 - It is difficult to find out which ministries or program areas would buy what the SMEs have available to sell

Consultation Findings

- Government buyers choose vendors that they know and feel comfortable with;
- Government buyers see it as “risky” to buy from SMEs;
- Provide education packages or programs, in partnership with business associations where possible, to SMEs on how to do business with the government;
- Utilize technology to simplify and standardize the procurement process, contract documentation and payments; and
- Require vendor debrief meetings to be offered to unsuccessful bidders.

Task Force Recommendations

Implementation of the 11 recommendations were identified as being either Immediate/Short-Term or Medium Term:

- Develop “outreach” materials and distribute them to SMEs
- Conduct Procurement Education Sessions
- Mandatory Vendor Debriefing
- Mandatory Posting of Contract Award Notices
- Review Invoice Payment Process
- Create Vendor/Government information exchange days

Task Force Recommendations

Medium Term Recommendations:

- Revise Insurance and Limitation of Liability Requirements in Government Contracts
- Review Financial Requirements under VOR arrangements
- Develop VOR arrangements and Requirements based on Project Risk
- Create policy for receiving Innovative and Pilot Project Proposals
- Create a Vendor Information Database

Resources and Contact Information

Please visit the Supply Chain Management website:

<http://www.ppitpb.gov.on.ca>

Telephone: (416) 327-3555

Email: ppitpweb.mbs@mgs.gov.on.ca