



Policy: Government Procurement Policy

Reference #:

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Approved by: SaskBuilds Board of Directors

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Purpose

To achieve greater consistency in procurement policy, continuous improvement based on best practice and procedures across all Government of Saskatchewan public entities and ensure that best value is achieved for the people of Saskatchewan.

Scope

All public entities. This includes: Executive Government ministries, Treasury Board Crowns, the Saskatchewan Health Authority, plus Agencies, Boards, Commissions. This policy applies to all government procurement. This policy was developed in conjunction with Crown Investments Corporation (CIC) and is consistent with the procurement policy and its principles adopted in the CIC Crown Sector.

The following ten sections comprise the policy components of the Government of Saskatchewan Procurement Policy. See the included appendix at the end of this document for further context for this policy.

1. Key Principles

The Government of Saskatchewan is committed to a common set of principles that provide a foundation for all public procurement. These principles include:

- Open, transparent and fair processes;
- Consistent approaches to doing procurement with the flexibility to balance diverse government priorities;
- Best possible value for the people of Saskatchewan and a focus on outcomes and business solutions;
- Demonstrate respect for suppliers by participating in meaningful engagement;
- Easy access to public tender information and opportunities;
- Innovation that fosters efficiency, effectiveness and competitiveness;

- Realization of community benefits;
- Support the growth and development of Indigenous owned businesses and Indigenous employees;
- The use of procurement as an economic development tool;
- Respect for our trade obligations;
- Continuous improvement and capacity building; and
- Accountability for outcomes.

These principles are an important component to supporting the interpretation and application of the procurement policy to specific circumstances for public entities.

For the purposes of this policy, “procurement” does not include the procurement of goods and services for resale, nor the procurement of goods or services that will be integrated into a good or service for resale.

2. Summary of Government Wide Procurement Policy Priorities

The Government of Saskatchewan is focused on achieving best value in its procurement with a commitment to our communities and citizens. We will endeavor to balance and achieve the following policy priorities:

- Ensure that public/ratepayers requirements for goods, services and construction are met through open, principled, and transparent processes that maximize competitive opportunity, and provides the best value and outcomes;
- Conduct procurement and contract management in a way that is principled and results oriented;
- Ensure that procurement opportunities are developed and presented in a manner that encourages suppliers to participate and to propose innovative, value added solutions;
- Replace prescriptive technical specifications with outcome and performance-based requirements where practical;
- Provide flexibility for commercially mandated public entities to place appropriate emphasis on price competitiveness to balance their overall mandate from government;
- Clearly define and publish bidding requirements and evaluation measures used in competitions so that suppliers understand what is expected and how decisions will be made;
- Provide all suppliers with opportunities to help them understand how to bid and be successful in the government marketplace;
- Subject to interprovincial and international trade agreements, ensures that procurement appropriately weighs the impact on the Saskatchewan economy and supplier community as a component of best value;

- Actively support the growth and development of Indigenous owned companies through public procurement, including capacity and skill development for Indigenous workers in the province;
- Be accountable for procurement decisions and provide access to fair and equitable debriefing and complaint/dispute resolution processes;
- Evolve a modern, digital procurement system that is efficient and effective for procurement entities and suppliers; and
- Create a community of practice among public entities to promote consistency and the highest standard of conduct in procurement and supplier relations.

Through the implementation of these policy priorities, the Government of Saskatchewan is demonstrating its commitment to a modern procurement system that delivers best value for government, citizens, ratepayers, taxpayers and ensures fair treatment for Saskatchewan suppliers.

3. Definition of Best Value Procurement

The Government of Saskatchewan is committed to the use of a best value approach in its procurement practices. Obtaining the best value is the reason for conducting procurement. A best value approach means the public entity will structure and conduct procurements in a fashion which allows consideration of factors beyond total cost in determining which supplier proposal provides the greatest overall benefit to the Province of Saskatchewan. While total cost remains a fundamental component of any procurement, public entities are encouraged to consider other applicable factors in developing the evaluation components of procurement opportunities. The following are additional considerations in applying best value procurement:

- Procurements are results oriented and encourage and permit suppliers to propose innovative and value-added solutions, where appropriate; and
- Seeking opportunities to participate in co-operative procurement opportunities with other public entities; municipalities, academic, schools and health sector entities; or with other jurisdictions.

Best value procurement achieves value for the public, taxpayers and ratepayers; ensures fair treatment for suppliers; and provides government with the goods and services it needs to achieve business objectives, deliver public programs, services and infrastructure to Saskatchewan citizens. Best value also ensures that procurement appropriately weighs the impact on the Saskatchewan economy, achievement of community benefits, advancement of Indigenous owned companies and workers, plus economic development and capacity building.

Within the context of best value, public entities should make every effort to source from a Saskatchewan supplier for procurements below established thresholds in trade agreements provided there is sufficient value, capabilities and skills in the province relative to the business needs of government.

Public entities will have the flexibility to consider and balance the range of policy directives they have received from government to balance procurement costs. For example, Crown corporations have a policy priority to provide competitive utility and service rates for citizens, taxpayers and private sector entities.

4. Procurement Pre-Planning

A procurement system focused on best value requires significant procurement planning. Procurement pre-planning provides the critical foundations for an effective procurement with an emphasis on clearly defining the problem or opportunity and framing the competition.

4.1 Clearly Defining the Problem or Opportunity

The basis for achieving best value is provided through clear definition of the business problem or opportunity of a particular procurement. In determining how best value will be assessed, the public entities should:

- Analyze the nature of the problem to be addressed through the procurement;
- Assess market capacity and readiness (e.g., through market engagement);
- Consider the degree of latitude possible for supplier innovation and creativity in proposing solutions; and
- Identify the outcomes the public entity would like to accomplish through the procurement.

In order to maximize the opportunity to realize best value, public entities are strongly encouraged to expand the use of market engagement with potential suppliers for appropriate procurements based on non-standard goods, advanced services and capital projects including design-build solutions. Routine procurements for goods and services with defined specifications are anticipated to require less effort on procurement pre-planning.

4.2 Framing the Competition

There are many factors that each public entity should consider in framing a competition based on the nature of the business problem or opportunity. While not an exhaustive list, some of these may include:

- Potential use of outcome and performance-based requirements over prescriptive technical specifications;
- The quality required in the goods and services;
- Budget, timing, and resource considerations;
- Selecting the most appropriate project delivery model;
- Deliverables, delivery and performance commitments;
- Supplier experience, performance history and demonstrated ability to successfully perform the contract, including service, response time, and support capacity;
- Team and individuals required;
- Risk and compliance management, including safety practices and history;
- Demonstrated knowledge of relevant conditions such as geotechnical, environmental, applicable laws, codes and requirements, etc.;
- Environmental impact of the goods and services;
- Opportunities for Indigenous suppliers, partnerships or labour;
- Commercial or technical risks assumed by the supplier;
- Public policy objectives as relevant to the problem and solution sought;
- Policy, legal and trade obligations; and
- Total cost of ownership.

Total cost of ownership which may consider a range of factors including, but not limited to purchase or contract price; costs of delays or performance failures; administration and contract management costs; extensions, change orders, price change and cost escalation; price of additional features, enhancements, upgrades, etc.; limitations associated with proprietary or patent rights or constraints; cost to exit the contract if necessary; legal or technical costs; shipping and packaging; transition and training costs; licensing costs; knowledge transfer; regular and ongoing maintenance, asset performance, and life cycle costs; warranty, parts, and repair; and disposal and remediation costs.

Consultative, Facilitative and Advisory Role for SaskBuilds in Procurement Pre-Planning

In order to support the implementation of best practices and increased consistency of practice across government, SaskBuilds will fulfill an expanded consultative, facilitative and advisory role for public entities when appropriate. This expanded role is in addition to the role of SaskBuilds Single Procurement Service (SPS) in conducting procurements for all ministries across Executive government over the trade thresholds with the exception of IT procurements which are conducted by SPS regardless of dollar threshold.

Procurement Value	Defined Role for SaskBuilds
All government procurements for goods, services and capital under \$5 million ¹	SaskBuilds is available as a consultative resource to provide advice, review and support in the areas of procurement pre-planning including problem or opportunity definition, framing the solution, supplier engagement, procurement method, evaluation criteria, decision matrix and other areas as appropriate. Applies to all public entities.
Procurements for goods, services and capital over \$5 million ¹ (This value includes the cumulative value of the procurement for all years and possible extensions.)	Public entities are required to consult SaskBuilds as part of their procurement pre-planning process in the areas of problem or opportunity definition, framing the solution, supplier engagement, procurement method, evaluation criteria, decision matrix and other areas as appropriate. SaskBuilds may be involved as an informal advisor to the evaluation team, or provide advice and consultation as part of the award and debrief process. Applies to all public entities.

For public entities that have a significant number of similar procurements that meet the above criteria, SaskBuilds will work with them to develop the most appropriate approach to review procurements. This could include reviewing the general application of approach and tools or review of approach to groups or a portfolio of procurements.

The above parameters apply to both single procurements and multi-year procurements in which the total contract value would meet or exceed the identified thresholds. For example, if a public entity was entering into a procurement for \$1 million per year for a five-year term it would fall into the above considerations. SaskBuilds will ensure its feedback is provided efficiently and effectively in cases where a public entity intends to engage in multiple, similar procurements.

Depending on the nature and circumstances of each procurement opportunity, the degree of procurement can range from being a simple process (e.g., issuing an Invitation to Tender for fire extinguishers) to a complex process involving multiple stages (e.g., gathering background information, qualifying suppliers, and then issuing a competition). Good procurement practice

¹ This threshold applies to all public entities with the exception of the Ministry of Highways and Infrastructure and the Water Security Agency where the threshold has been set at \$2.5 million.

requires a level of rigour that matches the complexity of the business situation, as the associated risks increase proportionately with the complexity of a procurement transaction.

Procurement officers may seek internal or external risk management, financial and legal services as required throughout the procurement process.

5. Balanced and Effective Evaluation Criteria

All submissions in response to a competitive procurement are subject to evaluation after opening and before award of contract. The procurement documents should clearly identify the requirements of the procurement, the evaluation method, and evaluation criteria in order to ensure a focus on achieving a procurement decision based on overall best value. To be effective, evaluation criteria should clearly relate back to the requirements identified in the competition and should reflect the business problem or opportunity and the importance of each requirement as identified in the procurement documents.

The development of effective evaluation criteria for each competition should be completed as part of the pre-procurement planning process. When crafting evaluation plans and criteria, there should be consideration given to how innovation, creativity and alternative solutions will be evaluated and compared. If something is important to a public entity, it should be weighted sufficiently to reward bidders who meet the need, while not rewarding those bidders who do not meet the need. The development of evaluation criteria needs to determine if there are any mandatory elements, plus any minimum thresholds for individual criteria.

All public entities should consider the inclusion of criteria valuing community benefits. Community benefits criteria chosen must comply with pertinent interprovincial and international trade agreements.

Public entities are encouraged to consult with and work with SaskBuilds on the design of balanced and fair evaluation criteria that are appropriate for the industry and the competition. A key priority will be to ensure that the evaluation criteria provide a level playing field for all suppliers.

6. Definition of a Saskatchewan Supplier

Public entities will be asked to track and report on procurement with Saskatchewan suppliers. A Saskatchewan based supplier is one that has a real operational presence within the province and employs Saskatchewan people. In order to determine which suppliers qualify as a Saskatchewan supplier, government officials will be required to use professional judgment.

Within the context of a balanced and fair procurement system that is compliant with trade agreements, there is an expectation that Saskatchewan based suppliers will be provided every legal opportunity to provide goods and services for a procurement.

7. Industry and Supplier Engagement

The Government of Saskatchewan is committed to promoting the development of suppliers and enhancing supplier relationships. All public entities will support the supplier community by undertaking a range of activities including:

- Assisting suppliers in understanding how to do business with government through Supplier Information Sessions and other forms of education;
- When appropriate, conduct early supplier engagement or procurement advisory groups on the business needs and outcomes of individual tenders to hear ideas and feedback that support an effective procurement pre-planning and design;
- Conducting debriefs on open competitive procurement processes where the procurement document is publicly posted;
- Sharing upcoming procurement activities enabling suppliers to prepare for, plan and consider which opportunities to respond to;
- Engage with potential Indigenous owned companies that could be a qualified supplier, or a partner with another supplier, to deliver on specific project opportunities; and
- With the assistance of SaskBuilds, explore and evaluate opportunities to assist suppliers with new product development and to build additional capacity by providing information and support. Pursue potential opportunities when they align with the business interests of the individual public entity and the economic development interests of the Province.

Public entities are encouraged to consult with and work with SaskBuilds on a strategy and program specific to industry engagement with relevant industry associations, plus pre-procurement planning to develop a supplier engagement approach for high-profile, advanced, complex or larger dollar value procurements. Industry and supplier engagement is encouraged to occur, when appropriate, for procurements under \$5 million in value.

8. Indigenous Procurement

When planning a competition for goods, services or construction, all public entities should consider opportunities for Indigenous engagement, plus provide inclusion for Indigenous ownership and Indigenous labour in the evaluation criteria. This can be delivered in different ways depending on whether the target is Indigenous Saskatchewan business engagement, or Indigenous Saskatchewan labour engagement, or a mix thereof. In either case, the aim is

economic development, plus capacity and skills development rather than simple preferential purchasing. Government entities can work with SaskBuilds to evaluate opportunities for the inclusion of Indigenous considerations or procurement options, including access to best practices.

9. Multi-Stage Procurement

In order to achieve best value and demonstrate leadership in service delivery; value and innovation; citizen and industry focus; expertise; and sustainability, it is important for government to remain current with a dynamic and competitive supplier community. Public entities are strongly encouraged to use multi-stage procurements when appropriate to effectively engage with potential suppliers and better define the problem or opportunity, plus frame the solution.

A multi-staged procurement is defined as a procurement in relation to an identified project, contract, or a portfolio of projects that involves an initial assessment of potential suppliers prior to conducting a subsequent competition. The initial assessment may take the form of a market engagement, pre-qualification (such as a Request for Pre-Qualification, Request for Information or Expression of Interest) or a similar process. The goal of this initial assessment is to identify suppliers that may be invited to participate in a subsequent competition, such as a Request for Proposals.

A multi-stage procurement may be beneficial to both public entities and suppliers. It provides flexibility where it is difficult for a public entity to specify project requirements and where the public entity wishes to encourage innovative solutions. Suppliers benefit since generally those that have a higher chance of being successful are invited to participate in the subsequent competition.

All public entities should consider conducting a multi-stage procurement for projects that are high value or complex; where there is uncertainty about the state of competition in the marketplace; where the nature of the procurement entails sensitive information requiring confidentiality protection; or where participating suppliers will invest significant time and resources to respond.

A multi-stage procurement must be conducted for all goods, services, or construction projects that have an estimated procurement value of at least \$20 million for construction, and \$10 million or more for goods and services. Any exceptions to this requirement must be approved in advance by the permanent head, Deputy Minister, President, Chief Executive Officer, or equivalent or designate of the procuring public entity.

A multi-stage procurement is also strongly recommended for projects and contracts considered by owners to be complex, or where it is expected that participating suppliers will need to invest significant time and resources to respond, even where the estimated procurement value is less than twenty million dollars.

The public entity, in consultation with SaskBuilds, when appropriate, will work to choose the most appropriate procurement process considering the needs of the public entity and the impact on suppliers who may participate.

Procurements of \$50 million or higher must utilize a fairness advisor. Any exceptions to this requirement must be approved in advance by the permanent head, Deputy Minister, President, Chief Executive Officer, or equivalent or designate of the procuring public entity. It is recommended that the advisor be engaged as early as possible in the procurement process. Employing a fairness advisor is intended to improve the confidence of all parties that the process will be fair and open.

10. Supplier Debriefing and Evaluation

The purpose of a supplier debriefing is to provide a transparent, two-way communication process for public entities and participating suppliers to exchange constructive feedback on the public entity's procurement processes and practices, and the strengths and weaknesses of the supplier's submission. The goal is to continually improve the procurement system of government and the ability of suppliers to effectively compete.

Supplier debriefings shall be offered by all public entities, at a minimum, to all unsuccessful suppliers who engage in a competitive procurement process. Successful suppliers will also receive a debrief on their submission if requested. While public entities may choose not to offer supplier debriefings for lower value, competitive procurement processes conducted by invitation, a supplier debrief shall be made available if requested.

SaskBuilds is responsible to provide training to employees of public entities on conducting effective supplier debriefing sessions that provide a consistent quality and approach across government. CIC is an active contributor and supporter of training development and rollout.

11. Compliance with Trade Agreements

The following trade agreements contain obligations for public entities in terms of procurement approach including thresholds to publicly post competitive procurement on SaskTenders or a similar procurement site:

1. New West Partnership Trade Agreement (NWPTA)
2. Canadian Free Trade Agreement (CFTA)
3. Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
4. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
5. World Trade Organization (WTO) Agreements

All public entities are expected to adhere to all the obligations contained within the applicable agreement(s) and will be subject to any of the dispute mechanisms available to suppliers.

Appendix: Policy Context

The Government of Saskatchewan is dedicated to addressing public procurement and supply needs in a way that demonstrates leadership in service delivery; value and innovation; citizen and industry focus; expertise; and sustainability. This renewed policy builds on a succession of modernizing initiatives undertaken by the Government of Saskatchewan focused on achieving best value through a consistent approach across government.

Strong Foundations from Priority Saskatchewan

In June 2014, the provincial government announced the creation of Priority Saskatchewan, a division of SaskBuilds that remains responsible for ensuring procurement across ministries and the Crown sector is fair, open, transparent and based on international best practice. Priority Saskatchewan is committed to ongoing consultation with industry and stakeholders and continuous procurement improvement.

Additional Focus from the Procurement Transformation Action Plan

SaskBuilds implemented the Procurement Transformation Action Plan in March 2015. It was a 13-point plan based on the feedback gathered from more than 160 consultations with industry stakeholders and public sector partners (municipalities, universities/ colleges, health authorities etc.). The plan was developed as a best-practice approach to ensure that Priority Saskatchewan had tangible goals and the concrete ability to deliver on its promises.

Evolution of a Single Procurement Service

In October 2018, the Single Procurement Service (SPS), a division of SaskBuilds, was initiated with responsibility for conducting procurements for all ministries across Executive government. SPS is committed to ongoing consultation with industry and stakeholders and continuous procurement improvement.

Best Practices from the Subsidiary Crown Policy Manual

The policy has also been informed by leading practices and policy requirements established by Crown Investments Corporation (CIC). This policy adopts practical components from the Crown sector that will benefit all of government, while also balancing the unique policy role our commercial Crown corporations play in the province.

Our collective aim is to achieve greater consistency in procurement policy and procedures across government as part of a consistent approach. The balance of this document provides the policy foundations for achieving this shared direction. Our procurement policy will always continually improve based on best practices and direction from Cabinet.