

THE DEPARTMENT OF SUPPLY AND SERVICES CONTRACTING PROCESS

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The Department of Supply and Services' role and procedures are outlined as they relate to those using the services of the Department of Supply and Services and those receiving contracts.

There are two basic principles which cover all the policies and procedures. These are"

- i) the equality of opportunity to compete for Government contracts must be afforded to all qualified suppliers; and
- ii) that fair value for the taxpayers' dollar must be obtained.

1. INTRODUCTION

The objective of my presentation is to outline the role and the procedure(s) followed by the Department of Supply and Services (DSS) in that process which results in a contract between DSS on behalf of a Customer Department and a Contractor.

2. DEPARTMENT OF SUPPLY AND SERVICES

The Department of Supply and Services is a service department offering its contracting and procurement expertise to other Government Departments, Agencies and others. This service runs the gambit from "pencils" to "ships". Somewhere in that mix of procurement you find the Science Centre, one part of the Department of Supply and Services, which is charged through Treasury Board's Contracting-Out Policy, with the purchase of the Government's science and technology requirements. Within this policy the Science Centre contracts for Human Science Activities of research and experimental development and related scientific activities with the majority of the survey studies contracted for by the Science Centre falling in the category of Operations and Policies studies.

As a service department, the Department of Supply and Services is on "cost recovery" and charges its customers for its services.

I will use the term "Customer Departments" and "Customers". This is simply a reference to anyone, organization, agency or Government Department, on whose behalf this Department issues a contract.

As a service department, DSS exists to assist its Customers to achieve their mandate, objectives and needs within the laws of Canada and Treasury Board Directives. It is the process of providing this service within the rules which causes conflict between DSS, its Customers and Contractors.

3. BASIC OBJECTIVES

The objectives of the DSS procurement process may be simply stated as:

1. Equality of opportunity to compete for Government contracts
MUST be afforded to all qualified suppliers;
and
2. Fair value for the taxpayers' dollar MUST be obtained.

All the rules of the game, whether Acts of Parliament, Treasury Board Directives, DSS policy, can be related to the above two objectives. Keeping this in mind you will see later how this creates "Catch 22" situations where we are "damned if we do some things and damned if we don't".

4. SCIENTIFIC AUTHORITY VS SCIENCE PROCUREMENT MANAGER

In the relationship between DSS and its Customers the main actors are the Scientific Authority from the Customer and the Science Procurement Manager from DSS. The roles of each are detailed in the "Contracting-Out-Policy" but may be simply stated here as: technical responsibility rests with the Scientific Authority, Customer Department, and the contractual responsibility with the Science Procurement Manager, DSS. Both are charged with working together to achieve the best result for the Crown.

5. THE PROCUREMENT CYCLE

Briefly, I have set the stage of responsibilities between DSS and its customers. I will now describe the procurement cycle where the relationship

between the Government side and the contractor will be clarified and the inter-action between DSS, Customers and Contractors will hopefully become clearer. FIGURE 1 is an overview of this process and my comments from this point will be to expand upon this diagram.

6. ADVANCE DISCUSSION

It is recommended that our Customers contact the Science Centre at the conceptual stage of a contractual requirement. This provides for planning and role understanding in order that the Science Procurement Manager will understand what is required and the Customer, the Scientific Authority, will understand the DSS procurement process. Where a Treasury Board Submission is required the Science Centre can advise a Customer as to some items which should be addressed, such as: source justification, for non-competitive procurements, data bank approval and use of Unsolicited Proposal funds. If this type of problem is covered by the Treasury Board approval then the approval cycle within DSS is simplified. The advance information also permits work to start on the "Statement of Work"; Sourcing; the Request for Proposal document and the Evaluation Criteria.

These discussions also permit the Science Centre to carry out manpower planning to determine the future workload and thereby to provide a better service to our Customers. Our workload is determined by our Customers, making it difficult to predict unless we are taken into our Customer's confidence on their coming requirements. Some view this as interference by DSS, but the objective is to avoid delays through ignorance or misunderstanding.

7. REQUISITION

The Requisition is the formal piece of paper, signed by the Customer's authorized representative, that authorizes DSS to act on behalf of a Customer. It provides information on: what is required; who the Customer contacts are; time schedule; any special conditions applicable to this requirement and funding for the study.

Usually there are items to be discussed between the Scientific Authority and

the Science Procurement Manager which are not included in the Requisition. The close liaison between the Scientific Authority and the Science Procurement Manager is encouraged in order that the Customer needs can be satisfied and to resolve problems when they arise. One of the big problems in contract management is not taking action when a problem arises. The longer the time lapse is the more difficult a problem is to resolve. With the arrival at DSS of the Requisition or as a result of the advance discussion the activities in the broken line box are initiated.

8. STATEMENT OF WORK

The Statement describing what is required, in DSS jargon the "Statement of Work", is the MOST IMPORTANT document. It is from this document that: Sourcing; Request for Proposal; the Evaluation Criteria; and the Final Report result. A poor Statement of Work results in problems all through the contracting cycle. This is the item that gives DSS the MOST problems in that rarely is the work required well defined, and, as a result, conflict arises when DSS pushes for a better work specification.

9. SOURCING

Simply stated, this is the identification of who is to do the work and why on a "sole source" contract, or for a "competitive solicitation" who is to be included in the Bidders' list. We have, as you can see, four ways of identifying potential sources for a requirement. The Science Procurement Information Network (SPIN) has listed by: firms; companies; individuals; universities; and non-profit organizations, their stated capabilities. At present the listing in SPIN is approximately 10,500 establishments. Those entered in SPIN are classified by their capabilities, using "key words".

For a particular requirement the Science Procurement Manager, in consultation with the Scientific Authority, selects the required capabilities in a hierarchical manner to obtain a list of firms having the required expertise. The source files are then reviewed to confirm that the firms placed on the Source List have the capabilities which are required.

The Science Centre mails monthly a Research and Development Bulletin to approximately 10,000 individuals, firms, non-profit organizations, and others, and includes a Section for "Forthcoming Requests for Proposals". This approach is used when sources for a study cannot be satisfactorily identified in any other way. Normally, this asks those interested in a particular study to provide a brief review of their expertise and experience in relation to a particular requirement. Other potential contractors are placed on the Bidders' List, as they are known to the Scientific Authority and the Science Procurement Manager. This knowledge is acquired by working in a particular field, thereby learning the capabilities of various firms.

10. REQUEST FOR PROPOSAL (RFP)

This is the formal document which, in my terms, contains all the required "boiler plate". The RFP contains a request for a proposal and specifies what information is required, what is required of the potential contractor (the Statement of Work), the basis on which proposals will be evaluated and the conditions which will apply to any resultant contract are specified. It is this preliminary screening and the limiting of the number of firms receiving the RFP which creates one of the "Catch 22" situations. If a firm is not sent the RFP and it feels that they have the capability to do the work then a complaint is received. If too many people are sent the RFP then complaints are received that the total cost of preparing proposals is greater than the value received by the proposer receiving a contract. In other words, more is taken out of the Canadian economy than what is returned. If anyone has a solution to this problem I would be most interested to hear of it.

11. EVALUATION CRITERIA

The Evaluation Criteria are included in the RFP, along with the rating scheme used. These criteria are not changed during the evaluation cycle unless changed by an amendment to the RFP. The criteria may include evaluation of such factors as: proposed methodology; approach; personnel proposed; firm's previous expertise and resources. The foregoing is not an exhaustive list of factors, since Evaluation Criteria are developed for EACH requirement.

This is necessary as each requirement differs, requiring, perhaps, expertise in different areas or different resources in the firm. For instance: the resources required of a firm for telephone, mail or interview surveys differ.

12. REQUEST FOR PROPOSAL ISSUED

Once the RFP has been finalized it is mailed out to the identified potential contractors. The list of those sent the RFP is included in the document. Anyone, even though his name is not on the list, is entitled to request and receive the RFP and submit a proposal within the conditions, as specified.

13. BIDDERS' CONFERENCE/QUESTIONS

The Request for Proposal will include information about a Bidders' Conference, if one is to be held, specifying where and when it is being held, and requesting that any questions be forwarded to the Science Procurement Manager so that answers may be prepared in advance for the Conference. A Bidders' Conference is only called where it is deemed necessary. It is recognized that travel and attendance at such a Conference is costly and should only be used when justified. The more normal approach is to request that questions be directed to the Science Procurement Manager, in writing, so that written answers may be prepared and sent out. The questions received and the answers prepared are sent to ALL who have been sent or requested the Request for Proposal. This is to preserve the principle of equality of information between bidders.

14. RECEIPT OF PROPOSALS

The Request for Proposal specified where proposals are to be sent and the time by which they MUST be at the appointed place. Again, this is to preserve equality amongst proposers, in that one firm is not placed in a favoured position by submitting its proposal sometime later than everyone else.

15. PROPOSAL EVALUATION

Once proposals are received the evaluation process begins. It is normal to request proposals in two (2) parts: Technical and Financial. This permits

a Technical Evaluation prior to price consideration. Proposals are normally evaluated for technical content by three or more people from the Department requiring the work, in addition to DSS. As proposals are "COMPANY CONFIDENTIAL" they are distributed only to Evaluators who are cautioned about the "confidential" nature of the proposals and their further distribution only on a "need-to-know" basis, by the individuals. This Evaluation Committee could also include experts from other Departments, or other sources, should it be felt to be necessary. The individual evaluators meet as a Committee to reach a consensus on the technical rating of the proposals. Once the technical rating has been established then the proposed price is considered in order to make the final selection, based on "best value to the Crown". Once the evaluation is completed the proposals are returned to DSS -- again to preserve their "Confidentiality".

16. INTERVIEWS

In some instances, interviews may be held with the leading contenders to clarify points in the proposals. No new submission is permitted, at this point. Should a proposer realize that he has made an error, he may withdraw his proposal, but changes WILL NOT BE ACCEPTED. On completion of the interviews the final selection is made and now a contract may be negotiated.

17. CONTRACT NEGOTIATIONS

If the procurement is a competitive one and no major changes are negotiated a "YOUR PROPOSAL IS ACCEPTED" contract may be issued, requiring no price negotiation as the competitive process is deemed to have obtained a fair price for the Crown. Should major changes be negotiated, then the procurement may be deemed to be a "Sole Source Procurement" requiring a detailed price negotiation. You Contractors may not understand why this is necessary but the Science Procurement Manager is charged with certifying that the price is reasonable. Without back-up details he cannot make this statement and therefore cannot support his recommendation for a contract to be placed with you. Any Company's financial information provided to the Department of Supply and Services is kept in "Strict Confidence" and only those on a "need-to-know" basis see it.

18. CONTRACT APPROVAL

Within DSS, once a Science Procurement Manager has a deal, he then prepares a Request for Authority to Enter into Contract. In it he outlines what is being purchased, how much it is going to cost and what the process was by which he reached the deal. DSS has been given the authority to issue contract(s) up to \$1,000,000 sole source and \$2,000,000 competitive, before it is necessary to seek Treasury Board Approval. Once the authority to go to contract has been received, then the proper authority signs the contract and it is issued to the Contractor.

It is at this point that all unsuccessful proposers are notified as to who the successful proposer was and are given an indication of where their proposal was weak. Should further information be required, any proposer may discuss his proposal with the Science Procurement Manager. You must remember that proposals are "Company Confidential" and as such only your proposal may be discussed. You will not be given access to other proposals. This meeting can be most useful to an unsuccessful proposer to identify where he has gone wrong in his proposal preparation, and how to adjust to improve his chances on future requirements.

Once the contract has been issued and signed by the Contractor, we can now get down to the purpose of the whole exercise which is to get some work done that a Department wants.

19. CONTRACT MANAGEMENT

While the contract is in progress the Scientific Authority and the Science Procurement Manager are charged with monitoring the progress of the work, and the payments to the Contractor. The events which signal contract completion are the "Acceptance of the Final Report" by the Scientific Authority and the final payment to the Contractor.

20. CONTRACT CLOSE-OUT

Once all of the above has been completed a Contract Evaluation Report is completed and placed on the Contractor's SPIN File. This is a two-part Report.

The first part is completed by the Scientific Authority and addresses the technical quality of the work. The second part, completed by the Science Procurement Manager evaluates the Contractor's contract management. This report forms the basis for evaluation of a firm's performance and over several contracts may indicate strengths or weaknesses of a Firm.

21. SUMMARY

Once having reviewed the Science Centre contracting cycle and perhaps scared some of you who have not done business with DSS, I would like to say that is is not all that bad and that it works. The basic principles of equality of opportunity and fair value for the taxpayers' dollars underlie the whole process and, in my opinion, are valid objectives for those negotiating Government Contracts.

RESUME

Les rôles et les procédures du ministère des Approvisionnement-
ments et Services sont énoncés, d'une part, pour ceux qui
font appel à ses services et, d'autre part, pour ceux qui
passent des contrats ou marchés avec lui.

Deux principes fondamentaux sous-tendent l'ensemble des
politiques et procédures. Ce sont les suivants:

- (i) il faut donner à tous les fournisseurs agréés la
même chance de soumissionner pour les marchés de
l'Etat; et
- (ii) il faut obtenir, pour les deniers publics dépensés,
une contrepartie équitable.

