



News Release

For immediate release

Procurement Ombudsman finds issues with the federal government standing offers and supply arrangements

OTTAWA, December 8, 2015 – Federal Procurement Ombudsman Frank Brunetta has released a report on the Government's use of Standing Offers (SO) and Supply Arrangements (SA). SO/SA's are two distinct methods of supply established by some departments to facilitate the procurement of frequently purchased goods and services at lower cost through a more expedient procurement process. The review was launched following ongoing supplier concerns regarding the government's use of these procurement tools.

In his report submitted to the former Minister of Public Works and Government Services, and released following the lifting of the Caretaker Convention put in place during the election campaign, Mr. Brunetta finds negotiated prices and rates in individual SOs or SAs could not be verified in 25% of files reviewed. "This raises questions as to whether the purported cost saving benefits of these tools are being fully realized" said Mr. Brunetta.

The report also notes that half of the procurement files reviewed contained critical errors including insufficient documentation. This lack of documentation prevented Mr. Brunetta from determining whether departments involved in the review were utilizing SOs or SAs as intended. The Ombudsman questions how departments can attest that these tools are in fact delivering on their stated benefits when the information necessary for this analysis is often lacking.

The Ombudsman's report notes that there is no central repository of all SOs or SAs in use in the Federal Government. Without such a repository, the actual number of tools and the associated total spending is unknown. Additionally, there is no way of knowing whether duplicate or overlapping SOs or SAs exist across the Federal Government.

Created in 2008, the Office of the Procurement Ombudsman (OPO) is an independent organization with a government-wide mandate to promote fairness, openness and transparency in federal procurement.

This report can be found on OPO's Website at www.opo-boa.gc.ca.

– 30 –

Media enquiries:

Office of the Procurement Ombudsman

Telephone: 613-947-9755

media@opo-boa.gc.ca

Follow OPO on Twitter [@OPO_Canada](https://twitter.com/OPO_Canada)

BACKGROUND

- Standing Offers (SOs) and Supply Arrangements (SAs) are two methods of supply created with the aim of expediting the procurement process and reducing costs by leveraging the Government's purchasing power.
- A SO is an agreement between the government and a qualified supplier to provide frequently needed goods and/or services, as and when requested, at set prices and terms and conditions for a specific period of time.
- A SO is not a contract and there are no obligations for the Government to purchase the goods or services specified in the SO.
- An SA is an arrangement between the government and pre-qualified suppliers that allows an organization to compete among a pool of pre-qualified suppliers for a specific requirement within the scope of the SA.
- SAs are used to purchase goods and services that are not fully defined in advance or require further evaluation (eg. audit services).
- Since a SA is not a contract, pre-qualifying on a SA does not guarantee any level of business by the Federal Government to a supplier.
- The objective of this review was to determine whether departmental contracts issued using SOs and SAs were consistent with the Treasury Board Contracting Policy, the *Financial Administration Act* and supported the principles of fairness, openness and transparency.
- The Department of Foreign Affairs, Trade and Development, Correctional Services Canada, Health Canada, and the Public Health Agency of Canada (as entitled at the time of the review) were included in the review as they were subject to complaints from suppliers related to the SO or SA awarded contract over the past two fiscal years.