



Crown Sector Procurement - Best Value Procurement

Issued Date: December 8, 2015

Authority

The Crown Corporations Act, 1993
Cabinet Minute - # 2262
CIC Board Minute - #182/2015

Applicability

This policy applies to CIC and its subsidiary Crown corporations and their subsidiaries for all procurement of goods, services, and construction whether by purchase, contract, or lease.

Purpose

The purpose of this policy is to:

- Ensure consistency in Crown corporations' procurement practices; and,
- Align the Crown corporation's procurement practices with the Government of Saskatchewan's goal of achieving best value in procurement.

Policy

Crown corporations shall establish procurement practices to structure and conduct procurements in a fashion which allows consideration of factors beyond price in determining which vendor proposal provides the greatest overall benefit to the Crown corporation, recognizing that in appropriate cases, best value can be achieved on the basis of price alone.

Policy guidelines for adopting a best value approach to procurement are documented in the attached Minimum Standards/Application Guide.

Administrative Information

Contact: Director, Performance Management & Financial Analysis, 306-787-2714

Reviewed: February 4, 2016

Best Value Procurement - Minimum Standards and Application Guide

1) Policy Guidelines

Each Crown corporation shall ensure that the best value approach to procurement is adequately reflected in the Crown corporation's existing procurement policies and procedures no later than March 31, 2016.

2) Achieving Best Value

This document sets out guidelines for adopting a best value approach to procurement for Crown corporations procuring goods, services, or construction whether by purchase, contract, or lease.

While price remains a fundamental component of any procurement, Crown corporations are encouraged to consider other applicable factors in developing the evaluation components of procurement opportunities.

Best value in procurements may also be achieved through:

- Procurements which are results oriented and encourage and permit vendors 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 (MASH) sector entities; or with other jurisdictions.

2.1) Assessing the Problem

Best value is achieved through analyzing the needs of a particular procurement. In determining best value, the Crown corporation should consider matters such as:

- Analyzing the nature of the problem to be addressed through the procurement;
- Assessing market capacity and readiness (e.g., through market sounding); and
- Considering the degree of latitude possible for vendor innovation and creativity in proposing solutions.

2.2) Framing the Solution

There are many factors that the Crown corporation could consider in framing a solution to the problem. While not an exhaustive list, some of these may include:

- The quality required in the goods and services;
- Budget, timing, and resource considerations;
- Potential use of outcome and performance based requirements over prescriptive technical specifications;
- Deliverables and performance commitments;
- Delivery;
- Vendor 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 local conditions such as geotechnical, environmental, local laws, codes and requirements, etc.;
- Environmental impact of the goods and services;
- Commercial or technical risks assumed by the vendor;
- Public policy objectives as relevant to the problem and solution sought;

- Policy, legal and trade obligations;
- Total cost of ownership, which may consider factors such as:
 - 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.

Once a solution to the problem has been framed, evaluation criteria and methodology should be developed that appropriately reflect the relevant factors that have been identified for measuring, and ultimately achieving best value. Crown corporations shall keep documentation of vendor evaluations against the chosen criteria to support the internal audit and vendor debriefing processes.

3) Other Considerations

The Government of Saskatchewan encourages the joint procurement of goods and services used by various levels of the public sector when the arrangement results in best overall value or other advantages. Crown corporations, Government Ministries and organizations in the municipalities, academic, schools and health (MASH) sector are encouraged to participate when such an arrangement will benefit both their organization and the Government of Saskatchewan. Crown corporations may, from time to time, enter into a joint procurement activity with other jurisdictions, particularly those within the New West Partnership Trade Agreement.