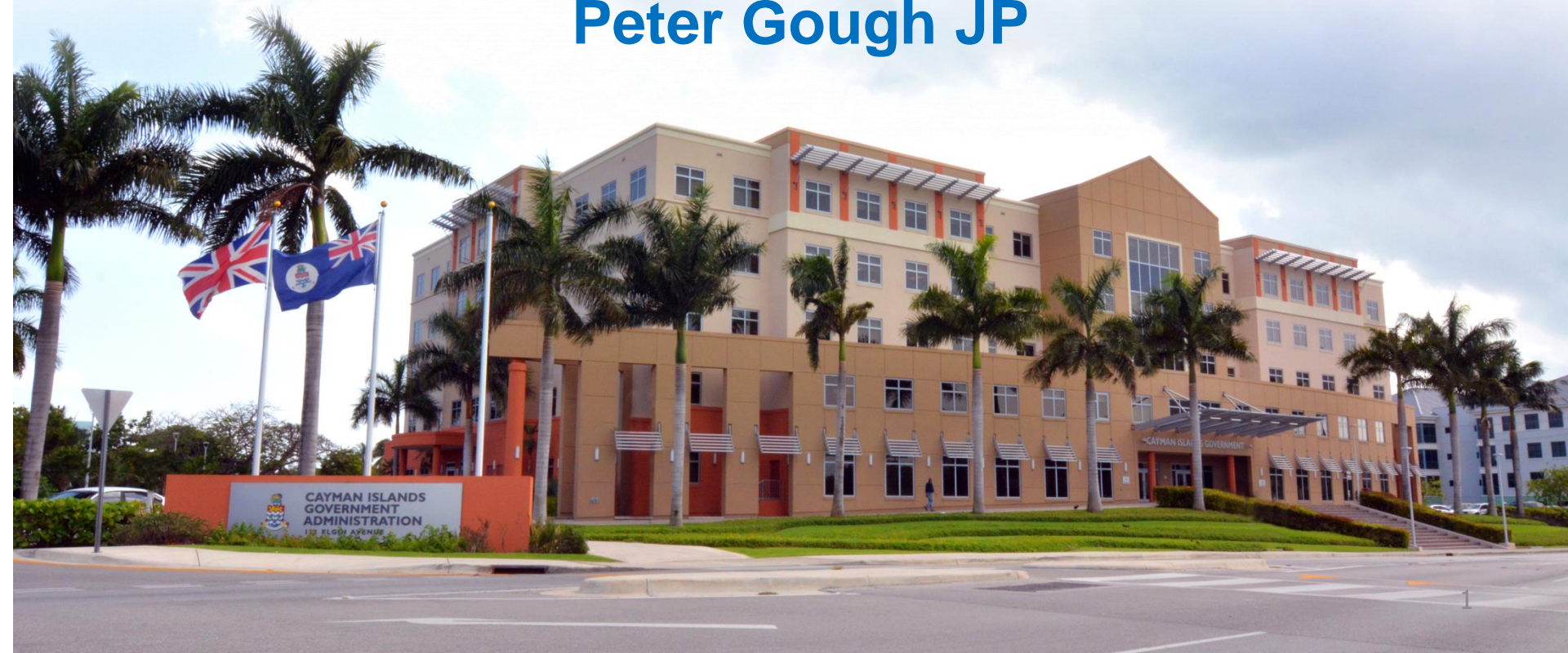




CENTRAL PROCUREMENT OFFICE
MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
CAYMAN ISLANDS GOVERNMENT



“More than just buying stuff” New Procurement Regime Cayman Islands Government Peter Gough JP





The Old Way

- Open tendering only
- RFP advertised in the newspaper
- Sealed envelopes delivered
- Open by Central Tenders Committee
- Copies Made
- Technical Advisory Committees formed, provide recommendation
- Central Tenders Committee recommend award to Manager



Introduction

- Procurement of goods, works and services is a **major component** of the Government's expenditure it is the second-largest category of **expenditure of \$720 million** after human resources.
 - **Supplies and Consumables - 27% of total expenditure**
 - **Personnel Costs - 49% of total expenditure**
- CIG has **55** HR professionals only **2** Procurement professional
- **New procurement law & regulations 1 May 2018** ₃



Auditor General Observations

Two reports from Office of Auditor General in 2011 cited:

- Value for Money not realized
- **Lack of transparency**
- No procurement expertise
- **Political interference**
- Risk of **Fraud and corruption**
- Board involvement in procurement
- Lack of **corporate procurement information**
- No fundamental principles for procurement
- No policy for local business development
- No business cases for procurement
- No code of conduct for persons involved in procurement
- Only one procurement method (open tendering)





Objectives of the new Law and Regulations

- Improving Governance
- **Increasing Transparency**
- Improving Reporting
- **Limiting political involvement to the policy level**
- **Improving Value for money**
- **Providing different procurement methods**
- **Improving procurement management information**
- Developing a Procurement Code of Conduct
- Developing a Local business development strategy



CIG- Definition of Procurement

- Procurement is the whole process of acquisition from third parties and all covers goods and services
- Spans the **whole life cycle** from **initial concept** through to the **end of life of an asset or end of services contract**.



New Central Procurement Office

Two person Central Procurement Office

- **Developing** regulations, policy, related documents and procedures
- **Training and guiding** all Public Officials
- **Ensuring** laws, regs, policies & procedures are accessible
- **Monitoring** compliance
- **Advising** the Public and the Entity Procurement Committees
- **Compiling statistics** on government wide procurement
- Move to **eProcurement**





Procurement Exceptions

- Procurement between entities;
- Procurement during emergency situations;
- Contracting for employment;
- Acquisition or disposition of land
- Education, accreditation or conferences
- Postage and subscriptions for newspapers, magazines and periodicals
- Purchases from regulated utilities



Role of the Cabinet (Politicians)

- To formulate and implement procurement policy that promotes the government's economic and social objectives.
- No involvement in procurement decisions



Public Procurement Committee (PPC)

- **Governor appoints Chair + three members (Advice of Premier)**
 - not be public servants (one to be attorney at law)
- **Leader of the Opposition recommends one member**
 - not public servant
- **Deputy Governor recommends three civil service members**



Role of Public Procurement Committee

Provides **external oversight of the public procurement process**

- thresholds \$250,000 +
- **Reviews business case**
- Reviews solicitation **documents** to ensure it represents the business case
- **Receives and receipts bid submissions \$250,000 +**
- **Ensures fairness, impartiality and confidentiality** in the treatment of bid submissions in its possession
- Agree **sole source** procurement



Role of the Entity Procurement Committee

Chief Officer appoints a chairman and minimum of 2 persons

- Thresholds \$100,000 to \$250,000
- **Reviews business case where required**
- Reviews solicitation **documents** to business case
- **Receives and receipts bid submissions** \$100,000 to \$250,000
- **Ensures fairness, impartiality and confidentiality** in the treatment of bid submissions in its possession
- **Provides technical evaluation** to PPC for bids over \$250,000
- Agree **sole source** procurement



Procurement Code of Conduct

Addresses **conflict of interest**;

- **Governs the conduct** of Public Officials involved in procurement
- **Governs the conduct** of suppliers seeking to do business with government
- A **breach** of the code of conduct by a public servant will constitute **grounds for disciplinary action**
- A **breach** of the code of conduct by a supplier will constitute grounds for sanctions to be applied which **may preclude them from future government bidding opportunities**



Project Appraisal and Business Case Requirement

- **Below \$100K no formal business case is required**
- **Between \$100K to < \$250K a written business case** is to be submitted in the format specified by the **Chief Officer**
- **\$250K or greater a written business case** is to be submitted in a specified the format
- **\$10M + a written business case, local impact assessment and industry consultation** is required and is submitted for review to the **Public Sector Investment Committee (PSIC)**



Direct Award Process or Sole Source

- A Direct Award process, is where the contract is awarded without using a competitive process to a pre-identified supplier
- **It must be documented and justified**
- **Approval** for commencing the Direct Award process must be obtained by the **PPC or EPC**
- **Over \$100K** requires the **approval by the PPC or EPC** dependent on threshold
- **Must be publicly reported within 30 days**



Direct Award Process

Exceptions to competitive process:

- **One-of-a-Kind:** goods or service has no competitive product and is available from one source
- **Compatibility and Continuity:** goods or service must match existing brand
- **Replacement part/item:** replacement part/item for a specific brand
- **Unique design;** goods or service only one supplier;
- **Public interest;** Where goods or services are confidential and could compromise defense, security, or public safety



Cayman Islands Economic Development Preference

- **Assess value for money, the broader socio-economic impact and benefits**
- **Solicit bids** from Cayman registered companies, where **adequate local capability** exists
- **Informing the local supplier community** of upcoming procurement projects
- **Avoiding use of restrictive specifications** which may preclude capable suppliers



Public Notice of Opportunity

All procurements are to be:

- Publicly advertised on a website designated by the CPO
- Open for a minimum of 15 days (clock starts at time of advertisement)
- Supplemental advertising locally is an option



Competitive Procurement Methods

- Open tendering;
- Restricted tendering;
- Request for quotations;
- Request for proposals without negotiation;
- Two-stage tendering;
- Requests for proposals with dialogue;
- Request for proposals with consecutive negotiations;
- Competitive negotiations;
- **Electronic reverse auction.**



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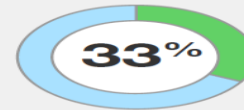
Reverse Auction Report

EASiBuy has partnered with the Cayman Islands Government, delivering innovative reverse auction technology to generate hundreds of thousands of dollars in savings on a variety of procurement projects.

**\$547K savings opportunity on
\$1.78M in budgeted spend**

Office Supplies

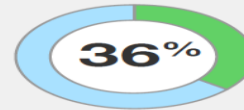
Baseline spend of \$624k with 2 vendors participating, resulting in over 1840 bids and 51 lead changes.



\$200K
savings

Network Modernization & Firewall

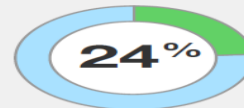
Baseline spend of \$400k with 5 vendors participating, resulting in over 100 bids and 28 lead changes.



\$142K
savings

Laptops, Desktops, Tablets

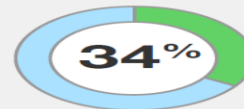
Baseline spend of \$505k with 7 vendors participating, resulting in over 151 bids.



\$120K
savings

Network Infrastructure

Baseline spend of \$250k with 4 vendors participating, resulting in 86 bids.



\$85K
savings



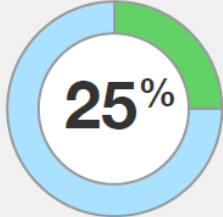
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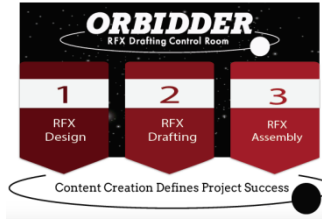
Reverse Auction Report

Cayman Islands Potential

| | est annual spend | potential savings | demonstrated performance |
|--|------------------|-------------------|--|
| Pharmaceuticals | \$8.8M | \$2.2M |  |
| Medical & Surgical Supplies | \$3.1M | \$799K | |



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- Orbidder drafts solicitation document using series of carefully designed questions
- Orbidder creates a customized RFP for each project.
- Orbidder instantly assembles the final tendering document



- Online vendor portal to solicit and receive submissions.
- Evaluation tools and workflows to engage stakeholders.
- Contract and performance management to centralize contract documents
- Portal for all procurement information



Acceptance of Bids

Authority to award contracts:

- **<\$100K** the **approval** of the **Head of Department** responsible and their **Chief Officer** is required
- **At \$100K to < \$250K** the **Chief Officer** may approve on the **advice of the Entity Procurement Committee**
- **At \$250K or greater** the **Chief Officer** may approve on the **advice of the Public Procurement Committee.**



Debriefing Bidders

- Unsuccessful suppliers can request debriefing within 30 days of the supplier's request,
- Focus on how the supplier was evaluated against the evaluation criteria and **not other bids**
- **Not an appeal of negotiation**
- Purpose is to assist suppliers to bid more competitively in the future



Publication of Contract Award

Publication within **30 days of award** of contract must be published on the website.

Information includes:

- the name of entity;
- a description of the goods or services being procured;
- the name of the successful bidder;
- the total contract value.

Below \$10K a notice of award will be published within



Environmental Impact of eProcurement on Government in 18 months

Saved 531,382 Sheets of Paper

=106 boxes of saved

=1062 Reams saved

=35 Trees saved

Environmental Impact of eProcurement on suppliers

= 100 Trees saved

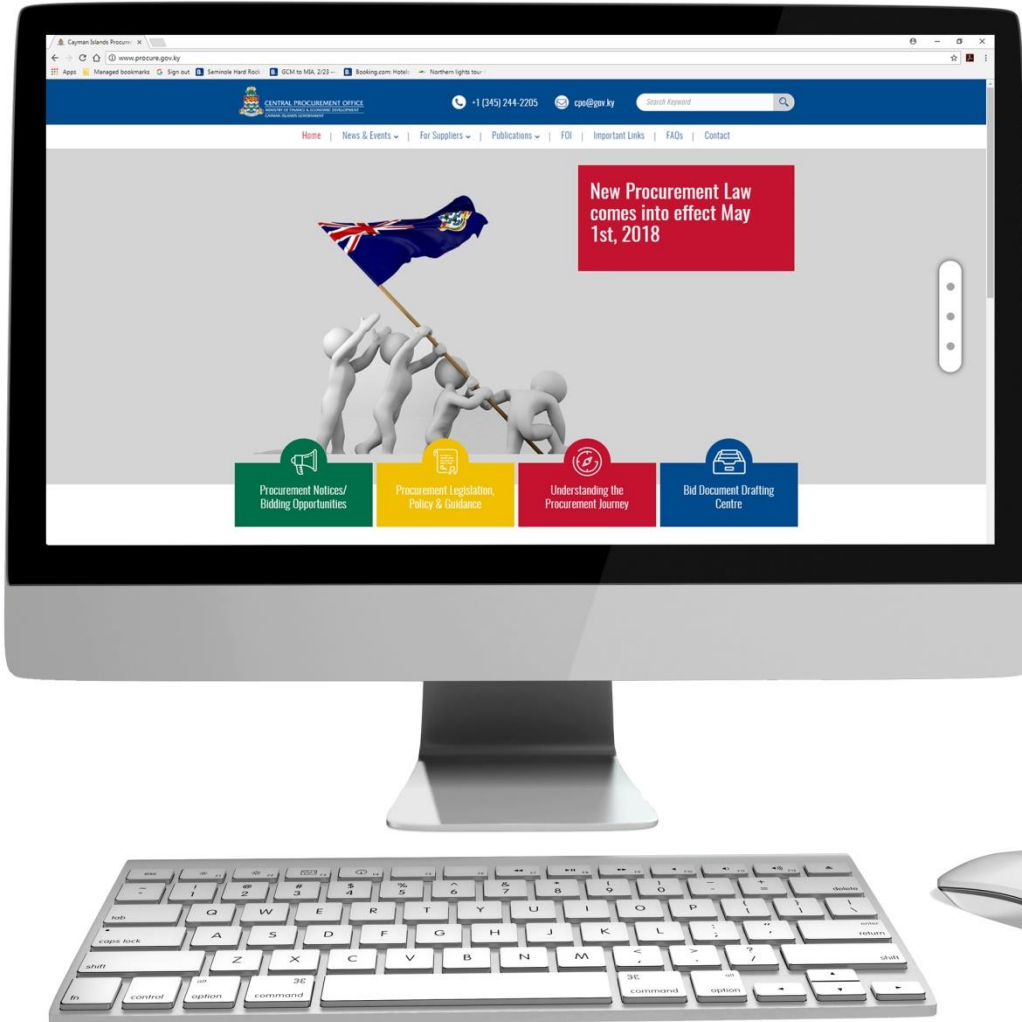


Idrugstore





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For more
information visit
www.procure.gov.ky

Questions