“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 Governments 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
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;

• Governors the conduct of Public Officials involved in procurement

• Governors 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 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.
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.

33% savings

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

36% savings

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

24% savings

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

34% savings

* Savings opportunities based on best offer received
## Reverse Auction Report

### Cayman Islands Potential

<table>
<thead>
<tr>
<th>Category</th>
<th>Est Annual Spend</th>
<th>Potential Savings</th>
<th>Demonstrated Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals</td>
<td>$8.8M</td>
<td>$2.2M</td>
<td>25%</td>
</tr>
<tr>
<td>Medical &amp; Surgical Supplies</td>
<td>$3.1M</td>
<td>$799K</td>
<td></td>
</tr>
</tbody>
</table>
• 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 1 year of the award.
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
For more information visit www.procure.gov.ky

Questions