

Questions and Answers

Q1 What is the procurement initiative and what does it set out to achieve?

A1 As part of its evolution to an integrated service delivery model, Human Services is reviewing its key business processes, including assessing how contract and grant funding is provided to a range of service providers. The review includes aligning multiple contracting tools and practices into an integrated approach, and implementing opportunities for more open and transparent procurement across the ministry.

The shift to more coordinated, transparent and competitive procurement is a significant undertaking that will follow a phased approach over the coming years. The first major initiative is the implementation of province-wide Pre-Qualified Resource (PQR) lists for a range of services, including child and family services, and services to individuals with disabilities.

Q2 What was the impetus for this initiative?

A2 The creation of Human Services in 2011 brought together a range of social program from five different departments, each with its own way of procuring services and supports. This resulted in a fragmented approach to contract and grant management that is administratively burdensome, both for staff and the service providers with whom Human Services contracts. To reduce this burden, the ministry needs to align its contracting function with what is envisioned for an integrated service delivery model.

In addition, Human Services has developed extensive sole-source relationships with service providers over time, and the procurement of services and supports often lacks transparency, clarity and consistency in contracting practices and how contracts are awarded. The ministry needs to take steps to increase accountability by implementing a consistent, integrated and transparent service procurement process that adheres to government policy and meets obligations defined in trade agreements, while maximizing the quality of services provided to Albertans.

Q3 What is a Pre-Qualified Resource (PQR) List and why is Human Services moving in this direction?

A3 PQR lists are lists of service providers that have met defined qualifications for specific services and are therefore considered eligible to provide those services through contractual arrangements. The use of PQR lists is common practice across public and private sectors to establish consistent minimum standards for service delivery, and to provide a level and transparent playing field for awarding work.

On January 5, 2016, Human Services posted four province-wide Pre-Qualified Requests on Alberta Purchasing Connection (APC) for the following service categories:

- Services to individuals with disabilities
- Child and family services
- Transportation services
- Specialized assessments and consultation with health professionals

Implementing PQR lists is a necessary first step in establishing greater consistency, accountability and transparency in how Human Services procures for services. Once established, the PQR lists will provide a foundation for procurement activities, painting a clear picture of which service providers are engaged by the ministry in serving Albertans' needs. In turn, Albertans receiving services and supports are reassured that the service providers we contract with meet a consistent set of qualifications. The PQR lists will also support a coordinated, streamlined process for ministry staff to access qualified providers to meet service needs. Qualified service providers will receive information about new work opportunities and experience improved consistency and transparency in how contracts are awarded.

In addition to supporting greater consistency, transparency and coordination of procurement activities, the use of PQR lists is considered good business practice and is a requirement under trade agreements and procurement legislation. The government's [2014 Procurement and Sole Sourcing Policy](#) states that government must use competitive procurement processes or, when sole sourcing is required, must select from an approved list of vendors, where feasible.

Q4 What does a service provider need to do to become approved as a Pre-Qualified Resource?

A4 To become a Qualified Service Provider (QSP), interested proponents must download the Bid Package for the relevant PQR(s) currently posted on Alberta Purchasing Connection, complete the Submission Package, and submit it to Human Services prior to the closing date of February 5, 2016.

The Submission Package for each PQR includes the following components:

- a Proposal document that includes two checklists; one listing the general requirements which proponents must indicate as 'met' or 'unmet', and another that requires proponents to indicate which services they can provide and in which geographic regions.
- a Master Agreement that sets out the terms and conditions of the PQR, which must be completed and signed in order to make the proponent a QSP.

Human Services is committed to making this process as straightforward and simple as possible. The requirements to become a QSP are not onerous and, in most cases, mirror the requirements currently in place to contract with Human Services. A large volume of PQR submissions have been received to date, and several proponents have indicated they found the process to be straightforward and not administratively burdensome.

Q5 The PQR Submission Package includes a Master Agreement that wasn't referenced or shared in the PQR Information Sessions. Some service providers have expressed concerns about the implications of signing this agreement. How do you respond?

A5 While the materials presented at the information sessions attempted to provide as much information as possible, we were not able to share more detailed information about the specific requirements or contractual clauses encompassed in the PQR prior to the open posting date. This is because we are bound, under trade agreements and legislation, by rules of competition and fairness that are designed to ensure no unfair advantage is provided. While the Master Agreement was still under development at the time of the information sessions, in hindsight, the materials should have included a clear reference to our intent to include one as part of the PQR. There was no deliberate intent to keep this information from or misinform service providers.

The use of a Master Agreement is standard practice when pre-qualifying service providers to provide defined services, and the version developed for the Human Services PQRs is based upon the government standard. It formalizes the relationship between the ministry and a QSP and, once executed, makes each successful proponent a QSP. With this administrative and legal step of the process completed, Human Services can access individual resources, as needs arise, in a timely way. The Master Agreement does not set out the particular work or associated obligations with doing that work but rather frames the general relationship from which future services and agreements would be based. It is important to note that, by virtue of signing the Master Agreement, a QSP is not obligated to enter into a Services Agreement with Human Services. The decision to respond to a Service Request, and to subsequently enter into a Services Agreement, is at the discretion of the QSP.

Q6 Further to Q5 above, some service providers have requested that the PQR submission window be extended to allow proponents more time to review and complete due diligence with respect to the Master Agreement. How do you respond?

A number of factors were considered when establishing the open submission window for the Human Services PQRs, including the estimated time and effort for service providers to review and complete the submission process in advance of the PQR closing date. Consideration was also given to ensure sufficient time is allocated to thoroughly review the PQR submissions, finalize the resource list, perform the service request process, and develop and review new service agreements so that services are in place for the next contract cycle, following the PQR closing date of February 5, 2016.

If proponents require additional time to review the Master Agreement, they may choose to complete and submit it without a signature. PQR submissions received on or before the closing date that include an unsigned Master Agreement will still be accepted and evaluated. In order to meet regional service delivery requirements and ensure adequate time to develop, review and finalize contracts, a signed Master Agreement must be received in advance of the Agreement's effective date of March 1, 2016. Without this step complete, a proponent will not be confirmed as a QSP, and therefore will not be eligible to receive Service Requests as they are issued.

Q7 How do you respond to those who are concerned that the implementation of PQR lists signals an intent to move to competitive tendering or re-tendering of services?

A7 As described in Q3, implementing PQR lists is a necessary first step in defining a clear and consistent procurement approach for Human Services by enabling access to a list of qualified service providers engaged by the ministry in serving Albertans' needs. The establishment of PQR lists is not a tendering or re-tendering exercise. For years, Human Services has procured services on behalf of Albertans through a variety of methods, including competitive Requests for Proposals (RFPs) and sole-sourcing approaches, and we know that the breadth of services and clients served cannot be best supported through a one-size-fits all method of procurement.

The ministry has clearly stated an intention to shift toward more open and competitive procurement in the future, where it makes sense and best meets the needs of the clients we serve. This will take a phased approach over the next few years. It is important to clarify that Human Services does not intend to implement full-scale competitive tendering across its entire service spectrum. We recognize that sole sourcing will continue to be required in some cases based on factors such as the specialized nature of services, potential for client disruption, or requirement for client choice.

Determining which services can most appropriately and effectively be procured through a range of mechanisms will require measured and thoughtful consideration of a number of factors. We are committed to not rushing this process, and ensuring that it is shaped by input from service providers and staff, the people with the greatest understanding of ground-level service delivery and the needs of the Albertans we serve. The Procurement Advisory Table, comprised of service provider leaders across the province, will have a key role in informing and designing this strategic procurement plan

At this time, we can confirm that Campus-Based Therapeutic Services for Child and Family Services will be competitively tendered in 2016. This decision was made following consultation with service providers, starting in 2013, which concluded that changes to the methodology and approach to delivery of Group Care services are required to better meet the complex and changing needs of vulnerable children and youth.

As a normal part of ongoing business, Human Services has and will continue to issue competitive solicitations for services that have previously been tendered in this fashion. In addition, for new work, there may be instances where QSPs will be asked to provide more information as to their experience and specific skillsets so that decisions can be made by a Service Delivery Region regarding who best can serve the needs of the client or client group.

Beyond this, QSPs can be assured that, if there is a planned change to the way the services they provide are procured, this will be determined in the context of a ministry-wide strategic procurement plan and with advance notice to impacted QSPs.

Q8 Compliance with Government directives and Trade Agreements are cited as part of the impetus for the Human Services procurement initiative; however, these agreements provide exceptions for sole-sourcing that seem to apply (e.g. social services and services performed by non-profits). How do you respond?

A8 The Government of Alberta is subject to trade obligations which require the Ministry to base procurements on the principles of openness, non-discrimination, non-circumvention and transparency. All eligible service providers that meet the essential requirements and characteristics for a particular service must be given an opportunity; existing service providers should not be provided treatment that is more favourable than other service providers; the Ministry must not prepare, design or otherwise structure a process in order to avoid the obligations of trade agreements; and the process and the award of work should be transparent.

Although an exception exists for health and social services in the trade agreements, particularly in the New West Partnership Trade Agreement (NWPTA), these obligations clearly state that these exceptions must not be used to avoid competition, discriminate between suppliers or protect its suppliers. In instances where the end services could be categorized as a social service, using the social services exception to justify one social service provider over another is neither tenable nor demonstrating fairness to other service providers who may be able to provide better care and better meet the Department's obligations to the client. Such action would likely be considered a discrimination between suppliers, an avoidance of competition and a protection of Human Services' historical service providers.

In summary, the fact that exceptions to sole sourcing exist should not be considered open license to sole source in all circumstances.

Q9 How is the province responding to those who are concerned about continuity of care for vulnerable populations and where long-term trust relationships exist?

A9 Minimizing disruption to vulnerable Albertans and ensuring access to quality services and supports are priorities for Human Services today and in the future. We recognize that, in many cases, clients have received quality care for many years from the same service provider, and that severing that relationship is certainly not in the best interest of the client. That's why we are encouraging service providers to take the steps necessary to become a QSP and thus be considered eligible to provide services. Contracting decisions will be made by regional contracting staff, who will work closely with clients and QSPs to support quality care, client choice and continuity of care.

Q10 Some service providers have described the process leading up to PQR implementation as rushed and lacking consultation. How do you respond?

A10 We recognize the shift to more open and transparent procurement approaches, including the requirement to become a QSP, is new territory for some service providers. That's why, beginning last summer, we started to let service providers know that Human Services had initiated a comprehensive review of its approach to procurement. This review included looking at the various procurement approaches used by different programs within Human Services, shifts in government procurement, and the ministry's compliance requirements with trade agreements.

Although there wasn't specific consultation with service providers during this review, programs and divisions reported that service providers have advised over the last several years that managing and reporting on contract/grant dollars is inconsistent, onerous and labour intensive. In particular, they say the ministry's processes:

- Lack transparency in how contracts are awarded and the information available on contracts.
- Are inconsistent in standards of contracting, including different requirements for monitoring and varying levels of administrative costs.
- Are administratively burdensome in terms of reporting and contract management.

As the procurement initiative began to take shape, a number of mechanisms were used to update our stakeholders, including written communications, postings to the Human Services website, and presentations to service provider groups and associations. The Procurement Advisory Table was established in October 2015 to inform the design and implementation of future-state contracting strategies or approaches. In November 2015, information sessions were held across the province, attended by more than 1,200 service provider representatives, to discuss the upcoming PQR process. Questions received from service providers and staff during the sessions were posted, along with responses, on the Human Services website. Updates to these Q&As and the website are ongoing.

Q11 Some agencies that provide disability services are concerned that they may not meet the PQR requirement for *compliance with federal, provincial and municipal regulations and bylaws related to service provision* given the current status of the Persons with Developmental Disabilities Safety Standards Regulation. How do you respond?

A11 For service providers that are governed by the PDD Safety Standards Regulation (Regulation), the requirement to comply with section 8 of the Schedule to the Regulation, or Standard 8, has been suspended pending the outcome of the PDD safety standards consultation. Given this, proponents who are not currently in compliance with Standard 8 but otherwise meet this requirement as stated, will not be deemed unqualified on this basis.

Q12 The PQR materials indicate that maximum contract prices will be identified by Human Services. What does this mean for service providers' ability to propose alternate pricing?

A12 To ensure that we are able to report on and stay within our ministry budget allocations, Human Services must establish and state maximum prices for services agreements. This maximum price will be identified in each Service Request. The Service Request process also allows for QSPs to propose alternate rates or to propose a modified approach or deliverables based on the identified maximum price.

Q13 Does the government wish to reduce the number of contracted service providers?

A13 There is no intention to reduce the number of contracted service providers. Ensuring access to a variety of service providers, small and large, with a range of service approaches, is important to ensure that we can support the unique and complex needs of the Albertans we serve. The PQR process will support this by providing a more fair and consistent process for all qualified service providers who wish to be considered for future work with Human Services. In fact, we anticipate this process may result in a greater number of service providers because extensive sole-sourced arrangements have historically limited opportunities for prospective vendors to obtain work with the ministry.

Q14 In 2015-16, many service providers were frustrated by repeated extensions to their contracts. Can service providers expect additional extensions to come?

A14 The typical contracting and funding cycle for Human Services and other ministries was impacted in 2015-16 by the election and subsequent delay in finalizing a budget. In late 2015, service providers contracted by Disability Services and Child and Family Services were notified that their contracts would be extended to June 30, 2016 to ensure adequate time to negotiate, review and approve contracts, and to fully implement the PQR. As communicated at the time, it remains our intention to enter into new contracts with service providers from the approved PQR lists, using new contract templates, beginning on July 1, 2016.

Q15 Will Human Services be issuing new contract templates for the 2016-17 fiscal year?

A15 Human Service has heard from many agencies that the vast array of current contracts is confusing and administratively burdensome as they are operating under several different types of agreements, each containing different clauses and expectations. To address this, and to build greater consistency across Human Services programs and regions, and with the Government of Alberta standard, the ministry will be implementing a consistent suite of contract templates, beginning in 2016. These templates are currently being finalized and will be introduced to QSPs for review shortly.