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# **CIG PROCUREMENT ANNUAL REPORT 2020**

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

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# 1. Introduction

## 2020 RECAP - CHALLENGES & STATUS UPDATE

The 2019 Annual Report laid out the vision and the plans that the Central Procurement Office (CPO) had for the advancement of public procurement in the Cayman Islands. These plans included projects that were both ongoing and planned for completion in 2020. Unfortunately, the on-set of the COVID-19 pandemic resulted in delays, restrictions and limitations on the CPO and CIG on whole. CPO staff were partially re-deployed to support the National Emergency Operation Centre (NEOC). However, the CPO continued its operations and below is an update on all task that were slated to be completed in 2020 prior to the disruptions.

Task	Status as at Jan 2021	Comments
Establishment of the Public Sector Investment Committee (PSIC)	Incomplete	Committee members were redeployed to support the NEOC. Continuation of work expected in 2021 pending the implementation of the law and regulation changes.
Recommendations on Procurement Laws & Regulation changes	Completed	Changes submitted to Cabinet and then sent to Legal Drafting. New Law & Regulations not yet in force.
Recruitment of two CPO members of staff to continue building internal capacity	Partially Completed	1 New Member of Staff Recruited – Joined Jan 4 <sup>th</sup> 2021
Public Reporting Requirements – ensuring the facilities are in place for entities to meet the new reporting requirements	Completed	Facilities are in place – 2021 will focus on increasing use and compliance
Expanded use of Bonfire Capabilities	Ongoing	Trainings conducted on the use of electronic questionnaires and bid tables.
Training on Bonfire Auto-Scoring functions	Completed	Training was conducted with a group of Bonfire users, training is still available and will be conducted in 2021
Continue rollout of new templates and technology	Ongoing	Template review to be conducted in 2021
Continue planning ongoing education & training initiative	Ongoing	Training programmes are continually being rolled out.
Frameworks to be established for frequently purchased products and services	Ongoing	Specific opportunities for Government Wide Contracts to be identified and contracts implemented in 2021.
Introduction of Procurement Plans across the Government.	Partially Complete	Procurement Plans have been produced and published on the CPO website for some entities but not all.
Development of more Policies & Procedures to further improve procurement methods and procedures.	Ongoing	Framework procedure produced but additional procedures needed that will be noted in the planned task for 2021
Conduct an exercise to determine CIG progress towards achieving world class procurement standards.	Incomplete	Exercise to be designed and executed in 2021 as part of planned tasks.

## **CAYMAN ISLANDS GOVERNMENT PROCUREMENT**

Procurement means the process by which an entity acquires goods, services or works from an external supplier to support the delivery and maintenance of government programmes, services and infrastructure, such process spanning the complete life cycle from initial concept. Within the Cayman Islands Government (CIG), including Statutory Authorities and Government Companies, the 2020 budget for supplies, consumables and capital projects was \$576,384,000. For 2021, the budget for supplies consumables and capital projects is \$506,178,000. The structure and requirements for individual procurement projects and contracts which constitute these budgets is governed by the Procurement Law (2016) and the Procurement Regulations (2018), both of which came into effect in May 2018.

### **PROCUREMENT LANDSCAPE**

All major procurements (KYD\$100,000 in value or greater) at the Cayman Islands Government (CIG) are required to be publically advertised via an Electronic Procurement portal called Bonfire. Although recommended, procurements below this value are not required to be publicly advertised on Bonfire but their outcomes must still be publicly posted as a transparency measure. Procurement projects are handled by the individual ministries, departments or units based on their needs. The Central Procurement Office (CPO) provides advice and guidance to all Government Entities as well as identifying savings opportunities and establishing frameworks to take advantage of CIG's collective purchasing power. Depending on the value of the procurement contract, there are various levels of approval required throughout the process, from initiation to preferred bidder selection.

For projects with a value below \$250,000, all approvals are handled internally by an individual Entity's Procurement Committee (EPC), Chief Financial Officer (CFO) and Chief Officer (or equivalent). For procurement's with a value of \$250,000 or above, an external oversight body known as the Public Procurement Committee (PPC) is required to review and approve bid evaluations prior to contracting with the preferred bidder.

### **THEMES AND PRINCIPLES**

The Procurement Law (2016) lays out 12 principles of procurement centered on fairness, competition, value for money, transparency and integrity in the procurement process. Additionally, the Cayman Islands Development Preference encourages public procurement to support its local economy by the inclusion of non-financial elements to the bid submission evaluation that favors bidders with positive local, environmental and social impacts. Supporting Small and Medium sized Enterprises (SMEs) can make a significant contribution to local economic growth and development.

## 2. At a Glance - 2020

### COMPLETED TASKS

- Recommendations on Procurement Laws & Regulation changes
  - Changes submitted to Cabinet and sent to Legal Drafting. New Law & Regulations not yet in force.
- Business Case Template Improvement
  - Inclusion of required appendices to increase compliance and focus on local SME inclusion
- Direct Award Template Improvement
  - Justification and approval forms merged to ensure that all information required for informed decision making was captured in one document.
- Launch of CPO Newsletter
  - The CPO now released a newsletter to a mailing list of e-procurement system users. The newsletter is meant to keep users up-to-date with changes and upcoming events arranged by the CPO. Currently, the newsletter is released on an “as-needed” basis, with 3 released in 2020 but plans are to release those more consistently in 2021.
- Launch of the EPC Handbook
  - The CPO has released a handbook, in consultation with multiple Entity Procurement Committees (EPCs) that is meant to standardise their operation and support their function across the government.
- PPC Meeting Minutes posted to the CPO website
- Vendor/Supplier Training Module Created
  - A “mock project” was created that allows vendors to practice making submissions on our e-procurement system. This avoids them having to do it for the first time on a real, live project where user error may prevent them from submitting their bids on-time.
  - The Supplier Training page on the CPO website was revamped to include direct links to the most commonly asked questions related to our e-procurement system

- Seven (7) live training sessions conducted through a mix of electronic sessions and in-person as allowed by the COVID-19 gather restrictions.

<b>Date</b>	<b>Training Topic</b>	<b># of Participants</b>
January 29	Public Authority Boards -Procurement Overview	17
February 21	Tender Document Development	6
June 11	Procurement Principles & Ethics	17
July 3	Procurement Overview	15
July 23	Procurement Principles & Ethics	102
July 30	E-Procurement (Bonfire) Auto-Scoring	33
August 21	Procurement Overview	30
September 24	Bonfire Training	10
October 2	EPC Chairpersons Workshop	30
November 13	Procurement Lunch & Learn Dept. of Tourism	16
November 24	Procurement Overview	13
	<b>Total</b>	<b>289</b>

## PROCUREMENT STATISTICS

The below statistics are provided by our E-Procurement System (Bonfire). Only procurements with a value of \$100,000 or greater are required to be advertised on Bonfire so these statistics do not include all procurements of all values conducted by CIG through the year.

<b>Metric</b>	<b>2019</b>	<b>2020</b>	<b>Trend</b>
Total Number of Vendors on Bonfire	2748*	3447	N/A
Number of New Bonfire Vendor Registrations	1009*	699	↓
Total Number of Internal Users on Bonfire	568*	691	N/A
Number of Bonfire Internal User Registrations	133*	123	↓
Number of Projects Created	338	190	↓
Total Number of PPC Projects (>\$250,000)	90	51	↓
Number of PPC Projects that were Direct Awards	10	8	↓
Number of Projects Cancelled	31**	7***	↓
Average Advertising time for RFPs (Days)	27	30	↑
Average Advertising Time for RFQs (Days)	20	21	↑

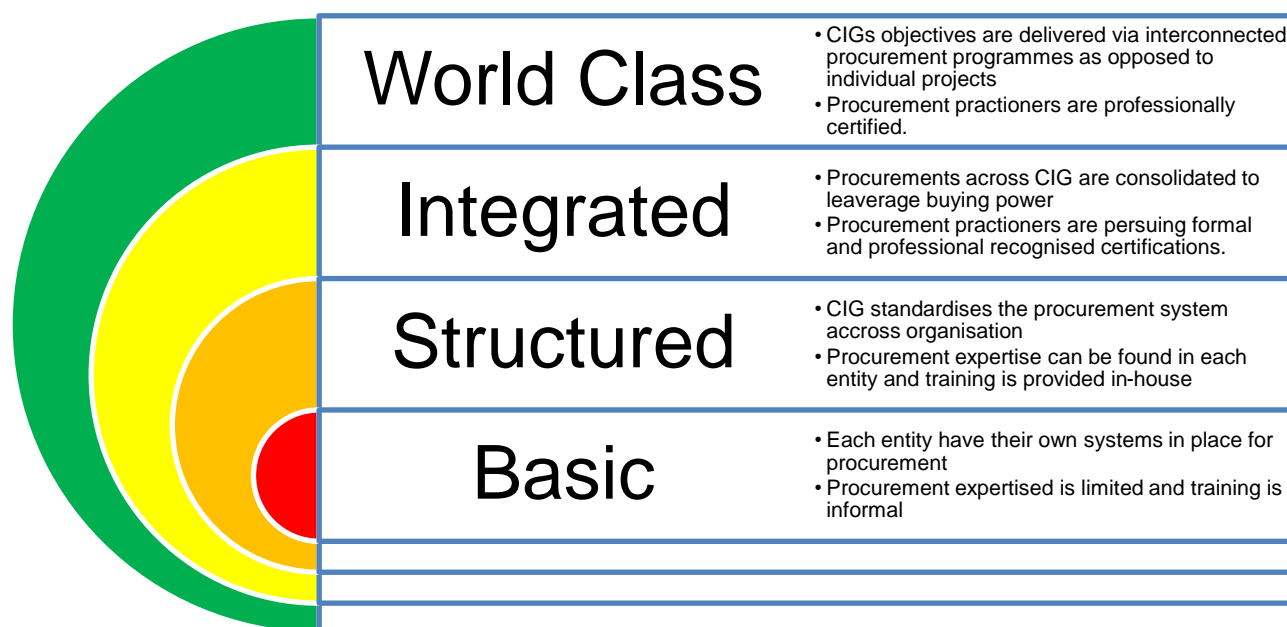
\*Differs from the 2020 annual report as the method for reporting, filtering and analysing the data has been enhanced. The method has now also been documented and standardised for future reporting.

\*\* Differs from the 2020 annual report as projects related to 2019 are closed out in the system during 2020 as a part of the CPO's compliance checks.

\*\*\* Subject to change as projects related to 2020 are closed out in the system during 2021 as a part of the CPO's compliance checks.

### 3. Looking Forward 2021

The long-term vision for public procurement in the Cayman Islands is for it to reach “world class” maturity. As laid out in the CIG Procurement Vision 2020, the current level of maturity is entering the “Structured” stage. At this level, procurement in the Cayman Islands Government is guided by processes and procedures to cover most of the major elements of public procurement from investment decision making to contract management.



The focus of 2021 will be to fill the gaps in the structure so that the every process element of public procurement is standardised. Some of these elements include:

1. Public reporting standards for all procurements
2. Pre-procurement vendor engagement
3. Design of a CIG Standard Setting Procedure for Specification Development
4. Strengthening of the Local Industry Impact Statement usage
5. Supplier debriefing and complaints handling
6. Development and publication of Procurement Plans throughout the Government
7. Providing a guideline for the handling of change orders & contract amendments

At the end of 2021, the CPO hopes to be in the beginning stages of “Integrated” procurement but the foundation of “Structured” procurement must first be in place in order

for the CPO to divert our resources from supporting individual procurement practitioners by providing a system that allows them to support themselves and each other.

## STRATEGY

The strategy of the CPO in achieving our 2021 vision is to engage more directly with the Entity Procurement Committee's that are established to support the day-to-day procurement needs of an entity. With the launch of the EPC Handbook in 2020, their basic functions have now been structured. This will allow the CPO to focus resources such as training and development efforts on the individuals and processes that are most in need of advancement.

Our priorities for 2021 are to:

- ✓ Develop and enhance the procurement team ensuring it can deliver a BAU service
- ✓ Complete implementation of the recommended changes to the procurement regulations and laws
- ✓ Provide Commercial leadership to the EPCs and PPC
- ✓ Increase the use of Government Wide Framework agreements for common goods and services
- ✓ Review and improve the Procurement processes.
- ✓ Ensure robust management of high value complex commercial transactions
- ✓ Develop CIG procurement plans for every Entity
- ✓ Deliver targeted training and development to individuals identified by EPCs
- ✓ Support CIPS development of team and across CIG
- ✓ Increase utilisation of 'Bonfire' electronic procurement portal
- ✓ Increase the level of early market engagement for CIG's procurements

## APPROACH

In order to help CIG continually improve, we have developed a long-term strategic plan. Our vision for the future involves:

- ✓ CIG delivery being supported by a **world-class procurement and commercial service**, working as one team to deliver innovative solutions with our ministry partners.
- ✓ CIG taking responsibility for **maximising market responses** and influencing both international and local markets alike
- ✓ Collective forward planning allowing procurement and commercial practice to become **strategically planned** to achieve successful outcomes for the CIG.



## PLANNED TASKS

The task planned by the CPO for 2022 are based on the competency assessment seen in Appendix A, with a focus on improving all areas ranked as basic and maintaining all areas ranked as structured. This will allow the CPO to support the advancement of public procurement in the Cayman Islands in a methodical way and create a strong foundation for future development.

- Establishment of the Public Sector Investment Committee (PSIC)
- Continue planning ongoing education & training initiative
  - Contract Management Toolkit Rollout & Training
- Identifying CIG Savings Opportunities
  - Frameworks to be established for frequently purchased products and services (to be identified)
- Publication of Procurement Plans across the Government to identify opportunities for consolidation.
- Development of Policies & Procedures to further improve procurement methods and procedures.
  - Pre-procurement vendor engagement
  - CIG Standard Setting Procedure for Specification Development
  - Supplier debriefing and complaints handling
- Conduct an exercise to determine CIG progress towards achieving world class procurement standards.
  - This exercise will be based on understanding which policies and guidance is being most utilised and understanding the level of compliance throughout CIG.
- Recruitment of one CPO member of staff to continue building internal capacity
- Competition Document Template reviews
- Increase public engagement and awareness
  - Creation of CPO social media pages for the promotion of public procurement opportunities and education

## 4. Contacting the Procurement Team

Please contact the CIG Procurement Team if you have any questions, comments or feedback about this Procurement Report:

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