



CIG PROCUREMENT ANNUAL REPORT 2021

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

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1. Introduction

2021 RECAP

The 2020 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 a combination of tasks that were disrupted by the pandemic during 2020 as well as ongoing department functions and new projects that were planned for 2021. Below is an update on all task that were slated to be completed in 2021, including all carry over task from the 2020 disruptions and their current status.

Task	Status as at Jan 2022	Comments
Establishment of the Public Sector Investment Committee (PSIC)	Incomplete	PSIC members have not been identified at this time. This action now rests with the Financial Secretary and will be completed in 2022.
Contract Management Toolkit Rollout & Training	Completed	Toolkit and training was rolled out in Q1 2021, more contract management support being developed in 2022.
Frameworks to be established for frequently purchased products and services.	Incomplete	Framework identified and business case completed. Procurement still needs to be carried out.
Publication of Procurement Plans across the Government to identify opportunities for consolidation.	Incomplete	Procurement plans not accomplished. Notification of the requirement has been sent to all CO's and CEO's and further follow ups will take place for the 2022-23 budget.
Pre-procurement vendor engagement policy & procedure	Completed	Market research template developed and published.
Supplier debriefing and complaints handling policy & procedure	Completed	Debriefing and complaints handling procedures are published on the CPO website.
CIG Standard Setting Procedure for Specification Development	Completed	The procedure has been published in September 2021.
Conduct an exercise to determine CIG progress towards achieving world class procurement standards.	Completed	A Procurement Competency Development Assessment was completed in 2021 (see Appendix A).
Recruitment of one CPO member of staff to continue building internal capacity	Incomplete	New member of staff joined in Jan 2021 based on a recruitment conducted in 2020 but no new recruitment conducted in 2021. The CPO headcount has increased to 6 in the 2022 budget. This action will be progressed once a Deputy Director has been appointed.
Competition Document Template reviews	Completed	New templates completed and posted in September 2021.
Increase public engagement and awareness	Completed	CPO Facebook page started with procurement projects and other important information posted throughout the year.

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 2021 budget for supplies, consumables and capital projects was \$506,178,000. For 2022, the budget for supplies consumables and capital projects is \$524,192,000. 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. As of September 2021, there are Procurement Amendment Regulations that also form part of the procurement legislation.

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.

A key development in 2021 was the establishment of a Procurement Competency Development Assessment that will be used in 2022 and beyond to develop action plans for the advancement of procurement maturity in CIG.

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. 2021 Statistics

TRAINING

- Eighteen (18) live training sessions conducted through a mix of electronic sessions and in-person as allowed by the COVID-19 gather restrictions.

Date	Training Topic	# of Participants
February 11 th	General Training on Procurement Laws & Regulations	6
February 19 th	General Training on Procurement Laws & Regulations	12
February 21 st	Tender Document Development	6
March 2 nd	General Training on Procurement Laws & Regulations	5
March 3 rd	Contract Management	4
March 17 th	Contract Management	17
April 8 th	Contract Management	13
April 12 th	Contract Management	9
May 12 th	“Follow Along” Bonfire Training	9
May 20 th	“Follow Along” Bonfire Training	10
June 1 st	“Follow Along” Bonfire Training	7
August 20 th	Procurement Principles & Ethics Training	11
October 20 th	Procurement Principles & Process Training	43
October 21 st	New Procurement Regulations & Guidance Training	116
October 26 th	New Procurement Regulations & Guidance Training	14
November 11 th	New Procurement Regulations & Guidance Training	2
November 26 th	Small Business Presentation	30
December 10 th	Invest Cayman Bonfire Training	4
	Total	318

PROCUREMENTS

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.

Metric	2019	2020	2021	Latest Trend
Total Number of Vendors on Bonfire	2748	3447	4359	N/A
Number of New Bonfire Vendor Registrations	1009	699	912	↑
Total Number of Internal Users on Bonfire	568	691	832	N/A
Number of Bonfire Internal User Registrations	133	123	141	↑
Number of Projects Created	338	190	229	↑
Total Number of PPC Projects (>\$250,000)	90	51	75	↑
Number of PPC Projects that were Direct Awards	10	8	22	↑
Number of Projects Cancelled	31	20	38*	↑
Average Advertising time for RFPs (Days)	27	30	31.6	↑
Average Advertising Time for RFQs (Days)	20	21	24	↑

* 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 2022

The long-term vision for public procurement in the Cayman Islands is for it to reach “world class” maturity (See Appendix A). An assessment carried out in 2021 determined that 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 2022 will be to fill the gaps in the competency development plan so that we can lay a strong foundation upon which to further build competency. At the end of 2022, the CPO hopes to be firmly in the “structured” stage of maturity.

STRATEGY

Our priorities for 2022 are to:

- ✓ Develop and enhance the procurement team ensuring it can deliver a premium service
- ✓ 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 to assess our competencies and measure progression. 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.

#	Annual Task	Competency Element Supported
1	Update Business Case Templates to encourage long-term contract structures	Mission & Public Benefit
2	Design all department task around a competency element with the goal of advancing the element(s) to the next stage	Transformation & Vision
3	Engage with the supplier community via social media and GIS outlets as well as targeted training opportunities for them.	Cayman Islands Economic Development
4	Implement a method of communicating with CFO's as we currently have nothing in place for this. This will allow us to further involve key stakeholders for procurement of all sizes.	Communication Strategies
5	See "Compliance" competency element, joint task.	Problem Solving & Critical Thinking
6	Recruitment of three (3) new CPO staff members to fill the needs of the Organisational Chart and build internal capacity	Talent Development & Succession Planning
7	Regular attendance at CFOs meetings to not only develop our relationships but to also have an insight on future procurements before they are launched.	Relationship Management
8	Establishment of the Public Sector Investment Committee (PSIC)	Enabling Legislation & Policy
9	9.1 Review, improve and gazette an enhanced Ethics Policy for 2022 9.2 Facilitate the publication of CIG spend data to support transparency	Ethics, Integrity & Transparency
10	10.1 Determine a suitable way to determine the compliance of <\$100K procurements (supported by Competency Element "Problem Solving & Critical Thinking") 10.2 Weekly reviews of Bonfire projects to provide feedback to project owners on areas for improvement.	Compliance
11	Produce a collective document that details how specific situations are handled based on the advice of the CPO in the past. Create a library for all	Advice & Expertise

	active policies and include a review schedule to ensure that they are kept up to date.	
12	Build-in stakeholder involvement and market research section of the business case templates to encourage better pre-procurement vendor engagement and decision making.	Understanding Requirements
13	13.1 Review previous projects to determine which industries have low levels of competition and develop strategies to increase it. 13.2 Review annual procurement data, including procurement plans, to analyse government spend and develop conclusions on where we could make potential savings.	Market Analysis & Forecasting
14	Implement a new/improved system of procurement spend reporting that allows for proper analysis of expenditure	Spend Analysis
15	Improve our oversight/analysing of previous projects to identify key mistakes and build prevention methods around them.	Risk Analysis
16	Build-in sourcing strategy options already developed and refined in 2021 in to business case to encourage earlier consideration of the best option.	Sourcing & Contracting Methods
17	Update tender review form to include additional guidance on ensuring detailed deliverables.	Specification Development
18	Review successful tenders of various types to determine which evaluation criteria and weighting systems have produced the best outcomes and publish the findings.	Evaluation Methods
19	Review tender document templates to ensure that all key elements of negotiation (payment terms, KPIs, reporting requirements, etc.) are included.	Negotiations
20	Develop suitable protest & appeal categories and a suitable template for all entities to utilise in the event of complaints.	Protests & Appeals
21	Increasing usage of the contract management toolkit that the CPO has created to ensure all contracts are managed in an effective manner.	Contract Management & Performance
22	Increase usage of revision documents for business cases and tender documents at the EPC level to ensure all documents are high quality as well as compliant.	Quality Assurance, Inspection & Acceptance

4. Contacting the Procurement Team

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

E-mail: procurement@gov.ky

Phone: 1 (345) 244-2237

Website: <https://www.procure.gov.ky/>

Appendix A: CIG Procurement Competency Development Plan

The CIG is making good progress in its procurement and commercial processes from a low base, but there is much more to be done to support the ambitions of the Central Procurement Office (CPO) for the CIG to become a world-class procurement organization. Commercial maturity is not simply about Value for Money (VfM) but it is about changing the mind-set of the organisation.

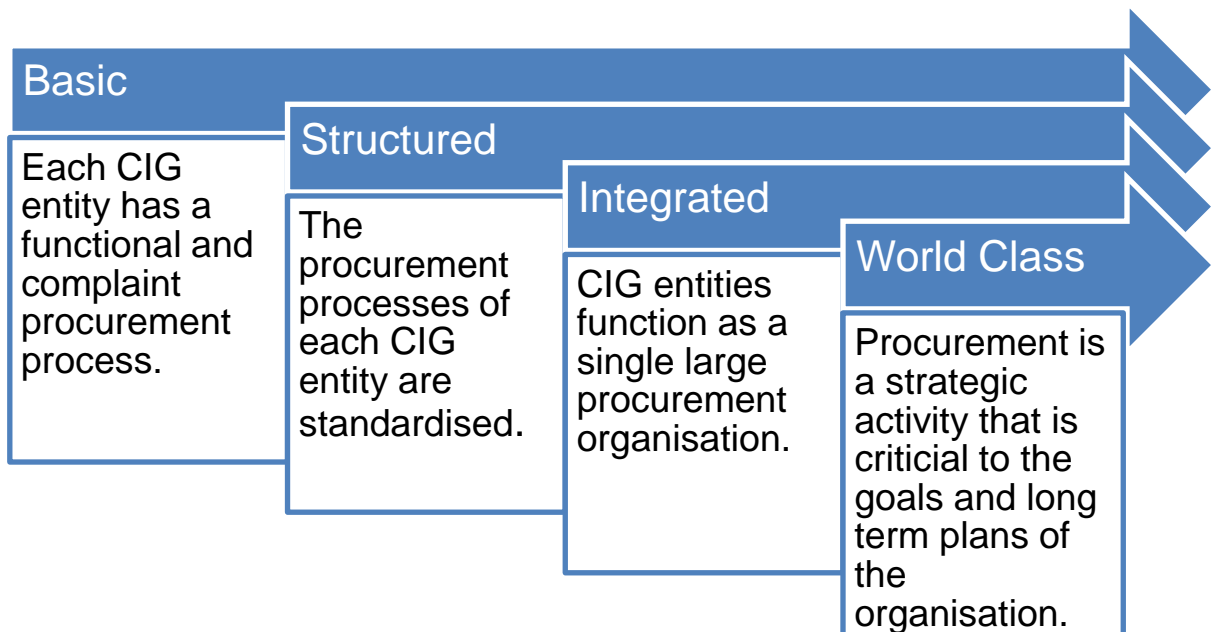
Commercial effectiveness is about delivering the best value impact and influence for the residents and businesses of the Cayman Islands by improving the impact on the Cayman Islands with every dollar spent. In a CIG context this means achievability of desired outcomes through effectiveness of spend by:

- Ensuring that we understand the cost drivers, shape markets and negotiate the best deal
- Holding partners/suppliers accountable for delivery performance.
- Maximising influence to improve the commercial effectiveness of our partners.

This effectiveness will increase as the procurement maturity of the organisation increases. In order to increase maturity, there needs to be a focus on competency development across the CIG. Competencies are sets of skills that individuals require to interface internally within their own team and organisation and externally with suppliers, customers and other stakeholders.¹

Procurement Maturity Levels

In order to effect this change and support the maturity of the CIG, the CPO is developing a plan to leverage our strengths and address our weaknesses. As a part of this plan, we have defined four (4) stages of maturity:



Basic: Organizations operating at this level view procurement as a number of actions which bring about a series of results. Managing procurement in this way will still not have a single, clear, consistent policy, but will have a set of formal 'buying' processes. Procurement decisions will tend to be made in the absence of any formal procurement structure. Procurement still remains immature with procurement not being seen as a core competence, but as a minor element of finance.

¹ CIPS: Managing Purchasing and Supply Management Resourcing and Competencies

Structured: Organizations operating at this level view procurement as a regulated activity. The agency will recognize the importance of procurement as an activity with established procurement plans and policies. Although there will be clear evidence of a procurement body and/or committee managing procurement activities, there will be limited and/or inconsistent co-ordination. Procurement will be accepted as formal procurement processes will exist. However, formal training of procurement staff is not given priority.

Integrated: Organizations operating at this level will have recognised the importance of procurement and it will be seen as a distinct function. Reliable procurement processes will exist to ensure that procurement activity is carried out in accordance with standard practices across the agency and there will be established methods of mandating approved procurement practices that reduce ‘maverick’ spend and other anomalous buying behaviour. Procurement policies will be established across all major aspects of procurement. Procurement will now be recognised as a value-adding function. Uniform policies and processes adopted across the organisation will provide clear data and information in order to make strategic procurement decisions which maximize end-user satisfaction whilst managing costs and minimizing risk.

World Class: Organizations operating at this level will have a well-designed and established procurement function. The organisation will see procurement as a strategic activity that is aligned with the strategic goals and longer-term plans of the agency. Supplier selection procedures, supplier relationship management and contract management processes will have been developed to ensure that the outcomes of buying decisions match the strategic intent of the original buying decision. All procurement positions within the organization will be filled with staff possessing recognized training and education in addition to relevant experience. Continuous professional development will be encouraged throughout the team and cross-disciplinary and cross-functional interactions between staff and end-users will be seen as the norm. This knowledge will be supported by the appointment of suitably qualified and educated staff in a central governance position. There will be strong evidence of consistent use of supply market intelligence, spend analysis, supplier performance measurement and management, and continuous supply chain performance and risk assessment. In an organisation operating at this level, procurement staff will engage in a constant search for improved methodologies for initiating and managing procurement decisions and suppliers.

The Public Procurement Competency Framework

The progression from one maturity level to another can be difficult to determine without a framework against which to measure the competency of the organisation. The CPO has adapted the “Public Procurement Competency Framework” from the National Institute of Governmental Purchasing (NIGP) and their Institute for Public Procurement to fit the needs of the CIG and help it on the journey to becoming a World Class Procurement Organization.

The CPO has adopted a modified version of the NIGP framework and it covers 5 focus areas and 22 competency elements, seen below. This modification was done to ensure that the framework takes in to consideration important local factors.

Competency Element	Definition	Maturity Level (as at Dec 2021)
Focus Area: Strategy & Leadership		
Mission & Public Benefit	Support uninterrupted public sector operations for citizens by procuring required goods and services in a way that serves the long-term interests of the public.	Structured
Transformation & Vision	Develop the strategic vision, make strategic decisions based on theory and public management practices and implement agile processes and procedures to meet an entity’s strategic objectives and transform its culture.	Structured

Cayman Islands Economic Development	Identify government laws and policies concerning relationships domestically and abroad. For example, adhering to a locally owned business preference procedures, policies and acts.	Structured
Communication Strategies	Develop practical, effective, and audience-targeted communication strategies to achieve objectives.	Basic
Problem Solving & Critical Thinking	Demonstrate innovative solutions that balance stakeholder needs, best practices, mission, goals, and procurement regulations to address strategic objectives.	Structured
Talent Development & Succession Planning	Effectively manage public procurement professional development tasks, including managing individual performance and setting expectations for continuing professional development.	Basic
Relationship Management	Practice ongoing oversight of relationships with stakeholders to ensure alignment with strategic goals.	Basic
Focus Area: Policy & Legislation		
Enabling Legislation & Policy	Apply legal limits to authority and the practice of public procurement via legislation.	Integrated
Ethics, Integrity & Transparency	Understand the relationship between ethics and the law, the relationship between ethics and professional duties, and the importance of ethics in public procurement.	Structured
Compliance	Comply with legislation, procurement principles, and public procurement best practices.	Structured
Advice & Expertise	Provide advice on a variety of procurement-related topics to end users, stakeholders, and management.	Integrated
Focus Area: Planning & Analysis		
Understanding Requirements	Determine, develop and manage end user requirements in terms of quantity, frequency and characteristics to obtain a best-value through effective oversight and management of budgets, schedules, and timelines.	Structured
Market Analysis & Forecasting	Evaluate the overall supplier market dynamics, costs, pricing, and commodity trends to enable strategic purchasing.	Basic
Spend Analysis	Analyse past, current, and future projected spend to develop effective procurement and sourcing strategies.	Structured
Risk Analysis	Minimize the adverse effects of accidental and unanticipated losses by analysing the activities of the purchasing function.	Basic
Focus Area: Sourcing & Solicitation		
Sourcing & Contracting Methods	Identify the most favourable sourcing strategy and contract structure in compliance with applicable policy & legalisation.	Integrated
Specification Development	Create a detailed description of a deliverable to effectively communicate to all stakeholders the precise requirements of the end user, and to maximize competition in the marketplace.	Structured
Evaluation Methods	Justify the best methodology and criteria to consider the management, financial strength, ethics, past performance, and technical capabilities of suppliers.	Structured
Negotiations	Demonstrate effectiveness in three phases of the negotiation process: preparation, negotiation and agreement.	Structured
Protests & Appeals	Resolve complaints or objections by suppliers during the procurement process based on applicable laws and entity policies and procedures.	Structured
Focus Area: Contract Administration		
Contract Management & Performance	Manage all parties and stakeholders to ensure obligations are fulfilled as defined within the contract while documenting and maintaining the contract file.	Basic
Quality Assurance, Inspection & Acceptance	Employ strategies and processes to ensure quality and to verify that deliverables meet specifications and other contractual requirements.	Basic

Maturity Assessment & Summary

In order to assess the maturity level of the organization, each maturity level was assigned a point value:

- Basic: 1 point
- Structured: 2 points
- Integrated: 3 points
- World-Class: 4 points

The points in each focus area were averaged and a maturity level was then assigned to that focus area based on the nearest whole number and representative maturity level based on the point system above. The results of this assessment is seen below:

Focus Area	Assessment Score	Nearest Level of Maturity
Policy & Legislation	2.5	Integrated
Sourcing & Solicitation	2.2	Structured
Strategy & Leadership	1.6	Structured
Planning & Analysis	1.5	Structured
Contract Administration	1.0	Basic

When all of the individual competency elements are averaged using the same point system, the overall score is 1.8 which suggest that the organisation is in the advanced stages of a transition between the basic maturity and structured maturity levels.

Noticeably, there are no competency elements or focus areas currently assessed as “World Class”. In order to eventually reach this level, the CPO is focusing on developing a strong foundation upon which to build and transform the way in which the organization approaches procurement. As such, the CPO annual plan for 2022 will be structured with activities and actions meant to advance each of the competency elements to a minimum level of maturity of “Structured”. Where elements are already at our above that level, focus will be on sustaining the respective level so that resources can be focused on the elements that require the most improvement.