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# Government of Canada Integrity Regime

**Committee of Experts of the Mechanism for Follow-up on the  
Implementation of the Inter-American Convention Against Corruption  
(MESICIC)  
Fifth Round Review – Site Visit to Canada**

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Public Services and  
Procurement Canada

Services publics et  
Approvisionnement Canada

Canada

# The Government of Canada is committed to mitigating the risk of fraud, corruption and wrongdoing in public procurement and real property agreements.

- As a common service provider, Public Services and Procurement Canada (PSPC) supports federal departments and agencies to achieve their objectives as the central purchasing agent, linguistic authority, real property manager, treasurer, accountant, integrity adviser, and pay and pension administrator.
- In procurement and real property services alone PSPC manages:
  - approximately \$18 billion of procurements on behalf of other federal departments and agencies;
  - a Crown-owned property portfolio with an estimated market value of \$6.8 billion, including 17 engineering assets such as bridges and dams; and
  - rental payments of approximately \$1.2 billion on over 1,500 lease transactions across Canada.
- Government operations are not immune to fraud, corruption or wrongdoing. Unethical business practices undermine fair competition, threaten the integrity of the markets, are a barrier to economic growth, increase the cost and risk of doing business, and erode public confidence in government institutions.



# Over time, the Government of Canada has established a strong framework to support accountability and integrity in procurement and real property transactions.

- 2005** **Fairness Monitoring Program** is introduced to provide independent, third-party assurance that PSPC's large or complex procurement activities are conducted in a fair, open and transparent manner. The Program was expanded in 2009.
- 2007** PSPC's **Employee Code of Conduct** for the proper management of procurement activities, and a **Code of Conduct for Procurement** are introduced. The *Code of Conduct for Procurement* outlines offences that render convicted suppliers ineligible to bid on procurement contracts. Additional offences were added in 2010.
- 2012** PSPC regroups measures into a formal **Integrity Framework**, extends the list of offences and expands the scope to include real property transactions. Leniency exemption is eliminated from application.
- 2014** New measures are added to the **Integrity Framework** (i.e. nine new offences; approach to foreign offences; defined timelines for debarment, application to subcontractors, etc.)
- 2015** New government-wide **Integrity Regime** is introduced, which better reflects best practices, responds to stakeholder concerns and ensures consistent application across the federal government. <sup>3</sup>



# The Integrity Regime is a key element of the Government of Canada's framework to support accountability and integrity in procurement and real property transactions.

- The Integrity Regime incorporates integrity measures to a broader scope of transactions between the Government of Canada and suppliers
- The Regime is centrally administered by PSPC, consisting of the [Ineligibility and Suspension Policy](#), related [Directives](#) and [Integrity Clauses](#).
- It applies to contracts and real property agreements government-wide, with some exceptions (i.e. contracts and real property agreements below \$10,000; transfer payments (grants, contributions); and contracts under the foreign military sales program).
- The Integrity Regime aims to:
  - reduce the risk of the Government of Canada entering into contracts or real property agreements with unethical suppliers;
  - protect the integrity of procurement and real property agreements;
  - hold suppliers accountable for their actions, while encouraging them to cooperate with authorities when problems arise and to quickly take corrective actions; and
  - ensure consistency in application across contracts and real property agreements issued by the Government of Canada.



## The Regime places specific requirements on suppliers bidding on Government of Canada contracts and real property transactions.

- By certifying to the Integrity Clauses during the bidding process, a supplier acknowledges that they are compliant with the Integrity Regime. For example, bidders certify that:
  - they understand that certain domestic and foreign criminal charges and convictions, and other circumstances, will or may result in a determination of ineligibility or suspension;
  - none of the domestic criminal offences and other circumstances described in the Policy applies to them, their affiliates and first tier subcontractors; and
  - they are not aware of a determination of ineligibility or suspension that apply to them.
- If unsure, a supplier may, on their own initiative, submit a request to PSPC to conduct a review to determine their status under the Regime.
- If a supplier is **unable** to certify to the Integrity Clauses, it must submit a [Declaration Form](#) detailing any adverse information that could potentially impact their status.
- A supplier is required to provide a list of names (e.g., corporate entities must provide a list of names of all current directors) for an integrity verification with their bid submission or offer.
- Suppliers are encouraged to come forward at any time to discuss their status and disclose any adverse information.



## Suppliers are also required to ensure that their first-tier subcontractors are compliant with the Regime prior to submitting a bid or offer.

- Suppliers are required to verify the status of any prospective first-tier subcontractors named in a bid prior to bid submission and all subcontractors must be verified before entering into a direct contractual relationship. They may do so by:
  - Consulting the [Ineligibility and Suspension List](#) to confirm the company is not ineligible or suspended.
  - Submitting a written request to the Registrar of Ineligibility and Suspension along with a signed [Integrity Verification Request for Subcontractor form](#) for individuals.
- A supplier cannot subcontract with an ineligible or suspended first-tier subcontractor unless they obtain prior approval from the Contracting Authority.
  - An [Integrity Regime Subcontractor Exception Form](#) must be submitted for consideration.



## **Under certain circumstances suppliers will be automatically ineligible to be awarded a contract or real property agreement.**

- Convictions of frauds against the government under the *Criminal Code* or *Financial Administration Act* render a supplier permanently ineligible.
- Convictions of one of the offences listed in the Policy in the last 3 years results in an ineligibility period of 10 years.
  - This may be reduced by up to five years, provided the supplier has cooperated with law enforcement authorities; or has undertaken remedial action(s) to address wrongdoing.
- Providing a false or misleading certification or declaration result in an ineligibility period of 10 years.
- Entering into a subcontract with an ineligible first-tier subcontractor results in an ineligibility period of 5 years.



## Suppliers *may* be determined ineligible in the following circumstances.

- Convictions of an offence outside of Canada in the last three years that is similar to one of the listed offences may result in an ineligibility period of 10 years.
- Convictions of an affiliate of one of the listed offences in the last three years, or of a similar offence outside of Canada, which, in PSPC's opinion, the supplier directed, influenced, authorized, assented to, acquiesced in or participated in the commission of the offence may result in an ineligibility period of 10 years.
- Breaching any term or condition of an Administrative Agreement entered into with PSPC may result in a lengthened period of ineligibility or suspension or an imposition of a suspension period.
- Charges or admissions of guilt to a listed offence, or a similar offence in a jurisdiction other than Canada, may result in a suspension of up to 18 months. This period may be extended as judicial processes proceed.
  - An Administrative Agreement may be entered into in lieu of suspension.



## **It is important to note that under exceptional circumstances an ineligible supplier may be awarded a contract or real property agreement when it is in the public interest.**

- It may be in the public interest to award a contract or real property agreement to an ineligible supplier:
  - to respond to an emergency where delay would be injurious to the public interest;
  - the supplier is uniquely capable of performing the contract or providing the real property agreement;
  - the contract is essential to maintain sufficient emergency stocks; or
  - not entering into the contract or real property agreement with the supplier would have a significant adverse impact on the health, national security, safety, public security or economic or financial well-being of Canada.
- Unless time is of the essence (e.g., an emergency, unforeseen urgency), a supplier is required to enter into an Administrative Agreement before a contract or real property agreement is awarded in these circumstances.



## The Integrity Regime also provides measures to strengthen compliance and ensure fairness.

- **Administrative Agreements** have been introduced to provide assurances from the supplier that it will conduct business with Canada in an ethical and responsible manner. An agreement is required:
  - to reduce a period of ineligibility;
  - as an alternative suspension;
  - to avoid termination of an existing contract or real property agreement; or
  - to award a contract or real property agreement to an ineligible supplier when it is in the public interest to do so
- Suppliers are required to retain the **services of an independent third party**, at their own expense, in a variety of circumstances to provide and verify information.
  - A supplier may propose a third party of their choice provided they hold a recognized designation or accreditation, such as a Certified Professional Accountant (CPA) license, public accounting license or membership in a provincial or territorial Law Society.
  - It is within the sole discretion of PSPC to determine whether the proposed third party has sufficient expertise, experience and independence to provide the services required.



# **PSPC's integrity services ensure consistency in the application of the Regime across government and the treatment of suppliers.**

## **Supplier integrity verifications**

- PSPC has concluded 80 Memoranda of Understandings with government departments and agencies who have adopted the Regime and require integrity verification services; other federal organizations are encouraged to opt-in.
- Prior to the award of an applicable contract or real property agreement, a procurement or real property office will request that PSPC conduct an integrity verification on the supplier to confirm whether they are ineligible or suspended from conducting business with the Government.
  - If a supplier is ineligible, a contract or real property agreement cannot be awarded.
- If a supplier becomes ineligible after the award of a contract or real property agreement, organizations that requested a verification on the supplier will be informed.

## **Determinations of ineligibility and suspension**

- PSPC may make determinations of ineligibility or suspension on its own initiative, upon the request of a supplier or upon the request of another federal organization.
- Once a determination is made, the supplier name, address, status and ineligibility or suspension start and end dates are published on the Ineligibility and Suspension List located on PSPC's Integrity Regime website.



# **PSPC actively engages internal and external stakeholders to ensure that the Integrity Regime is well-understood and consistently applied.**

- PSPC engages with other federal organizations, suppliers, industry associations, third party service providers and civil society and international organizations to increase awareness and understanding of the Regime, clarify its elements, share best practices, discuss administrative challenges and solicit feedback for improvement. Examples of engagement and outreach activities include:
  - Delivering information and training sessions to federal staff and maintaining ongoing communication through updates, reports and an executive level Interdepartmental Integrity Committee.
  - Hosting national webinars and participating in information fairs, workshops, panel discussions, information booths and in-person meetings with the supplier community.
  - Convening the Integrity Regime Industry Association Engagement Group who represent core industry sectors that conduct business with the Government.
  - Speaking at events and meetings held by professional firms across Canada; and participating in discussions at civil society and international events.
- Furthermore, PSPC collaborates with internal and external stakeholders on broader initiatives to mitigate the risk of fraud, corruption and wrongdoing.
  - PSPC works with its federal partners to improve the ability to detect and prevent fraud, collusion and corruption in contracts and real property agreements awarded by the Government of Canada.
  - PSPC works with the private sector, industry associations and civil society to increase awareness of unethical behavior in public procurement and real property.



# Statistics

## ***Integrity Verifications***

- As of March 31, 22,924 verifications requests have been submitted by federal organizations to PSPC to confirm whether a supplier is ineligible or suspended from conducting business with the Government of Canada.
- Verifications are provided within the 4-hour service standard, 98% of the time.
- To date, over 2,800 procurement and real property officers across the federal government request integrity verification services. This number continues to increase.

## ***Determinations of ineligibility***

- Since the introduction of the Regime, 91 determinations of ineligibility have been conducted.
  - 1 company has entered into an administrative agreement in lieu of suspension
  - 1 supplier has been suspended
  - 3 suppliers have been determined ineligible



## PSPC has developed a number of tools resources to assist stakeholders, including:

- A toll-free line: 1-844-705-2084 and a generic Integrity email box: [PWGSC.O.integrity-TPSGC.O.integrite@pwgsc-tpsgc.gc.ca](mailto:PWGSC.O.integrity-TPSGC.O.integrite@pwgsc-tpsgc.gc.ca)
- A website: <http://www.tpsgc-pwgsc.gc.ca/ci-if/ci-if-eng.html>
- [Directives](#) elaborating on or clarifying aspects of the *Ineligibility and Suspension Policy*, such as establishing monetary thresholds, or identifying classes of contracts and real property agreements excluded from the application of the Policy
- [Information bulletins](#) that provide greater clarity on elements of the Integrity Regime and are for informational purposes only
- A [list](#) of federal organizations have signed MOUs with PSPC
- A [list](#) of ineligible and suspended suppliers
- A [list](#) of suppliers that have signed Administrative Agreements
- A [Guide](#) to the Ineligibility and Suspension Policy



## ANNEX - Categories of offences that lead to a determination of ineligibility include:

- payment of a contingency fee to a person to whom the *Lobbying Act* applies;
- corruption, collusion, bid-rigging or any other anti-competitive activity under the *Competition Act*;
- money laundering;
- participation in activities of criminal organizations;
- income and excise tax evasion;
- bribing a foreign public official;
- offences in relation to drug trafficking;
- extortion;
- bribery of judicial officers;
- bribery of officers;
- secret commissions;
- criminal breach of contracts;
- fraudulent manipulation of stock exchange transactions;
- prohibited insider trading;
- forgery and other offences resembling forgery; and
- falsification of books and documents.

For more details, see Section 6 of the Ineligibility and Suspension Policy: <http://www.tpsgc-pwgsc.gc.ca/ci-if/politique-policy-eng.html>

