

Supply Ontario

2023/24 Annual Report



April 2024



**Supply
Ontario**

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A Message from the Chair of the Board



On behalf of the Board, I am pleased to share our 2023/24 annual report, which highlights our achievements of the past year and details our progress

to transform and modernize public sector procurement in Ontario.

This was a significant year for the agency as we expanded capacity and enhanced capabilities through the transfer of Supply Chain Ontario into Supply Ontario. With the integration, Supply Ontario assumed responsibility for the enterprise vendor of record program, advertising and communications procurement, supply chain advisory services and the functions that support them, as well as the management, oversight and operations of the provincial stockpile of personal protective equipment and critical supplies and equipment (PPE/CSE).

The agency has continued creating and managing supplier arrangements, ensuring the Ontario government receives the best value when procuring goods and services and managing the Ontario Tenders Portal. By leveraging the expertise of our people and unique ability to work across the provincial public sector, the agency has started

expanding engagement of the Ontario Public Service (OPS) and Broader Public Sector (BPS) and implementing the Building Ontario Businesses Initiative (BOBI).

On behalf of my fellow board members, I wish to extend my sincere thanks to Jamie Wallace, Chief Executive Officer, whose leadership has been pivotal to our achievements. I would also like to recognize our partners in government, who have been instrumental in driving our mission forward and all employees whose dedication and hard work are the foundation of the agency's success.

The Board is proud of Supply Ontario's accomplishments over the past year. As we reflect on our progress, we remain committed to building on these achievements in the year ahead. Together, we will continue to develop and implement effective strategies that enhance our service delivery and contribute to the overall wellbeing of the province.

A handwritten signature in dark ink, appearing to read 'Paul G. Smith', with a stylized flourish at the end.

Paul G. Smith
Chair, Board of Directors
Supply Ontario



A Message from the Chief Executive Officer

Supply Ontario exists to solve the challenges in Ontario's fragmented public sector supply chain system. Across the public

sector, including government ministries, provincial agencies, hospitals, school boards, colleges and universities and social services organizations, there is an opportunity to optimize the way an estimated \$30 billion in goods and services are procured.

At our core, we believe value for money, contract and category management and a whole-of-government approach to purchasing translate into meaningful outcomes: better health care, better education, and better public services. Over the past year, we have continued to ensure ministries, agencies, hospitals, school boards and other broader public sector entities have access to high-quality, timely and reliable products at the best value. Transforming a system as complex as ours takes time, but starting in areas where there is a consensus of opportunity with people who share our vision has enabled our 2023/24 progress. Key achievements include:

- Assuming management of \$5 billion in contracts, provincial advertising and communications procurement and advisory

services for the OPS and BPS through the transfer of Supply Chain Ontario into Supply Ontario

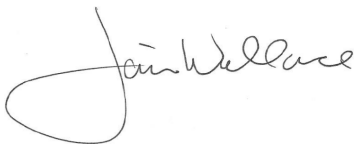
- Advancing procurement modernization efforts that will address liability, indemnification and intellectual property requirements that increase price and decrease access and competition
- Supporting the implementation of the BOBI legislation, which levels the playing field for Ontario and Canadian businesses by directing public purchasers to procure under trade thresholds and consider imperatives such as supply chain resiliency, sustainability, economic development and innovation
- Rationalizing warehousing, distribution and logistics for the PPE/CSE supply chain to ensure Ontarians will have the critical supplies they need during an emergency
- Continuing to stand up agency infrastructure, invest in data/IT and back-end systems and establish an office

Our success is dictated by how we work with our partners. We have been fortunate to partner with the shared services organization (SSO) community to leverage their good work, tap into our collective buying power and reduce duplication. Additionally, over the past year I have met with many of our clients, industry stakeholders and service providers to understand and respond to their unique needs.

I would like to express my gratitude to Supply Ontario's Board, executive leadership team and our talented employees for their invaluable contributions and dedication to our clients.

I would also like to thank the Province for their support as we build a smarter, stronger and more connected public sector supply chain that ensures the best value for taxpayers, supports job creation and can deliver the goods and services Ontarians need every day without interruption.

This has been an extraordinary year full of extraordinary growth. I am confident in Supply Ontario's ability to become an even greater catalyst for procurement modernization, with far-reaching benefits for our stakeholders.

A handwritten signature in dark ink, reading "Jamie Wallace". The signature is fluid and cursive, with a large loop at the beginning of the first name.

Jamie Wallace
Chief Executive Officer
Supply Ontario

Mandate, Vision, Mission and Values

Mandate

Supply Ontario is a provincial agency established by regulation (O. Reg. 612/20) under the Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019 (“the SCMA”).

The agency is mandated to improve procurement outcomes across the public sector by providing and supporting supply chain management and procurement activities for prescribed entities, including:

- **government** – such as ministries, provincial agencies, the Independent Electricity System Operator, and Ontario Power Generation and its subsidiaries
- **broader public sector** – such as school boards, publicly-funded post-secondary educational institutions, children's aid societies and shared services organizations/group purchasing organizations controlled by these broader public sector entities that solely or primarily procure for these entities
- **health sector entities** – such as hospitals, the Ottawa Heart Institute, and those shared services organizations/group purchasing organizations that are controlled by and solely or primarily procure for these entities

Supply Ontario has authority under O. Reg. 612/20 to collect the following information from public sector entities:

- current inventories of any goods and future inventory requirements
- current and future procurement activities
- supply chain opportunities, contingencies, and constraints
- information about contracts related to the procurement of goods or services
- any other information related to supply chain management or vendor performance that Supply Ontario specifies

The SCMA provides Supply Ontario authority to direct and guide prescribed entities on supply chain management activities, including centralizing key procurement functions and contracts within Supply Ontario.

Supply Ontario collaborates with municipalities to reduce duplication and support bulk purchasing opportunities. For example, as part of the “New Deal” between the Province and the City of Toronto, Supply Ontario is working with the City of Toronto to explore areas where the municipality can leverage provincial purchasing arrangements and resources to enhance value.

Vision, Mission and Values

Vision: harness Ontario's buying power to enable **economic development**, province-wide **resilience** and produce **value** for Ontarians

Mission: bring cohesion to the public sector supply chain by embracing innovation and leveraging diverse partnerships and relationships with suppliers

Values: our values are driven by our commitment to our partners, stakeholders, and each other to achieve the best outcomes for the people of Ontario



Excellence - Delivering transformative solutions through innovation



Collaboration - Working together to achieve results



Trust - Building relationships with integrity and accountability

Board of Directors

Name	Role	First Appointed	Current Term Expiry	Total 2023/24 Remuneration*
Paul G. Smith	Chair	January 15, 2021	January 14, 2025	\$35,000
George Szewchuk	Vice Chair	January 15, 2021	January 14, 2025	\$13,600
Dr. Gillian Kernaghan	Member	January 15, 2021	January 14, 2025	\$8,000
Allan MacDonald	Member	January 15, 2021	January 14, 2025	Waived
John Stipan	Member	January 15, 2021	January 14, 2025	Waived

* Does not include expenses

Throughout FY 2023/24, the Supply Ontario's Board of Directors took steps to embed good governance practices into its operations.

Leveraging a skills matrix, the board identified and communicated skills gaps to the Minister for consideration in future appointments. As part of its good governance activities, the board obtained a corporate membership in the Institute for Corporate Directors, which focuses on improving trust and confidence in Canadian organizations by developing and activating directors. Further, a multi-faceted onboarding framework was designed to welcome and orient new members to the board. The framework is further supported by peer-to-peer mentoring and a comprehensive board reference binder that puts up-to-date resources at the fingertips of all board members.

The Board established two committees: the Audit and Finance Committee and the Governance and Human Resources Committee, to thoroughly review relevant issues and provide recommendations back to the full Board.

**Audit and Finance Committee
Members**

- Paul G. Smith, Chair
- George Szewchuk
- John Stipan

**Governance and Human Resources
Committee Members**

- Dr. Gillian Kernaghan, Chair
- Allan MacDonald

The Audit and Finance Committee was established to assist the Board in fulfilling its financial oversight responsibilities. As part of its mandate, the committee provides oversight over Supply Ontario's financial management and reporting, budgeting, internal controls framework and the independent assurance of the control framework, risk management, and recommendations on proposed corporate projects and procurements.

The Governance and Human Resources Committee was established to oversee Supply Ontario's governance framework and its compliance with human resource matters. The committee's mandate includes ensuring that corporate governance principles are implemented and adhered to by the agency, evaluating the performance of the Chief Executive Officer (CEO) and succession planning, and compliance with occupational health and safety-related legislation. In addition, the committee leads the onboarding and mentoring process for new appointees, including identifying and recommending potential committee appointments to the Board.

Both committees are accountable to the Supply Ontario Board and provide the Board with updates on information and reports received from management and discussions held during committee meetings. The committees may also make recommendations for decisions to be made by the Supply Ontario Board. Each committee is also responsible for receiving and reviewing draft key policies prepared by the agency which are related to the committee's portfolio. For example, in 2023/24 the Governance and Human Resources Committee reviewed and recommended the approval of a foundational suite of board governance policies, including guidelines for the Board of Directors, position descriptions for individual directors, officers and committee chairs, and charters

for each of the committees, as well as policies relating to CEO management and amendments to certain employment-related policies. During the same period, the Audit and Finance Committee reviewed and recommended the approval of the agency's corporate procurement policy, an investment policy, and amendments to policies relating to the agency's delegation of financial management authority and reimbursement of travel, meal and hospitality expenses.

2023/24 Highlights

Each year, Supply Ontario publishes a business plan that sets out the organization's strategic goals, priorities and specific initiatives for the following three fiscal years. Our business plan is aligned with our statutory mandate and the annual mandate letter from the accountable minister.

Our 2023/24 highlights contain performance achievements and success measures against our 2023/24 to 2025/26 business plan and 2023/24 mandate letter.

Our 2023/24 strategic framework

STRATEGIC DIRECTION 1

Connect, listen, and leverage partners and stakeholders across various sectors and communities

STRATEGIC DIRECTION 2

Strengthen Supply Ontario's ability to lead and create procurement value

STRATEGIC DIRECTION 3

Champion modernization, innovation, and policy efforts in supply chain sectors across the province

STRATEGIC DIRECTION 4

Strengthen resilience and support for economic development

Progress/Outcomes Legend

	Completing or progressing as planned
	Delayed or deprioritized but continuing
	On hold
	Cancelled

STRATEGIC DIRECTION 1

Connect, listen, and leverage partners and stakeholders across various sectors and communities

Priority 1.1: Leverage expertise and experience in the sector and be a trusted, reliable partner for all stakeholders

Planned Activities	Indicator	Progress/Outcomes
I. Establish Supply Ontario's Stakeholder Advisory Council and leverage existing industry councils with a preliminary focus on connecting with key stakeholders.		We recognize the pivotal role stakeholder and partner engagement plays in our success. We are dedicated to creating an environment where stakeholders and partners feel heard, valued and integrated into our work. We've started by launching a dedicated health table with leaders in the sector. Over the past year we have participated in a range of existing forums such as the Mission from MaRS, Public Procurement Coalition and the Pan-Canadian Collaboration on Sustainable Procurement. Starting in 2024/25, Supply Ontario plans to establish new tables related to the learning sector, sustainability, innovation, digital procurement, Indigenous procurement and engagement with shared services organizations and group purchasing organizations. This approach enables us to build trust and engage in meaningful collaboration with partners from multiple sectors to demonstrate our value proposition. Additionally, Supply Ontario is committed to developing a procurement modernization strategy in collaboration with government partners and industry stakeholders.

Planned Activities	Indicator	Progress/Outcomes
		During FY 2023/24, the agency conducted internal and external consultations to better understand challenges consistently faced by vendors who would like to do business with the Ontario government. Through these consultations, five themes emerged: 1. Sustainable procurement—Supply Ontario endeavours to create a sustainable and resilient supply chain by embedding relevant scoring criteria throughout the procurement process. 2. Vendor of Record (VOR) modernization—Supply Ontario seeks to expand VOR offerings, increase VOR program uptake in the broader public sector and reduce red tape for small-medium-sized enterprises (SMEs) attempting to sell their goods and services to the government. 3. Flexible and streamlined OPS and BPS procurement rules—Supply Ontario is looking to strengthen OPS and BPS Procurement Directives and utilize them as tools to drive procurement reform. 4. Digital and intellectual property protections—It is increasingly critical for Supply Ontario to remain up to date with digital and IP technologies while ensuring adherence to industry standards and best practices. 5. Liability reform—Supply Ontario is looking to reduce the financial burden placed upon vendors by modernizing risk and liability requirements. Supply Ontario has been progressing towards developing a multi-year procurement modernization work plan by leveraging agile strategies and technologies to enhance procurement processes. The work plan will incorporate internal and external stakeholder-informed recommendations to modernize and reduce barriers across public sector procurement and drive economic development throughout the province.

Planned Activities	Indicator	Progress/Outcomes
II. Participate in Minister-led roundtables with industry to better understand business needs and procurement opportunities		Supply Ontario co-led seven industry roundtables hosted by the President of the Treasury Board and our CEO, Jamie Wallace. The roundtables provided an opportunity for the agency to better understand the ways it can support Ontario businesses that access public procurement opportunities.
III. Strengthen partnerships with government, shared services and group purchasing organizations, and supply chain ecosystem stakeholders		As the agency matures in experience, workforce, governance and technology processes, we will be positioned to further centralize procurement resources and contracts—a cornerstone of Supply Ontario's mandate. Supply Chain Ontario (SCO) joined Supply Ontario (SO) on July 31, 2023, and the combined agency has continued service to OPS and BPS clients without disruption. Supply Ontario is partnering with Ontario Health, the Ministry of Health, shared services organizations (SSOs) and group purchasing organizations (GPOs) on province-wide category strategies and procurements such as renal care. Using the data governance framework, the agency has engaged many SSOs and GPOs and commenced a data collection program. Driving efficiencies, modernizing and centralizing Ontario's fragmented \$30 billion procurement ecosystem will require substantial partnership, collaboration, good will and effort. We are pleased to report overwhelming support for our mandate and approach both within government and across the broader public sector, including SSOs, individual entities such as hospitals and the supply chain community.

Planned Activities	Indicator	Progress/Outcomes
IV. Engage and collaborate with Indigenous partners to better understand needs and opportunities in Ontario's supply chain ecosystem		Supply Ontario engaged with Indigenous partners to better understand challenges and opportunities Indigenous businesses face in Ontario's supply chain ecosystem. For example, Supply Ontario participated in three procurement engagement sessions hosted by the Ontario First Nations Economic Developers Association ("OFNEDA") for Indigenous business owners and Indigenous economic developers. Supply Ontario will continue working closely with the Ministry of Indigenous Affairs and First Nations Economic Reconciliation to ensure that key partners are represented at the Indigenous procurement table.

STRATEGIC DIRECTION 2

Strengthen Supply Ontario's ability to lead and create procurement value

Priority 2.1: Build strong organizational foundations and platforms and develop workforce capabilities to enable Supply Ontario to be a leader in the supply chain ecosystem

Planned Activities	Indicator	Progress/Outcomes
I. Procure and implement an Employee Resource Planning (ERP) system that can manage and integrate core business functions		We have enhanced our back-office systems to support the additional capacities needed for the agency to procure and implement an ERP system. When the agency was established in 2020, we were using basic accounting software and manually allocated payroll processing. The integration of the Supply Chain Ontario team in 2023, which included bargaining-represented positions, multiple benefit plans and two pension plans, heightened the need to establish consistent, dependable, and flexible financial systems. In FY 2023/24, Supply Ontario implemented an interim and limited fit-for-purpose solution, providing basic human capital management functionality to enable payroll processing. The system provides a single platform for all employees to

Planned Activities	Indicator	Progress/Outcomes
		manage their personal information and schedules and view benefits enrollment and beneficiaries. The system allows Supply Ontario to hire non-union and bargaining unit staff on its own payroll and manage the entire employee life cycle as an independent organization from OPS payroll services. In addition, Supply Ontario has initiated work with a third-party service provider to implement a Finance Management System that will enable the agency to autonomously assume the financial reporting.
II. Establish human resource foundations, policies, practices, processes and programs.		Over the course of FY 2023/24, Supply Ontario established HR foundations, policies, practices, processes and programs to further drive a culture of inclusion, excellence and collaboration. Achievements include: • Developing and launching organizational values, value statements and behaviours and integrated values into the agency's performance management program (PMP) framework, talent acquisition and onboarding, policies and employee recognition activities • Enhancing the PMP with increased program rigour including mandatory challenge objective(s), detailed performance criteria ratings, demonstration of value aligned behaviours against the achievement of performance objectives and alignment to the CEO's performance priorities and objectives with priorities cascading down to the employee level. • Creating a comprehensive and integrated five-pillar approach to a diversity, equity, inclusion and belonging (DEIB) strategy. The DEIB strategy aims to create a more diverse, equitable, and inclusive workplace where employees can bring their whole self to work. Each pillar has specific action plans that were implemented in FY 2023/2024.

Planned Activities	Indicator	Progress/Outcomes
		- Developing a learning and development strategy based on a functional area needs assessment to determine knowledge and skills gaps across the organization and assess ways to address these to realize optimal performance. Key focus areas include supply chain foundations education, targeted development towards supply chain professional designations, a LinkedIn learning subscription for all employees and DEIB education. - Harmonizing policies and compensation structures between existing SO staff and incoming SCO staff - Procuring and implementing online training on health and safety, human rights and accessibility. - Filing required Accessibility for Ontarians with Disabilities Act ("AODA") and Disclosure of Wrongdoing reports. - Establishing an interdepartmental committee to develop a new AODA Policy and Accessibility Plan. - Establishing a Labour Management Relations Committee. - Engaging in negotiations with the Association of Management, Administrative and Professional Crown Employees of Ontario ("AMAPCEO") and the Ontario Public Service Employees Union ("OPSEU"). These negotiations will continue into FY 2024-2025. - Establishing a Joint Health and Safety Committee (JHSC), identifying and training of chief floor wardens to assist in the event of an emergency/ evacuation, communicating an existing building emergency evacuation plan, participating in an emergency evacuation exercise and ensuring access to first aid supplies/equipment.

Priority 2.2: Ensure value creation is focused on improving contracts across the public sector/broader public sector to unlock better value for taxpayer dollars

Planned Activities	Indicator	Progress/Outcomes
I. Introduce a benefits realization framework as a methodology for measuring value		During 2023-24 Supply Ontario began developing its Benefits Realization (BR) framework and standing up the framework within its priority projects. The benefits realization framework is a high-level, strategic model that provides guidance for identifying, planning, and evaluating the quantitative and qualitative outcomes of Supply Ontario's projects and programs. It provides a systematic approach to benefits realization across the organization, ensuring that the desired outcomes and benefits are realized, sustained and communicated. The framework sets the direction and provides governance for benefits realization activities, and the benefits realization methodology runs at the operational level, focusing on specific processes and activities that provide a means to achieving desired outcomes, in effect operationalizing the framework. The benefits realization methodology along with the framework will enable Supply Ontario to track, analyze and report on the impact of its work, in particular reporting on progress and outcomes aligned to Supply Ontario's strategic pillars of centralization, resiliency, economic development, innovation and sustainability. In 2024-25 the benefits realization framework will be expanded to strengthen the capturing and tracing of outcomes such as efficiency, resiliency and sustainability from the agency's VOR Program, centralized procurement model, provision of advisory services, and its external partnerships. Reporting on overall projected and generated benefits from the agency's projects, programs, initiatives, and partnerships is expected to begin towards end of Q1 2025-26, with some in-year KPIs reporting as data becomes available.

Planned Activities	Indicator	Progress/Outcomes
II. Develop and execute sector-specific action plans, including a provincial category management strategy, in partnership with TBS and other ministries, including specifying target categories		The agency collaborated with Treasury Board Secretariat (TBS) and various ministries to formulate sector-specific action plans, such as a comprehensive provincial category management strategy. Information and potential strategic approaches towards categories such as computing devices, renal care, fleet/electric vehicles/electrification and nutrition have been compiled and the work is being incorporated into the organization's ongoing operations. In addition, through ongoing engagement with OPS ministries and sectors, Supply Ontario is listening to sector needs and priorities when developing category strategies for all currently managed categories and developing clinical category strategies.
III. Make incremental progress on contract harmonization and category management to generate momentum, build trust and incorporate lessons learned/good practices Focus primarily on contracts that SO can optimize in partnership with government		Supply Ontario successfully supported the peritoneal dialysis project as part of the broader renal category strategy, demonstrating its commitment to drive value and efficiency in healthcare delivery. Through this project, Supply Ontario partnered with Ontario Health and Health-Care Shared Services organizations to develop a centralized procurement approach for peritoneal dialysis. The renal network was engaged in this approach, bringing together all participants in this category for the first time, and demonstrating Supply Ontario's approach to bring parties together to agree on priorities, projects and approaches.

Planned Activities	Indicator	Progress/Outcomes
IV. Leverage planned work to demonstrate a more centralized approach to the supply chain community		The agency expanded project portfolios across seven key healthcare categories, extending our scope beyond initial targets by expanding project portfolios, focusing on centralization and identifying strategic projects to enhance system-wide efficiencies and supply chain optimization. In addition to the renal category work, Supply Ontario has participated in many sector conferences, learning activities and other engagement opportunities to present our priorities and the benefits of centralization through the collection of business requirements for new or renewing central contracts to ensure that the contracts meet customer needs. Sector representatives are engaging in providing requirements and feedback for inclusion in contracts. The result of this ongoing engagement will be contracts developed to meet all customer needs – both for the OPS but also for the BPS and other public sector entities.
V. Execute on low complexity opportunities that have higher likelihood of success to demonstrate progress, including increasing participation in bulk purchasing		Supply Ontario completed negotiations in the areas of: • Renal and peritoneal dialysis, leading to \$1 billion in aligned contracts, and • Microsoft enterprise software to deliver competitive terms and conditions for the OPS

Planned Activities	Indicator	Progress/Outcomes
VI. Work with Ontario Health to establish an improved model for clinical supply chain management		The agency commenced a strategic alliance with Ontario Health to leverage established relationships and subject matter expertise to spearhead new procurement and contracting strategies for peritoneal dialysis. These initiatives build on the positive momentum of the renal category strategy which has support and engagement from OH and other trusted partners—both public and private. Through this category strategy, Supply Ontario will provide benefits to patients and the province, including: • Optimized clinical choice • Centralized procurement oversight • Alternate service delivery and operations • Strengthened resilience and innovation This initial category work will be leveraged for future partnership opportunities or future centralized contracting opportunities, improving clinical supply chain management for the province.

STRATEGIC DIRECTION 3

Champion modernization, innovation and policy efforts in supply chain sectors across the province

Priority 3.1 Leverage the strategic use of data to modernize Ontario's procurement and supply chain

Planned Activities	Indicator	Progress/Outcomes
I. Increase understanding of unique and diverse OPS/BPS purchasing needs across sectors		In summer 2023, Supply Ontario expanded with the integration of Supply Chain Ontario from the Ministry of Public and Business Service Delivery. This realignment resulted in Supply Ontario gaining the strategic and operational administration of the enterprise-wide VOR program. The enterprise-wide VOR program makes collaborative contracts available to all public service entities, saving time for those entities and allowing for better outcomes from Ontario's combined purchasing power.

Planned Activities	Indicator	Progress/Outcomes
		At the point of transfer, the program included 76 VOR arrangements, with an estimated value of approximately \$4B over the life of the agreements. Supply Ontario will implement the largest increase in the history of the enterprise VOR program, with 14 new arrangements that will be available to public sector entities, further advancing our efforts to increase centralization. Supply Ontario is exploring further expansion of the enterprise-wide VOR program, as well as adopting new practices, such as better and faster ways to use the contracts, to allow new participants to join VOR arrangements on a more regular cadence. To engage with sectors to understand their business needs, Supply Ontario has participated in many sector conferences, learning activities and other engagement opportunities to present our priorities and the benefits of centralization through collection of business requirements for new or renewing central contracts to ensure that the contracts meet customer needs. Sector representatives are engaging in providing requirements and feedback for inclusion in contracts. The result of this ongoing engagement will be contracts developed to meet all customer needs— for the OPS but also for the BPS and other public sector entities.
II. Establish data ecosystem governance, stewardship and infrastructure to help standardize and store raw data in a sophisticated manner		With support from OPS IT Services (ITS), Supply Ontario set up a modern, cloud-based analytics platform. The platform enables the agency to store, transform, organize and analyze data collected from its stakeholders, including ministries, the broader public sector, vendors, SSOs and GPOs. A data governance framework has been established to guide data usage. Data policies, stewards and councils will work together to ensure the protection and proper disposal of collected data. The agency has also initiated processes to monitor the quality, completeness and timeliness of the collected data. Combined with the digital/data team's technical ability, the agency can leverage the data collected to help guide operational decisions.

Priority 3.2: Work closely with government partners to shape policy and regulations that support a modern supply chain ecosystem

Planned Activities	Indicator	Progress/Outcomes
I. Provide strategic direction on how covered entities can support and enable Supply Ontario's transformational mandate through market guidance		Supply Ontario is responsible for implementing the principles and strategies contained in BOBI and has worked to provide guidance and training to hospitals, school boards, universities, and colleges across Ontario as well as shared services and other public sector procurement entities on implementing BOBI. In FY 2023/24 the agency: • Conducted 129 awareness sessions attended by 3,162 attendees • Conducted 40 training sessions for buyers • Held meetings and consultations with clients in the OPS and BPS to answer questions and provide clarity around the policy • Attended conferences organized by Ontario Education Collaborative Marketplace (OECM), MMC and other stakeholders to help engage stakeholders and answer questions
II. Support government on supply chain-related legislation, regulation, policy and directives		In FY 2023/24, TBS amended OPS and BPS Procurement Directives to include the Building Ontario Businesses Initiative Act (BOBIA) criteria and economic development components. for below trade threshold procurements. Supply Ontario has worked with government to operationalize the Building Ontario Businesses Initiative, which levels the playing field for domestic businesses. This initiative also increases supply chain resiliency and timely access to goods and services for Ontarians.

Priority 3.3: Develop a strategy for implementing procurement modernization strategies (e.g., value-based procurements, innovation, etc.)

Planned Activities	Indicator	Progress/Outcomes
I. Work with government partners and industry stakeholders to explore and leverage opportunities to foster and increase innovation in procurement processes, as well as driving adoption of innovative solutions through procurement		Supply Ontario has collaborated with the Ministry of Health, the Ministry of Economic Development, Job Creation and Trade and Ontario Health to bring new health innovations into the system faster for patients through the Health Technology Accelerator Fund. As announced in the 2024 Ontario Budget, Ontario is investing in health innovation with a \$12-million Health Technology Accelerator Fund to bring the best health technologies to Ontarians across the province. The fund will help health service providers buy and use promising new technologies to improve patient care. The fund will also support home-grown innovation by creating more opportunities for companies to partner with Ontario's health system to sell their innovative products and services. Planning is underway at Supply Ontario in 2024-25 to launch an integrated pathway for innovation in procurement underpinned by the agency's Innovation Council, which was established in January 2024 to ensure coordination across all partners, and to help prioritize procurement initiatives in alignment with agency and government priorities. Supply Ontario's Business Development team has developed a process for screening potential opportunities brought into the agency's Strategic Council and Operational Council. The process includes consultation with the supplier community, subject matter experts, environmental scans, best business practices and data driven analysis to help make recommendations to foster opportunities to strengthen Ontario's supply chain ecosystem.

STRATEGIC DIRECTION 4

Strengthen Supply Ontario's ability to lead and create procurement value

Priority 4.1: Ensure Ontario's resilience and ability to rapidly respond to unexpected events, ensuring reliable access to critical products when needed

Planned Activities	Indicator	Progress/Outcomes
I. Secure PPE/CSE supply chain stability		Since July 2023, Supply Ontario has successfully managed the PPE/CSE stockpile, ensuring that supply plans consider resiliency, supply chain risk and customer requirements., Ontario, through Supply Ontario, has been a leader in emergency preparedness and stockpile program solutioning where domestic resiliency is a key outcome, and where the key priority of the province was readiness and the ability to provide necessary protection for front line workers. Supply Ontario has continued with centralized contracting for products with a focus on domestic resiliency, with scalable requirements to ensure alignment with supply and demand planning. During 2023/24, 98% of contracts in place to manage and support the provincial stockpile program were with Ontario companies. In December 2023, Supply Ontario announced an annual commitment to purchase 500 million locally manufactured, medical-grade nitrile gloves from Ontario-based business Manikheir Canada located in London, Ontario. The investment will help ensure secure and reliable access to critical PPE for health care workers.
II. Partner with the government to develop and implement transition plan		Supply Ontario supported Treasury Board Secretariat in developing supply-chain related policies and regulations, including the Building Ontario Businesses Initiative and Ontario Public Sector Supply Chain Strategy. The agency has developed a long-term warehousing and logistics strategy and streamlined the warehousing footprint for PPE and CSE.

Planned Activities	Indicator	Progress/Outcomes
III. Assume leadership role for the pandemic PPE/CSE supply chain		In FY 2023/24, Supply Ontario assumed operational responsibility and inventory management responsibilities from the Ontario Public Service for PPE/CSE supply chain. Through Supply Ontario's leadership of the Ontario PPE/CSE distribution network, orders are processed quickly and products are distributed where needed efficiently. Providing high-quality PPE/CSE to public sector entities helps protect public-sector employees and Ontarians. Supply Ontario regularly engages with customer of the PPE/CSE supply chain to ensure their business requirements are considered for products in the stockpile, and adjustments are made to reflect those requirements.
IV. Partner with the government to create an emergency stockpiling strategy, ensuring Ontario is ready for future emergencies		Supply Ontario is working with Ontario's Chief Medical Officer of Health to support the Public Health Table on Pandemic Stockpile and Preparedness. The table is establishing a procurement-focused perspective on Ontario's pandemic stockpile and critical health supply chain that strengthens domestically-driven preparedness and resiliency. Initial work has included: • Increasing access, use and resiliency of the provincial pandemic stockpile inventory • Supporting provincial efforts for vaccine and therapeutic strategies • Prioritizing candidates to bolster domestic supply chain product resiliency and development • Strengthening collaboration with stakeholders, including other provincial agencies, to support supply chain initiatives • Collaborating with the pharmaceutical industry to ensure an adequate supply of therapeutics to meet demand during 2023 fall respiratory virus season

Planned Activities	Indicator	Progress/Outcomes
		Supply Ontario has also partnered with Emergency Management Ontario to support its supply chain needs, including: • Providing advisory services for procurement activities • Creating new Enterprise Vendor of Record arrangements for emergency services • Providing warehousing, logistics and distribution of emergency supplies

Priority 4.2: Leverage regional and local supply chain opportunities and the Building Ontario Businesses Initiative to ensure there is continuous growth for local Ontario business

Planned Activities	Indicator	Progress/Outcomes
I. Provide support to TBS as the ministry develops supply chain and procurement-related policies and regulations, including the Building Ontario Businesses Initiative and the Ontario Public Sector Supply Chain Strategy		The Building Ontario Businesses Initiative Act requires public sector entities to give preference to Ontario businesses when conducting procurements for goods and services under Ontario's domestic trade agreement thresholds. In Q2, Supply Ontario assumed responsibility for the implementation of BOBI across the OPS and BPS, including creating awareness, conducting training programs and providing guidance and resources to support implementation. In FY 2023/24 the agency: • Conducted 129 awareness sessions attended by 3,162 attendees • Conducted 40 training sessions for buyers • Held meetings and consultations with clients in the OPS and BPS to answer questions and provide clarity around the policy • Attended conferences organized by OECM, MMC and other stakeholders to help engage stakeholders and answer questions The agency is working on a data collection strategy that will enable the measurement and reporting of BOBI key performance indicators that seek to reduce reporting burdens of entities.

2023/24 Mandate Letter

THEME 1:
LEAD

THEME 2:
PARTNER

THEME 3:
SUPPORTING
GOVERNMENT

THEME 4:
BROADER
GOVERNMENT
PRIORITIES

Progress/Outcomes Legend

	Completing or progressing as planned
	Delayed or deprioritized but continuing
	On hold
	Cancelled

THEME 1: LEAD

1.1 Create Value and Deliver Results from Centralized Procurement

Accountability	Indicator	Progress/Outcomes
I. Identify and execute on opportunities to integrate purchasing activities that are currently fragmented across Ontario's public sector, including: - Implementing Category Management, for sectors reflecting input from TBS and other ministries - Increasing uptake on existing bulk purchasing practices, as an immediate avenue for consolidating spend - Seizing opportunities for Contract Harmonization		Refer to progress/ outcomes highlighted within Business Plan priority 2.2 (II., III., IV and V).

1.2 Build Capacity

Accountability	Indicator	Progress/Outcomes
I. Acquire necessary operational capability to deliver on government expectations through hiring, partnerships and organizational development, with a focus on producing tangible results.		July 31, 2023, marked a major milestone in our growth and progress as an agency with the transfer of Supply Chain Ontario to Supply Ontario. Supply Ontario worked collaboratively with the Ontario Public Service to facilitate the seamless transfer of the Supply Chain Ontario business and staff to Supply Ontario. In advance of the transfer, Supply Ontario built relationships with bargaining agents to ensure ongoing support for staff. Through extensive planning and engagement prior to July 2023, the complex transfer was completed in July 2023 with no interruptions to business continuity or service degradation to clients. The transfer increased Supply Ontario's spend under management to \$4 billion and 1,800 contracts. Supply Ontario's organizational capacity matured by leveraging the expertise and experience of Supply Chain Operations staff to drive the modernization of procurement practices across the public sector. Post-transfer activities included continuing work on harmonizing policies and compensation structures and establishing appropriate health and safety programs and labour relations committees.

THEME 2: PARTNER

2.1 Secure supply chain stability

Accountability	Indicator	Progress/Outcomes
I. Develop and then implement a plan for Supply Ontario to assume operational responsibility for the personal protective equipment (PPE) and critical supplies and equipment (CSE) supply chain (including warehousing and logistics management), in accordance with the government's commitment to the Office of the Auditor General. To ensure a seamless transition, partner with Treasury Board Secretariat ("the Ministry"), the Ministry of Public and Business Service Delivery and the Ministry of Health.		Refer to progress/outcomes highlighted within Business Plan priority 4.1 (I, II and III).
II. Develop an emergency stockpiling strategy to ensure readiness for future emergencies, based on lessons learned from the COVID-19 pandemic and leading practices. In this regard, partner with Emergency Management Ontario/TBS, the Ministry of Health and the Chief Medical Officer of Health.		Refer to progress/outcomes highlighted within Business Plan priority 4.1 (IV).

2.2 Build relationships and promote healthy markets

Accountability	Indicator	Progress/Outcomes
I. Maximize participation in Ontario's procurements by partnering with the Ministry to conduct vendor outreach and engagement,		Refer to progress/outcomes highlighted within Business Plan priority 1.1 (II).
Partner with the Ministry in stakeholder outreach and engagement, in order to inform and enable transformation.		Refer to progress/outcomes highlighted within Business Plan priority 4.2 (I).

2.3 Execute sector-specific action plans

Accountability	Indicator	Progress/Outcomes
I. Develop and then execute sector-specific action plans, including: • Multi-year plan to implement Category Management, specifying target categories • Multi-year plan to address decentralized supply chain organizations and purchasing activities for each sector • Methodology for measuring value, establishment of baselines and identification of specific targets with timelines Consult with the Ministry, the Ministry of Public and Business Service Delivery, the Ministry of Health, the Ministry of Education and the Ministry of Colleges and Universities, as well as other ministries as appropriate.		Refer to progress/outcomes highlighted within Business Plan priority 2.2 (I, II, III, IV and V).
II. Establish an improved model for clinical supply chain management between Supply Ontario and Ontario Health to ensure clinical needs, patient safety requirements and health sector operations interface appropriately with supply chain activities at a provincial scale. Partner with the Ministry and the Ministry of Health to ensure alignment.		Refer to progress/outcomes highlighted within Business Plan priority 2.2 (VI).

THEME 3: SUPPORTING GOVERNMENT

3.1 Provide input and collaboration on essential government procurements.

Accountability	Indicator	Progress/Outcomes
I. Provide input in the development of BOBI and to advancing the Ontario Public Sector Supply Chain Strategy.		Refer to progress/outcomes highlighted within Business Plan priority 3.2 (II).
II. Outline priorities in Supply Ontario's Business Plan and meeting the requirements of the Agencies and Appointments Directive.		Supply Ontario's 2023/24-2025/26 Business Plan responded to the ambitious mandate letter the accountable minister issued to the agency in November 2022. The plan focused on four key themes to help the agency deliver on its mandate: 1. Connect, listen and leverage partners and stakeholders across various sectors and communities 2. Strengthen Supply Ontario's ability to lead and create procurement value 3. Champion modernization, innovation and policy efforts in supply chain sectors across the province 4. Strengthen resilience and support for economic development The plan sets the foundation for the agency's path forward for the next three years, detailing strategies related to procurement modernization, category management and vendor of record expansion.

THEME 4: BROADER GOVERNMENT PRIORITIES

4.1 Competitiveness, Sustainability and Expenditure Management

Accountability	Indicator	Progress/Outcomes
I. Identify and pursue opportunities for revenue generation through partnerships, where appropriate.		Supply Ontario is an operational service agency that provides services to its clients at little or no cost. It is fully funded by operating funding from the Government of Ontario.
II. Identify efficiencies and savings through innovative practices, and/or improved program sustainability.		Supply Ontario assumed responsibility for the enterprise VOR program and the management and oversight of the provincial stockpile of personal protective equipment (PPE) and critical supplies equipment (CSE). In pursuit of improved program sustainability, Supply Ontario has made efforts to make its PPE/CSE supply more resilient, using local suppliers. • Pre 2020: \$0 domestic on PPE/CSE • 2023: \$1B PPE/CSE • FY 2023/24: 98% of contracts awarded to Ontario businesses To identify efficiencies and savings, Supply Ontario is developing a benefits realization methodology that will be used to measure savings and demonstrate cost avoidance.
III. Operate within the agency's financial allocations.		Supply Ontario operated within financial allocations in FY 2023/24. Continuous monitoring and updates are provided to Board of Directors and Treasury Board Secretariat on the agency's financial position and funding needs. The agency's financial reporting process includes due diligence to ensure funding needs accurately reflect the agency's ability to meet its mandate.

Accountability	Indicator	Progress/Outcomes
IV. Comply with applicable direction related to supply chain centralization, including contract harmonization for planned and pending procurements, accounting practices and realty interim measures for agency office space.		Supply Ontario is mandated to strengthen supply chain and procurement centralization across the public sector, ensuring that Ontario ministries, provincial agencies, hospitals, school boards, children's aid societies and more have access to high-quality, timely, reliable products at the best value. Using a whole-of-government approach, we are leveraging provincial purchasing power to generate savings that can be reinvested into public services, address barriers businesses face in accessing public sector procurement opportunities and create a resilient, adaptable supply chain on which Ontarians can rely.
V. Leverage and meet benchmarked outcomes for compensation strategies and directives.		With the transfer of management positions from Supply Chain Ontario, Supply Ontario conducted a total compensation analysis to determine how the Supply Chain Ontario management level positions integrate within the Supply Ontario compensation and total rewards structure. In determining appropriate market adjustments to the organization's salary bands, the agency considered several factors, including OPS salary band structure and relevant legislation. Supply Ontario maintains an Executive Compensation Framework compliant with the Broader Public Sector Executive Compensation Act (BPSECA) to ensure fair and transparent compensation for executive positions. By adhering to regulatory requirements and implementing a comprehensive framework, Supply Ontario establishes a culture of accountability, fairness, and effective resource utilization in its compensation practices.

4.2 Transparency and Accountability

Accountability	Indicator	Progress/Outcomes
I. Abide by applicable government directives and policies and ensuring transparency and accountability in reporting.		Supply Ontario abides by applicable government directives and policies. Including: • Agencies & Appointments Directive • Accountability Directive • Advertising Content Directive • Open Data Directive • Prerequisites Directive • Procurement Directives • Realty Directive • Service Directive • Transfer Payment Accountability Directive • Travel, Meal and Hospitality Expenses Directive • Visual Identity Directive • Managing, Distributing and Pricing Government Information (Intellectual Property). The agency ensures transparency and accountability in reporting through the development and public posting of the agency's annual report and business plan and responses to audits, where applicable.
II. Adhere to accounting standards and practices, and responding to audit findings, where applicable. Identify appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability.		Supply Ontario continues to implement its board-approved governance roadmap by identifying structures and roles to support the board and strengthen governance. In FY 2023/24, the agency created the Office of the Corporate Secretary, which developed a board governance framework and began providing strategic and efficient board management and support to the board and senior leadership. Since its inception, the office has helped enhance the efficiency and effectiveness of the board's oversight and its ability to provide strategic direction and ensure the agency achieves its mandate. Supply Ontario has enhanced back-office systems to support the additional capacities needed for the agency to procure and implement an ERP system. In addition, Supply Ontario has initiated work with a third-party service provider to implement a finance management system that will enable the agency to autonomously assume the financial reporting.

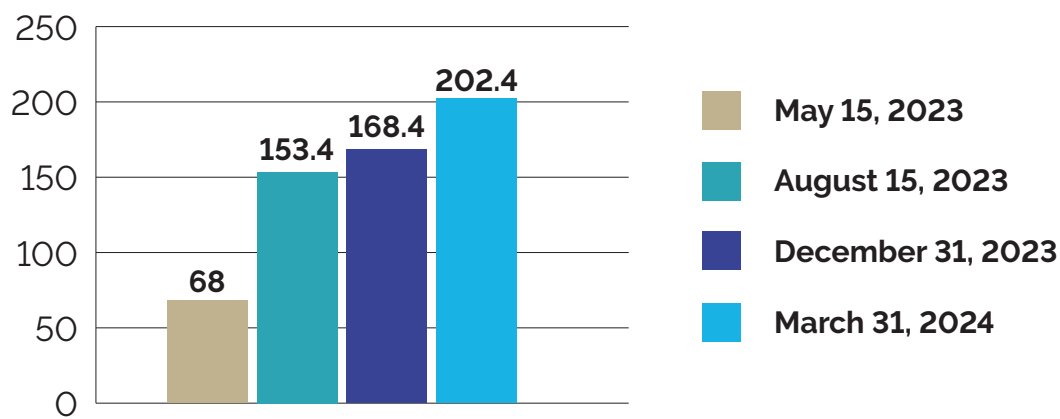
4.3 Risk Management

Accountability	Indicator	Progress/Outcomes
I. Develop and implement an effective process for the identification, assessment, and mitigation of agency risks, including COVID-19 impacts and any future emergency risks.		Supply Ontario has a well-structured Enterprise Risk Management (ERM) program to allow for prudent risk management while pursuing strategic objectives and managing operations. The ERM program sets out a systematic and integrated approach to identify, assess, mitigate, monitor and report risks across the organization. The goal of ERM is to embed a risk-based lens into decision-making at all levels across the organization. In FY 2023/24, Supply Ontario's Risk Oversight Committee, chaired by the CEO, provided quarterly oversight of the agency's risk profile and reviewed the effectiveness of its risk mitigation strategies. Key risks are reviewed and approved by the Board of Directors on a quarterly basis prior to disclosure to the ministry. The agency continues build its internal risk management capabilities within the organization by partnering with the Office of the Chief Risk Officer to deliver risk management training to key staff, including the executive leadership team. Through the ERM program and Risk Oversight Committee, investment in staff training, and targeted risk mitigation strategies, Supply Ontario demonstrates a proactive and comprehensive approach to risk management. These efforts enable the organization to effectively identify and address risks, including emergencies such as the COVID-19 pandemic, while ensuring the successful delivery of its mandate.

4.4 Workforce Management

Accountability	Indicator	Progress/Outcomes
I. Optimize organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.		To best support public sector delivery, Supply Ontario has continued to grow and develop its organizational capacity. Since the transfer of Supply Chain Ontario to Supply Ontario, the agency's headcount increased significantly over the fiscal year. As of March 31, 2024, the organization's total headcount is 202.4. The organization's headcount growth over FY 2023/24 is set out in the table below (Workforce Headcount by Reporting Period). Supply Ontario continues implementing various initiatives to enhance its recruitment and talent acquisition program. Refinements include improvement of talent acquisition processes and tools, including the development of a comprehensive talent acquisition learning guide for hiring managers, the creation of job fairs and bringing talent acquisition in-house. Recognizing the importance of strong leadership, Supply Ontario engaged an executive recruitment firm to assist in filling executive leadership roles and in onboarding the Chief Operations Officer and the Chief Financial Officer. During FY 2023/24, Supply Ontario filled roles for and onboarded 86 new employees.

Workforce Headcount by Reporting Period



Accountability	Indicator	Progress/Outcomes
II. Support the implementation of the Community Jobs Initiative (CJI) by identifying opportunities to relocate new or existing agencies to lower cost communities.		The agency transitioned from a virtual model to a hybrid model in May 2023 at an interim head office location. SO undertook a staged approach to align with the OPS model by end of FY 2023/24. The agency will be working with Infrastructure Ontario and the ministry in 2024-25 to develop a long-term realty plan.

4.5 Diversity and Inclusion

Accountability	Indicator	Progress/Outcomes
I. Develop and encourage diversity and inclusion initiatives by promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.		Supply Ontario values the diversity of its staff and stakeholders across Ontario. The agency's equity, diversity and inclusion initiative was established in November 2022 to guide Supply Ontario's efforts to foster an equitable, inclusive and diverse workplace that reflects the people, cultures and languages of the communities it serves.
II. Adopt an inclusion engagement process to ensure all voices are heard to inform policies and decision-making		Supply Ontario developed a comprehensive diversity, equity, inclusion and belonging strategy, accompanied by actionable initiatives and programs with the strategy's aim to foster a positive, inclusive, and people-centric culture by promoting diversity, equity, and a sense of belonging for all employees. Key accomplishments completed from the action plan include the formation of SO's inaugural diversity, equity, inclusion and belonging council, enhanced culture calendar with increased programming for days of significance, e.g., National Day of Truth and Reconciliation, Black History Month, International Women's Day.

4.6 Data Collection

Accountability	Indicator	Progress/Outcomes
I. Improve how the agency uses data in decision-making, information sharing and reporting, to inform outcome-based reporting and improve service delivery.		Refer to progress/outcomes highlighted within Business Plan priority 3.1 (II).
II. Increase data sharing with Supply Ontario when applicable regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making. Note: 'data sharing with Supply Ontario' is one of the government's broader priorities for all board-governed provincial agencies. This means that Supply Ontario should expect to engage with agencies across government in 2023/24.		Refer to progress/outcomes highlighted within Business Plan priority 3.1 (II).

4.7 Digital Delivery and Customer Service

Accountability	Indicator	Progress/Outcomes
I. Explore and implement digitization for online service delivery to ensure customer service standards are met.		The agency is in the process of developing a digital procurement solution (DPS), which will replace internal government tendering systems, including Ontario's Tenders Portal (OTP), with a more comprehensive and centralized digital solution to improve the experience for vendors and customers. The digital procurement solution will provide a seamless, secure, and user-friendly platform for end-to-end procurement processes and other processes, which will help facilitate more efficient and transparent interactions between Supply Ontario and its vendors. The digital procurement solution is envisioned to be a single, integrated public sector procurement solution which will provide leading edge procurement and supply chain capabilities to all public sector entities in Ontario. Benefits • A more efficient government by enabling one single digital marketplace across the Ontario Public Sector • Easier access for vendors to find procurement opportunities with public sector entities

Accountability	Indicator	Progress/Outcomes
II. Use a variety of approaches or tools to ensure service delivery in all situations, including pursuing delivery methods that have evolved since COVID-19.		• Improved user experience and scalability • More centralized procurement activity and second stage selections • Bolsters supply chain resiliency and supports modern procurement practices • Consistent, quality data gathering for strategic and effective supply chain decisions • Reduced administration through the elimination of duplication of efforts, procurement cost and approval processes for both procurement staff and vendor community • Strengthens cyber security • Provides an improved user experience • One solution providing visibility of procurement and spend management with advanced analytics An Early Market Engagement/Request for Information has been undertaken with current vendors and other players in the marketplace to gather feedback on the innovative solutions available to replace the tendering systems, including additional functionality to meet the needs of the public sector. Key suggestions received are being considered for incorporation into expected outcomes of the request for bids, including: • Cloud-based solutions • Reduce red tape and supplier burden • Innovative, emergency technology with advanced analytics • User experience and scalable • Integration capabilities with other public sector entities • Enabling collaboration • Increase adoption of innovation • Greater opportunity for small and medium enterprise • Increased access to data, evidence-based planning and transparent decision-making

Key Performance Indicators

The following measures from the 2023/24 Business Plan have resulted in progress toward intended outcomes.

Strategic Framework	Achievements
1. Connect, listen, and leverage partners and stakeholders across various sectors and communities	• Stakeholder Engagement Framework is in place and sector tables for targeted categories are in progress • New partnerships formed, and collaboration activities identified » Four partnerships with supply chain ecosystem stakeholders were developed, and one organization with a sector view was onboarded to Supply Ontario's data collection framework » Forty-three submissions were received, and over 450 individuals participated in virtual regulation consultation sessions conducted by Supply Ontario in partnership with TBS. These consultations were especially important for hearing concerns and opportunities related to the implementation of the BOBI for the Ontario Public Service (OPS), and the forthcoming implementation for the BPS. The Agency also facilitated BOBI awareness sessions, in which nearly 1,000 OPS and BPS staff attended to hear about plans for implementation and address questions.
2. Strengthen Supply Ontario's ability to lead and create procurement value	• Foundational human resources policies, practices, processes and programs established » Establishment of human resource foundations, policies, practices, processes and programs to further drive a culture of inclusion, excellence and collaboration including the launch of: 1. Organizational values, value statement and behaviours that will be cascaded through the organization's policies. 2. A Performance Management Program that ties performance and delivery to key organization values-based behaviours. 3. A comprehensive and integrated actionable five pillar approach to a Diversity, Equity, Inclusion and Belonging Strategy to be implemented in FY 2023/24. 4. A Learning and Development Strategy to reduce training gaps and realize optimal performance.

Strategic Framework	Achievements
	- Finance: » Foundational finance and risk management policies, practices, processes and programs to establish appropriate controls and mature the organization (e.g., ERM Framework and risk reporting, committees, certificate of assurance, financial reporting and management) Enterprise-wide VOR Program: 17 VOR refreshes in progress 13 VOR extensions in progress 18 VORs awarded 6 VOR refreshes awarded 15 VORs posted 6 RFI/market soundings posted 28 BPS entities onboarded to VORs 838 qualified vendors onboarded 362 vendor debriefs conducted 14 new VOR arrangements approved and will be available within the next 18 months Supply Chain Advisory Services: 664 OPS and non-OPS procurements at the following stages: 130 in development 199 posted 151 in evaluations 8 pre-award 55 in award stage 11 not awarded 8 closed 66 new requests to be reviewed 36 second stage selection acquisitions being supported Advertising and Communications Services Procurements: 65 second stage competitions completed

Strategic Framework	Achievements
	Interim Measures: 844 procurement rationale forms were received and processed: • 666 assessed and recommendation completed • 140 in progress status • 38 cancelled Ontario Tenders Portal: • 313 new OTP accounts for ongoing operations created Contractor Security Screening: • 13,380 contractor security screens processed
3. Champion modernization, innovation and policy efforts in supply chain sectors across the province	Worked with government partners and industry stakeholders to explore and leverage opportunities to foster and increase innovation in procurement processes, as well as driving adoption of innovative solutions through procurement. Attained a minimum level of 80 percent and 76 percent for client and vendor satisfaction, respectively, with the procurement service provided
4. Strengthen resilience and support for economic development	98 percent of provincial stockpile contracts were awarded to Ontario businesses who manufacture within the province (before 2020, Ontario spent zero domestic dollars on PPE/CSE) 100 percent of Supply Ontario procurements utilized BOBI criteria. • Domestic mask contracts created 276 jobs • Purchasing 500 million locally manufactured gloves will create 145 jobs

In FY 2023/24, operational performance was analyzed using outcome and output-based performance measures. Some highlights include:

- In 2023/24, Supply Ontario conservatively estimated cost avoidance of \$1.06B for replacement contracts approved for the VOR program related to mobile devices and services - the revised cost avoidance projection is now \$2.5B as the contracts have been finalized
- 98 percent of provincial stockpile contracts were awarded to Ontario businesses who manufacture within the province (before 2020, Ontario spent zero domestic dollars on PPE/CSE)
- 100 percent of Supply Ontario procurements utilized BOBI criteria.
 - » Domestic mask contracts created 276 jobs
 - » Purchasing 500 million locally manufactured gloves will create 145 jobs

- Four partnerships with supply chain ecosystem stakeholders were developed, and one organization with a sector view was onboarded to Supply Ontario's data collection framework
- Attained a minimum level of 80 percent and 76 percent for client and vendor satisfaction, respectively, with the procurement service provided

Throughout FY 2023/24, Supply Ontario continued to focus on collecting and establishing critical baseline data to enable and expand on its performance measures and build period-over-period comparative analysis capacity.

Risk Identification, Assessment and Mitigation Strategies

Supply Ontario has a well-structured Enterprise Risk Management (ERM) program to allow for prudent risk management while pursuing strategic objectives and managing operations. The ERM program sets out a systematic and integrated approach to identify, assess, mitigate, monitor and report risks across the organization. The goal of ERM is to embed a risk-based lens into decision-making at all levels across the organization.

In FY 2023/24, Supply Ontario's Risk Oversight Committee, chaired by the CEO, provided quarterly oversight of the agency's risk profile and reviewed the effectiveness of its risk mitigation strategies. Key risks are reviewed and approved by the Board of Directors on a quarterly basis prior to disclosure to the ministry.

The agency continues build its internal risk management capabilities within the organization by partnering with the Office of the Chief Risk Officer to deliver risk management training to key staff, including the executive leadership team.

Key risks identified under the ERM framework include:

Risk Rating:

● Low

● Medium

● Medium-High

● High

Risk Trend:

↑ Up

↓ Down

➡ Steady

★ New

Risk Title	Description	Risk Rating	Mitigation
Delivery of value creation initiatives	Risk in identifying and developing value creation initiatives, impacting the agency's ability to deliver on its overall mandate (value creation, resiliency, economic development).	Low 	Implemented an initiative tracker intended to capture and manage opportunities to reduce the risk impact. A benefits realization plan will be developed and implemented for Supply Ontario's priority projects to identify a timeline and the tools and resources necessary to ensure that benefits are fully realized over time.
Timely Recruitment of Skilled Workforce	Risk associated with defining and aligning organizational needs, designing functional structures and sourcing and recruiting talent	Low 	Developed a resourcing strategy to allow for quick ramp-up of staffing resources and organizational stability while balancing the agency's ability to onboard new staff. The strategy includes the use of external firms to assist with recruitment efforts, recruiting supply chain talent from both public and private sectors and, where necessary, leveraging external, temporary resources to supplement existing staff.
Delayed implementation of a supply chain data management program	Risk of delayed implementation of a supply chain data management program due to the complexity of the OPS/BPS data ecosystem and the volume of data spread across Ontario's ministries and supply chain areas.	Medium 	Engaging stakeholders across Ontario to develop a province-wide supply chain data architecture model and a master data management strategy that will include ongoing data collection and governance principles and a robust cybersecurity detection, prevention and response capability. Supply Ontario will additionally obtain intelligence on the gaps of supply chain data across the province.

Risk Title	Description	Risk Rating	Mitigation
IT Back-Office Solution	Inability to effectively and efficiently provide critical back-office HR and finance functions due to the absence of an integrated, IT solution that can meet SO's growing needs resulting in significant manual business processes and reliance on third party contracts.	Medium-High  	Implemented a software as a solution (SaaS) system that met the immediate payroll needs. Implementing a SaaS system to meet the agency's finance management needs.
Agency Funding Stabilization	Risk of insufficient funding in 2024-25 and onwards to deliver on Supply Ontario's priorities.	Medium-High  	Continuous monitoring and updates provided to Board of Directors and government on the agency's financial position, funding needs, supply chain activities underway and progress toward commitment identified in the business plan. The agency's financial reporting process enabled the agency to operate within its funding allocation in FY 2023/24. The agency's due diligence included a multi-year funding request in fall 2023 for consideration in the 2024 Ontario Budget to ensure funding requirements are known and reflect the agency's ability to meet its mandate.

Management Discussion and Analysis

Overview

Centralized Supply Chain Ontario (Supply Ontario) is a Crown agency. It is funded by the Province of Ontario to harness its purchasing power through value creation opportunities, create greater resilience, and enable economic development opportunities as they relate to the end-to-end business of supply chain management and procurement across Ontario's BPS and OPS entities.

Moreover, the operations of Supply Chain Ontario (SCO) were transferred to Supply Ontario effective July 31, 2023. This move marked a significant step towards creating a more intelligent, robust, and connected public sector supply chain that better serves the needs of Ontarians and to modernize the province's supply chain management and procurement practices.

This Management's Discussion and Analysis (MD&A) is intended to provide an overview of Supply Ontario's financial activities for the year ended March 31st, 2024, and should be read in conjunction with the financial statements for the year ended March 31st, 2024, and related notes.

Operating Results

Year-ended March 31, 2024, vs. Budget

Supply Ontario reported a budgeted surplus of \$22.49 million for the year and an actual surplus of \$1.99 million for the year.

Revenues

Supply Ontario, as an operational service agency, reported a budgeted revenue of \$50.25 million as compared to a total revenue for the year of \$77.52 million as a result of transfer of the operations of SCO. The total revenue included a transfer payment of \$75.31 million and \$2.21 million in deposit interest and prepaid expenses related to the SCO transfer from the Province.

Expenses

Supply Ontario actual expenses were \$75.53 million for the year, which is \$47.77 million above budget and can be attributed to the transfer of SCO which oversees the operations related to centralization of government contracts, advisory services, Provincial Stockpile Management, warehousing and distribution activities, and the implementation of the Building Ontario Business Initiative (BOBI) for the OPS. Pre-existing agency operations expenses were below approved budget by \$29.02 million.

In addition, Supply Ontario continued to grow through timely staff recruitment that supported the Agency's commitment to delivery on its mandate and priority initiatives, including the

implementation of category management expansion, the introduction of a benefits realization framework as a methodology for measuring value, an integrated payroll solution, a new Financial Management System, and ongoing development of digital infrastructure.

Expenses measured against the budget can be summarized as follows with operations expense being higher due to transfer of SCO operations and below budget for most programs due to timely recruitment and careful cost management:

- Operations expenses were \$57.07 million for the year, \$53.59 million above budget.
- Data and Digital expenses were \$4.48 million, \$3.48 million below budget.
- Finance expenses were \$3.94 million for the year, \$2.36 million below budget.
- Strategy, Program and Partnerships expenses were \$3.54 million, \$0.62 million below budget.
- Human Resources expenses were \$2.94 million, \$0.01 million below budget.
- General Counsel and Corporate Secretary expenses were \$1.54 million for the year, \$0.13 million above budget.
- Office of the CEO were \$0.93 million for the year, \$0.55 million below budget.
- Net liabilities transferred from SCO for FY2023-24 were \$1.01 million.

Year-ended March 31, 2024, vs. March 31, 2023

Supply Ontario reported a surplus of \$1.99 million for the year, an increase of \$4.35 million compared to a \$2.36 million deficit in FY2022-23. The accumulated surplus is \$6.30 million for FY2023-24.

Revenues

Funding received was \$75.30 million for the year and deposit interest and transferred prepaid expenses from the Province was \$2.21 million which together is \$65.17 million higher than prior year. At year end FY2023-24, Supply Ontario had a cash balance of \$7.88 million which funded operations through the beginning of FY2024-25.

Expenses

Supply Ontario expenses were \$75.53 million for the year, \$60.53 million above prior year mainly due to expenses that related to the integration of the operations of SCO to Supply Ontario in FY2023-24. In addition, functional area expenses increased due to the agency timely recruitment of staff to support the delivery of its mandate, and a shift in the implementation of Supply Ontario's priority initiatives.

Expenses by functional areas can be summarized as follows, with the variances largely attributable to the SCO integration and maturation of the agency's staffing complement to support its commitment to the delivery on its mandate and priority initiatives:

- Operations expenses were \$57.06 million for the year, \$54.17 million above FY2022-23.
- Data and Digital expenses were \$4.47 million, \$1.81 million above FY2022-23.

- Finance expenses were \$3.93 million for the year, \$1.41 million above FY2022-23.
- Strategy, Program and Partnerships expenses were \$3.54 million, \$0.73 million above FY2022-23.
- Human Resources expenses were \$2.94 million, \$1.01 million above FY2022-23.
- General Counsel and Corporate Secretary expenses were \$1.54 million for the year, \$0.12 million above FY2022-23.
- Office of the CEO expenses were \$0.93 million for the year, \$0.39 million below FY2022-23.

Statement of Financial Position

Cash

On March 31st, 2024, the cash balance was \$7.88 million, an increase of \$2.90 million from the previous year's balance. The increase in cash was the result of increased funding from the province of Ontario to align to the agency's operating requirements.

Accounts Receivable and Due from Province

On March 31st, 2024, the total accounts receivable and due from Province balance was \$12.33 million, an increase of \$10.98 million from the prior year's balance of \$1.35 million. This increase is primarily due to amounts to be received from the province to fund the outstanding liabilities for SCO that includes payments to vendors and accruals as well as the HST recoverable.

Accounts Payable, Accrued Liabilities and Due to Province

On March 31st, 2024, the accounts payable, accrued liabilities and due to Province balance was \$17.58 million, an increase of \$15.51 million from the prior year's balance of \$2.07 million. This increase is primarily due to outstanding vendor liabilities for SCO as well as salaries, wages and benefits liabilities.

Centralized Supply Chain Ontario (Operating as Supply Ontario) Financial Statements

March 31, 2024

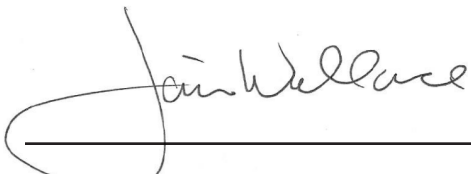


The financial statements of Centralized Supply Chain Ontario have been prepared by management in accordance with Canadian public sector accounting standards, and, where appropriate, include amounts based on management's best estimates and judgements. The financial statements have been prepared considering information available up to October 24, 2024.

Management maintains a system of internal controls designed to provide assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. The Board of Directors oversees management's responsibilities for financial reporting and internal controls.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



Jamie Wallace
Chief Executive Officer



Danny Hsiang
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To Centralized Supply Chain Ontario

Opinion

I have audited the financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Supply Ontario as at March 31, 2024, and the results of its operations, changes in its net financial assets and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Supply Ontario in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Supply Ontario's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Supply Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Supply Ontario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Supply Ontario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Supply Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Supply Ontario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario
October 24, 2024

Shelley Spence, CPA, CA, LPA
Auditor General

Statement of Financial Position

As at March 31, 2024

(in thousands of dollars)

	Note	March 31, 2024	March 31, 2023
Financial Assets			
Cash		\$ 7,875	\$ 4,973
Due from Province	9	\$ 10,221	\$ -
Accounts receivable	4	\$ 2,111	\$ 1,354
Total Financial Assets		\$ 20,207	\$ 6,327
Liabilities			
Accounts payable and accrued liabilities	5	\$ 14,484	\$ 1,635
Due to Province	9	\$ 2,241	\$ 435
Post-employment benefits other than pension plan	6 (b)	\$ 854	\$ -
Total Liabilities		\$ 17,579	\$ 2,070
Net Financial Assets		\$ 2,628	\$ 4,257
Non-Financial Assets			
Prepaid expenses		\$ 3,482	\$ 53
Tangible capital assets	7	\$ 186	\$ -
Accumulated Surplus		\$ 6,296	\$ 4,310

Commitments (Note 10)

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors



Chair, Board of Directors



Vice Chair, Board of Directors

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024

(in thousands of dollars)

	Note	2024 Budget (Note 12)	2024 Actual	2023 Actual
Revenues				
Province of Ontario		\$ 50,251	\$ 75,305	\$ 12,351
Other income		\$ -	\$ 2,214	\$ 286
		\$ 50,251	\$ 77,519	\$ 12,637
Expenses				
	8			
Operations		\$ 3,476	\$ 57,067	\$ 2,300
Data & Digital		\$ 7,961	\$ 4,478	\$ 2,670
Finance		\$ 6,297	\$ 3,937	\$ 2,529
Strategy, Programs and Partnerships		\$ 4,168	\$ 3,545	\$ 2,813
Human Resources		\$ 2,954	\$ 2,940	\$ 1,932
General Counsel and Corporate Secretary		\$ 1,414	\$ 1,541	\$ 1,425
Office of the President and CEO		\$ 1,490	\$ 938	\$ 1,332
Amortization		\$ -	\$ 74	\$ -
Net liabilities transferred to Supply Ontario	3	\$ -	\$ 1,013	\$ -
		\$ 27,760	\$ 75,533	\$ 15,001
Annual Operating Surplus (Deficit)				
		\$ 22,491	\$ 1,986	\$ (2,364)
Accumulated Surplus, Beginning of Year				
		\$ -	\$ 4,310	\$ 6,674
Accumulated Surplus, End of Year				
		\$ -	\$ 6,296	\$ 4,310

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Financial Assets

For the year ended March 31, 2024

(in thousands of dollars)

	Note	2024 Budget (Note 12)	2024 Actual	2023 Actual
Annual Operating Surplus (Deficit)		\$ 22,491	\$ 1,986	\$ (2,364)
Changes in non-financial assets:				
Prepaid expenses		\$ -	\$ (3,429)	\$ (30)
Acquisition of tangible capital assets		\$ -	\$ (260)	\$ -
Amortization of tangible capital assets		\$ -	\$ 74	\$ -
Decrease in Net financial asset		\$ 22,491	\$ (1,629)	\$ (2,394)
Net Financial Asset, Beginning of Year		\$ 4,257	\$ 4,257	\$ 6,651
Net Financial Asset, End of Year		\$ 26,748	\$ 2,628	\$ 4,257

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flow

For the year ended March 31, 2024

(in thousands of dollars)

	2024		2023	
Operating activities				
Annual operating surplus/(deficit)	\$	1,986	\$	(2,364)
Adjustments for non-cash items:				
Non-cash balances transferred to Supply Ontario	\$	1,013	\$	-
Amortization of tangible capital assets	\$	74	\$	-
Changes in working capital items:				
Accounts receivable	\$	(757)	\$	(502)
Due from Province	\$	(10,221)	\$	-
Prepaid expenses	\$	(2,723)	\$	(30)
Accounts payable and accrued liabilities	\$	11,984	\$	(823)
Due to Province	\$	1,806	\$	(4)
Net Cash Provided/(Used) from Operating Activities	\$	3,162	\$	(3,723)
Capital activities				
Adjustments for non-cash items:	\$	(260)	\$	-
Cash (Used) in Capital Activities	\$	(260)	\$	-
Net Increase/(Decrease) in Cash	\$	2,902	\$	(3,723)
Cash, Beginning of Year	\$	4,973	\$	8,696
Cash, End of Year	\$	7,875	\$	4,973

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended March 31, 2024

(in thousands of dollars)

1. Nature of Operations

Centralized Supply Chain Ontario (operating as Supply Ontario) was established on November 5, 2020, under Ontario Regulation 612/20 pursuant to the *Supply Chain Management Act (Government Broader Public Sector and Health Sector Entities)*, 2019.

Supply Ontario's objects and duties include:

- providing and supporting supply chain management on behalf of government entities, broader public sector entities and health sector entities.
- collecting supply chain management and vendor performance data from government entities, broader public sector entities and health sector entities.
- providing and supporting supply chain management in respect of personal protective equipment on behalf of entities other than government entities, broader public sector entities and health sector entities.

Supply Ontario is primarily funded by the Province of Ontario (Province) through the Treasury Board Secretariat. As a Crown Agency of the Province, Supply Ontario is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

Effective July 31, 2023, the Province approved the transfer of the business functions and resources of the Supply Chain Ontario (SCO) division within the Ministry of Public and Business Service Delivery and Procurement (MPBSDP) to Supply Ontario.

As a result of the transfer, the following responsibilities were transferred to Supply Ontario:

- Management of the enterprise vendor of record program;
- Management of advertising and communications procurement;
- Management of the provincial stockpile of personal protective equipment and critical supplies and equipment;
- supply chain advisory services.

The employees, assets, liabilities, rights and obligations of SCO were fully transferred to Supply Ontario. See Note 3 for further details on the transfer.

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) for government established by the Public Sector Accounting Board (PSAB).

b) Adoption of new accounting standards

The Public Sector Accounting Board (PSAB) issued PS 3400 Revenue and PS 3160 Public Private Partnerships effective for fiscal periods on or after April 1, 2023. This standard had no impact on the financial statements.

c) Revenue Recognition

(i) Government Transfers

Government Transfers from the Province are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that conditions give rise to an obligation that meets the definition of a liability. Funds received from the province are recognized as deferred revenue when these conditions give rise to a liability.

(ii) Other Income

Other income consists of the following:

- Interest income - recorded on an accrual basis and recognized as earned; and
- Contributed assets – transfer of prepaid assets by the Province for no consideration and is recorded at the carrying amount.

d) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year are expensed.

e) Financial Instruments

Financial instruments are measured at fair value when acquired or issued. In subsequent periods, financial assets and liabilities are reported at cost or amortized.

Financial assets and liabilities measured at amortized cost include cash, due from Province, accounts receivable, accounts payable and accrued liabilities, and due to Province.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost, less accumulated amortization less write downs, if any. The cost of tangible capital assets includes the cost directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Amortization begins when capital assets are ready for use.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives. Leasehold improvements are amortized of the remaining term of the associated lease.

When a tangible capital asset no longer has full-service potential, the differential of its net carrying amount and any residual value or remaining economic benefit, is recognized as a gain or loss, as appropriate, in the statement of operations and accumulated surplus.

For assets acquired or brought into use during the year, amortization is calculated starting from the acquisition date.

g) Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

h) Employee Future Benefits

(i) Pension Benefits

The employees of Supply Ontario participate in the Public Service Pension Plan (PSPP) and the Ontario Public Service Employees Union Pension Plan (OPSEU-PP), which are multi-employer contributory defined benefit pension plan in accordance with the Public Service Pension Act, 1990. OPTrust and Ontario Pension Board (OPB) administer the Plans, including payment of pension benefits to employees. The Province of Ontario is the sole sponsor of the PSPP and a joint sponsor of the OPSEU-PP. The Plans are accounted for as defined contribution plans because insufficient information is provided to Supply Ontario or otherwise available for Supply Ontario to apply defined benefit plan accounting to the Plans. The Plans Sponsor is responsible for ensuring that the Plans are financially viable. Any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of Supply Ontario. Supply Ontario is not exposed to any liability to the Plans for other entities' obligations under the terms and conditions of the Plans.

(ii) Post-employment benefits other than pension plan

Supply Ontario maintains prior severance and banked vacation liabilities for certain legacy SCO employees upon their transfer to Supply Ontario in July 2023. Supply Ontario provides severance and banked vacation benefits to qualifying employees for services rendered. The costs of severance and banked vacation benefits are accrued for in the financial statements.

i) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include accrued liabilities, useful life of capital assets, and liability for post-employment benefits other than pension plan.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates. Actual results could differ from those estimates.

3. Transfer to Supply Ontario

Effective July 31, 2023, the Province approved the transfer of the business functions and resources of the Supply Chain Ontario (SCO) division within the Ministry of Public and Business Service Delivery and Procurement (MPBSDP) to Supply Ontario. The employees, assets, liabilities, right and obligations of SCO were fully transferred to Supply Ontario for no consideration.

The net liabilities transferred were \$1,013. Below are the details of the net liabilities transferred to Supply Ontario based on their carrying values at July 31, 2023.

	MPBSDP
Liabilities	
Accounts payable and accrued liabilities	\$ (865)
Post-employment benefits other than pension plan	\$ (854)
Net Liabilities	<u>\$ (1,719)</u>
Non-financial Assets	
Prepays expenses and other assets	<u>\$ 706</u>
Net Liabilities Transferred to Supply Ontario	<u>\$ (1,013)</u>

4. Accounts receivable

	2024		2023	
Accrued interest	\$	43	\$	23
Recoverable HST	\$	2,068	\$	1,331
Total account receivable	\$	2,111	\$	1,354

5. Accounts Payable and Accrued Liabilities

Accounts payables and accrued liabilities relate to normal business transactions with third party vendors. Payroll liabilities relate to salaries, wages and benefits and other expenses.

	2024		2023	
Accounts payable and accrued liabilities	\$	10,794	\$	253
Payroll liabilities	\$	3,690	\$	1,382
Total accounts payables and accrued liabilities	\$	14,484	\$	1,635

6. Employee Future Benefits

(a) Pension Plans

Supply Ontario's full-time employees participate in the Public Service Pension Plan (PSPP) or the Ontario Public Service Employees Union Pension Plan (OPSEU-PP) which are defined benefit pension plans for eligible employees of the Province and many provincial agencies. The Province, which is the sole sponsor of the PSPP and a joint sponsor of the OPSEU-PP, determines Supply Ontario's annual payments to the Plan. As the sponsor is responsible for ensuring that the pension fund is financially viable, any surpluses or unfunded liabilities arising from the statutory actuarial funding valuations are not assets or obligations of Supply Ontario.

Supply Ontario's payments for the year of \$1,114 (2023 - \$567) are included in salaries and benefits in the statement of operations and accumulated surplus.

(b) Post-employment benefits other than pension plan

The post-employment benefits other than pension includes severance and banked vacation entitlements. The assumptions for these entitlements resulted in an increase of \$854 to salaries, wages and benefits, which are recorded in the statement of operations and accumulated surplus. The assumptions used are as follows: discount rate of 3.90%; and estimated average years to retirement of 7.35 years. Due to the curtailment of the plan in 2015, no assumption of wage and salary escalation was used. These assumptions are management's best estimates.

(c) Non-pension post-retirement benefits

The cost of other non-pension post-retirement benefits is the responsibility of the Province, a related party, and accordingly is not accrued or included in the statement of operations and accumulated surplus.

7. Tangible Capital Assets

Cost	Beginning of year	Additions	Disposals	End of year
Leasehold Improvements	\$ -	\$ 260	\$ -	\$ 260
	\$ -	\$ 260	\$ -	\$ 260

Accumulated Amortization	Beginning of year	Additions	Disposals	End of year
Leasehold Improvements	\$ -	\$ 74	\$ -	\$ 74
	\$ -	\$ 74	\$ -	\$ 74

Net Book Value	2024	2023
Leasehold Improvements	\$ 186	\$ -

8. Operating Expenses by object

	2024	2023
Salaries and Benefits	\$ 24,090	\$ 11,838
Storage and Warehousing	\$ 22,470	\$ -
Professional Services	\$ 13,747	\$ 2,391
Freight Charges	\$ 11,059	\$ -
Net liabilities transferred to Supply Ontario	\$ 1,013	\$ -
Rent	\$ 507	\$ 8
Amortization	\$ 74	\$ -
Other Expenses	\$ 2,573	\$ 764
Total operating expenses by object	\$ 75,533	\$ 15,001

9. Related Party transactions

The Province of Ontario is a related party as it is the controlling entity of Supply Ontario. Organizations that are commonly controlled or subject to significant influence by the Province of Ontario are also related parties of Supply Ontario.

All related party transactions were measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Transactions with related parties during the year were as follows:

- The Ministry of Attorney General provided staff support of \$1,068 (2023 - \$1,048). As at March 31, 2024, Due to Province includes \$181 (2023 - \$65) in respect of these services.
- The Ministry of Public and Business Service Delivery and Procurement provided shared services and employee benefits of \$2,020 (2023 - \$438). As at March 31, 2024, Due to Province includes \$476 (2023 - \$335).
- Treasury Board Secretariat provided transfer payments of \$75,305 (2023 - \$0) and services of \$413 (2023 - \$36). As at March 31, 2024, Due from Province includes \$10,221 (2023 - \$0) and Due to Province includes \$1,584 (2023-\$0).

10. Commitments

- (i) Supply Ontario signed a two-year lease agreement for its office space. Minimum annual payments under operating leases are as follows:

	Amount	
2024-25	\$	616
2025-26	\$	103
Total	\$	719

- (ii) Supply Ontario entered into various multi-year contracts for various operational services spanning several years. Total committed costs relating to these contracts are as follows:

	2024-25		2025-26		2026-27	
Medical and health care supplies	\$	53,944	\$	46,290	\$	-
Distribution	\$	21,662	\$	72	\$	-
Operations and IT	\$	136	\$	94	\$	16
Total	\$	75,742	\$	46,456	\$	16

11. Risk Management and Financial Instruments

Supply Ontario's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk. There have been no significant changes from the previous year in the exposure to these risks or in methods used to measure these risks.

(a) Credit risk

Credit risk arises from cash held with financial institutions and credit exposures on outstanding receivables. Cash is held at major financial institutions that have high credit ratings assigned to them by credit-rating agencies minimizing any potential exposure to credit risk. The risk related to receivables is minimal as most of the receivables are from federal and provincial governments and organization controlled by them.

(b) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Supply Ontario is only exposed to interest rate risk from its cash balances held with financial institutions and therefore, fluctuations in market interest rates are not expected to have a significant impact on its financial performance.

(c) Liquidity risk

Liquidity risk is the risk Supply Ontario will not be able to meet its cash flow obligations as they fall due. Supply Ontario mitigates this risk by not incurring debt and monitoring cash activities and expected outflows through budgeting processes.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	91+ days \$	2024 Total \$	2023 Total \$
Accounts payable and accrued liabilities	\$ 3,832	\$ 6,697	\$ -	\$ 265	\$ 10,794	\$ 253
Payroll liabilities	\$ 1,395	\$ 96	\$ 814	\$ 1,385	\$ 3,690	\$ 1,382
Total accounts payable and accrued liabilities	\$ 5,227	\$ 6,793	\$ 814	\$ 1,650	\$ 14,484	\$ 1,635

12. Budget

Subsequent to Budget approval, Supply Ontario incurred additional costs related to the transfer of Supply Chain Ontario operations effective July 31, 2023. This transfer included employees and the oversight and management of all contracts related to Personal Protective Equipment/Critical Supplies and Equipment (PPE/CSE) purchases/procurement, storage/warehousing, disposal, and shipment. As a result, Supply Ontario received additional funding to fully cover the SCO operations and salaries and benefits of the transferred staff during the year.

13. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

14. Subsequent events

On April 1, 2024, all inventories of personal protective equipment and critical supplies and equipment were transferred from SCO to Supply Ontario for no consideration.