



***SUPPLY CHAIN ACT* REPORT FISCAL YEAR 2023-2024**



PART 1: IDENTIFYING INFORMATION

Name of government institution

Department of Finance Canada

Financial reporting year

April 1, 2023 to March 31, 2024

PART 2: REPORT CONTENTS

2.1 Information on the government institution's structure, activities and supply chains

What accurately describes the Department of Finance's activities

The Department of Finance Canada purchases goods in Canada and outside of Canada.

Provide additional information on the government institution's structure, activities and supply chains.

The Department of Finance Canada (the Department) is a relatively small department with approximately 955 full-time equivalents (FTE) and an annual appropriated budget of approximately \$345M¹(voted authorities). The Department is responsible for the overall stewardship of the Canadian economy. This includes preparing the annual federal budget, as well as advising the Government on economic and fiscal matters, tax and tariff policy, social measures, security issues, financial stability. and Canada's international commitments.

The Procurement function is centralized and falls under the area of responsibility of the Director General, Financial Management Division and Chief Financial Officer (CFO). The CFO functionally reports directly to the Deputy Minister of Finance and administratively to the Assistant Deputy Minister, Corporate Services. The Procurement team reports directly to the Senior Director, Financial Operations and Administrative Services, Deputy Chief Financial Officer and the Senior Designated Official for Procurement (SDO).

Procurement is carried out in support of the Department's operational requirements and is guided by the [Policy on the Planning and Management of Investments](#), the [Directive on the Management of Procurement](#) and the Department's Procurement Management Framework. Additional internal information and guidance is also available to support procurement officers, business owners and Management across the department.

The Department purchases commercially available goods, in Canada and outside of Canada, such as information technology equipment and accessories, office furniture, office supplies and other miscellaneous goods. In fiscal year 2023-24, the Department awarded 193 contracts and amendments (\$9.1M) and completed 2,377 acquisition card transactions (\$1.2M). The total value of goods purchased was **\$1,742,546**.

¹ 2022-23 [Departmental Financial Statements](#)



Approximately 79% (\$1,377,111) of the annual value of our goods purchased was conducted using Shared Services Canada (SSC) and Public Services and Procurement Canada (PSPC) tools and contracts including Standing Offers and Supply Arrangements (SOSA).

Approximately 5% (\$84,630) of the annual value of our goods purchased was through Departmental purchase orders. These types of contracts are used only when necessary and when no PSPC or SSC tools are available.

Procurement tool	Volume of Transactions	Total Value	Description
SSC standing offers	18 call-ups	\$1,218,014	IT equipment and accessories
PSPC standing offers	2 call-ups	\$16,664	Office supplies
PSPC supply arrangements	16 contracts	\$69,485	Furniture
PSPC contract outside of SOSA	1 contract	\$72,948	Furniture
Purchase orders	5 contracts	\$84,630	Furniture
Total	42 transactions	\$1,461,741	

The Department has a decentralized acquisition card program that supports business owners' needs across branches. There are approximately 65 cardholders who can purchase a variety of low dollar value goods. The Department also uses fleet cards for purchases related to its executive vehicles. The Procurement and Materiel Management team is responsible for the administration of both programs.

Approximately 16% (\$280,805) of the annual value of our goods purchased was conducted using acquisition and fleet cards.

Procurement Tool	Volume of Transactions	Total Value	Description
Acquisition Cards	531	\$61,949	Office supplies
Acquisition Cards	119	\$61,565	Publications, books, and library subscriptions
Acquisition Cards	132	\$43,810	Other office equipment
Acquisition Cards	44	\$43,559	IT equipment and accessories
Acquisition Cards	117	\$37,587	Miscellaneous products
Acquisition Cards	30	\$16,644	Furniture
Acquisition Cards	3	\$11,126	Promotional Items
Acquisition and Fleet Cards	10	\$3,403	Vehicle parts and gasoline
Acquisition Cards	2	\$545	Toner
Acquisition Cards	3	\$296	Locks / safes / cabinets
Acquisition Cards	4	\$283	Audio-visual and communications equipment
Acquisition Cards	1	\$38	Photographic goods



Total	996 transactions	\$280,805	

2.2 Information on the steps taken to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods produced, purchased or distributed by the government institution

The Department leveraged the results of a supply chain risk analysis conducted for PSPC in 2021 by Right Lab of the University of Nottingham (U.K.). The risk analysis was to determine which goods were at the highest risk of exposure to human trafficking, forced labour, and child labour. These results were used by the Department to conduct its own assessment and identify risks associated with its purchase of electronics and office supplies and devices. The Department’s risk mitigation strategy is to ensure that all contracts for electronic goods are purchased by SSC on the Department’s behalf, using approved vendors that must meet SSC’s supply chain integrity process. The Procurement team continues to monitor its goods procurements, which help prevent and reduce risks.

It was noted in the Department’s assessment that acquisition cardholders often source low-dollar value electronics and office supplies through retailers that do not hold PSPC or SSC standing offers and supply arrangements. Consequently, enhanced monitoring and oversight has been conducted by the Procurement team and the Internal Controls group. The SDO has also raised awareness across the department through various governance levels on the importance to use pre-approved vendors, especially when there is a mandatory standing offer or supply arrangement in place. The Procurement team has also advised cardholders to purchase items from sources that hold government standing offers. The use of standing offers ensures that PSPC and SSC will conduct appropriate due diligence and clearing of vendors to ensure they comply with the Code of Conduct for Procurement. The Procurement team will continue to monitor acquisition card use and provide further guidance to cardholders as necessary. A formal escalation process with consequences for delegated managers who are not compliant with this requirement will also be implemented.

In fiscal 2023-24, the Department started to look at how it can incorporate -or leverage various PSPC anti-forced labour clauses in its purchase orders and contracts issued through standing offers and supply arrangements. These clauses allow departments to terminate contracts where there is credible information that the goods were produced in whole or in part by forced labour or human trafficking. Effective fiscal year 2024-25, the Department has implemented these clauses in its purchase orders for goods. The Department is also staying informed on PSPC progress on the development of a Policy on Ethical Procurement to be compliant with new policy requirements.

2.3 Information on the policies and due diligence processes in relation to forced labour and child labour

Effective April 1, 2023, the TB Directive on the Management of Procurement includes requirements to integrate human rights, the environment, social and corporate governance, supply chain transparency principles, and Public Services and Procurement Canada’s [Code of Conduct for Procurement](#) (the Code) into all government procurements.



The Code requires that vendors, providing goods and services to the Government of Canada and their sub-contractors, comply with all applicable laws and regulations. In addition, the Code requires vendors and their sub-contractors to comply with Canada's prohibition on the importation of goods produced, in whole or in part, by forced or compulsory labour. This includes forced or compulsory child labour and applies to all goods, regardless of their country of origin.

The prohibition on the importation of goods produced wholly or in part by forced labour came into force under the Customs Tariff on July 1, 2020. This amendment implemented a commitment in the Labour Chapter of the Canada-United States-Mexico Agreement (CUSMA) and applies to all imports, regardless of origin.

Pursuant to this, the Department's contracts issued under PSPC and SSC Standing Offers and Supply Arrangements now include the Code through the General Conditions for goods, with a view to safeguarding federal procurement supply chains from forced labour and child labour.

Effective fiscal year 2024-25, the Department has implemented these clauses in its purchase orders for goods purchased outside of standing offers and supply arrangements. The Department also updated its Procurement Management Framework to include requirements on the Government's obligations under the *Supply Chain Act* as of January 1, 2024.

The Department will collaborate on an ongoing basis with PSPC's Ethical Procurement division for support and best practices to monitor and validate vendor compliance to the Code and further development of Ethical Procurement policies.

2.4 Information on the parts of its activities and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk

The Department's Procurement team reviewed four years of goods procurement data aimed at assessing categories at risk based on the Rights Lab analysis of PSPC's supply chains.

The Department's risk findings included a medium risk associated with the purchase of IT equipment and accessories mainly due to very high volumes, as well as office supplies and devices as it is one of the riskiest categories identified for PSPC (risk ranking of 3 out of 10). The Department identified a lower risk associated with the purchase of audio-visual (AV) and communications equipment due to low volume.

To mitigate risks of forced labour or child labour in its IT, AV, office supplies and devices procurements, the Department maximizes its use of standing offers and supply arrangements put in place by PSPC and SSC to ensure contracts are awarded to suppliers who adhere to the Government's Code of Conduct for Procurement.

There were also risks noted in the decentralized acquisition card use for the purchase of low dollar value electronics, office supplies and office devices as there is no centralized oversight or monitoring done to ensure compliance prior to the purchase of goods. Most electronic items acquired are IT accessories such as mice, keyboards, headphones, and other low dollar value items. To mitigate these risks, the Department's Procurement and Internal Controls sections monitor these transactions



and report them to Management. The Procurement team and SDO also promote the use of vendors with standing offers and supply arrangements across the department whenever possible.

2.5 Information on any measures taken to remediate any forced labour or child labour

As of March 31, 2024, the Department is not aware of any forced labour or child labour in their activities and supply chains. However, the Department will explore measures and implement procedures in fiscal year 2024-2025, in collaboration with PSPC and SSC, to identify, address and remediate forced labour or child labour in its activities and supply chains.

2.6 Information on any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in the institution's activities and supply chains

The Department's preliminary analysis started in fiscal 2023-24 did not identify any loss of income to the most vulnerable families that resulted from the elimination of the use of forced labour or child labour in its activities and supply chains at that point of time. Therefore, no measures were taken to remediate the loss of income in fiscal year 2023-24. However, the Department will explore further identification and remediation measures, if applicable, in fiscal year 2024-2025, in collaboration with PSPC and SSC.

2.7 Information on the training provided to employees on forced labour and child labour

The Director of Procurement attended an ethical procurement awareness session presented by PSPC on March 7, 2024. The objectives were to outline PSPC's initiatives to safeguard federal procurement supply chains from risks of trafficking and forced labour based on the 2021 risk assessment prepared by Rights Lab, and to consider challenges and opportunities for identifying high risk commodities. A draft of the Ethical Procurement Policy was also shared. Following the session, training material was distributed to all procurement staff, all who completed the training by March 28, 2024.

A broad procurement update was communicated to delegated managers in the Department on March 14, 2024. The communication included information on the Supply Chains Act and advised that government institutions and entities have new obligations requiring them to report to the Minister of Public Safety on the measures taken to prevent and reduce the risk of forced labour or child labour. This was also raised by the SDO at multiple governance committee meetings.

The Department is aware that PSPC is currently developing further awareness-raising guidance materials targeted towards high-risk sectors. We are monitoring the development of these materials and will leverage these resources upon publication.

2.8 Information on how the government institution assesses its effectiveness in ensuring that forced labour and child labour are not being used in its activities and supply chains



The Department monitored PSPC and SSC progress on developing policies and procedures to assess the effectiveness in ensuring that forced labour and child labour are not being used in their activities and supply chains, with the intent to leverage this work while exploring and implementing solutions internally. The Department will explore further measures in fiscal year 2024-2025, in collaboration with PSPC and SSC, to develop and implement its own monitoring and assessment approach.