

# Procurement Transformation: Innovating Professional Services for Enhanced Value

Presentation to CIPMM  
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# New Professional Services Transformative Solutions Sector

- The Professional Services Transformative Solutions Sector (PSTSS) was created effective April 2, 2024
- The raison d'être of PSTSS is to transform and modernize PSPC's approach to professional services procurement, notably with respect to the various high-volume task- and solutions-based contracting tools in place
- This strategic change underscores our commitment to enhancing efficiency and transparency, and to fostering innovation in government procurement processes in order to deliver best value to the citizens that we serve

# Professional Services Contracting Context

The renewal of Professional Services contracting within PSPC has been ongoing for several years and is supported by the development and phased implementation of various tools and initiatives such as:

- Digitalization of procurement, including the Electronic Procurement Solution - CanadaBuys
- Contract Modernization Initiative, including rationalization of procurement instruments

**Parliament and parliamentary committees as well as public and media attention on federal government procurement practices and related expenditures**



**Audit and review reports highlight concerns regarding procurement management and offer recommendations pertaining to procurement, specifically for the procurement of professional services**



## **Audit and reviews completed**

- Review reports of the Office of the Procurement Ombud (OPO)
  - PSPC Procurement Practices (May 2023)
  - ArriveCAN contracts (January 29, 2024)
  - McKinsey & Company contracts (April 15, 2024)
- Audit reports of the Office of the Auditor General (OAG)
  - ArriveCAN contracts (February 12, 2024)
  - Professional Services Contracts (July 2, 2024)
- Internal Audit – Office of the Chief Audit, Evaluation and Risk Executive (OCAERE)
  - Federal Government consulting contracts awarded to McKinsey & Company



# Why Changes are Needed

## 1. The procurement process is complicated:

- resulting in rules and best practices are not consistently followed
- roles and responsibilities not fully understood

## 2. Value for money is not consistently being achieved:

- requirements definition and selection methodologies that do not produce optimal results
- the risk of poor vendor performance is not sufficiently addressed and mitigated
- Escalation of contract costs

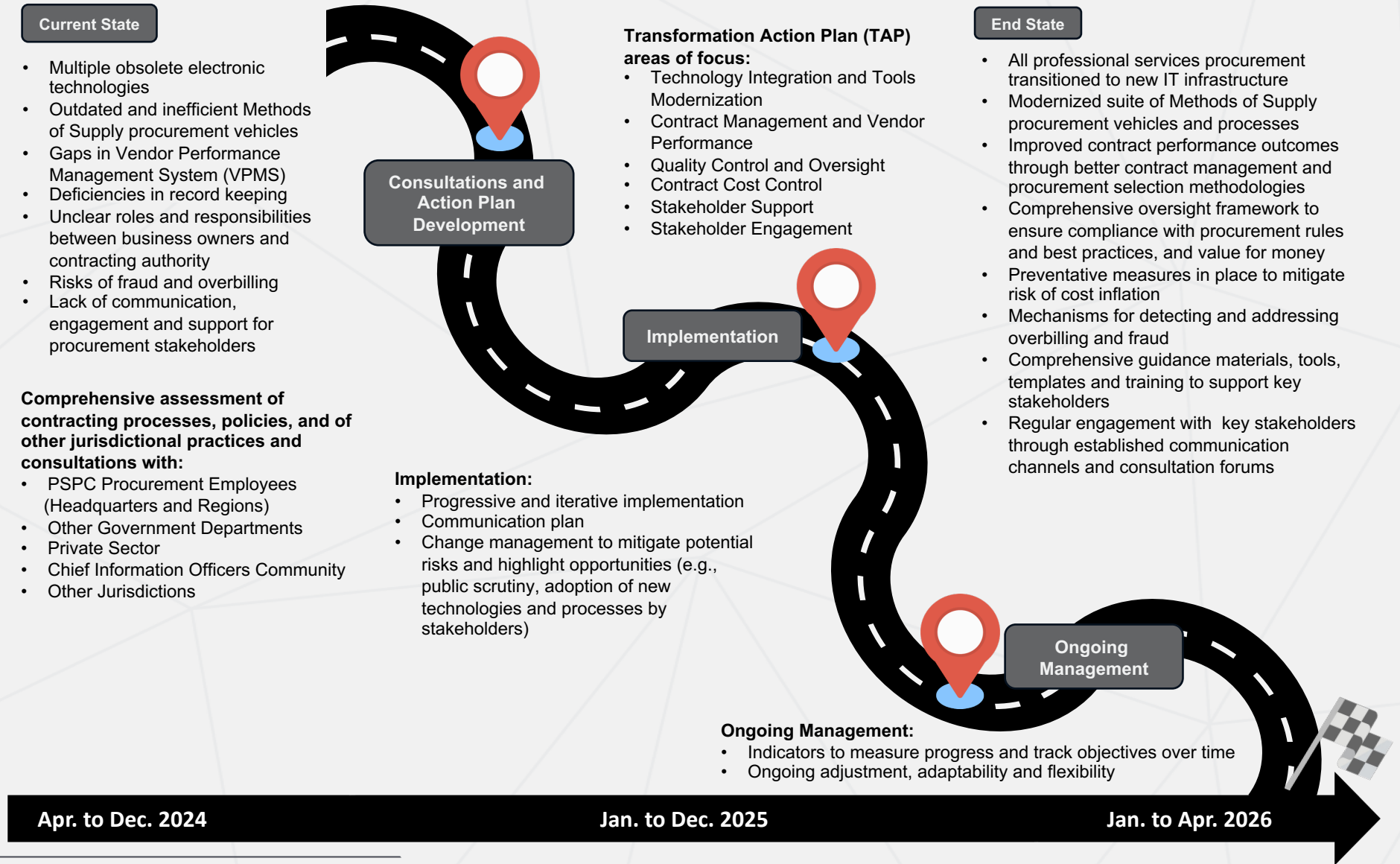
## 3. Improper use of professional services procurement vehicles:

- Insufficient justification of sole-source contracts
- formation of employer-employee relationships with contracted resources
- overreliance on task-based contracts

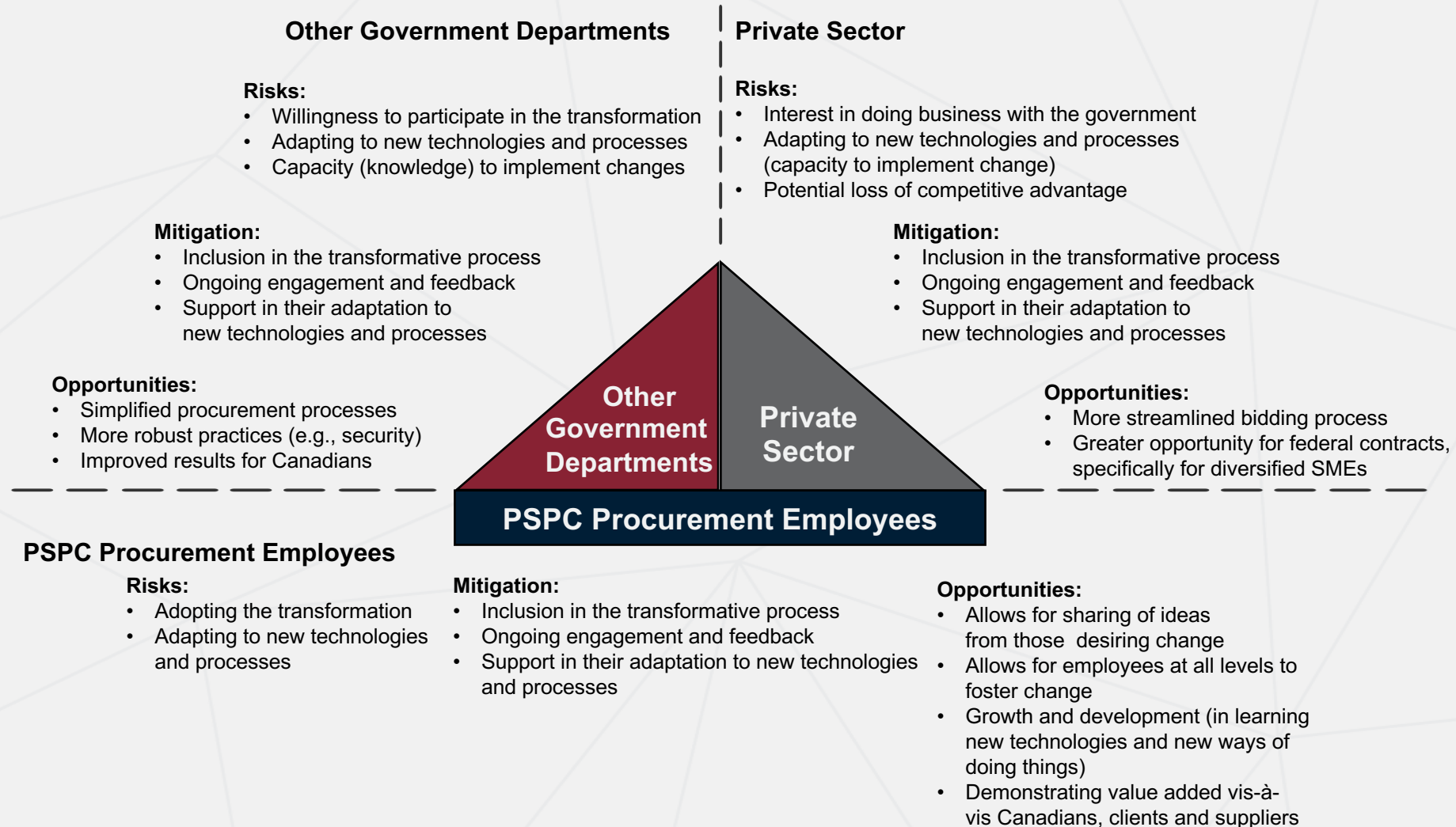
# Actions Taken in Professional Services Contracting Since November 2023

- Communiqué sent by the Procurement Branch Assistant Deputy Minister (ADM) to Other Government Departments (OGDs) on November 28, 2023:
  - Measurable scope definition creates a shift towards solutions-based contracts
  - Procurement focus on corporate capacity, resource evaluation after contract award
  - Revised approach for financial submissions and evaluations
- Revised Manager's Guide issued by the Treasury Board Secretariat (TBS) on March 19, 2024, including the Directive on Digital Talent:
  - Reinforces the Procurement Branch ADM's direction to OGDs
  - PSPC developed and distributed best practices checklists in line with TBS' Guide and PB's direction
- Revised Master Level User Arrangements (MLUAs) with client departments implemented on March 1, 2024
- Revised Directive on the Management of Procurement issued by the Treasury Board Secretariat (TBS) on June 3, 2024, including new Mandatory Procedures for Business Owners When Procuring Professional Services
- Projected Profit and Overhead Cost Estimate clause implemented for Task-Based Informatics Professional Services (TBIPS) at the time of Task Authorizations (TAs)
- Internal investigations on overbilling launched by PSPC
- PSPC Supply Arrangement and Standing Offer instruments being modernized to leverage EPS catalog functionality and enhance the management of professional service contracts (e.g. timesheets) at PSPC with a view to support efficiently detection of fraudulent practices

# Roadmap, Objectives, and Deliverables



# Risk, Mitigation Strategies, and Opportunities





# Areas of Focus

## 1. **Stakeholder Engagement** - Regular engagement with key stakeholder groups through established communication channels and consultation forums

- Client Departments
- Buyers
- Industry
- Other jurisdictions
- PSPC Governance
- Procurement Ombud

## 2. **Stakeholder Support** – Comprehensive support framework that enables stakeholders to manage and implement change with minimal disruption

- training
- guidance materials
- tools
- templates
- centres of expertise

# Areas of Focus

## 3. **Procurement Delivery Model Optimization** - Modernized delivery model of Methods of Supply vehicles and processes for professional services procurement

- replacement/enhancements to current mandatory Methods of Supply procurement vehicles for professional services
- transition to new PSPC IT infrastructure (migration to EPS, implementation of Fieldglass)

## 4. **Contract Management and Vendor Performance** – Improved contract performance outcomes through better contract management and procurement selection methodologies

- framework to monitor, evaluate and document vendor performance implemented for all professional services procurement
- mechanisms for incorporating past performance history into procurement selection methodologies
- policy framework to adequately address serious and repeated underperformance

# Areas of Focus

## 5. **Quality Control and Oversight** - Comprehensive oversight framework to monitor compliance with procurement rules and best practices, and ensure value for money

- Pre-contract award quality control mechanisms for PSPC led procurement processes
- Post-contract delivery value for money assessments
- Oversight mechanisms for OGD procurements using PSPC vehicles

## 6. **Contract Cost Control**

- Preventative measures to mitigate risk of cost escalation
- Mechanisms for detecting and addressing overbilling and fraud

# Feedback and Questions

