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PROCURING COMPLEX INFORMATION TECHNOLOGY SOLUTIONS

Report of the Standing Committee on Public Accounts

Kelly Block, Chair

PROCURING COMPLEX INFORMATION TECHNOLOGY SOLUTIONS

Report of the Standing Committee on Public Accounts

Kelly Block
Chair

JUNE 2021

43rd PARLIAMENT, 2nd SESSION

NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

TWENTY-FOURTH REPORT

Pursuant to its mandate under Standing Order 108(3)(*g*), the committee has studied Report 1, Procuring Complex Information Technology Solutions, of the 2021 Reports of the Auditor General of Canada and has agreed to report the following:

BACKGROUND

The Government of Canada often needs to procure new, complex information technology (IT) systems to replace those that have become obsolete; currently, it has about 21 large IT procurements underway with a total value of over $6.6 billion.[1]

The Treasury Board of Canada Secretariat's (TBS) "Office of the Comptroller General establishes the policies and standards for investment planning, projects, and procurements and leads these business areas" and "its Office of the Chief Information Officer provides strategic direction and leadership in IT and supports, guides, and oversees digital projects and programs."[2]

Public Services and Procurement Canada (PSPC) "procures goods and services for federal organizations, from supplies and equipment to professional and consulting services, including all IT services above certain dollar thresholds, which vary by organization. It also develops procurement guidance that other organizations can use."[3]

Shared Services Canada (SSC) provides federal organizations with services related to networks and network security; data centres and cloud offerings; digital communications; and IT tools.[4]

Employment and Social Development Canada (ESDC) "develops, manages, and delivers social programs and services to Canadians, including Employment Insurance, the Canada Pension Plan, and Old Age Security. It is in the midst of procuring a new IT solution as part of a Benefits Delivery Modernization program," whose aim is to improve how it delivers these programs.[5]

PSPC and SSC introduced "agile" procurement in 2018 in response to directives to modernize large IT procurements. Bill Matthews, Deputy Minister, PSCP, explained this new approach as follows:

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1   Office of the Auditor General of Canada (OAG), Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.1.

2   Ibid., para. 1.4.

3   Ibid., para. 1.5.

4   Ibid., para. 1.6.

5   Ibid., para. 1.7.

Unlike traditional procurement processes, which are linear and result in the awarding of one large contract, the agile procurement process is iterative, meaning that there are opportunities to make course corrections in the various phases of the process. This can potentially result in working with multiple vendors on one project.

Agile procurement involves establishing close collaborations between procurement experts, private sector suppliers, end-users and clients and maintaining this collaboration throughout the project. This is especially important in complex projects when it is not clear at the outset what kind of solution will address business needs.[6]

Figure 1 compares agile and traditional procurement processes.

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6   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1110.

Figure 1—Traditional Versus Agile Procurement in the Federal Government
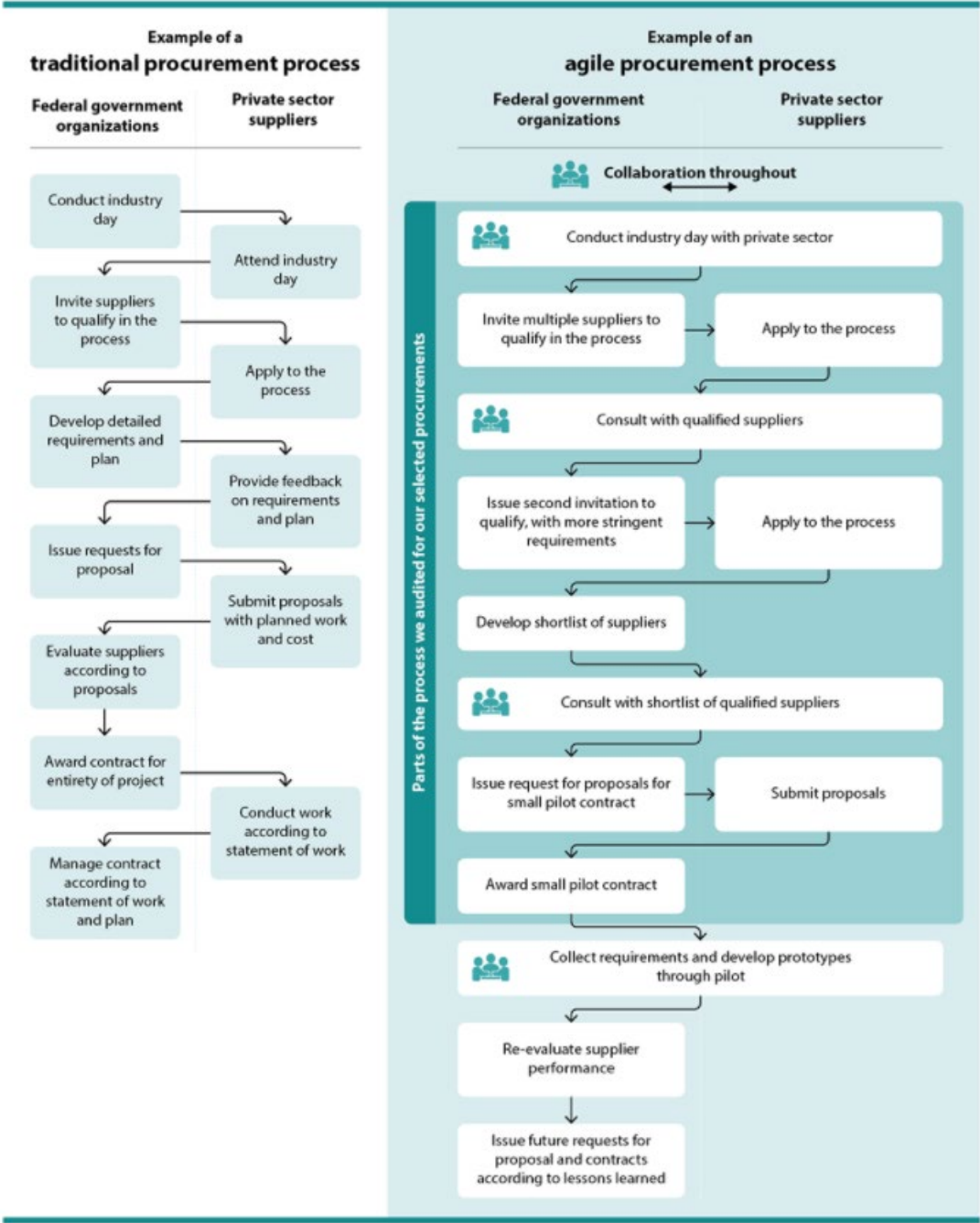
Source: Office of the Auditor General of Canada, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, Exhibit 1.1.

In 2018, the Office of the Auditor General of Canada (OAG) examined the implementation of the Phoenix pay system and recommended that for all government-wide IT projects, there should be mandatory independent reviews of the project's key decisions on whether to proceed or not. It also recommended the implementation of an effective oversight mechanism that would include the heads of concerned departments and agencies.[7]

The June 2018 report of the House of Commons Standing Committee on Government Operations and Estimates on modernizing federal procurement noted that shortcomings in recruitment and training were creating risks for procurement staff, their organizations, and PSPC.[8] To wit, the "report recommended that the government train procurement staff and help them develop expertise in agile approaches and that organizations recruit more procurement specialists."[9]

Additionally, "in February 2019, the House of Commons Standing Committee on Public Accounts recommended that all IT transformation projects should have independent external oversight and that senior management in the affected departments and agencies should take into account the interests of key stakeholders."[10]

In July 2020, PSPC, in consultation with SSC, developed an Agile Procurement Playbook.[11] Also, the "federal government learned the following important lessons about oversight and user engagement from the Phoenix pay system project:

- The government needs a single point of accountability for projects, with independent reviews of decisions and clear and comprehensive information for decision makers.

- It must be clear who the end users are, and the system must be designed with their participation and be focused on their needs.

- Federal organizations should award contracts on the basis of users' desired business outcomes—not just on technical requirements—and

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7   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.8.

8   Ibid., para. 1.33.

9   Ibid.

10   Ibid., para. 1.8.

11   Ibid., para. 1.34.

should regularly confirm that their procurement activities support the business need."[12]

In the spring of 2021, the Office of the Auditor General of Canada (OAG) released a performance audit that determined whether the federal organizations responsible for procuring the three complex IT initiatives that it audited "were on track to support the achievement of business outcomes and to uphold the government's commitment to fairness, openness, and transparency in procurement."[13]

Specifically, the audit examined the following three major IT initiatives because they used elements of an agile procurement process; are complex initiatives that include both software and professional services; are government-wide; and have a high impact on Canadians:

- Next Generation Human Resources and Pay (NextGen), led by TBS; $117 million for pilot projects and program set-up.

- Benefits Delivery Modernization, led by ESDC; $2.2 billion as of December 2020.

- Workplace Communication Services, led by SSC; $155 million.[14]

On 27 May 2021, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit with the following in attendance:

OAG – Karen Hogan, Auditor General of Canada; Carol McCalla, Principal; and Joanna Murphy, Director

ESDC – Graham Flack, Deputy Minister, and Benoît Long, Chief Transformation Officer

PSPC – Bill Matthews, Deputy Minister, and Lorenzo Ieraci, Acting Associate Assistant Deputy Minister, Procurement

TBS – Roch Huppé, Comptroller General of Canada; Marc Brouillard, Acting Chief Information Officer of Canada; Stéphanie Poliquin, Assistant Deputy Minister, People

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12   Ibid., para. 1.35.

13   Ibid., para. 1.10.

14   Ibid., para. 1.9 and Exhibit 1.2.

Management Systems and Processes Sector; and Samantha Tattersall, Assistant Comptroller General, Acquired Services and Assets

SSC – Paul Glover, President, and Stéphane Cousineau, Senior Assistant Deputy Minister, Corporate Services[15]

The following is a glossary of the key terms used in this study:

- Contracting authority—A person who represents the government in a given procurement. This person enters into a contract on behalf of Canada and manages the contract, and is accountable for ensuring that procurements are conducted fairly, openly, and transparently.

- Fairness—In real or potential transactions, treating all parties without discrimination or favouritism while conforming to established rules.

- Lead organization—An organization that is responsible for providing information, guidance, and advice on the technical elements in a given procurement, as well as evaluating and monitoring technical elements in a bid solicitation and the resulting contract management processes.[16]

FINDINGS AND RECOMMENDATIONS

THE AGILE PROCUREMENT MODEL

The OAG found that although the federal organizations examined in the audit showed enthusiasm for agile procurement processes, PSPC and SSC "did not provide sufficient guidance or training to employees on how to conduct it for major IT initiatives, including how to effectively collaborate and respond to suppliers' questions and feedback."[17]

For example, the way that "procurement teams collaborated with private sector suppliers on proposed IT solutions needed improvement."[18] Suppliers reported "that the

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15   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34.

16   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, Definitions.

17   Ibid., para. 1.28.

18   Ibid., para. 1.37.

answers they received from procurement teams for questions relating to the project were only somewhat clear or complete," which "hindered their ability to respond effectively and reduced their trust in the process. In follow-up interviews, suppliers described several other problems:

- Procurement teams did not provide answers or suggestions in a timely manner.

- The appropriate federal organization officials did not always answer the questions, so answers sometimes lacked sufficient detail.

- Procurement teams did not always consider suppliers' feedback and suggestions, and the procurement team provided no rationale for this."[19]

Additionally, at both PSPC and SSC, the guidance and training provided to officers on agile approaches was limited or non-existent.[20] Notably, procurement and program officials from both departments "emphasized the need for clear guidance on what agile procurement is, how to apply it, and what must be done to maintain fairness, openness, and transparency of communications."[21]

Consequently, to further support the federal government's modernization of procurement, the OAG recommended that TBS, PSPC, and SSC "should develop more comprehensive guidance and training for employees to improve understanding of agile procurement and how to apply collaborative methods" and that TBS, with input from PSPC and SSC, "should also assess what skills, competencies, and experience procurement officers need to support agile approaches to complex IT procurements."[22]

In its Detailed Action Plan, TBS stated its agreement with this recommendation and that it will "continue to work with PSPC, SSC, and other key stakeholders to develop, deliver and promote formal and informal learning focused on agile procurement as well as develop and promote policies, guidance and tools that support capacity building in the procurement community."[23] It will do this by completing a reset of TBS's procurement policies, "including a proposed Directive on the Management of Procurement to replace the [Treasury Board] Contracting Policy and modernize and streamline policy

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19   Ibid., para. 1.41.

20   Ibid, paras. 1.42 and 1.43.

21   Ibid., para. 1.44.

22   Ibid., para. 1.47.

23   Treasury Board of Canada Secretariat (TBS), Detailed Action Plan, pp. 1-2.

requirements with outcomes-based, agile approaches, and support for the development of procurement capacity."[24]

At the hearing, Roch Huppé, Comptroller General of Canada, TBS, confirmed the finalization of the policy reset:

> I am pleased to announce that just a few weeks ago, consistent with our proposed actions under the management action plan, Treasury Board has approved a new directive on the management of procurement. This reset modernizes and streamlines policy requirements and includes new requirements to better enable outcomes-based, agile procurement approaches, and importantly, this work is not being done alone.[25]

With regard to ensuring that "federal procurement professionals are aware of agile procurement and how to apply collaborative methods," TBS provided the following milestones:

- Summer 2021 - Establish Capacity Working Group to evaluate procurement required training curriculum at the Canada School of Public Service (chaired by TBS).

- Fall 2021 - Capacity Working Group produces report & develops recommendations (e.g. update the curriculum).

- Winter 2021-2022 - Review, accept & plan implementation of Working Group recommendations.

- Throughout Fiscal Year 2021-2022 - Promote professional development that supports agile procurement and how to apply collaborative methods.[26]

With regard to modernizing and streamlining "procurement policy instruments with outcomes-based, agile approaches, and support for the development of procurement capacity," the Secretariat provided the following milestones:

- Summer 2021 - Seek approval of Phase 2 of the Policy Suite Reset, including the Directive on the Management of Procurement.

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24   Ibid.

25   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1115.

26   Treasury Board of Canada Secretariat (TBS), Detailed Action Plan, pp. 1-2.

- Summer 2021 - Establish consultation plan and parameters based on subject matter.

- Fall 2021 - Policy Working Groups start to meet and collaborate on specific subject matters.

- Winter 2022 - Guidance completed.[27]

Similarly, in its action plan, PSPC stated its agreement with this recommendation and that it will collaborate with TBS with regard to "assessing the skills and competencies needed to support agile approaches to complex IT procurement."[28] It also provided the following milestones:

- Develop a formal agile procurement training plan and supporting documentation for PSPC (31 March 2022).

- Develop additional agile guidance documents, to support procurement officers in conducting agile procurement. These guidance documents will support the Agile Playbook and the Agile 101 presentation (31 March 2023).

- Build on experiences to date with delivering agile training and symposiums and continue to expand training opportunities as well as other agile tools to the PSCP procurement community (31 March 2023).[29]

Lastly, SSC also stated its agreement with the recommendation in its action plan and provided the following milestones to address it:

- Update Procurement and Vendor Relation's Procurement Group (PG) Professional Development Strategy and its Procurement Refresh, Essentials, and Practice (PREP) Training Program to incorporate the skills, competencies, and experience necessary for procurement officers engaged in agile and complex IT procurements (30 June 2021).

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27   Ibid.

28   Public Services and Procurement Canada (PSPC), Detailed Action Plan, p. 1.

29   Ibid., pp. 1-2.

- Update its existing PREP Essentials Program to include agile procurement and collaborative methods application in order to improve understanding (30 September 2021).

- Develop and deliver a course on agile procurement, including collaborative methods application which will incorporate lessons learnt from SSC's agile pilot procurements (30 June 2022).[30]

In response to a question about the suitability and potential limitations of agile procurement, Paul Glover, President, SSC, provided the following explanation:

> While there is great promise with agile, I would agree wholeheartedly with the member that it is not a process we use all the time for every single project. It is dependent on the project, the nature of the project and its risk. There are times when agile is important. The outcome requires a certain speed, or the nature of the project, as the member said, is about building something.
>
> I can elucidate on a number of other projects for which we say, "measure twice, cut once." We go very slowly, very carefully. If we're closing a data centre that has mainframes in it, if we're moving a data centre, if we're making major changes to huge parts of the network, we don't experiment. We don't iterate. We make sure those things are well planned and well documented.[31]

Additionally, Bill Matthews testified at the hearing that in response to this recommendation, "PSPC has established an innovation and agile procurement centre to support contracting officers and their clients in delivering agile procurement processes. Furthermore, we have established a working group to lead efforts on creating training and guidance documents."[32]

With regard to the second element of the recommendation, TBS stated that it will work towards federal procurement officials having modern procurement competencies that will enable them to support modern practices by Winter 2021-2022.[33]

Therefore, the Committee recommends:

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30   Shared Services Canada (SSC), Detailed Action Plan, p. 1.

31   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1220.

32   Ibid., 1110.

33   Treasury Board of Canada Secretariat (TBS), Detailed Action Plan, pp. 1-2.

Recommendation 1 – to further support the federal government's modernization of procurement

That the Treasury Board of Canada Secretariat, Public Services and Procurement Canada, and Shared Services Canada provide the House of Commons Standing Committee on Public Accounts with reports outlining what progress has been made with regard to developing more comprehensive guidance and training for employees to improve their understanding of agile procurement and how to apply collaborative methods, as follows: by 31 December 2021, 30 June 2022, and 31 December 2022. Public Services and Procurement Canada should also provide a final report by 30 June 2023.

Recommendation 2 – on modern procurement competencies

That, by 30 June 2022, the Treasury Board of Canada Secretariat, in consultation with Public Services and Procurement Canada and Shared Services Canada, provide the House of Commons Standing Committee on Public Accounts with a progress report regarding the assessment of the skills, competencies, and experience that procurement officers need to support agile approaches to complex information technology procurements.

GOVERNANCE MECHANISMS

The Treasury Board Policy on the Planning and Management of Investments "requires deputy heads to ensure that the governance of projects and programs provides for effective and timely decision making and oversight. It also requires that projects and programs take into account the interests of all key stakeholders and focus on achieving business outcomes."[34]

The OAG found that ESDC "had not established a clear governance structure for the Benefits Delivery Modernization program. In 2019, an independent review found unclear accountabilities and gaps in the program's formal processes for decision making. In response, the department developed a draft governance framework but by the end of [the] audit period, it was still not formalized—even though the department had selected and awarded a pilot contract to a supplier for the program's core technology in December 2019."[35]

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34   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.48.

35   Ibid., para. 1.49.

The OAG also found that for the Workplace Communication Services project, SSC "did not engage National Defence, its first and largest client, in the governance, planning, and decision making aspects until just before it awarded a contract, even though National Defence would be the final users of the new technology."[36] And although SSC solicited input from suppliers on the project's core technology, it "did not take into account National Defence's interests and solicit input from this key stakeholder about its technology needs—a gap that resulted in not achieving the client's desired business outcomes."[37]

In contrast, for the NextGen initiative, there was engagement with senior representatives of concerned departments and agencies. In June 2019, TBS established a new governance committee—the Deputy Minister Committee on Core Services—whose mandate is to enable and support the decision making of departmental deputy heads responsible for the modernization of core services. Continued engagement of senior representatives in this committee will be essential in order for NextGen to achieve its desired business outcome of providing government employees with accurate, timely, and reliable pay.

Consequently, the OAG recommended that TBS, ESDC, and SSC "should ensure that governance mechanisms are in place to engage senior representatives of concerned departments and agencies for each of the complex IT procurements that the OAG audited. This will be particularly important to support agile procurements of complex IT initiatives and their successful achievement of business outcomes."[38]

In its action plan, TBS stated its agreement with the recommendation and that for NexGen, the Office of the Chief Human Resources Officer at TBS "will continue to work with SSC and departments and agencies at senior levels as well as users from the HR, pay, and manager communities to define business needs and anticipate change management requirements;" this is expected to conclude by 31 March 2023.[39]

SSC, in its action plan, also stated its agreement with the recommendation and reported that a governance framework for the NexGen has been approved by both the President of SSC and the Chief Human Resources Officer; it includes interdepartmental

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36   Ibid., para. 1.50.

37   Ibid.

38   Ibid., para. 1.53.

39   TBS, Detailed Action Plan, p. 2.

representation, a decision-making framework and identification of clear roles and responsibilities. Details will be finalized and implemented by 30 June 2021.[40]

Lastly, ESDC also stated its agreement with the recommendation and reported that at "the time of the audit, the governance structure was in development in parallel with the remainder of the Benefits Delivery Modernization (BDM) program, but not yet finalized. As of February 2021, there is now a finalized and approved governance structure."[41]

In response to a question about engaging senior officials at client departments, Roch Huppé provided the following:

> I think that the need for engagement and consultation with key players is a very important lesson that we learned from the Phoenix project.
>
> Recommendation 1.53 in this audit refers to this. The action plan states that the Office of the Chief Human Resources Officer is working closely with the key players to identify the needs and understand the capacity of the various systems currently under consideration. In addition, this initiative is being closely monitored by the deputy ministers core services committee, which Mr. Glover also just brought up.
>
> We're making sure that we properly identify the needs. To that end, we're working closely with all the key players, including other organizations, other departments, unions and so on. We want to make sure that we understand the required processes and determine whether the systems can handle these different processes effectively.[42]

Therefore, the Committee recommends:

Recommendation 3 – on engaging senior officials for complex procurements (TBS)

That the Treasury Board of Canada Secretariat provide the House of Commons Standing Committee on Public Accounts with reports outlining the progress made with regard to ensuring that governance mechanisms are in place to engage senior representatives of concerned departments and agencies for the Next Generation Human Resources and Pay initiative, as follows: 31 December 2021, 30 June 2022, and 31 December 2022.

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40   SSC, Detailed Action Plan, p. 2.

41   Employment and Skills Development Canada (ESDC), Detailed Action Plan, p. 1.

42   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1235.

Recommendation 4 – on engaging senior officials for complex procurements (SSC)

That Shared Services Canada provide the House of Commons Standing Committee on Public Accounts with reports outlining its progress with regard to ensuring that governance mechanisms are in place to engage senior representatives of concerned departments and agencies for the Workplace Communication Services procurement, as follows: 31 December 2021, 30 June 2022, and 31 December 2022.

USE OF DATA ANALYTICS TO IDENTIFY PROCUREMENT INTEGRITY ISSUES

Following the OAG's 2017 audit entitled Report 1—Managing the Risk of Fraud, PSPC "began developing its ability to detect some forms of wrongdoing, such as bid rigging and collusion. Using data analytics proactively for procurements can help identify procurement integrity issues to follow up on, such as indicators of potential fraud or fairness issues."[43]

PSPC's Fraud Detection and Intelligence Directorate "had developed a procurement intelligence database to enable the aggregation, linking, and data mining of large volumes of procurement data from a variety of sources. The initiative was still in the early stages of development" and in "August 2020, the directorate had just begun to document fraud risk scenarios and test its tools' detection capabilities."[44]

However, the department explained that its "efforts to develop fraud detection tools for procurement were hampered by data quality issues;" e.g., the procurement information held by different branches and organizations is stored in different databases, in different formats, and without a common field or unique identifier to match data.[45] This makes it difficult to analyze the available data efficiently. PSPC officials also explained that an electronic procurement solution that would solve most data quality issues was being built.[46]

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43   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.59.

44   Ibid., para. 1.60.

45   Ibid., para. 1.61.

46   Ibid.

Consequently, the OAG recommended that PSPC "should continue to advance its use of data analytics so that it can identify procurement integrity issues."[47]

In its action plan, the department stated its agreement with the recommendation and that it will "continue its implementation of using data analytics to identify potential procurement integrity issues by establishing a formal plan to operationalize data analytics and data mining by the end of the 2021–22 fiscal year."[48]

In response to a question about data quality as regards analytics, Bill Matthews provided the following:

> It is critical to upgrade the analytics function to effectively add sophistication to our work. What I would say about our experience to date, as referenced in the AG report, is that it was difficult to do good analytics because of inconsistent data. An easy example here, just for members to get their heads around, is the same supplier being described by different names. It's really hard to do analytics if you're categorizing the same company by slightly different names.
>
> The new e-procurement tool or system that I mentioned is launched. It will be fully operational shortly. That will allow us to upgrade the sophistication of our efforts on this front. What you're really looking for is patterns—contract-splitting, price-fixing, collusion—and you really need to have a consistent interpretation of the suppliers out there to properly do that type of analytics.[49]

Historically, the Committee has taken a keen interest in matters pertaining to the proper collection and use of high-quality data and thus recommends:

Recommendation 5 – on the use of data analytics (PSPC)

That, by 31 December 2021, Public Services and Procurement Canada provide the House of Commons Standing Committee on Public Accounts with a progress report regarding its use of data analytics to better identify procurement integrity issues. A final report should also be provided by 30 June 2022.

Similarly, the OAG found that SSC also "did not have a formal process to conduct data analytics or data mining or to identify red flags or anomalies in the procurement process. The department began to implement some quality assurance processes in 2019,

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47   Ibid., para. 1.63.

48   PSPC, Detailed Action Plan, p. 2.

49   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1200.

but it did not have the ability to actively detect or monitor procurement integrity issues."[50]

Thus, the OAG recommended that SSC "should begin to use data analytics to improve its ability to identify procurement integrity issues."[51]

In its action plan, SSC stated its agreement with the recommendation and committed to completing the following by 30 September 2021:

- Expand internal management and procurement reports to include procurement integrity risks.

- Onboard its Procurement Data in its Enterprise Data Repository (EDR), which is the "container" for the aggregated data extracted from SSC and Government of Canada data sources, and serves up data to analytic and reporting tools thereby reducing data preparation time, ensuring the correct version of truth (data) and allowing data to be combined for rich analysis and reporting.

- Test an Artificial Intelligence (AI) prototype to explore how data science could be used to identify potential procurement integrity risks (similar to forensic accounting AI practices).[52]

At the hearing, Paul Glover provided further details:

> On data analytics, SSC is augmenting its capabilities through the development of an analytics strategy and road map. Our dedicated data and analytics team, which we've just established, will input procurement data into the department's repository this fiscal year. We will then obviously mine that data to see opportunities. We'll use this as a pilot. We'll be looking at artificial intelligence and machine learning to identify potential integrity issues and move more quickly.[53]

Therefore, the Committee recommends:

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50   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.62.

51   Ibid., para. 1.64.

52   SSC, Detailed Action Plan, p. 3.

53   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1120.

Recommendation 6 – on the use of data analytics (SSC)

That, by 31 December 2021, Shared Services Canada provide the House of Commons Standing Committee on Public Accounts with a progress report regarding its use of data analytics to better identify procurement integrity issues. A final report should also be provided by 30 June 2022.

TRACKING OF ISSUES OF FAIRNESS

The OAG found that PSPC's and SSC's "contracting authorities did not keep complete records of potential procurement fairness issues and how they were resolved."[54]

For example, during "the Benefits Delivery Modernization procurement, the contracting authority did not have any record of how it resolved an allegation of a potential conflict of interest involving a senior representative of a supplier who later became an [ESDC] employee."[55] Although ESDC determined that the individual was not in conflict of interest, PSPC "did not have any documentation in its records about how this allegation was resolved, how it was found not to affect the fairness of the process, or what actions might be needed to prevent potential future conflicts of interest."[56]

For the Workplace Communication Services procurement, SSC's contracting authority neither kept a complete record of how a potential fairness issue was resolved nor documented any conclusion about it. The department reissued an invitation to suppliers to qualify multiple times without documenting its rationale. It also cancelled the second invitation in favour of less stringent requirements even though three suppliers had already met the requirements of the second invitation. The contracting authority could not provide any documentation to support this decision.

Hence, the OAG recommended that PSPC and SSC "should improve their information management practices to help contracting authorities better demonstrate that procurement processes are fair. The departments should ensure that procurement records include, at minimum, file histories, explanations of problems that arise (and how

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54   OAG, Procuring Complex Information Technology Solutions, Report 1 of the 2021 Reports of the Auditor General of Canada, para. 1.65.

55   Ibid., para. 1.66.

56   Ibid.

they were resolved), and all relevant decisions and communications with implicated parties."[57]

In its action plan, PSPC stated its agreement with the recommendation and committed to implementing improved "information management practices to help contracting authorities better demonstrate that procurement processes are fair," with the following milestones:

- Provide reminders of procurement information management best practices through branch-wide activities and communications (31 October 2021).

- PSPC will update information management policies and practices for procurement files to reflect the move to a paperless operating environment (31 March 2022).

- Update the Supply Manual to reflect new policies and processes related to information management for procurement files through the development of a procurement information management classification system and naming convention which will be implemented throughout the Acquisitions Program (31 May 2022).

- Update the Procurement Intern Officer Program curriculum to include information management best practices for procurement files, once the work on the changes to the Supply Manual have been completed (31 March 2023).

- PSPC will develop procurement electronic information management guides with an emphasis on long-term complex procurements that will support the work undertaken through the launch of the Electronic Procurement Solution (31 March 2023).[58]

Similarly, SSC stated its agreement with the recommendation and that it was "pleased to communicate that since the time of the audit, the department has implemented a

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57   Ibid., para. 1.68.

58   PSPC, Detailed Action Plan, pp. 3-5.

number of information management tools and procedures to help demonstrate that procurement processes are fair."[59]

It also stated that it will "develop and implement communications products related to information management to help contracting authorities with the standardization of procurement files, to ensure existing recordkeeping controls and practices within Procurement and Vendor Relations align with the relevant sections on recordkeeping in the Treasury Board Policy and Directive on Service and Digital" by 31 March 2022.[60]

In response to a question about ensuring fairness in the procurement process, Bill Matthews provided the following:

> [I]mproving the sophistication of our analytics […] We've had some experience of this in the past, where it was more difficult that we would have liked because of inconsistent information in our data. Our new e-procurement system will help drive more consistent data, which should enhance our analytical ability. On the fairness monitor piece, our expectation is that they get access to the documents and the meetings they need to see or be part of to make sure the process is fair, and that they raise issues on the fly so we can resolve them immediately.[61]

Therefore, the Committee recommends:

Recommendation 7– on fairness in procurements (PSPC)

That Public Services and Procurement Canada provide the House of Commons Standing Committee on Public Accounts with reports outlining its progress with regard to improving its information management practices, including the consistency of data input, to help contracting authorities better demonstrate that procurement processes are fair, including details about problems and how they were resolved, as follows: by 31 December 2021, 30 June 2022, 31 December 2022, and 30 June 2023.

Recommendation 8 – on fairness in procurements (SSC)

That Shared Services Canada provide the House of Commons Standing Committee on Public Accounts with reports outlining its progress with regard to improving its information management practices, including the consistency of data input, to help contracting authorities better demonstrate that procurement processes are fair,

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59   SSC, Detailed Action Plan, p. 4.

60   Ibid.

61   House of Commons Standing Committee on Public Accounts, *Evidence*, 2nd Session, 43rd Parliament, 27 May 2021, Meeting No. 34, 1135.

including details about problems and how they were resolved, as follows: by 31 December 2021 and 30 June 2022.

CONCLUSION

The Committee concludes that although the Government of Canada implemented improvements based on past lessons learned, it still had some deficiencies with regard to managing complex IT procurements.

As part of its study, the Committee has made eight recommendations in this report to help the Government of Canada improve the way it manages the procurement of complex IT solutions.

SUMMARY OF RECOMMENDATIONS AND TIMELINES

Recommendation	Recommended Measure	Timeline
Recommendation 1	The Treasury Board of Canada Secretariat, Public Services and Procurement Canada, and Shared Services Canada should provide the House of Commons Standing Committee on Public Accounts with reports outlining what progress has been made with regard to developing more comprehensive guidance and training for employees to improve their understanding of agile procurement and how to apply collaborative methods. PSPC should also provide a final report.	31 December 2021 30 June 2022 31 December 2022 30 June 2023 (PSPC final report)
Recommendation 2	TBS, in consultation with PSPC and SSC, should provide the Committee with a progress report regarding the assessment of the skills, competencies, and experience that procurement officers need to support agile approaches to complex information technology procurements.	30 June 2022
Recommendation 3	TBS should provide the Committee with reports outlining the progress made with regard to ensuring that governance mechanisms are in place to engage senior representatives of concerned departments and agencies for the Next Generation Human Resources and Pay initiative.	31 December 2021 30 June 2022 31 December 2022
Recommendation 4	SSC should provide the Committee with reports outlining its progress with regard to ensuring that governance mechanisms are in place to engage senior representatives of concerned departments and agencies for the Workplace Communication Services procurement.	31 December 2021 30 June 2022 31 December 2022

Recommendation	Recommended Measure	Timeline
Recommendation 5	PSPC should provide the Committee with a progress report regarding its use of data analytics to better identify procurement integrity issues. A final report should also be provided.	31 December 2021 30 June 2022
Recommendation 6	SSC should provide the Committee with a progress report regarding its use of data analytics to better identify procurement integrity issues. A final report should also be provided.	31 December 2021 30 June 2022
Recommendation 7	PSPC should provide the Committee with reports outlining its progress with regard to improving its information management practices, including the consistency of data input, to help contracting authorities better demonstrate that procurement processes are fair, including details about problems and how they were resolved.	31 December 2021 30 June 2022 31 December 2022 30 June 2023
Recommendation 8	SSC should provide the Committee with reports outlining its progress with regard to improving its information management practices, including the consistency of data input, to help contracting authorities better demonstrate that procurement processes are fair, including details about problems and how they were resolved.	31 December 2021 30 June 2022

APPENDIX A
LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's webpage for this study.

Organizations and Individuals	Date	Meeting
Department of Employment and Social Development	2021/05/27	34
Graham Flack, Deputy Minister, Employment and Social Development		
Benoît Long, Chief Transformation Officer		
Department of Public Works and Government Services	2021/05/27	34
Bill Matthews, Deputy Minister		
Lorenzo Ieraci, Acting Associate Assistant Deputy Minister, Procurement		
Office of the Auditor General	2021/05/27	34
Karen Hogan, Auditor General of Canada		
Carol McCalla, Principal		
Joanna Murphy, Director		

Organizations and Individuals	Date	Meeting
Shared Services Canada	2021/05/27	34
Paul Glover, President		
Stéphane Cousineau, Senior Assistant Deputy Minister, Corporate Services		
Treasury Board Secretariat	2021/05/27	34
Roch Huppé, Comptroller General of Canada		
Marc Brouillard, Acting Chief Information Officer of Canada		
Stéphanie Poliquin, Assistant Deputy Minister, People Management Systems and Processes Sector		
Samantha Tattersall, Assistant Comptroller General, Acquired Services and Assets		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 34 and 40) is tabled.

Respectfully submitted,

Kelly Block, M.P.
Chair