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Audit of the acquisitions program transformation – Governance and change management

Office of Audit and Evaluation



**Audit of the acquisitions program transformation –
Governance and change management**

Table of Contents

| | |
|--|----|
| Executive summary..... | i |
| Introduction..... | 1 |
| Focus of the audit..... | 3 |
| Statement of conformance | 4 |
| Observations..... | 4 |
| Governance and oversight | 5 |
| Acquisitions program transformation: oversight could have been strengthened to better support discharge of roles and responsibilities and an integrated approach to the implementation of the program’s strategies. | 5 |
| e-Procurement solution: roles, responsibilities, and accountabilities of the governance committees’ members were not consistently fulfilled. | 7 |
| Change management..... | 12 |
| Acquisitions program transformation - change management processes were defined, documented, and communicated, but were not implemented nor regularly monitored. | 12 |
| e-Procurement solution – Some engagement activities have been started, however change management strategies have not been developed..... | 15 |
| Risk management..... | 16 |
| Acquisitions program transformation - A strategy was in place to manage risk, but input and monitoring by oversight committees could be improved. | 16 |
| e-Procurement solution – oversight over risk management can be strengthened. | 18 |
| Lessons learned..... | 19 |
| Acquisitions program transformation - Lessons learned from prior procurement modernization initiatives were not fully considered in the planning of the Acquisitions Program Transformation. | 20 |
| e-Procurement solution – lessons learned have been and continue to be considered in the planning of the e-Procurement solution. | 20 |
| Performance measurement and reporting..... | 21 |
| Acquisitions program transformation – key milestones identified, but monitoring progress could be strengthened. | 21 |
| e-Procurement solution - deliverables and timelines associated with the e-Procurement solution project were created, tracked, and monitored. | 22 |
| Acquisitions program transformation - performance measurement strategy was not implemented to assess outcomes. | 23 |

Audit of acquisitions program transformation – Governance and change management

| | |
|--|----|
| e-Procurement solution – key performance indicators and objectives are identified for the e-Procurement solution project. | 24 |
| Conclusion | 25 |
| Lessons learned | 26 |
| Management response..... | 27 |
| About the audit | 28 |

Executive summary

- i. Public Services and Procurement Canada (PSPC) is the Government of Canada's common service provider for procurement services, offering federal organizations a broad base of procurement solutions such as specialized contracts, standing offers, and supply arrangements. Based on the 2017 to 2018 Departmental Plan, the department manages approximately \$18 billion of procurements on behalf of other federal departments and agencies, of which approximately 40% goes to Canadian small and medium enterprises.
- ii. Through the Acquisitions Program, PSPC provides clients with comprehensive procurement services for a broad range of goods and services to support the delivery of government programs and services to Canadians. The Acquisitions Program is delivered by the Procurement Branch (former Acquisitions Branch).
- iii. Modernizing the procurement services has been a priority for the Procurement Branch for the past decade, and several initiatives have been undertaken during that time. In July 2012, the Acquisitions Program Transformation was launched and has since been through various stages of evolution. In July 2015, in consultation with the Deputy Minister, the Procurement Branch created a dedicated sector (the Acquisitions Program Transformation Sector) to oversee, manage, advance, and accelerate the transformation.
- iv. The overall program is a collection of projects, solutions and supporting activities which have different timelines, and are expected to change the way PSPC delivers its acquisitions program. Procurement Branch is undertaking the transformation through the implementation of four distinct strategies: Smart Procurement; Leveraging Digital Technology; Financial Sustainability; and, Supporting Our People.
- v. The audit was conducted to determine whether the Procurement Branch developed and implemented an oversight and control framework to achieve its transformation objectives. We assessed the program's progression spanning September 2015 to June 2017. We also reviewed documents outside of this time range to obtain an understanding of prior procurement transformation initiatives to draw on lessons learned, as well as items and documentation which supports the program activities prior to September 2015.
- vi. As PSPC has been attempting to transform procurement services for the past decade, the success of this current program is particularly important. In 2014, the program was re-launched with a new governance structure. This included the establishment of the Acquisitions program - Executive management committee as the primary decision-making body over the program.
- vii. We were informed the Smart Procurement and Supporting our People Strategies have been fully implemented. Further, we understand the Financial Sustainability Strategy

Audit of the acquisitions program transformation – Governance and change management

has been refocussed outside the program. As such, our findings on the Acquisitions Program Transformation have been framed as lessons learned for the Leveraging Digital Technology Strategy, the primary initiative of which is the e-Procurement solution project.

- viii. Further, as some activity related to the e-Procurement solution project have been initiated, this activity has been examined in the context of the Acquisitions Program Transformation. More fulsome analysis of the e-Procurement solution project will be conducted at a future date.
- ix. We concluded that the Acquisitions Program Transformation Sector established governance structures with clearly defined mandates and authorities to manage and provide oversight to the program. However, this oversight and strategic direction was not effective in ensuring that all 4 strategies in support of the transformation were managed in an integrated and holistic way. Further, we found the approval process, as well as the monitoring and reporting processes was not defined to ensure the governance committees received the information needed to provide appropriate oversight or fulfil its role for challenge and decision-making.
- x. Roles and responsibilities of governance and project oversight committees' members were defined and documented in their terms of reference. However, updates and information on the progress on the Acquisition Program Transformation strategies were not regularly provided to the committees, except in relation to the e-Procurement solution project. Further, we found members did not consistently fulfill their duties.
- xi. We found a defined and documented Acquisitions Program Transformation change management strategy and plan containing important aspects of the program's implementation. However, its implementation was not monitored.
- xii. The e-Procurement solution project change management approach and related activities are still in the development stage, however, the approach and plan have not been discussed at oversight committee meetings. Change management and communications activities which were scheduled to commence in summer 2017, have been delayed as a result of delays in awarding the contract which is anticipated to occur in Spring/Summer 2018.
- xiii. We found that while the Acquisitions Program Transformation sector had a defined and documented approach to risk management which included the identification, assessment, mitigation and monitoring of risks, we noted that regular risk information was not provided for input and oversight as required to oversight committees.
- xiv. As the department moves forward with the implementation of the e-Procurement solution, risk management processes could be strengthened by ensuring that the Acquisitions program - Executive management committee and the e-Procurement Solution Assistant Deputy Ministers Steering Committee receive and consider, as appropriate, risk information.
- xv. Lessons learned from prior initiatives were not formally gathered and analyzed in the planning of the Acquisitions Program Transformation as a whole. We found that lessons learned were compiled and used at the Leveraging Digital Technology

Audit of the acquisitions program transformation – Governance and change management

strategy level only. They were also documented and integrated in the risk identification of the e-Procurement solution project. Lessons learned information was also communicated to stakeholders associated with the e-Procurement solution project through engagement committees.

- xvi. The program did not have an integrated document outlining deliverables and timelines for all 4 strategies from the inception of the transformation initiatives until August 2015. Further, we noted key deliverables were not regularly monitored by the Acquisitions program – Executive management committee which was the oversight committee for the Acquisitions Program Transformation.
- xvii. Since 2016, the Acquisitions Program Transformation sector has been focused on the e-Procurement solution project. We confirmed that from September 2015 to June 2017, updates on the progress of the e-Procurement solution project were provided to oversight committees on a regular basis. Thus, we concluded that key deliverables and timelines associated with the e-Procurement solution were regularly tracked and monitored.
- xviii. Finally, we determined that performance measures and indicators for all 4 strategies to measure the progress and success of the program objectives were not developed or implemented. Performance measures in place were related only to the e-Procurement solution project. As performance indicators were not established, it is difficult to determine if the Acquisitions Program Transformation is meeting its objectives as a whole and, if so, to what degree.

Lessons learned

- xix. It is important that future transformation initiatives ensure governance committees are established and functioning to support the discharge of oversight responsibilities and decision-making by:
 - Ensuring an integrated and holistic approach to managing the initiative
 - Defining the approval processes and reporting and monitoring processes of the governance committees and ensuring sufficient and appropriate information is provided to them
 - Ensuring committees fulfill their roles as per the terms of reference by monitoring activity and participation
 - Ensuring committee chairmanship reflects accountabilities and committee membership maps consistently through the hierarchy of committees and includes representation from all stakeholders
 - Establishing an independent advisory committee
- xx. To support effective change management and stakeholder engagement, it is important that robust strategies and plans are developed and implemented.

Audit of the acquisitions program transformation – Governance and change management

Progress and effectiveness of the implementation should be monitored and measured.

- xxi. Lastly, it is important to measure benefits realized and analyze lessons learned to confirm objectives have been achieved and improve the likelihood of success of future initiatives.

Management response

Management has had the opportunity to review the Chief Audit and Evaluation Executive's report and accepts the conclusions and lessons learned. Management notes that all four of the Acquisitions Program Transformation strategies have concluded and no further actions on these strategies will be conducted. The audit is timely as we are formally launching the e-Procurement Solution project and the observations and lessons learned from the report will enhance management's capacity to ensure the project supports effective governance, change management, risk management, and benefit realization. To this end, the e-Procurement solution project has already initiated a third-party review of project governance and intends to make use of independent advisory services reporting to the Deputy Minister.

As we continue with Procurement Modernization efforts, these lessons learned provide valuable guidance relating to effective governance and oversight. This will also inform risk and change management as we work towards measured outcomes. We are confident that these lessons learned will ensure the overall readiness of Acquisitions program employees, PSPC branches, clients and suppliers in the transition to both e-Procurement solution and other procurement modernization initiatives supporting the Procurement Modernization agenda.

Introduction

1. This engagement was included in the Public Services and Procurement Canada (PSPC) 2016 to 2019 Risk-Based Audit and Evaluation Plan.
2. PSPC plays an important role in the daily operations of the Government of Canada. It supports federal departments and agencies in the achievement of their mandated objectives as their central purchasing agent, real property manager, linguistic authority, treasurer, accountant, pay and pension administrator, and common service provider.
3. The Acquisitions Program, which includes the Defence and Marine Procurement Branch and the Procurement Branch, is key to ensuring that PSPC continues to be the government's primary procurement service provider. The program offers federal organizations with procurement solutions such as specialized contracts, standing offers, supply arrangements, and memoranda of understanding for acquiring a broad range of goods and services, including construction services. The Acquisitions Program delivers acquisitions and related common services mandate through an open, fair and transparent process to ensure best value to Canadians and the federal government.
4. Based on the 2017 to 2018 Departmental Plan, PSPC manages approximately \$18 billion of procurements on behalf of other federal departments and agencies, of which approximately 40% goes to Canadian small and medium enterprises. It also provides leadership and oversees the implementation of the Defence Procurement Strategy as well as advances the government's ability to leverage defence procurements to create jobs and economic benefits for Canada, and improve the governance and management of military procurement.
5. Modernizing the procurement function has been a priority for the Procurement Branch for the past decade through initiatives such as The Way Forward, the Procurement Modernization Solution, and currently the Acquisitions Program Transformation (the APT).
6. In 2005, the Department launched The Way Forward, which was intended to deliver procurement services smarter, faster and at a lower cost. The Way Forward was based on seven core priorities: (1) buying smarter (procurement reform); (2) exploring savings in real estate; (3) taking full advantage of information technology; (4) greening government operations; (5) enhancing service delivery; (6) ensuring sound management; and, (7) meeting on-going commitments.
7. The 2008 Speech from the Throne articulated clear directions for federal institutions in the areas of fiscal responsibility and accountability, and for making the government more effective. The speech also identified improving procurement as a top priority, hence paving the way for a government-wide approach to modernizing the procurement function.

Audit of the acquisitions program transformation – Governance and change management

8. In 2007 to 2008, the Acquisitions Program began the development of the Procurement Modernization Solution. The Solution involved multiple projects that aimed to put in place long lasting changes to the government's procurement function. The objectives were to: (1) reduce barriers to doing business with the government by simplifying and streamlining procurement processes; (2) empower federal government departments to better exercise their delegated authorities through more effective, easy-to-use online electronic tools; (3) enable PSPC to focus on complex and higher risk procurements; (4) provide the Government with reliable spend data to support decision-making; and, (5) increase suppliers' awareness of opportunities to bid, while ensuring the procurement function was fair, efficient and transparent for Canadians.
9. From 2008 to 2012, in order to identify areas of potential improvement, PSPC consulted with suppliers, client departments and agencies. The Procurement Branch asserts that during that time, progress was made on empowering departments to exercise their delegated authorities for low dollar-value procurements; designing and implementing new contracting processes based on complexity and risk; adopting new commodity management strategies; developing an e-strategy; strengthening the Acquisitions Program's web presence through buyandsell.gc.ca; and, improving its on-line tools.
10. In 2012, the Procurement Modernization Solution was wound down, and in July of that year the Acquisitions Program Transformation was launched. At that time, the Acquisitions Program Transformation was managed as a project by Procurement Branch's Business Management Sector. Since then the Acquisitions Program Transformation has been through various stages of evolution. In July 2015, following consultations with the Deputy Minister, the Procurement Branch created a dedicated sector (the Acquisitions Program Transformation sector) to oversee, manage, advance, and accelerate the Acquisitions Program Transformation. The sector is composed of four areas: the E- Business Enabling Technologies; Electronic Procurement; Procurement Business Modernization; and, the Project Management Office.
11. The main objectives of the Acquisitions Program Transformation are to transform the way PSPC delivers its Acquisitions Program in an effort to improve client service, reduce costs and process burdens, better leverage federal procurement for the benefit of Canadians, as well as, to ensure the long term sustainability of the Acquisitions Program. The Acquisitions Program Transformation is a collection of projects, solutions and supporting activities which have different timelines, and is expected to change the way the department delivers its Acquisitions program. The Procurement Branch is undertaking the transformation through the implementation of four distinct strategies:
 1. **Smart Procurement:** implement four principles (Early Engagement, Effective Governance, Independent Advice, and Benefits for Canadians) to all procurements in order to mitigate risks, reduce process burden, and deliver timely procurement
 2. **Leveraging Digital Technology:** modernize PSPC's approach to delivering acquisitions services that will ensure the sustainability and efficiency of the Acquisitions Program and support client service delivery.

Audit of the acquisitions program transformation – Governance and change management

The primary e-tool being developed under this strategy is e-Procurement solution. The Acquisitions Program Transformation sector is also responsible for decommissioning the Acquisitions program legacy applications and ensuring a smooth operational transition from legacy system to the e-Procurement solution

3. **Financial Sustainability:** ensure the long-term financial viability of the Acquisitions Program to ensure that PSPC can fulfill its mandate and make the necessary investments in professional development and training to support our workforce
 4. **Supporting Our People:** invest in employees and their professional development to foster a creative and adaptable workforce
12. In 2013, the Office of Audit and Evaluation initiated the audit of the Acquisitions Program Transformation. At the same time, the Procurement Branch initiated a formal branch wide governance review, which impacted the Acquisitions Program Transformation. In October 2013, it began revising its previous governance model. Due to the redesign of the management framework and governance structures, the audit made preliminary observation that were shared with management, and was deferred until after the new framework was implemented. In December 2013, the governance model was approved and staffed. The Acquisitions Program Transformation was re-launched in January 2014 under the new governance structure.
 13. The audit was re-initiated in January 2015, but was deferred once again as the Procurement Branch was still in the process of implementing the new governance framework. Preliminary observations were shared with management in December 2015.
 14. In January 2017, the Office of Audit and Evaluation relaunched the audit using the criteria from the prior two audits. We were informed by the Acquisitions Program Transformation sector's management that Smart Procurement, Supporting Our People, and part of the Financial Sustainability strategies were delivered and operational. Hence their focus shifted to the remaining Leveraging Digital Technology strategy whereby implementing the e-Procurement solution project is the sector's main priority.
 15. In collaboration with the Acquisitions Program sectors and regions, the Acquisition program transformation sector is now focused on bringing the Government of Canada procurement into the world of e-business through technology and by reforming procurement business processes.

Focus of the audit

Audit of the acquisitions program transformation – Governance and change management

16. The objective of this internal audit was to determine whether the Procurement Branch has developed and implemented an oversight and control framework to achieve its transformation objectives.
17. The scope of the audit focused on the governance, risk management, and the control processes of the Procurement Branch's Acquisitions Program Transformation. The audit assessed the acquisition program transformation's progression, spanning from September 2015 to June 2017. Included in our assessment was the design, implementation and effective operation of: the Smart Procurement strategy; the Supporting Our People strategy; Financial Sustainability strategy; and, the preliminary work accomplished to date on the e-Procurement solution within the Leveraging Digital Technology strategy. A detailed examination of the e-Procurement solution project is planned to be the subject of a future audit.
18. This audit covered the period from September 2015 to June 2017. However, we reviewed documents outside of this time range to obtain an understanding of prior procurement transformation solutions to draw on lessons learned, as well as items and documentation which supports the program activities prior to September 2015.
19. More information on the audit objective, scope, approach and criteria can be found in the section "About the Audit" at the end of the report.

Statement of conformance

20. The audit conforms to the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program.
21. Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the findings and conclusions in this report and to provide an audit level of assurance. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The findings and conclusion are only applicable to the entity examined and for the scope and time period covered by the audit.

Observations

22. Audit observations were developed through a process of comparing criteria (the correct state) with condition (the current state). The following observations may note satisfactory performance, where the condition meets the criteria, or they may note areas for improvement, where there was a difference between the condition and the criteria.

Governance and oversight

23. Governance is the combination of processes and structures implemented by management to inform, direct, manage and monitor activities of an organization toward the achievement of its objectives. A governance structure should provide assurance that the essential management processes and controls are in place, and effective to successfully implement the program solutions and achieve its objectives.
24. We expected to find a governance structure that included oversight committees that had clearly defined and documented mandates, and that outlined the roles and responsibilities of the members. We also expected committees' members to regularly attend meetings, and provide leadership and oversight to the Acquisitions Program Transformation. This would include receiving regular information on risks, performance and progress for discussion and approval.

Acquisitions program transformation: oversight could have been strengthened to better support discharge of roles and responsibilities and an integrated approach to the implementation of the program's strategies.

25. Governance arrangements evolved throughout the implementation of the Acquisitions Program Transformation. A new governance structure was established when it was re-launched in January 2014. The acquisition program transformation governance was not separate, but rather integrated into the Acquisitions Program committee structure and was made up of 4 oversight committees, namely:
- Acquisitions program - Executive management committee
 - Acquisitions program - Human resources and finance committee
 - Acquisitions program - Information management and information technology committee
 - Acquisitions program - Policy committee
26. The mandate and composition of each of the above committees, frequency of meetings, and roles and responsibilities of committee members were clearly defined and formally documented in their terms of reference. The committees' terms of reference were published on the departmental intranet.
27. From 2014 to 2016, the Executive Management Committee was the primary decision-making body for the Acquisitions Program, and was responsible for final approval of all items related to the Acquisitions Program Transformation. The committee provided a forum for Acquisitions Program senior management to discuss horizontal and vertical management issues and topics affecting the acquisitions programs. The committee was tasked with approving recommendations made by the other three committees. It met on a weekly basis, and was co-chaired by the Assistant Deputy Minister, Defence and Marine Procurement and the Assistant Deputy Minister, Procurement. Other members included all Directors General and all Regional Directors of the Acquisitions Program, the Senior Director, Acquisition Strategy and Relations Directorate, and the

Audit of the acquisitions program transformation – Governance and change management

Manager, Strategic and Business Communications (Policy, Planning and Communications Branch).

28. The committees did not define and communicate their reporting requirements and approval process for the Acquisitions Program Transformation strategies to help ensure they receive complete, timely and accurate information to exercise their responsibilities. A review of the records of decisions of the 4 committees indicated the Executive Management Committee made limited decisions concerning the Acquisitions Program Transformation. Also, there were no instances where the other 3 committees sent items related to the Acquisitions Program Transformation to the Executive Management Committee for review and approval.
29. Further, there was no evidence the committees requested or received information on the progress of each of the 4 acquisitions program strategies. On those occasions where the Acquisitions Program Transformation issues were brought to the attention of the committees, it was “for update” or “for information” purposes only, and not for approval. The records of decisions did not register the details of discussions so we were unable to confirm the challenge function of the committees.
30. We also noted that oversight committees’ meetings did not address all 4 Acquisitions Program Transformation strategies. Many of the Executive Management Committee meetings which dealt with the Acquisitions Program Transformation non-financial items, focused solely on the Leveraging Digital Technology strategy.
31. A survey was sent to 9 members selected from the 4 oversight committees to determine if they felt they received sufficient information to make appropriate, and timely decisions concerning the Acquisitions Program Transformation. Respondents (3 out of 9) indicated that information had been received on the digital procurement program (e-Procurement solution project). They also identified the need for more timely engagement on priorities.
32. Based on our examination, we concluded that the Procurement Branch established governance structures to manage and provide oversight to the Acquisitions Program Transformation and this governance had defined and documented terms of reference. However, we did not find evidence the committees and members were fulfilling their duties and providing a challenge function over the Acquisitions Program Transformation. Limited information was shared within the established governance structures to direct, approve, monitor or challenge the design, implementation or management of the Acquisitions Program Transformation strategies.
33. Further, it was concluded the oversight and strategic direction was not effective in ensuring that all the 4 Acquisitions Program Transformation strategies were managed in an integrated and holistic way, which was important as all the strategies were intended to contribute, in a complimentary way, to the overall objectives of the transformation. If the interdependencies are not managed, it is possible that individual strategies achieve their goals, without overall objectives being achieved.
34. The Acquisitions Program Transformation sector indicated that the Smart Procurement and Supporting Our People strategies were implemented in 2015 and are deemed fully operational. Work on the Financial Sustainability strategy began in

Audit of the acquisitions program transformation – Governance and change management

August 2016, with the creation of the Financial Sustainability Steering Committee. The purpose of the Committee is to provide consolidated, corporate oriented recommendations on current operational spending and financial issues, as well as identify opportunities for improvement concerning funding challenges the Acquisitions program faces.

35. A review of the Committee records indicate a focus on the Acquisitions program funding model and its cost recovery model. The Financial Sustainability strategy is no longer led by the Acquisitions Program Transformation sector, but by the Procurement Business Management sector within the Procurement Branch.
36. As the Smart Procurement and Supporting Our People strategies were implemented, changes were made to the governance structures in October 2015 to focus on the e-Procurement solution project.
37. To support effectiveness of governance structures, it is important the oversight committees define the approval process, as well as the reporting and monitoring process to ensure it receives the information it requires to provide appropriate oversight over the design, implementation and management of the remaining strategy and fulfill its role for challenge and decision making.
38. It is also important that an integrated and holistic approach to providing oversight is applied, with clear understanding of shared accountabilities, roles and responsibilities, and interdependencies, rather than approaching each initiative separately. This would ensure that all the areas undergoing change and the stakeholders involved are considered, and support the achievement of the overall transformation objectives.

E-Procurement solution: roles, responsibilities, and accountabilities of the governance committees' members were not consistently fulfilled.

39. In October 2015, the Acquisitions Program Transformation governance structure was revised to reflect the focus on the e-Procurement solution project within the Leveraging Digital Technology strategy. The structure created specific governance that was in addition to, and no longer integrated with the Acquisitions program governance structure. The change was made to ensure a smooth transition to a new e-procurement environment by relying on sound governance throughout the initiative's lifecycle, but also to include deputy heads and engage with key partners such as the Treasury Board Secretariat, Shared Services Canada, and the broader Government of Canada departments and agencies.
40. As a result, a number of new governance bodies were established at various levels to oversee and to provide strategic direction to the e-Procurement solution project. These governance bodies were both at Acquisitions Program level, and, the e-Procurement solution project level (see Table 1).
41. Oversight and strategic guidance were also provided by the PSPC deputy minister chaired Investment Management Board, which challenges departmental investments to ensure they support departmental, portfolio, horizontal, and government wide priorities, and PSPC Chief Information Officer chaired Information

Audit of the acquisitions program transformation – Governance and change management

Management/Information Technology Steering Committee, which directs and advises on departmental Information Management/Information Technology initiatives. External Oversight is provided by the Treasury Board Secretariat – Enabling Functions Transformation Steering Committee, which provides alignment, oversight and issue resolution for large-scale transformation initiatives in the Government of Canada. The Steering Committee is chaired by the Comptroller General of Canada and the Associate Deputy Minister of PSPC.

42. In addition to the committees mentioned above, there were advisory bodies at the Government of Canada level that received information on the e-Procurement solution project, including the Public Service Management Advisory Committee, the membership of which includes representation by deputy heads from most government departments, and the Assistant Deputy Minister Advisory Committee on Procurement Modernization, the membership of which include one ADM-level official responsible for procurement or related programs, from more than 10 departments and agencies.
43. For the purpose of this audit, we examined governance bodies at the Acquisitions program level, and at the e-Procurement solution project level.
44. At the Acquisitions program level, the Acquisitions Program Transformation/e-Procurement solution project new governance structure included:
 - Acquisitions Program - Executive management committee (discussed previously)
 - Senior Project Oversight Committee
 - Acquisitions Program Transformation Risk Management Board
45. At the project level, the e-Procurement solution project governance included:
 - e-Procurement Solution Joint Deputy Heads Committee
 - e-Procurement Solution Assistant Deputy Ministers Steering Committee
 - e-Procurement Solution Project Management Committee
46. Their mandates, including the decision-making processes and operational guidelines, were articulated in their respective terms of references. The terms of reference also covered the membership and the roles and responsibilities of the committees and their members. It was observed the e-Procurement Solution Joint Deputy Heads Committee included representation from the Treasury Board Secretariat, Shared Services Canada, Privy Council Office, and PSPC, while the e-Procurement Solution Assistant Deputy Ministers Steering Committee included representation from Shared Services Canada, Treasury Board Secretariat and PSPC. It may merit consideration to include representation from the Privy Council Office to align with the Deputy Head Committee.
47. Through a review of agendas and records of decisions of all committees for the period from September 2015 to June 2017, we confirmed that governance bodies regularly received updates and information on the progress of the e-Procurement solution project to support the discharge of their respective mandates. We noted governance

Audit of the acquisitions program transformation – Governance and change management

committees had meeting agendas, records of decisions/decisions log, and actions trackers available for decisions making.

48. We also confirmed the Executive Management Committee, Risk Management Board, Senior Project Management Committee, and e-Procurement Solution Joint Deputy Heads Committees met regularly and their members attended meetings. We noted however, a lack of scheduled meetings and attendance issues with respect to the e-Procurement Solutions Assistant Deputy Ministers Steering Committee and the e-Procurement Solution Project Management Committee respectively.
49. The e-Procurement Solution Assistant Deputy Ministers Steering Committee did not meet regularly as established in the terms of reference (10 out of 22 meetings (45%) held). We also identified committee members did not regularly attend the e-Procurement Solution Project Management Committee meetings. In addition, attendance at the e-Procurement Solution Project Management Committee's meetings did not always reflect the membership identified in its terms of reference.
50. Given the roles and responsibilities of these 2 committees in the e-Procurement solution project governance, this could impact the quality of oversight over the e-Procurement solution project and the project's status may not be appropriately challenged. Furthermore, risks and issues which could impact the implementation of the e-Procurement solution project may not be addressed in a timely manner. Further, given the relationship of these committees in reporting up to deputy heads, important information may not be briefed up to the deputy heads that sit on the e-Procurement Solution Joint Deputy Head Committee, which impacts the effectiveness of that committee as well.
51. Further, we noted the Risk Management Board and Senior Project Management Committee are chaired by the Director General. Given the significance of the e-Procurement solution project to PSPC, and potentially to the Government of Canada if it is rolled out across government, it may be more appropriate for these committees to be chaired by the Assistant Deputy Minister.
52. Lastly, the department may want to consider an external advisory committee that reports to the Deputy Minister, which, while not required under Treasury Board Policy, is generally recognized as a best practice in project management.

**Audit of the acquisitions program transformation –
Governance and change management**

Table 1: Roles and responsibilities of governance committees for the e-Procurement solution per their terms of references

| Committees | Roles and responsibilities |
|---|---|
| Acquisitions program – Executive management committee | <ul style="list-style-type: none"> • Makes decisions on items presented at Executive Management Committee meetings (the primary decision-making body for the Acquisitions Program) • Discusses horizontal and vertical management issues and topics affecting the Acquisitions Program Transformation, including strategic direction, policy, transformation Solutions, business planning and management, finance, human resources, and information on management/technology to make decisions on key priorities • Approves recommendations made by the other Acquisitions Program committees • Meets weekly • Co-chairs: Assistant Deputy Minister, Defence and Marine Procurement and the Assistant Deputy Minister, Procurement |
| Acquisitions program transformation - Risk management board | <ul style="list-style-type: none"> • Has full responsibility for and authority over processes and activities relating to the Acquisitions Program Transformation risk management, with a shift in focus to e-Procurement Solution since 2016 • Ensures that a risk management process is implemented for the Acquisitions Program Transformation, and the e-Procurement solution, to enable the effective and controlled management of risks and issues • Ensures that risks and issues impacting the Acquisitions Program Transformation, and e-Procurement solution, are identified and effectively managed • Makes recommendations regarding the outcome of risks and issues, or ensures that risks which are beyond its authority are escalated for action by other governance bodies • Meets bi-weekly • Chair: Director General, Acquisitions Program Transformation sector |
| Senior project oversight committee | <ul style="list-style-type: none"> • Provides Director General level oversight to the e-Procurement solution project on behalf of the Acquisitions program • Representation is limited to PSPC staff |

**Audit of the acquisitions program transformation –
Governance and change management**

| Committees | Roles and responsibilities |
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| | <ul style="list-style-type: none"> • Oversees the e-Procurement Solution procurement process and monitors the progress towards the timely award of the contract • Supports consultation activities with industry and stakeholders through normal procurement activities, engagement and outreach • Oversees the implementation of the e-Procurement solution • Meets bi-weekly • Chair: Director General, APT sector • Committee reports to the Assistant Deputy Minister, Procurement Branch |
| E-procurement solution joint deputy heads committee | <ul style="list-style-type: none"> • Top-level governance committee accountable for providing strategic direction, decision-making and oversight to enable the timely and efficient delivery of e-Procurement Solution • Committee includes representation from the Treasury Board Secretariat, Shared Services Canada, Privy Council Office, and PSPC • Engages in the review and endorsement of significant direction and strategy changes put forward through the e-Procurement Solution Assistant Deputy Ministers Steering Committee • Reviews mitigation strategies for top risks and issues, such as data residency and service delivery model • Reviews issues that have not been resolved by the e-Procurement Solution Assistant Deputy Ministers Steering Committee • Meets quarterly • Chair: Deputy Minister, PSPC |
| E-procurement solution assistant deputy ministers steering committee | <ul style="list-style-type: none"> • Ensures good project communication and commitment between the organizations by increasing awareness of project milestones and their dependencies to ensure delivery of the project's solution as a priority for member organizations • Committee includes representation from PSPC, Treasury Board Secretariat, and Shared Services Canada • Provides guidance and direction to the e-Procurement Solution Project Management Committee pertaining to project management • Makes decisions for the resolution of major risks and issues as they pertain to project issues such as |

**Audit of the acquisitions program transformation –
Governance and change management**

| Committees | Roles and responsibilities |
|---|---|
| | <p>infrastructure readiness, capacity, scheduling, standards compliance and security</p> <ul style="list-style-type: none"> • Monitors project risks and develops and recommend mitigation measures for the risks that materialize • Meets monthly • Co-chairs: Chief information officer, PSPC and Assistant Deputy Minister, Procurement |
| E-procurement solution project management committee | <ul style="list-style-type: none"> • Primary decision-making body for the e-Procurement solution project • Acquires the e-solution including defining and validating business requirements • Ensures the e-Procurement solution project follows the departmental National Project Management System Framework as well as all the project gating approval phases • Guides the e-Procurement solution project through its various phases: contract award, initial operating capacity, and launch of full functionality • Engages all key e-Procurement solution stakeholders within PSPC • Meets bi-weekly • Co-chairs: Director, e-Procurement Solution (Procurement Branch) and Information technology Director, e-Procurement Solution (Chief Information Officer Branch) |

Change management

53. Change management is a structured approach to transitioning from a current state to a desired future state. It is an organizational process aimed at assisting stakeholders to accept and embrace change in their business environment.

54. We expected the Acquisitions Program Transformation sector to have a defined, documented, communicated, and implemented change management strategy and plan, and that status reports would be regularly presented to oversight committees. We further expected that the plan and activities would be updated and monitored as the APT progressed.

Acquisitions program transformation - change management processes were defined, documented, and communicated, but were not implemented nor regularly monitored.

Audit of the acquisitions program transformation – Governance and change management

55. In 2015, the Acquisitions Program Transformation sector developed an Acquisitions Program Transformation Change Management Strategy, which defined the overall approach required to manage changes for the Acquisitions Program Transformation strategies, including steps and deliverables. The Change Management Plan was included as part of the strategy. The Change Management Strategy and Change Management Plan were presented and approved by the Executive management committee on August 18, 2016.
56. The examination of meeting minutes and records of decisions of the Executive Management Committee from May 2014 to June 2017 indicated that information on the Acquisitions Program Transformation Change Management Strategy was presented twice in the form of a status update report, and once as a presentation. Further, although we are aware that change management activities have taken place, we noted that progress against the change management plan was not a regular item on the Executive management committee's agendas, as such it is not clear progress was monitored.
57. The Acquisitions Program Transformation sector also developed an Acquisitions Program Transformation Stakeholder Engagement Strategy in 2015, which outlined guiding principles and approaches for stakeholder engagement activities. It described engagement objectives, methods and formats, key stakeholders and related engagements needs and approaches. The document also contained accountabilities for the strategy, as well as, monitoring and governance mechanisms. The definition of stakeholder in this strategy included internal stakeholders, Acquisition program employees, and PSPC senior management, as well as external stakeholders, such as client departments and industry.
58. The Acquisitions Program Transformation Stakeholder Engagement Strategy was also supported by an Acquisition Program Transformation Engagement Plan, which served as a planning and tracking tool to manage engagement events and activities, and an Acquisitions Program Transformation Communication Plan, which included key deliverables, responsibilities, expected timelines and status updates.
59. An Acquisitions Program Transformation Employee Engagement Strategy was also developed by the Supporting Our People strategy team in 2015. This high-level strategy was designed to guide the planning, development of, and investment in employee engagement specifically related to this strategy. Its purpose was to address the demands of changing demographics, and work towards achieving organization and public service goals as employees undergo the transition towards Blueprint 2020.
60. In terms of internal stakeholders, and more specifically employees, several change management activities have taken place since the inception of the Acquisitions Program Transformation. Activities geared towards employees included: a dedicated program website on the departmental intranet; Acquisitions Newsfeed (a monthly email newsletter distributed to all Acquisitions Program employees); Acquisitions Week in 2014, 2015, 2016 and 2017 focused on the Acquisitions Program, Smart Procurement, and Procurement Modernizations; and, the Acquisitions Program Managers' Workshops.

Audit of the acquisitions program transformation – Governance and change management

61. Client department engagement included presentations at the Client Advisory Board and the Assistants Deputy Ministers Advisory Committee on Procurement Modernization. The Client Advisory Board is open to all client departments and agencies that may be affected by procurement-related solutions and activities. The Assistants Deputy Ministers Advisory Committee on Procurement Modernization includes Assistant Deputy Minister-level officials responsible for procurement or related programs from departments and agencies.
62. Limited industry (vendors) engagement on the Acquisitions Program Transformation was undertaken through the Supplier Advisory Committee. The Committee's participants include 10 to 12 industry association members.
63. The Acquisitions Program Transformation Engagement Plan collects engagement activities undertaken by stakeholders group, organization, engagement type/activity, engagement objective, and feedback needed. It also identifies for each engagement activity the following: information that must be provided by the Acquisitions Program Transformation sector project team to the stakeholders before, during and after the engagement activity (e.g. a progress update, collection of business requirements to be validated, etc.); engagement channel(s); engagement lead; and, the deadline for completing the activity.
64. We examined engagement and communication activities planned for the period from September 2015 to December 2016, and noted they did not include activities for "Supporting Our People" and "Financial Sustainability" strategies. As noted above, the Supporting Our People strategy had a distinct Acquisitions Program Transformation Employee Engagement Strategy. In addition, information concerning engagement lead, projected date for the engagement activity, and the engagement status were missing. Finally, with respect to communication, fields such communication lead, deadline for completing the communication activity (i.e. issuing communication product), and cost associated with the activities were incomplete. Implementation status of the activities were also missing and we were not sure when and how often the plan was updated. As a result, we were not able to conclude on whether the engagement and communication activities for the above-mentioned period were completed and implemented as planned.
65. Based on our analysis, the Acquisitions Program Transformation sector developed a change management strategy and plans containing important aspects of the Acquisitions Program Transformation implementation. In addition, updates on change management activities were not provided to the Committee to ensure they were monitored and updated as the Acquisitions Program Transformation progressed. The impact these change activities had in terms of supporting the successful implementation of the Acquisitions Program Transformation are still unknown as they were not measured.
66. A successful change management strategy and stakeholder engagement strategy are important to ensure that stakeholders who were impacted by the transformation were prepared and engaged. It is also important that robust strategies and plans are developed, that these strategies and plans are implemented, and that progress and effectiveness of the implementation is monitored and measured.

Audit of the acquisitions program transformation – Governance and change management

e-Procurement solution – Some engagement activities have been started, however change management strategies have not been developed

67. Since the Smart Procurement, and Supporting Our People strategies have become operational and Financial Sustainability was transferred to the Procurement Business Management Sector, change management activities have been focused on e-Procurement solution project within the Leveraging Digital Technology Strategy through communications and engagement with stakeholders.
68. The Acquisitions Program Transformation sector has not yet developed an e-Procurement solution Change Management Strategy. The e-Procurement solution's contractor will be tasked with providing PSPC with a change strategy, communication products, readiness assessment, and training support after the award of the contract.
69. However, in 2017, the Acquisitions Program Transformation sector presented to the Senior Project Oversight Committee, a deck on a preliminary e-Procurement Solution Change Management Strategy. The objective of the strategy was to increase buy-in and adoption by employees and key external stakeholders of the e-Procurement solution to support a successful transition to the end-state vision. The preliminary strategy outlined planned communication/engagement activities, and training strategy.
70. Also, in 2017, the Acquisitions Program Transformation sector developed the e-Procurement Solution Communication Plan – Subproject 1 to guide the communication activities throughout the procurement phase, and proof of concept phase (in other words roll-out within the Acquisitions Program and Finance and Administration Branch of the e-Procurement solution - Subproject 1). It identified communication objectives, approach, and key communication activities including communication product deliverables and activities covering the period prior to e-Procurement solution contract award up to the point at which the new solution will be implemented. It is expected this plan will also be updated by the successful contractor.
71. According to the Acquisitions Program Transformation sector, the e-Procurement solution change management approach and related activities have not been regularly discussed at oversight committees meetings because formal strategies and plans have not yet been developed and the project is not yet in the implementation phase. Change management and communications activities which were scheduled to commence in summer 2017, have been delayed as a result of delays in awarding contract which is anticipated to occur in Spring/Summer 2018.
72. Although formal change management and engagements plans are yet to be developed, early engagement activities have taken place in relation to the e-Procurement solution project. The Acquisitions Program Transformation sector communicated with internal stakeholders on the e-Procurement solution project objectives through presentations to groups such as the PSPC e-Procurement solution Working Group (members from Accounting, Banking and Compensation Branch, Acquisitions Branch, Chief Information Officer Branch, Finance and Administration Branch and the Integrated service Branch), and the Acquisitions Program Transformation Business Modernization Working Group (representatives from various sectors of the Acquisitions Branch and regions).

Audit of the acquisitions program transformation – Governance and change management

73. Industry (vendors) engagement on the e-Procurement solution was undertaken through the Supplier Advisory Committee. As mentioned earlier, the Committee's participants include 10 to 12 industry association members.
74. External engagement included presentations to the Government of Canada e-Procurement Solution Executive Steering Committee (membership is comprised of executives with responsibilities in procurement from various departments and agencies), the Government of Canada e-Procurement Solution Working Group (membership includes subject matter experts from various departments and agencies), and Assistants Deputy Ministers Advisory Committee on Procurement Modernization (includes Assistant Deputy Minister-level officials responsible for procurement or related programs from departments and agencies).
75. Based on our analysis, the Acquisitions Program Transformation sector had no formal management strategy in place for the e-Procurement solution project. Change management strategy will be developed by the solution's vendor when the contract is awarded. We were advised that since implementation remains outstanding, there is no progress on change management activities to be reported to oversight committees.

Risk management

76. Risk management is a process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.
77. We expected to find a defined and documented approach to risk management for risk related to the program. This approach would include the identification, assessment, mitigation and monitoring of risks that may preclude the program from achieving its objective. We also expected the program team to provide information on risks to oversight bodies to ensure committees fulfill their oversight function.

Acquisitions program transformation - A strategy was in place to manage risk, but input and monitoring by oversight committees could be improved.

78. The Acquisitions Program Transformation sector developed an approach for risk management of the Acquisitions Program Transformation. The Acquisitions Program Transformation Risk Management Framework and the Acquisitions Program Transformation Risk Profile defined the approach for identifying, measuring, mitigating, monitoring and reporting on transformation Solutions keys risks. The Acquisitions Program Transformation Risk Profile outlined roles and responsibilities for risk management.
79. During the examination phase of our 2015 audit, we advised the Acquisitions Program Transformation management that only the e-Procurement solution risks were being discussed, hence in July 2015 the Acquisitions Program Transformation – Risk

Audit of the acquisitions program transformation – Governance and change management

Management Board was established. Prior to this there was a Risk Management Board but only for the e-Procurement Solution.

80. The Acquisitions Program Transformation - Risk Management Board had full responsibility for and authority over processes and activities relating to the Acquisitions Program Transformation risk management, including the Leveraging Digital Technology Strategy. The membership included: the Director General, Acquisitions Program Transformation sector; the Acquisitions Program Transformation Risk Manager, Senior Directors and Directors of the Acquisitions Program Transformation sector; Manager, Acquisition program transformation Program Management Office, Acquisitions Program Transformation Director General Office Manager, the Lead for the Financial Sustainability Strategy, and the Lead for the Smart Procurement Strategy.
81. Our review of meeting minutes and records of decisions confirmed that the board met on a regular basis and received information to support discussion and decision-making regarding the Acquisitions Program Transformation risks. Recommendations stemming from the discussions included: closing risks that were no longer relevant transformation Solutions; adding new or emerging risks/issues to risk registers; updating risk responses; and, assigning actions to be taken to risk owners.
82. Detailed and regular risk analysis on all 4 Acquisitions Program Transformation strategies were performed using a risk register. The register contained details on risk identification, risk assessment and risk responses. There was an owner and action associated with each risk in the Register. Also included in the worksheet were details on issues, opportunities, risk summary analysis, charts, and deliverables.
83. The Acquisitions Program Transformation sector also identified and assessed risks that may preclude the achievement of the Acquisitions Program Transformation objectives in the Acquisitions Program Transformation risk register, and developed mitigation strategies if required. The risk register also contained all open and closed risk related action items, risk response decisions, risk mitigation plans and activities to address key risks. Risk registers were regularly updated as a result of discussions and decisions that occurred at the Risk Management Board meetings, which were held bi-weekly.
84. The Executive Management Committee was the oversight committee for Acquisitions Program Transformation risk management. The committee was to provide, on a quarterly basis, strategic risk management oversight on the risk activities conducted by the Acquisitions Program Transformation sector. Although, as noted, the Acquisitions Program Transformation sector was monitoring risks on a regular basis, information about key risks for all 4 Acquisitions Program Transformation strategies was not regularly provided to the Executive Management Committee.
85. The Executive Management Committee received status updates on key risks twice in 2015. As the records of decision did not have details of discussion, we were unable to assess the nature of the discussion. Another discussion on the Acquisitions Program Transformation risks occurred in September 2016. The presentation included information on the Acquisitions Program Transformation risk management framework and the top 3 key risks.

Audit of the acquisitions program transformation – Governance and change management

86. To support effective risk management, in addition to having an effective risk management process, it is also important that appropriate oversight be engaged in active monitoring and challenge of risk management.

e-Procurement solution – oversight over risk management can be strengthened.

87. For the e-Procurement solution project, the Acquisitions Program Transformation sector developed an e-Procurement solution project Risk Management Plan that defined the approach for identifying, measuring, mitigating, monitoring and reporting on transformation solution projects keys risks as well as outlined roles and responsibilities for risk management.

88. In February 2015, an e-Procurement Solution Risk Management Board was created to manage activities relating to the e-Procurement solution project risk management. The Board met bi-weekly and membership included: e-Procurement solution Project Director; Information Technology Project Director, Acquisitions Program Transformation Risk Manager , e-Procurement Solution Project Manager, Information Technology Manager, Information Technology Issue/Risk Manager, and, Request for Proposal Manager.

89. As noted, the Acquisitions Program Transformation - Risk Management Board was created in July 2015, which integrated and replaced the e-Procurement Solution Risk Management Board. More recently, as the other 3 Acquisitions Program Transformation strategies were implemented and deemed fully operational, the focus of the Acquisitions Program Transformation Risk Management Board shifted to the e-Procurement solution project.

90. The Executive Management Committee was identified as the oversight committee for project risk management. The e-Procurement Solution Assistant Deputy Ministers Steering Committee's roles and responsibilities included monitoring the e-Procurement solution project risks, as well as developing and recommending mitigation measures for the risks that materialize. Moreover, according to the e-Procurement Solution Risk Management Plan, the committee was to provide strategic risk management oversight on the risk activities conducted by project team on a monthly basis or as needed.

91. Our review of the Acquisitions Program Transformation Risk Management Board's meeting minutes and records of decisions confirmed that the board met on a regular basis and received information to support discussion and decision-making regarding the e-Procurement solution risks. Recommendations stemming from the discussions continued to include: closing risks that were no longer relevant transformation solutions; adding new or emerging risks/issues to risk registers; updating risk responses; and, assigning actions to be taken to the e-Procurement solution project risk owners.

Audit of the acquisitions program transformation – Governance and change management

92. Detailed and regular risk analysis were performed using an e-Procurement solution risk register. The sector also identified and assessed risks that may preclude the achievement of the transformation objectives in the e-Procurement Solution risk register and developed mitigation strategies, if required. The risk register also contained all open and closed risk related action items, risk response decisions, risk mitigation plans and activities to address key risks. Risk registers were regularly updated as a result of discussions and decisions that occurred at the Risk Management Board meetings, which were held bi-weekly.
93. The Executive Management Committee and the e-Procurement Solution Assistant Deputy Ministers Steering Committee, were to provide, on a quarterly basis (Executive Management Committee) and monthly basis (e-Procurement Solution Assistant Deputy Ministers Steering Committee), strategic risk management oversight on the risk activities conducted by the Acquisitions Program Transformation sector. As noted above discussions on the Acquisitions Program Transformation risks occurred only once in September 2016 at the Executive Management Committee. The presentation included information on the e-Procurement solution project as one element within the Acquisitions Program Transformation. Further, we found no evidence that information about the e-Procurement Solution project risk was regularly reported to the e-Procurement Solution Assistant Deputy Ministers Steering Committee nor was the e-Procurement Solution Risk Management Plan shared with the Steering Committee.
94. Although the e-Procurement Solution Risk Management Plan does not assign responsibilities for risk oversight to the e-Procurement Joint Deputy Heads Committee, there may be merit in considering a role for this committee in risk management.
95. Based on our examination, we concluded that the Acquisitions Program Transformation sector had a defined and documented approach to manage risks related to the e-Procurement solution project, including the identification, assessment, mitigation and monitoring of risks. Risks were documented in the risk registers, were assessed and monitored, and mitigation strategies were developed. Although risks were discussed at the Risk Management Board, regular risk information was not provided for input and oversight as required to selected oversight bodies. As the department moves forward with the implementation of the e-Procurement solution, it will be important that measures are taken to ensure the Executive Management Committee and the e-Procurement Solution Assistant Deputy Ministers Steering Committee receive and consider risk information. This will help ensure that effective oversight and monitoring of risks.

Lessons learned

96. Lessons learned analysis is important so that this information can be disseminated, and leveraged to improve program processes, and prevent the repeated occurrence of errors. This would ultimately lead to improved delivery of projects. Lessons learned provide greatest value when they are documented, communicated, and implemented as appropriate.

Audit of the acquisitions program transformation – Governance and change management

97. As such, we expected that analysis would be completed on lessons learned from previous modernization Solutions and integrated in the program delivery process. This would maximize the probability of successful delivery of the program.

Acquisitions program transformation - Lessons learned from prior procurement modernization initiatives were not fully considered in the planning of the Acquisitions Program Transformation.

98. Modernizing the procurement function has been a priority for the Acquisitions Program for the past decade through initiatives such as the Way Forward, the Procurement Modernization Solution, and currently the Acquisitions Program Transformation.

99. We found that lessons learned from these prior modernization initiatives were not formally gathered, and analyzed in the planning of the Acquisitions Program Transformation. This is identified as a lost opportunity that may have helped in the implementation of the two completed strategies, Smart Procurement and Supporting our People.

100. It is important that lessons learned be considered in any major project to ensure mistakes are not repeated, and achievements are replicated in an efficient and effective manner.

e-Procurement solution – lessons learned have been and continue to be considered in the planning of the e-Procurement solution.

101. We noted that lessons learned were considered for the Leveraging Digital Technology strategy.

102. The lessons learned from the Government of Canada Marketplace Project Close-Out Report were documented and analyzed. The purpose of the report was for the e-Procurement solution project team to present and analyze the Government of Canada Marketplace Project challenge areas, and outline e-Procurement solution project strategies to overcome the same issues affecting the successful delivery of the solution. The report summarized the lessons identified in the Government of Canada Marketplace project and how these issues are being addressed by the e-Procurement Solution project.

103. In addition to the Government of Canada Market Place project, lessons learned from previous initiatives such as the Shared Services Canada Study of Information Technology were analyzed and integrated in the risk management process for the e-Procurement solution project. The e-Procurement Solution Risk Register included risks stemming from identified lessons, and how the risks were being addressed for the project. Furthermore, lessons learned information was communicated to stakeholders through engagement committees.

Audit of the acquisitions program transformation – Governance and change management

104. More recently, we were advised that lessons learned from the Transformation of Pay Administration, are also being considered in relation to the e-Procurement solution project.
105. Based on our examination, lessons learned from prior transformation initiatives were considered in relations to the Leveraging Digital Technology Strategy, and were integrated in the risk management process for the e-Procurement solution project. Lessons learned information was also communicated to stakeholders through engagement committees. Understanding of similar short-comings experienced by previous initiatives and incorporating those into the project management practices for the project will increase the likelihood of the e-Procurement solution project achieving its objectives.

Performance measurement and reporting

106. Effective performance measurement and monitoring is a key component of successful program delivery. Measuring and reporting on performance are important steps in sound decision-making, and in demonstrating the extent to which the Acquisitions Program Transformation has achieved its objectives or expected results.
107. We expected the Acquisitions Program Transformation to have created an integrated document outlining deliverables for the 4 strategies, including financial information, and related timelines, which would be tracked and monitored by oversight committees. We also expected the Acquisitions Program Transformation to have developed performance indicators linked to planned transformation results in order to measure progress against these indicators and as well as the achievement of objectives.

Acquisitions program transformation – key milestones identified, but monitoring progress could be strengthened.

108. The Acquisitions Program Transformation did not have an integrated document outlining deliverables and timelines for all 4 strategies from the inception of the Acquisitions Program Transformation. Deliverables were outlined in several documents available on the department's website, including: the Acquisitions Program Integrated Business Plan - Action Plan 2014 to 2015; the Acquisitions Program Transformation Road Map; the Smart Procurement Road Map; and, the Supporting Our People Solution Road Map. Deliverables associated with engagement events and communication activities were described in the Acquisitions Program Transformation Engagement Plan, and the Acquisitions Program Transformation Communication Action Plan. Key milestones schedule, deliverables and their respective due dates for the e - Procurement solution were defined in the e - Procurement Solution project charter.
109. The Acquisitions Program Transformation Road Map showed very high level activities for all four strategies for the fiscal years 2012 to 2015. The Road Map described the expected progress of each of the 4 strategies, along with supporting activities such as

Audit of the acquisitions program transformation – Governance and change management

engagement, strategic communication, change management, governance and risk management.

110. In September 2015, the Acquisitions Program Transformation Project Management Office compiled all of the key deliverables for all 4 program strategies into one document. This document contained a description of each deliverable, the beginning and end dates, and the percentage completion. This view made it clearer and easier to understand the progress of the Program, and to see the timelines for each strategy in one document.

111. We found that, from 2014 to 2015, key deliverables were not regularly monitored by the Executive Management Committee which was the oversight committee for the program.

112. It is important that progress against key milestones and deliverables is regularly reported and monitored by the oversight governance mechanisms.

e-Procurement solution - deliverables and timelines associated with the e-Procurement solution project were created, tracked, and monitored.

113. Since 2016, the Acquisitions Program Transformation sector has been focused on the Leveraging Digital Technology strategy. As noted, key milestones schedule, deliverables and their respective due dates for the e - Procurement Solution were defined in the e - Procurement Solution project charter.

114. Through a review of records and decisions and materials of the project steering committees (the e-Procurement Solution Joint Deputy Heads Committee, the e-Procurement Solution Assistant Deputy Ministers Steering Committee, and the e-Procurement Solution Project Management Committee), we confirmed that key deliverables and timelines associated with the e-Procurement Solution project were tracked and monitored by oversight committees.

115. The e-Procurement Solution project team also prepared status reports on behalf of the Director General, Acquisitions Program Transformation Sector for discussion during monthly bilateral meetings with the Assistant Deputy Minister, Procurement Branch, including the e – Procurement Solution Project Portfolio Management report and Procurement Branch dashboard for individual Procurement Modernization Solutions. We were informed these reports and updates on the project management were provided at these meetings.

116. The e – Procurement Solution Project Portfolio Management report was created monthly to provide status updates on key project deliverables and project financials. The report also contained a risk management component which included a description and response statement for the top risks and project issues, as well as a high level risk rating and explanation.

117. The Procurement Branch dashboard for individual Procurement Modernization Solutions provided monthly status update on the e-Procurement Solution project schedules and actual (milestone and deliverables) and project risks. We were informed

Audit of the acquisitions program transformation – Governance and change management

by the project team, the dashboard was also provided to the Treasury Board Secretariat's Enabling Functions Transformation Steering Committee.

118. During our review of the governance and project oversight committees' records of decision for the period of September 2015 to June 2017, we noted that the dashboard were also shared with the e - Procurement Solution Assistant Deputy Ministers Steering Committee members on two instances.

Acquisitions program transformation - performance measurement strategy was not implemented to assess outcomes.

119. As noted previously, the main objectives of the Acquisitions Program Transformation are to transform the way PSPC delivers its Acquisitions Program in an effort to improve client service, reduce costs and process burdens, better leverage federal procurement for the benefit of Canadians, as well as, to ensure the long term sustainability of the Acquisitions Program.

120. High level performance measurements for procurements were identified in the department's 2014 to 2015 Report on Plan and Priorities and the Acquisitions Program Integrated Business Plan, Action Plan 2014 to 2015. These included expected results, performance indicators, targets and dates to be achieved; however, these indicators were not specific to the Acquisitions Program Transformation. We determined that the Acquisitions Program Transformation did not establish performance measures and indicators for the overall Acquisitions Program Transformation relative to the stated objectives.

121. A third party firm was engaged in January 2015 to work on key performance indicators and benchmarks for the Acquisitions Program Transformation. During a meeting held with the Executive Management Committee in April 2015, the firm presented a Value Management Model which included ongoing key performance indicators that could be applicable to the 4 APT strategies. Value models are used to identify key outcomes and relevant measures, across a transformation lifecycle. As of January 2018, we were however not provided further evidence that performance measures and indicators were established.

122. In the absence, of Acquisitions Program Transformation performance measures, we attempted to determine whether performance measures for the individual strategies were established and used to measure performance.

123. We found no performance measures were established to determine whether the outcomes of Smart Procurement were achieved. In the absence of performance measures, we attempted to determine whether all procurements were undertaken using the Smart Procurement principles. We were unable to obtain this information because the Acquisitions Program IT/IM system does not track this type of data.

124. As this information to assess whether Smart Procurement principles were appropriately applied at a Program level was not available, we reviewed a sample of 4 procurements (2 from the National capital region, and 1 from each of the Atlantic and

Audit of the acquisitions program transformation – Governance and change management

Western regions). We determined through our file review, that all 4 procurements applied the 4 Smart Procurement principles (early engagement with clients and suppliers, effective governance, independent advice, and benefits for Canadians), which are documented in the guidelines and policies related to this strategy. However, we were unable to determine whether the successful application of these principles resulted in procurements that were timelier, less burdensome, or resulted in better client service.

125. We also found performance measures were not established to measure whether outcomes of Supporting Our People strategy had been achieved. A survey was sent to 10 of the 14 Supporting Our People Champions to determine if they felt that the objectives of the Supporting Our People strategy were being achieved. Respondents (5 out of 10) indicated that the Strategy was a step in the right direction, but the Strategy seems to have lost its momentum and there was little information on how progress was measured and reported on. In addition, they noted there were activities related to professional development, but there did not seem to be a link to fulfilling the objectives of Acquisitions Program Transformation.

126. Although Smart Procurement and the Supporting Our People are considered delivered and operational since 2015, the Acquisitions Program Transformation sector has not demonstrated how the objectives were achieved. Further, leading practices advocate conducting a post-implementation report on the progress made in delivering the transformation program deliverables and in providing overall benefits for significant initiatives. Such a post implementation report is intended to help identify lessons learned for future projects by measuring the extent to which benefits and objectives have been achieved.

127. As the Acquisitions Program Transformation did not develop and implement performance measures and indicators for all of the strategies to measure the progress and success of the objectives, it is difficult to determine whether the Acquisitions Program Transformation is meeting its objectives and, if so, to what degree.

128. It is important to assess actual benefits delivered and achievement of stated outcomes of Smart Procurement and Supporting Our People to help identify opportunities to implement additional changes to business processes. It would also help identify lessons learned for the e-Procurement solution project and assist in ensuring the successful implementation of the entire Acquisitions Program Transformation. Lastly, applying lessons learned and factoring outcomes of the Smart Procurement, the Supporting Our People and Financial Sustainability strategies into the e-Procurement solution may add value to the project.

e-Procurement solution – key performance indicators and objectives are identified for the e-Procurement solution project.

129. Key performance indicators were documented in the e-Procurement solution project charter. Performance indicators were organized by the business goals with which they

Audit of the acquisitions program transformation – Governance and change management

were aligned. Further within each grouping (business goal), key performance indicators were presented by key stakeholder groups (Canadians, client departments, industry/suppliers, Acquisitions Program procurement professionals), and expected outcomes for that group. The charter also outlined key milestones schedule, deliverables and their due dates.

130. Further, the Acquisitions Program Transformation sector is developing a performance management strategy to assess the e-Procurement solution expected outcomes.

Conclusion

131. Overall, we found the Acquisitions Program had developed an oversight and control framework to achieve its transformation objectives, but we found gaps in the implementation of the framework.

132. We concluded that the Acquisitions Program Transformation Sector established governance structures with clearly defined mandates and authorities to manage and provide oversight to the program. However, this oversight and strategic direction was not effective in ensuring that all 4 strategies in support of the transformation were managed in an integrated and holistic way. Further, we found the approval process, as well as the monitoring and reporting processes was not defined to ensure the governance committees received the information needed to provide appropriate oversight or fulfil its role for challenge and decision-making.

133. Roles and responsibilities of governance and project oversight committees' members were defined and documented in their terms of reference, however, members did not consistently fulfilled their duties.

134. We found a defined and documented Acquisitions Program Transformation change management strategy and plan containing important aspects of the program's implementation. However, its implementation was not monitored.

135. The e-Procurement solution project change management approach and related activities are still in the development stage, however, the approach and plan have not been discussed at oversight committee meetings. Change management and communications activities which were scheduled to commence in summer 2017, have been delayed as a result of delays in awarding the contract which is anticipated to occur in Spring/Summer 2018.

136. As the department moves forward with the implementation of the e-Procurement solution project, risk management processes could be strengthened by ensuring that the Executive management committee and the e-Procurement Solution Assistant Deputy Ministers Steering Committee receive and consider, as appropriate, risk information.

137. Lessons learned from prior initiatives were not formally gathered and analyzed in the planning of the Acquisitions Program Transformation as a whole. We found that lessons learned were compiled and used in the Leveraging Digital Technology

Audit of the acquisitions program transformation – Governance and change management

strategy. Lessons learned were also documented and integrated in the risk identification of the e-Procurement solution project and communicated to stakeholders associated with the e-Procurement solution project through engagement committees.

138. The program did not have an integrated document outlining deliverables and timelines for all 4 strategies from the inception of the transformation initiatives. Further, we noted key deliverables were not regularly monitored by the Executive management committee which was the oversight committee for the Acquisitions Program Transformation.

139. Since 2016, the Acquisitions Program Transformation Sector has been focused on the e-Procurement solution project. We confirmed that from September 2015 to June 2017, updates on the progress of the e-Procurement solution project were provided to oversight committees on a regular basis. Thus, we concluded that key deliverables and timelines associated with the e-Procurement solution were regularly tracked and monitored.

140. Finally, we determined that the program did not develop and implement performance measures and indicators for all 4 strategies to measure the progress and success of the acquisition program transformation objectives. Performance measures in place only related to the e-Procurement solution project. As performance indicators were not established, it is difficult to determine if the acquisition program transformation is meeting its objectives as a whole and, if so, to what degree.

Lessons learned

141. It is important that future transformation initiatives ensure governance committees are established and functioning to support the discharge of oversight responsibilities and decision-making by:

- Ensuring an integrated and holistic approach to managing the initiative
- Defining the approval processes and reporting and monitoring processes of the governance committees and ensuring sufficient and appropriate information is provided to them
- Ensuring committees fulfill their roles as per the terms of reference by monitoring activity and participation
- Ensuring committee chairmanship reflects accountabilities and committee membership maps consistently through the hierarchy of committees and includes representation from all stakeholders
- Establishing an independent advisory committee

Audit of the acquisitions program transformation – Governance and change management

142. To support effective change management and stakeholder engagement, it is important that robust strategies and plans are developed and implemented. Progress and effectiveness of the implementation should be monitored and measured.
143. Lastly, it is important to measure benefits realized and analyze lessons learned to confirm objectives have been achieved and improve the likelihood of success of future initiatives.

Management response

Management has had the opportunity to review the Chief Audit and Evaluation Executive's report and accepts the conclusions and lessons learned. Management notes that all four of the Acquisitions Program Transformation strategies have concluded and no further actions on these strategies will be conducted. The audit is timely as we are formally launching the e-Procurement Solution project and the observations and lessons learned from the report will enhance management's capacity to ensure the project supports effective governance, change management, risk management, and benefit realization. To this end, the e-Procurement solution project has already initiated a third-party review of project governance and intends to make use of independent advisory services reporting to the Deputy Minister.

As we continue with Procurement Modernization efforts, these lessons learned provide valuable guidance relating to effective governance and oversight. This will also inform risk and change management as we work towards measured outcomes. We are confident that these lessons learned will ensure the overall readiness of Acquisitions program employees, PSPC branches, clients and suppliers in the transition to both e-Procurement solution and other procurement modernization initiatives supporting the Procurement Modernization agenda.

About the audit

Authority

This engagement was included in the Public Services and Procurement Canada (PSPC) 2016 to 2019 Risk-Based Audit and Evaluation Plan.

Objective

The audit's objective was to determine whether the Procurement Branch has developed and implemented an oversight and control framework to achieve its transformation objectives.

Scope and approach

The audit focused on the governance, risk management, and the control processes of the Procurement Branch's Acquisitions Program Transformation (the program). The audit assessed the program's progression, spanning from September 2015 to June 2017. Included in our assessment was the design, implementation and effective operation of the Smart Procurement, the Supporting Our People strategies, and preliminary accomplishments to date on the e-Procurement solution within the Leveraging Digital Technology. A detailed examination of the e-Procurement solution project is planned to be the subject of future audit.

This audit covered the period from September 2015 to June 2017. However, we reviewed documents outside of this time range to obtain an understanding of prior procurement transformation Solutions to draw on lessons learned, as well as items and documentation which supports the program activities prior to September 2015.

This audit was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Criteria

The criteria used to assess the program's oversight and control framework were derived from the results of the detailed risk assessment, and risk areas with risk levels of moderate or above were included in this audit. The audit criteria were developed based on guidance from the Treasury Board Secretariat's Management Accountability Framework.

The criteria were as follows:

- **Governance Process:** The Procurement Branch has an effective governance framework in place to manage and provide oversight to the program.
 - i. Oversight bodies are established and effectively provide strategic direction and oversight to the program
 - ii. Roles, responsibilities and accountabilities of the program's oversight committee members are defined and fulfilled

Audit of the acquisitions program transformation – Governance and change management

- iii. Change management planning and activities have taken place to ensure the transition meets the program's goals
 - iv. Formal monitoring and reporting mechanisms are in place to provide management with information which allows it to monitor the progress of the program and its change management activities
- **Risk Management Process:** The Procurement Branch has a process in place for the program to manage risk.
 - i. The Procurement Branch has a systematic and documented approach to risk management for risks related to the program including identification and documentation of risks, their assessment, mitigation and monitoring
 - ii. Lessons learned from the previous modernization Solutions are incorporated into the program
 - **Control Process:** The Procurement Branch has a documented process which includes key controls related to resources, activities and schedules.
 - i. Deliverables and their related timelines have been created, and are tracked and monitored
 - ii. Budgets for financial and human resource requirements have been prepared, and are tracked and monitored
 - iii. The program strategies (along with performance measures) are designed, implemented and operating effectively to ensure that program objectives are being met

Audit/Review work completed

Audit fieldwork for this audit was substantially completed on October 30, 2017.

Audit Team

The audit/review was conducted by members of the Office of Audit and Evaluation, overseen by the Director of Procurement Audit and under the overall direction of the Chief Audit and Evaluation Executive.

The audit was reviewed by the quality assessment function of the Office of Audit and Evaluation.