

Transforming Government Procurement

Case Study: Audit of Procuring Complex IT Solutions



Office of the
Auditor General
of Canada

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du Canada

CONTENTS

- What is agile procurement?
- Overview of audit and main findings
- Government's response



What is Agile Procurement?

Iterative vs. Linear



What is Agile Procurement?



**Close
Collaboration**



Overview of audit and main findings



Overview of audit

- **Audit period:**
 - 1 April 2018 to 31 August 2020
- **IT procurements we audited:**
 - NextGen HR and Pay (\$117M)
 - Benefits Delivery Modernization (EI, CPP and OAS) (\$2.2B)
 - Workplace Communications Services (VoIP Telecommunications)
- **Audit objective:**
 - To determine whether selected organizations planned and carried out procurements for complex IT solutions that supported the achievement of **business outcomes** and the government's commitment to promote **fairness, openness, and transparency in the process.**



Main findings

- Departments made good progress toward adopting agile procurement practices for large IT systems
- Federal organizations rolled out agile procurement without sufficient training for staff or engagement with key stakeholders
 - Collaboration with suppliers needs improvement
 - Insufficient guidance and training
- Opportunities to strengthen governance



Main findings

- The monitoring of fairness, openness, and transparency in procurement needed improvement
 - Limited use of data analytics to identify procurement integrity issues
 - Incomplete tracking of fairness issues
 - Insufficient information from third-party fairness monitors



Outcomes vs. Business Requirements

- We observed that the NextGen procurement team worked with specialists and vendors to develop prototypes of pay and HR functions, tested them with payroll and compensation advisors to evaluate proposed systems.
- **Audit Tip:** If auditing for business requirements, you may not find traceable business requirements—it is outcomes-based.
- **Audit Tip:** If auditing an agile IT procurement, technical rated requirements sometimes include demonstrating successful outcomes in pilots and prototypes



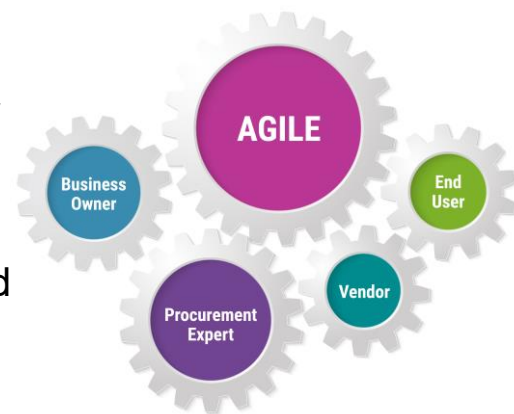
Insufficient Guidance and Training

- We found that the guidance and training provided to officers on agile approaches was limited or non-existent. Public Services and Procurement Canada published its Agile Procurement Playbook introducing basic principles, and it did not provide guidance on how the key concepts of agile procurement could be applied, such as examples of best practices in collaborating with private sector suppliers.
- **Audit Tip:** Technical knowledge on the procurement team is critical.
 - The procurement team works closely with multiple vendors—they must be knowledgeable to be effective (productive and aware)



Opportunities to Strengthen Governance

- We found that governance mechanisms to engage senior representatives of federal organizations in the 3 complex IT procurements we looked at could be strengthened.
 - Clear governance structures with clear accountability
 - Involve business owners and end users
- **Audit Tip:** For agile procurement, governance begins before a “project” is born. It begins at the business case and procurement stage. Iterative design demands iterative decision-making



Data Analytics

- We found that Public Services and Procurement Canada and Shared Services Canada made limited use of data analytics to identify procurement integrity issues
- According to the PSPC, the procurement information held by different branches and organizations is stored in different databases, in different formats, and without a common field or unique identifier to match data. This situation makes it difficult to analyze the available data efficiently.
- **Audit Tip:** Data mining and analytics can be used to identify red flags for potential fraud indicators such as signs of potential contract splitting, inappropriate contract amendments, and inappropriate sole-source contracting. This requires good baseline data.



Government's Response



The Government's Response

- PSPC established an Innovation and Agile Procurement Centre to support contracting officers and their clients in delivering agile procurement processes
- PSPC will develop a formal agile procurement training plan and supporting documentation [March 2022]
- SSC will update their training and deliver Agile Procurement Course [September 2021]
- TBS committed to completing a reset of Contracting Policy which includes a new Directive on Management of Procurement which outlines requirements for outcomes-based, agile approaches [Summer 2021]



The Government's Response

- President of SSC and Chief Human Resource Officer approved a new governance framework for the Next Generation Human Resources which includes interdepartmental representation, a decision-making framework and identification of clear roles and responsibilities. [April 30, 2021]
- PSPC will establish a formal plan to operationalize the existing data analytics and data mining function to strengthen procurement integrity within PSPC [December 2021]
- PSPC will consult with stakeholders to develop and implement guidelines on prioritizing and addressing anomalies detected through the use of data analytics [March 2022]
- SSC will test an Artificial Intelligence (AI) prototype to explore how data science could be used to identify potential]procurement integrity risks [Sept 2021]



Questions?



Thank you!

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