

GOVERNMENT RESPONSE TO THE FIRST REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS ENTITLED, PROCURING COMPLEX INFORMATION TECHNOLOGY SOLUTIONS

Shared Services Canada (SSC), Public Services and Procurement Canada (PSPC), and the Treasury Board of Canada Secretariat (TBS) agree and accept the eight recommendations in the First Report (the Report) of the House of Commons Standing Committee on Public Accounts (PACP) in principle, and are actively working to implement the actions recommended. PACP's recommendations directly align with those in Report 1 of the 2021 Reports of the Auditor General of Canada (AG). The Departments are providing an update on the progress achieved to date through this comprehensive Government Response, which also serves as the progress report for the December 31, 2021, and June 30, 2022, reporting deadlines. The Departments commit to providing final progress reports to PACP by the end of June 2023, instead of the prescribed schedule, with the exception of Recommendations 3 (i.e. governance recommendation related to the Next Generation Human Resources and Pay initiative), 4 (i.e. governance recommendation related to the Workplace Communication Services procurement), and 8 (i.e. recommendation related to SSC's information management practices) where departments have demonstrated that the required actions have already been completed via this Government Response. This approach will allow the Departments to provide a more substantive response and fully address any outstanding deliverables, as opposed to providing a progress report by December 31, 2022, containing limited progress updates and information between the tabling of this Government Response by June 8, 2022, and the final reporting date of June 30, 2023. There are independent internal audit processes in place to ensure compliance with the AG's recommendations and regular updates are made to the Departmental Audit Committee (an internal committee with external-to-government advisors) of each department.

PROGRESS UPDATES

SSC, PSPC and TBS note that PACP's eight recommendations fall under four themes:

- The agile procurement model;
- Governance mechanisms;
- Use of data analytics to identify procurement integrity issues; and
- Tracking of issues of fairness.

The implicated Departments would like to take this opportunity to highlight collective activities as well as specialized efforts that have been conducted to date by the three implicated departments in these four thematic areas. Notable progress has been achieved by each department on the key deliverables in their individual Detailed Action Plans, which were formulated in response to the recommendations outlined in the 2021 Reports of the AG, and are well-aligned to address PACP's recommendations as well.

Theme: The Agile Procurement Model (Recommendations 1 & 2)

TBS, PSPC, and SSC acknowledge that for there to be a Government of Canada (GC) culture that supports the adoption of agile procurement approaches, employees involved in transformational IT procurements need to be trained and demonstrate the appropriate competencies. The implicated departments are committed to supporting procurement officers in having the competencies required to carry out agile procurement activities.

Progress on Recommendation 1:

As such, TBS, SSC, and PSPC have collaborated to develop, deliver, and promote formal and informal learning on agile procurement. Specifically, they have developed guidance and tools that promote a common understanding of agile procurement processes, and how to apply collaborative methods to procurements, as outlined below.

Overarchingly, in the reset of TBS's procurement policies, the Treasury Board (TB) approved a new *Directive on the Management of Procurement* (effective May 2021). The directive replaces the TB *Contracting Policy* and modernizes policy requirements with outcomes-based approaches. The new directive sets out that departments have a more integrated enterprise procurement framework for planning and decision making and emphasizes the importance of strengthening the procurement workforce. Work is underway with departmental experts to support the implementation of the new directive, including interdepartmental collaboration and engagement activities that contribute to the continued evolution of agile procurement practices, and create a shared lessons learned environment.

These overarching efforts are supported by interdepartmental collaboration and engagement activities that contribute to the continued evolution of agile procurement practices and create a shared lessons learned environment. A TBS-led Interdepartmental Capacity Working Group was established with the Canada School of Public Service (CSPS), PSPC, and SSC in July 2021 to evaluate the required training curriculum for agile procurement, review federal procurement competencies, and develop recommendations to ensure those competencies reflect the skills and experience procurement officers need to support agile complex IT procurement. This working group has developed recommendations that will be leveraged to develop more comprehensive guidance and training for procurement employees. For instance, SSC has developed the Agile Procurement Learning Initiative (APLI), a training module that reflects the findings of the Interdepartmental Capacity Working Group.

TBS has worked to promote professional development and capacity building of the GC procurement functional community by developing relevant guidance and partnering with professional organizations to promote knowledge of outcomes-based and agile procurement. This has been complemented by PSPC and SSC who have developed training tools specific to their workforce. Specifically, since the implementation of the new *Directive on the Management of Procurement* in May 2021, TBS has delivered a number of learning events in collaboration with the CSPS and the Canadian Institute for Procurement and Materiel Management (CIPMM) in support of the new directive as well as agile and outcomes-based procurement.

PSPC continues to work with its procurement divisions involved in complex IM/IT acquisitions to develop additional guidance and tools that will better equip its procurement officers with the required skills, competencies, and support as they undertake agile procurement in complex IM/IT acquisitions. Since 2019, PSPC has delivered more than 25 training/engagement sessions at various events, including those hosted by the CIPMM, to raise awareness and strengthen competencies on Agile procurement among the federal procurement community. Furthermore, PSPC hosts an Agile Procurement GCPedia page, which includes an Agile Procurement Playbook and an Agile Procurement Presentation. PSPC has also developed an Agile procurement training plan which includes an online course for procurement officers. This course is currently under development and will be launched by March 31, 2023.

In addition, in June 2021, SSC's Centre of Expertise in Innovative and Agile Procurement (CoEAIP) delivered bilingual info sessions about agile procurement initiatives. Furthermore, SSC has developed and will have piloted as of April 2022 the Agile Procurement Enablers Program, including guides and training sessions on the SSC Agile Procurement Process 3.0 and on Design Thinking (DT) as applied to procurement. SSC launched its Agile Procurement Process 3.0 in March 2022, which has resulted in content for the aforementioned to-be-piloted APLI, which will in turn feed into SSC's Procurement Refresh, Essentials, and Practice (PREP) mandatory training program. During fiscal year 2021-22, SSC updated its Procurement Professional Development Strategy; piloted an agile procurement awareness tool; and delivered to employees its renewed PREP Program training modules—which were updated to include agile procurement and collaborative methods as well as values and ethics. SSC is on track to deliver an additional agile training module by June 30, 2022.

Progress on Recommendation 2:

Through the planning and development of interdepartmental working groups, the GC is making the following collective and mutually beneficial steps towards identifying the skills and competencies expected of procurement professionals to support agile approaches to complex IT procurements.

As committed in TBS' Management Action Plan, an Interdepartmental Capacity Working Group (involving TBS, PSPC, SSC, and CSPS) was established with a mandate to review the GC Procurement Community Competencies to ensure they reflect what procurement officers need to support agile approaches to complex IT procurements. This working group has completed its review and is in the process of identifying recommended updates to these competencies as well as the extent to which the existing training curriculum provided by the CSPS supports the development of those competencies. To support their analysis, this working group has consulted with other government departments involved in agile IT projects (i.e., Employment and Social Development Canada and has engaged representatives of the Canadian IT industry. The working group is on track to produce a final report of its findings and recommendations by June 2022.

Theme: Governance Mechanisms (Recommendations 3 & 4)

The departments also recognize the importance of ensuring that governance mechanisms are in place to engage senior representatives of relevant departments and agencies for major complex IT initiatives. Governance mechanisms that ensure and facilitate interdepartmental engagements on multi-departmental initiatives, such as the Next Generation Human Resources and Pay (NextGen HR and Pay) and Workplace Communication Services (WCS), have been put in place as described below. This contributes to strengthening effective oversight and fulsome stakeholder engagement within the GC.

Progress on Recommendation 3:

TBS was originally positioned as the lead for the NextGen HR and Pay initiative, given that the original scope of the audit was until March 31, 2020. When the Office of the AG changed the scope date of the audit and brought it forward to August 31, 2020, SSC was the lead Department for the NextGen HR and Pay initiative, as the NextGen HR and Pay initiative was officially transferred to SSC on April 1, 2020. TBS remains involved as the Policy Owner for people management, as part of NextGen HR and Pay's governance structure, and as a key partner in designing the future NextGen HR and Pay system.

As such, SSC is pleased to report that there is a robust governance structure in place to actively report on the NextGen HR and Pay initiative across the GC, and to engage senior representatives of relevant departments and agencies. The governance structure has been approved by both the President of SSC and the Chief Human Resources Officer (CHRO, whose office resides in TBS) as of May 2021. The President of SSC will provide reports on milestones and progress of the initiative and will bring forward to the TB through presentations and briefings.

Firstly, the NextGen HR and Pay initiative has its own Deputy Minister Board, co-chaired by the President of SSC, the CHRO and the Deputy Minister of PSPC, which includes Deputy Ministers from across the GC. This board ensures Deputy Minister-level oversight and advice on the NextGen HR and Pay initiative as well as pay stabilization and procurement.

In addition, there are Deputy Minister-level Committees that provide oversight and advice regarding this initiative. These committees have representation from various Deputy Ministers across the GC and include the following: the Deputy Minister Committee on Core Services (DM Core), the Public Services Management Advisory Committee (PSMAC), and the Deputy Minister Committee on Enterprise Priorities and Planning (DMCEPP). They serve to:

- advance integrated policy development in support of government priorities and medium-term planning;
- strengthen government-wide policy coherence; and
- deepen and extend deputy minister and departmental engagement in pursuit of an enterprise approach to medium-term management, human resource and policy planning.

Another mechanism through which senior representatives are engaged on the NextGen HR and

Pay initiative is the Expert Advisory Committee (EAC), which is an external advisory group established to provide advice and recommendations to the President of SSC and the CHRO with respect to how solutions can be adopted in the GC in order to support the modernization of Human Resources and pay, including but not limited to: onboarding considerations, total cost of ownership, vendor management and managing a software as a service (SaaS). Moreover, regular meetings and updates at the Assistant Deputy Minister level also occur for the NextGen HR and Pay initiative. In addition, updates on this initiative are regularly provided to unions and relevant departments and agencies.

Through the above governance structure – which includes embedded audit and assurance functions while also being augmented through third party assurance– the NextGen HR and Pay initiative has a robust and effective model of oversight and controls that allows for the integration of investment-related functions, effective risk management, and transparency. It is to be noted that the President of SSC is the single point of accountability and authority for the NextGen HR and Pay initiative.

Progress on Recommendation 4:

SSC is pleased to report that processes are already in place. For the WCS procurement, SSC continues to be committed to engaging the Department of National Defence (DND) at the appropriate junctures in the procurement process, ensuring roles and responsibilities are clearly understood and accepted; and obtaining decision-maker commitment to ensure desired business outcomes are achieved. Furthermore, the WCS Project is subject to the SSC Project Management Framework and the WCS Project Governance Framework, both of which ensure stakeholder engagements.

The SSC departmental Project Management Framework is aimed at guiding effective management and delivery of the department's projects throughout the project lifecycle, and leverages Project Management Best Practices. For example, a stakeholder responsibility and accountability matrix is employed to ensure alignment between all stakeholders to support the achievement of the desired business outcomes. On the other hand, the department's Project Governance Framework documents and communicates the role of the various governance committees in providing effective oversight and a challenge function for SSC's projects, including the WCS Project.

To ensure effective oversight and engagement, the WCS Project has a unique governance framework which is comprised of a series of governance committees specific to the WCS Project and includes representation from DND. Since the project launch in 2014, the WCS Project Governance Framework has been amended to include the vendor, as well as expanded to include additional Director- and ADM-level engagements to ensure ongoing DND engagement and appropriate oversight were in place for the WCS Project and its supporting contract. While the contract award for WCS was in 2017, SSC recognizes the importance of engaging with senior representatives of relevant departments and agencies early, and on a frequent basis, during the development of future procurement strategies and processes.

To further improve procurement governance, SSC implemented the Procurement Governance

Framework in July 2019, which provides oversight and controls that allow for integration of effective risk management and decision making bringing about greater transparency and accountability. This framework tailors the required stakeholder oversight levels in relation to the size, scope, complexity and risks of the procurements.

SSC will continue to leverage the departmental Project Management Framework, the Procurement Governance Framework and the WCS Project Governance Framework to ensure appropriate oversight and stakeholder engagement of all aspects of the WCS Project including the contract.

Theme: Use of Data Analytics to Identify Procurement Integrity Issues (Recommendations 5 & 6)

The GC recognizes the importance of using data analytics to better identify procurement integrity issues, and has made significant progress in this area as outlined below. Although PSPC and SSC each have individual activities underway, they are coordinating and sharing information as well as lessons learned.

Progress on Recommendation 5:

PSPC continues its implementation of using data analytics to identify potential procurement integrity issues. The detection of procurement integrity issues requires the ability to analyze large volumes of disparate data from a wide range of stand-alone internal and external data sources. Lack of consistency in how people, places and things are identified by these different data sources presents a challenge in being able to analyze and obtain a comprehensive view to identify the warning signs of a potential integrity issue.

To address this challenge, PSPC has built a Central Intelligence Procurement Database (CIPD), which is a continuously updated large database that can centralize and standardize over 12 years of PSPC contract- and supplier-related data. PSPC is utilizing several different business intelligence software to enhance its data analytic capabilities. PSPC is also in the process of implementing Phase 1 of the Electronic Procurement Solution (EPS), a modern cloud-based platform that will automate and streamline procurement. Once PSPC's Electronic Procurement System becomes operational, all procurement-related information will be centrally collected in a standardized digital format. Through these two endeavours, the centralization and standardization of all relevant data will enable higher visualization of a variety of data, which will provide an analytical environment that can detect a broader range of integrity issues. This will enhance the integrity and economic security of PSPC's procurements.

The implementation of the data analytic capabilities to identify integrity issues has not advanced as quickly as planned due to the COVID-19 pandemic and competing priorities for PSPC's analytic capacity and resources. Consequently, PSPC will be in a position to produce a draft plan on operationalizing data analytics and data mining to strengthen procurement integrity within the Department by June 30, 2022. By July 31, 2022, PSPC will be leading internal consultations to develop and implement guidelines on prioritizing and addressing anomalies detected through the use of data analytics.

Progress on Recommendation 6:

SSC recognizes that data and analytics play an important role in identifying integrity issues that could arise during the agile procurement of complex IT solutions. As such, SSC continues to leverage its Data Strategy and annual programming to support improved data management practices and analytics capabilities across the Department. Moreover, in conjunction with SSC's Data and Analytics Centre of Excellence, contract data was made available in SSC's Enterprise Data Repository (EDR) to enable centralized data analytics and reporting.

Since its launch in 2020, the EDR has been integrating siloed data from trusted systems across SSC into one referential data system in order to provide a centralized view, and thereby improve the accuracy and consistency, of data collected from all respective sourcing systems. The EDR is thus an important tool for informing SSC decision-making by increasing visibility of contracts for goods and services used to deliver IT services, and allowing SSC to more easily analyze data by service, organization, and historical trends and thereby produce validated reports and dashboards. As of February 2022, SSC's Procurement Activity and Contract Management Dashboard, Procurement Performance Report, and Annual Procurement Report now include statistics related to competitive vs non-competitive procurements, upcoming expiring contracts, socio-economic statistics, and other data. These reports demonstrate that SSC is leveraging its procurement data to provide detailed analysis for management.

In April 2021, SSC integrated procurement data from SIGMA (SSC's financial management system) and Procure to Pay (SSC's procurement system) to the EDR. This includes data on service delivery contracts, and expenditures managed by SSC and other government departments. Notably, as a data repository, the EDR allows entities to use the available data to develop Machine Learning models, which can provide greater insight around data relationships.

To this end, SSC's Data Science and Artificial Intelligence (AI) and Procurement teams worked in collaboration to develop an AI prototype in order to specifically use data analytics to identify potential procurement integrity risks. As of July 2021, this AI prototype has been tested and has detected potential procurement anomalies in the EDR, using data spanning three fiscal years. This has allowed SSC to examine the flagged files and subsequently validate that no procurement integrity issues were evident. SSC will also explore other monitoring mechanisms going forward, and continue to collaborate with other GC departments to learn from their experiences operationalizing in-house AI models for procurement integrity issues.

Theme: Tracking of Issues of Fairness (Recommendations 7 & 8)

PSPC and SSC have undertaken various steps described below to improve their internal information management (IM) practices in order to help contracting authorities better demonstrate that procurement processes are fair. These activities will contribute to a shared lessons learned environment that further enables the GC to achieve its goal of maintaining fair and transparent procurement management practices, as per the TB *Directive on the Management of Procurement*.

Progress on Recommendation 7:

PSPC continues to enhance and strengthen its IM framework in terms of maintaining proper documentation related to its procurement files. The Department is in the process of implementing the EPS, a modern cloud-based platform that will automate and streamline procurement. The EPS will further improve the capture of procurement data and information associated with decision-making. Phase 1, which entails the iterative implementation of the EPS within PSPC, is currently forecasted to be completed in July 2023.

To support these efforts, PSPC is developing new tools and training to assist procurement officers in following IM best practices. PSPC is also updating existing IM policies and practices to help procurement officers adapt to an electronic procurement environment that is almost completely paperless, in alignment with the GC's transition towards a digital government. Pertinent activities will include updates to the Supply Manual to reflect new IM policies and processes for procurement files, updates to procurement training programs to reflect IM best practices, and developing procurement electronic IM guides.

Moreover, PSPC has conducted various communications and other activities to date to ensure that employees are aware of IM tools and guidance, thereby improving IM practices and consistency across the department. This has included multiple reminders communicated through various fora on proper IM procedures — including a dedicated GCPedia page — through which relevant tools and guidance were shared. Virtual training events were also offered. PSPC also has a number of activities underway, including additional training sessions for employees, as well as the onboarding of procurement officers to the EPS since 2021.

Progress on Recommendation 8:

SSC has updated its internal IM tools and communicated the information across the Enterprise Information Technology Procurement (EITP) Directorate (formerly named "Procurement and Vendor Relations [PVR]) to ensure they reflect the appropriate fairness requirements for agile procurement of complex IT solutions. SSC has re-introduced these tools and made the links to all relevant supporting documentation readily available to all internal procurement officers between August and December 2021. Moreover, the EITP Compliance and Quality Assurance Program will monitor their mandatory file keeping procedures in order to ensure that documentation can be provided in future to support any decisions made and the resolution of any problems, as necessary. This will help contracting authorities better demonstrate that procurement processes are fair. In addition, to improve horizontal data and internal IM tools

going forward, SSC will aim to renew its existing Data Strategy during fiscal year 2022-23.

As for improving the consistency of data input and transparency, SSC has in place a Data and Business Analytics Council, an internal Director General-level governance committee with representatives from all areas of SSC. The Council provides data management and business analytics expertise in its cross-branch oversight and coordination, and proactively discloses SSC contracting data on the Open Government Portal according to set Guidelines and legislation.

Moreover, SSC's Data and Analytics Centre of Excellence (DACoE) works closely with the departmental IM Group to align policies and standards throughout SSC. Specifically, the DACoE Data Management Team assisted SSC's procurement initiatives by providing quantitative data quality assessments for EITP-managed data based on rules applicable to this dataset and on the relevant procurement or contract data attributes. With EITP's validation, these rules enabled automated checks, which are then applied to procurement data to identify data quality issues and gaps. The DACoE teams were recently able to identify EITP data quality issues using SSC's EDR. The assessment enabled EITP to subsequently resolve these issues at source and define a process to implement new data entry controls. The DACoE will continue working with EITP to support the analysis of data in order to continue to trace issues and to support their development of new processes and procedures. These activities will help SSC to improve data integrity and to minimize erroneous reporting.