



Procurement Review – Final Report

City of Fort Saskatchewan

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Table of Contents

Introduction	1
Overview	1
Methodology	2
Project Objectives	3
Procurement Maturity Model Scoring	7
Recommendations	10
Overview	10
Foundational Recommendations	13
Developmental Recommendations	21
Aspirational Recommendations	28
Implementation and Resourcing Plan	31
Appendix A: Detailed Findings	35
Key Area 1: Staff Expertise and Capacity	35
Key Area 2: Governance & Oversight	37
Key Area 3: Tools, Training and Standards	39
Key Area 4: Process and Systems	41
Appendix B: Policy Review	45
Appendix C: Jurisdictional Scan Overview	46

Introduction



OVERVIEW

Since the City of Fort Saskatchewan's adoption of its Procurement Policy (FIN-020-C) in 2017 and administrative procedure (FIN-020-A) in 2018, the Canadian Free Trade Agreement, the Canada – European Union Comprehensive Economic and Trade Agreement, and the Canada-UK Trade Continuity Agreement have come into effect. Together with recent changes to Occupational Health and Safety legislation, municipal procurement compliance has become significantly more complex. Changes to the administrative procedure in 2021 addressed low value transactions, but not public procurements subject to trade agreements. Combined, these various changes had left the City feeling its procurement practices may not be meeting its needs, with a lack of clarity on the appropriate balance of efficiencies and flexibility compared to risk management and compliance.

The City of Fort Saskatchewan engaged Tantus to conduct a comprehensive review of its current procurement function to address major issues, areas of unmanaged risk, and to identify opportunities to adopt leading practices in the City. The study focused on identifying strategies to a wide range of internal and external challenges related to procurement, with an aim to address improved supplier relations and management, capitalize on opportunities to leverage buying power, seek opportunities to effectively balance and manage procurement risk, and address current bottlenecks in procurement processes.

Specifically, the review was intended to:

- Engage areas across the city to gain a full perspective of current procurement operations.
- Identify challenges and opportunities with current procurement operations.
- Identify gaps between requirements and existing processes, highlighting any critical issues.
- Review existing procurement policies and guidance documents and renew the Procurement Policy as required.
- Provide recommendations for improvements ranked based on the estimated benefit received and relative to effort required.
- Incorporate the City's corporate culture, values, maturity and organizational readiness into the recommendations.

The research encompassed thorough consultations with various stakeholders both within and outside the city. A dedicated working group, comprised of highly engaged representatives from the city, played a crucial role in guiding the entire process. More clarity on the methodology used is provided in the section below.

This report includes a substantive review of the procurement function in the City and provides recommendations to address needed improvements and changes.

METHODOLOGY

The review was developed with an emphasis on engagement and involved a series of engagement sessions with the Leadership Team, department sessions across the organization, a session with Chamber of Commerce representatives, interviews with comparable jurisdiction representatives, working sessions with the core project team, as well as a survey sent out to departmental participants. Information from these sessions and survey was assessed against a procurement maturity model developed specifically for Fort Saskatchewan, discussed in the "Procurement Maturity Model Scoring" section of this report.

The Leadership Team visioning session was conducted April 24th, 2023. A survey was sent to interview participants on May 29th, 2023, and was released for a period of 11 days. The departmental sessions were conducted on the following dates:

- Corporate Services Buying Function – May 2, 2023
- FCSS – May 2, 2023
- Public Works – May 2, 2023
- Corporate Services Regulatory Function – May 3, 2023
- Fire Services – May 3, 2023
- Economic Development – May 5, 2023
- Protective Services – May 5, 2023
- Fleet, Facilities and Engineering (FFE) – May 11, 2023
- Culture and Recreation – May 11, 2023
- Planning and Development – May 11, 2023
- Finance AP / AR – June 5, 2023
- Chamber of Commerce – June 16, 2023

After conducting the internal interview and survey process, a summary of the key engagement findings was presented to capture the current challenges within the procurement function. These findings are detailed in Appendix A. In addition, a detailed policy review was conducted with separate, 'marked up' suggestions for changes and clarification in the City's procurement policy and administrative procedure. This work is referenced in Appendix B.

Following the findings development, we engaged comparable jurisdictions to determine benchmarking and to identify leading practices. Additional information can be seen in Appendix C. These sessions included:

- City of Camrose – August 11, 2023
- City of Beaumont – August 24, 2023
- Town of Okotoks – August 23, 2023
- Town of Cochrane – August 21, 2023
- City of Spruce Grove – August 22, 2023
- City of Airdrie – August 30, 2023
- Town of Stony Plain – August 22, 2023

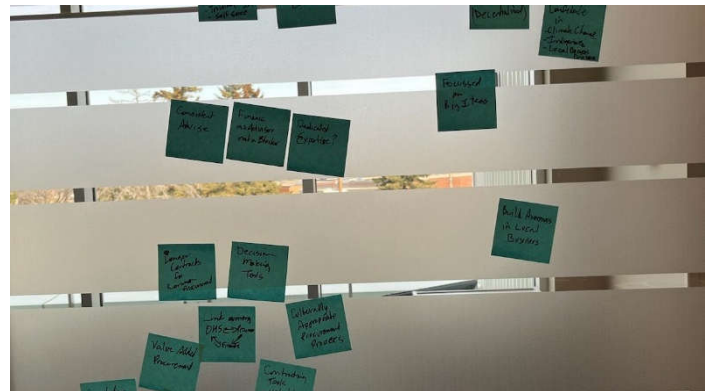
Finally, a series of working sessions were conducted with the core project team to define the target state maturity model that the City wanted to pursue, as well as to review and prioritize potential improvement opportunities. All opportunities identified throughout the review were developed into brief 'project cards' with a high-level description and an indication of potential cost, effort and time to implement. These working sessions occurred:

- Session 1: Target State Definition and Current State Review (October 3, 2023)
- Session 2: Potential Opportunity Review and Prioritization (October 13, 2023)

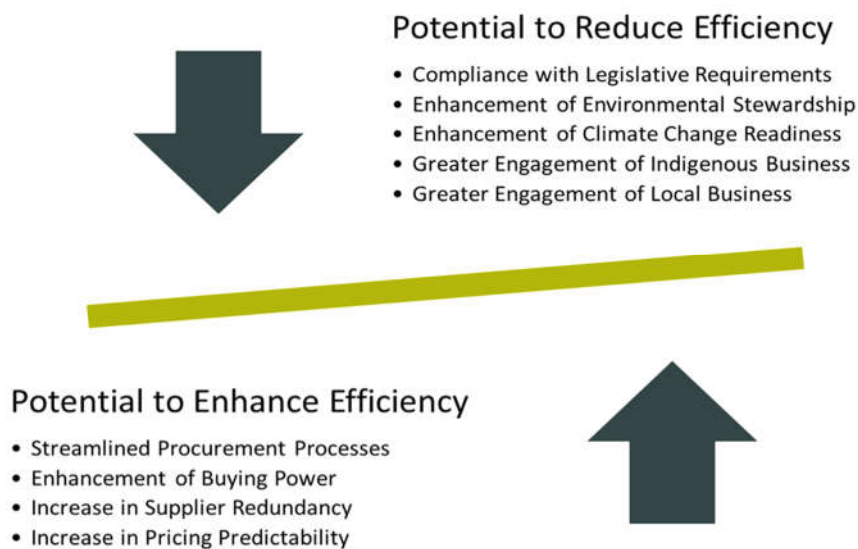
PROJECT OBJECTIVES

In order to develop the goals for this review, the City's Leadership Team met for a facilitated Visioning Session.

In the Request for Proposal for the project, the City provided a number of overall objectives for procurement improvements to come out of this project. Participants of the project kickoff meeting acknowledged that some of these objectives would need to be balanced for success. This 'balancing' was also reviewed and acknowledged by the City's Leadership Team.



Balancing Objectives



The session also determined the key goal and themes of the review and Leadership Team's major areas of concern for procurement and key improvement opportunities. The purpose of the workshop was to develop an overarching goal for the Procurement Review that refined the definition of these objectives and ascribed some priority to their balance in the project.

From these Tantus has developed themes for success to guide the completion of the project. The overarching goal and key themes were:



Theme 1: Increase Understanding of Risk in Emerging Areas and Apply it to the Procurement and Audit Processes

As stewards of the public purse, municipal administrators quite often default to extremely risk adverse behaviour, especially when it comes to purchasing goods and services. This is a natural and intuitively prudent course of action at times when information is limited or understanding of risk is not clear. This is especially true given the new and emerging risks of procurement. The paramount challenge to this risk aversion approach is the cost (in time and money) of applying the same degree of diligence to all transactions regardless of the actual risk profile of the actions. Small dollar purchases from the local hardware store should not be subject to the same rigour as multi-million-dollar construction contracts.

This theme presents a desire for the project to develop ways to increase staff understanding of the risk inherent in various types of transactions, especially in areas of emerging technology and then apply these learnings to streamline procurement and audit processes where appropriate and reinforce the standards and controls where unmanageable risk is present. Throughout the goal development session, Leadership Team indicated that there maybe an opportunity to accept greater risk in many aspects of procurement, if it can be better understood and managed.



Theme 2: Supplement and Revise Process to Enhance the Efficiency and Quality of Decision Making

A direct consequence to the risk-averse culture described in Theme 1 is often the impact that it has on decision-making. Again, this may be viewed as a prudent, but the reality is that most of the decisions in the procurement process can be supported with standardized tools and checklists to support the making of these decisions, enhancing both the quality and speed of the transactions. This speed can translate into efficiency gains. Triaging transactions based on degree of risk allows for greater intensity of scrutiny where it is warranted while allowing the simpler, high-volume transactions to be processed with far greater efficiency. It is critical to balance this with process elements that alert the manager to non-standard instances. Though these are rarer occurrences, they are precisely the ones that managers should spend time for thorough analysis and advice.

This project will identify areas where standardization should be deployed and areas where deliberate, custom decision-making is appropriate. In areas where it is deemed suitable, greater standardization will ensure consistency across the organization and reduce the relative effort and cost required to complete procurement activities. These adjustments to procurement process will focus on right-sizing effort and costs related to procurement to focus on large, impactful, or high-risk transactions, while deploying standard tools and process to free up efforts from lower-value or low-risk ones.

Theme 3: Enable Staff to have a Robust Understanding of Procurement to Enhance Confidence and Competence in Decision Making

The checklists and tools noted in Theme 2 will not provide the intended benefits on quality and speed unless they are accompanied by efforts to enhance the understanding of procurement across the City administration. Tools are only effective when deployed and staff who may lack understanding or confidence in the tools will resist their implementation or develop 'work around' procedures that may reduce or negate their impact.

Additionally, like similar sized municipalities, Fort Saskatchewan has a limited group of internal experts who do the majority of large, complex purchases. When the situation arises in other areas of the organization, they are often enlisted to support these efforts. These 'side of desk' activities can be taxing on the 'internal experts' time and impact other responsibilities. Enhancing the overall corporate competence in procurement through intuitive tools and training can relieve some of this burden and enhance the efficiency of procurement across the organization.

The immersive and cross-organizational nature of this project will be the first step in the organizational change management required to augment the City's culture and derive full benefit from this project.



Theme 4: Enhance the Perception of Procurement in the City as a Value-Added Service

The confidence in the process noted in Theme 3 will need to be adopted across the City staff for this project to be a success. Historically, procurement, like many control-related functions, has been seen in organizations as a 'stopper.' Projects and work process cannot continue until all of procurement's requirements have been met. In extreme cases, these functions can be seen inhibitors of innovation.

Part of the culture change noted above will require a shift in action and perspective on procurement from the role of 'regulator' (We stop bad things from happening.) to 'facilitator' (We enable good things to occur). This is not to discount the valuable control aspects of the procurement function but changes the perception regarding the necessary activities.

Theme 5: Enable Greater Competition Among Strategic Suppliers

This theme stands apart from the others which are related to the internal procurement function in the City. Current international and interprovincial trade agreements are built on the philosophy of reducing barriers and opening up competition. At the same time, many communities are focused on enhancing their municipal economies and access to local markets for non-traditional entities such as Indigenous business. This produces a tension where rather than provide unfair advantage to these strategic suppliers in commercial competitions, the City wishes to aid these businesses to become more competitive with the non-targeted suppliers. In addition, municipalities must balance the value received from long-term, reliable vendors, while ensuring a reasonable opportunity for new vendors an opportunity to work with the City.

This project will identify aspects of the procurement process that can be used to enhance the competitive nature of strategic suppliers.

Procurement Maturity Model Scoring



The Model

Tantus has customized our standard Procurement Maturity Model to better fit the characteristics of the City of Fort Saskatchewan and the overall goal of the project. It was used to ground our interviews and to summarize our findings and recommendations for this project. The graphic below illustrates the major areas of exploration for the model:

	Focus	Organizational View	Risk Perspective	Staffing Capacity	Tools & Supports	Policy & Procedure
Strategic	Vendor Partnership	Strategic Partner	Risk Manager	Core strength of the organization	Seamless - tools and support are interwoven with my other job activities	Customized category-based procedure aligned to policy direction
Proactive	Value	Advisor	Calculated Risk Taker	Dedicated capacity to leverage expertise	Confident - tools and support necessary to make good procurement decisions	Broad policy understanding allowing for procedure variance
Coordinated	Spend Control	Rule Maker	Risk Aware	Expertise available to support capacity	Supported - I have limited confidence but experts are available to help me make decisions	Rigid Adherence to policy and formal procedure
Reactive	Price	Inconvenience	Legally Compliant	Capacity available for formal procurement	Uneasy - I understand the tools but have limited support to understand them	Current documentation/ varying interpretations of policy
Ad Hoc	Limited	Unawareness	Limited Understanding	Limited Specific capacity or expertise	Intimidated - I feel like I am starting fresh every procurement	Dated documentation in place/ limited adherence

Detailed Dimension Description

Focus: This provides a brief description of the primary driver of the procurement functions of the organization. It provides a scale from very limited expectations of these functions on the low-extreme to an organization that has moved beyond a value-focus, to one in which vendors are embraced as partners. In this scenario vendors would move from simple purveyors of goods and services to true partners, anticipating the needs of the municipality, pricing for a long-term relationship and proactive providing innovation options to enhance the City’s service to citizens.

Organizational View: This dimension provides a characterization of how the procurement function is viewed by the rest of the organization. Again, this is assessed subjectively and ranges in views from colleagues being generally ‘Unaware’ of the function’s existence, goals, and procedures to an organization where procurement is seen as a ‘Strategic Partner’ in all capital and operational decisions.

Risk Perspective: This dimension describes the organization’s maturity in terms of incorporating risk in their procurement decision making. We consciously use the term



perspective because the complexity of risk in the municipal organization makes it very challenging for any one component of the organization to fully appreciate the various types of risk in play: legal risk, engineering risk, financial risk, political risk, etc. This model assesses risk on a scale from limited understanding of risk as a concept in the municipal context to a high degree of expertise to not only identify and assess risk but to be able to manage it through creative mitigation practices and tools.

Staffing Capacity: As with all elements of the municipal organization, the procurement function performance is based on the capacity, expertise and availability of knowledgeable staff. This dimension assesses not only the overall capacity of staff involved in procurement functions, but also their availability to all parts of the organization. As the City continues to grow, the potential to rely on knowledgeable, expert staff for optimal performance will grow as well; not only in quantity to keep up with an increased volume of transactions, but also for expertise to guide others and manage increasing complex transactions, as well. The model assesses capacity on a scale from limited capacity and expertise to it being a core strength of the organization.

Tools and Support: Given the City of Fort Saskatchewan's current decentralization of procurement activities, it will be critical to understand the strengths and limitations of the tools and supports available to business areas as it is currently deployed. High functioning decentralized activities often rely on tools and expert support to blend these activities into staff's other responsibilities. This dimension is unique as it characterizes the maturity of tools and support from the user's perspective. The assessment delves into a manager's present experience, factoring in emotional considerations, giving us not only a gauge on the current documentation (see Policy and Procedure dimension) but more so on their perceptions of access to tools and resources. This measure of perception is again important because it can be compared to the slate of existing resources and will provide comment on knowledge of tools existence, awareness of expert resources existence and the feelings that will manifest as confidence in decision-making. The model assesses the experience of users on a scale from intimidated to seamless.

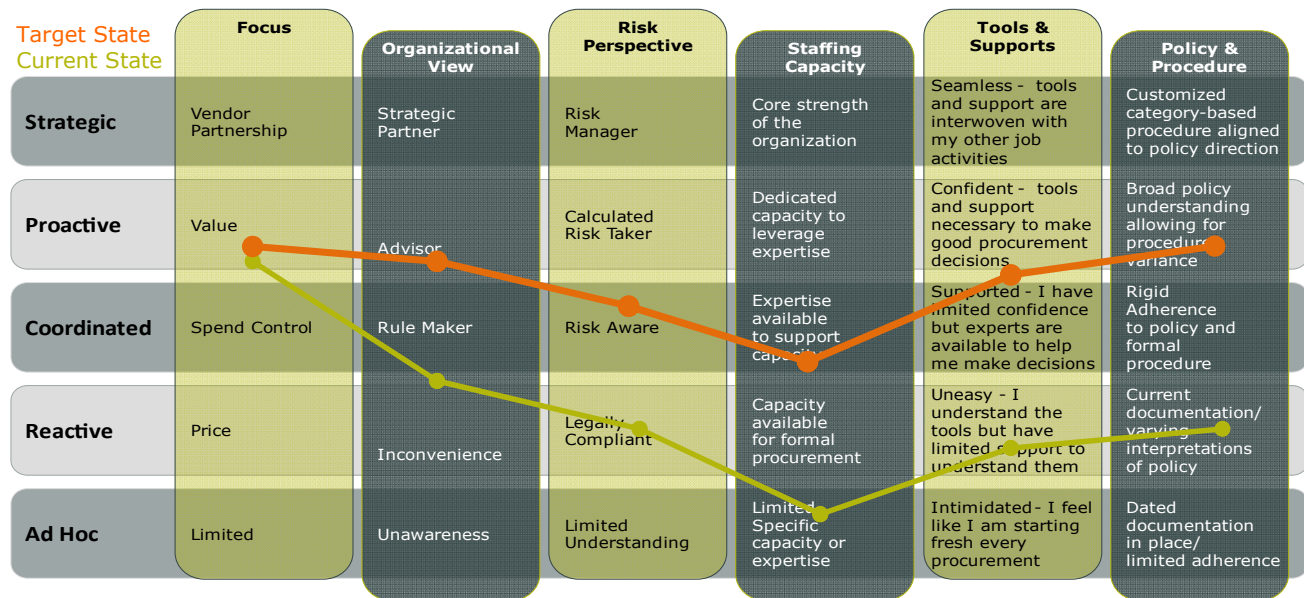
Policy and procedure: The policy and procedure maturation dimension is quite different from the other dimensions. Initial maturity comes from the documentation and adherence to focused, clear procedural descriptions that answers questions and dictate behaviours as a general rule across all areas of the municipal corporation. Once this is available and understood in an organization, policy becomes more important to provide customized interpretation that protects the organization but provides flexibility to meet individual business area needs and uniqueness. As a result, the model leverages a scale of dated documentation at the low-end, with a middle position of rigid policy and procedure, and customized policy and procedure at the high-end.

Current & Target State Scoring

Building upon the key engagement findings and insights from the core project team, the current state scoring (depicted by the yellow line) of the City's procurement function has been assessed. Simultaneously, the target state scoring (illustrated by the red line) represents the collective vision of the core project team regarding where the City's procurement function should ideally be positioned.

The results show a gap between current state and the target state, including sizable gaps regarding tools and supports as well as policy and procedure. While these will require sizeable investment a more challenging gap to address is regarding the perception of risk in the organization. Significant work has been conducted to better define areas of risk from a financial, legal & regulatory, reputational, health & safety, environmental, operational impacts, economic & business continuity impacts, and technology & cyber risks. The new procurement function should consider these elements of risk to support a move to a more risk aware organization, while still maintaining a balance and value-focused view on risk tolerance.

The identified gap between the current and target states serves as a critical focal point for the recommendations. Each recommendation is strategically linked to specific aspects of this gap, addressing the areas where the current state falls short of the envisioned target state. By aligning the recommendations with this gap analysis, the City can systematically address its progression towards the desired target state.



Recommendations



OVERVIEW

We developed a range of recommendations for the City to address the various gaps identified throughout the project. These were first developed as 'potential opportunities' and captured at a high level to allow the project team to review and refine the various opportunities available, as well as to conduct basic prioritization on them. The potential opportunities identified included a wide range of potential improvements identified through the stakeholder engagement process, as well as the jurisdictional scanning work. The accepted opportunities have been included below as full recommendations, with some minor adjustments

To conduct the initial prioritization process, we grouped all potential opportunities into one of three main categories, which reflected their overall complexity, difficulty, cost, and stage of maturity for the opportunity. These levels were:

<p>Foundational</p>	<ul style="list-style-type: none"> •Basic improvements to the procurement function to address lower ranked maturity factors and major gaps outlined in findings •Typically lower cost and can be implemented without dedicated resources in place
<p>Developmental</p>	<ul style="list-style-type: none"> •Focused on major improvements to address the maturity model current/future gaps •Can vary significantly in terms of time to implement, cost, complexity and a need for dedicated resources
<p>Aspirational</p>	<ul style="list-style-type: none"> •Longer term improvements to the procurement function that may be lower immediate priorities •Focuses on building leading practices and pushing to the higher levels of the maturity model factors

The recommendations developed through this process, and categorized based on their respective 'levels' are summarized in the table below:

<p>Foundational Projects</p>	<p>Recommendation #1 - Raise maximum (public tender) threshold to \$75,000 to align with trade agreements</p>
	<p>Recommendation #2 - Establish a dedicated procurement responsibility</p>
	<p>Recommendation #3 - Review purchasing information to identify targeted opportunities for expanded corporate buying of regular operational materials and equipment, as well as expanded utilization of group purchasing rates</p>



	Recommendation #4 - Ensure automatic department review for specialized purchases initiated (i.e. technology, communications, etc.)
	Recommendation #5: Review templates and tools for language and usability
	Recommendation #6: Implement a standard rollout for new policy, tools and templates with in-person sessions with departments
	Recommendation #7: Implement additional templates for a greater variety of purchase types (i.e. ongoing service relationships, supplies and materials, scope of work, etc.) and departmental needs (longer-term)
	Recommendation #8: Implement purchasing policy and administrative procedures update with regular renewal periods
	Recommendation #9: Promote standing offer template availability and expand use
	Recommendation #10: Conduct a 'user-perspective' review for OHS requirements from vendors
	Recommendation #11: Provide guiding tools on when to utilize contracts versus Purchase Orders
Developmental Projects	Recommendation #12: Employ a procurement 'advisor' position to provide guidance within a decentralized environment
	Recommendation #13: Establish a dedicated contract management responsibility
	Recommendation #14: Utilize systems to control procurement documents and contracts and 'lock down' mandatory information
	Recommendation #15: Implement procurement function 'roadmap' to show planned improvements and future changes
	Recommendation #16: Implement training and audit program on Pcard expenditures to reduce ongoing approvals
	Recommendation #17: Automate vendor information collection for key financial and OHS information
	Recommendation #18: Expand Procurement training with regular refreshers and notifications
	Recommendation #19: Formalize local vendor community engagement program
Aspirational Projects	Recommendation #20: Utilize automated intelligence in technology systems to support user self-service and guidance without direct interventions



Recommendation #21: Implement robust vendor management, incorporating past performance into scoring

Recommendation #22: Implement automated tools available through Pcard program to support completion and review

FOUNDATIONAL RECOMMENDATIONS

As noted, the Foundational recommendations include a range of basic improvements to the procurement function that can be implemented in relative ease and with a relatively low cost. These are the 'quick win' types of changes to the procurement function that will address particularly low scoring areas of the maturity model in the near-term.

Recommendation 1: Raise maximum (public tender) threshold to \$75,000 to align with trade agreements		
Benefits: Simplifies procurement rules and addresses a potential point of conflict or confusion within current policy and thresholds.	Implementation Effort:	
	FTE: 0.1	Duration: 2 months.
Related Findings: Finding 12: There is a considerable use of sole source contracting and lengthy contracts with vendors in a non-competitive manner.	Long-term Budget Impacts: N/A	
Description: The City of Fort Saskatchewan should adjust its upper threshold for public procurements to \$75,000 to align with trade agreement obligations (or \$200,000 for construction projects), from its current \$50,000 level. The misalignment between the City's thresholds and the trade agreements was seen as a source of confusion by some stakeholders. It was indicated that the lower level was to account for several concerns, including buyers neglecting to factor in GST and other cost elements when considering whether to publicly tender or not. The lower level provided a 'buffer zone' against these issues. With other improvements to the procurement function, this buffer zone is likely an unnecessary inefficiency in the current process that can be removed. Finally, it also addresses a potential point of conflict between the current Procurement Policy and the current Administrative Procedure, which indicates that local preference can be given under the trade agreement thresholds, even if it was triggering the need for public procurement, which does not capture local preference in the scoring process. It is notable that most, but not all, of the comparable jurisdictions reviewed had set maximum thresholds right at the trade agreement limits.		



Recommendation 2: Establish a dedicated procurement responsibility		
Benefits: Provides a clear, predictable point of contact and accountability for the entire procurement process. Will support consistent advice and support across the organization	Implementation Effort:	
	FTE: 0.1	Duration: 2 Months
Related Findings: Finding 1: There is limited dedicated procurement expertise in the City	Long-term Budget Impacts: N/A	
<p>Description:</p> <p>The City should assign a dedicated responsibility within the organization for the procurement function. Currently, the procurement function is a shared responsibility between Finance, dedicated expertise within FFE, Corporate Services at-large, as well as multiple individuals within the Legislative Service team. The ability to define a distinct responsibility will support greater consistency, transparency, and adherence to established policies and guidelines. It will also provide ownership over the longer-term procurement improvement roadmap.</p> <p>In the context of the recommendation, assigning a dedicated responsibility means designating a specific department, role, or individual within the organization with the explicit mandate and accountability for overseeing the procurement function. To implement this recommendation, the City should streamline and centralize the procurement responsibility, ensuring that a designated entity or individual is exclusively responsible for managing and overseeing the entire procurement process. This could involve creating a dedicated procurement department, appointing a procurement officer, or establishing a specialized team within an existing department, depending on the organizational structure and needs.</p> <p>It is important to note that this assignment of responsibility can occur prior to the hiring of a dedicated procurement resource (Recommendation 12).</p>		



Recommendation 3: Review purchasing information to identify targeted opportunities for expanded corporate buying of regular operational materials and equipment, as well as expanded utilization of group purchasing rates

Benefits: Allows for volume discounts, resulting in potential cost savings for the City. Optimizes procurement efficiency and standardization.	Implementation Effort:	
	FTE: 0.3	Duration: 3 Months
Related Findings: Finding 3: There is a lack of corporate-wide buying for standard purchases across the organization.	Long-term Budget Impacts: N/A	
Description: The City should conduct a comprehensive review of existing purchasing information to identify opportunities. We expected an opportunity exists to broaden the scope of corporate buying beyond basic items to include regular operational materials and equipment that is used across departments to access volume discounts. In addition, the analysis will identify areas of high potential to expand group purchasing and leverage existing Government of Alberta (GoA) and Government of Canada (GoC), and other relevant association (ex. Canoe Procurement Group) standing offers to maximize volume discounts. For both elements, a one-off assessment will be required, and the designated procurement responsibility (Recommendation 2) should work with departments to review and action corporate buying opportunities. While the recommendation calls for a one-time assessment, the City should also commit staff time on an ongoing basis to regularly conduct corporate wide buying reviews to determine purchase volumes, patterns, volume discount opportunities and other potential efficiencies. This ongoing review was originally noted as a “developmental” opportunity.		

Recommendation 4: Ensure automatic department review for specialized purchases initiated (i.e. technology, communications, etc.)

Benefits: Provides a critical checkpoint to ensure initiated procurements have consulted the appropriate internal support departments to support internal planning and collaboration.	Implementation Effort:	
	FTE: 0.1	Duration: 2 Months
Related Findings: Finding 2: There is a potential for misaligned advice across the organization.	Long-term Budget Impacts: N/A	



Recommendation 4: Ensure automatic department review for specialized purchases initiated (i.e. technology, communications, etc.)

Description:

The City should implement a new process that provides automatic departmental review process for specialized purchases, such as those related to technology and communications. This new process would require key Bonfire license holders to determine if the proposed procurement would require review from the indicated specialized functions. This step is not intended to provide an undue delay in the procurement process but provides a low impact method to ensure procurements with cross-departmental impacts are handled appropriately. A basic checklist of key uses or functions of interest could be developed for all public procurements with the submitting department inputting information to reduce the need for review from Bonfire license holders.

Recommendation 5: Review templates and tools for language and usability

Benefits:

Minimizes the risk of errors and misinterpretations, documents are more accessible to a broader audience. 'User-friendliness' review promotes active engagement.

Implementation Effort:

FTE:

0.3

Duration:

5 Months

Related Findings:

Finding 8: Implementation of new policy, tools and templates has been ineffective.

Long-term Budget Impacts:

N/A

Description:

The City should review its existing procurement templates, tools, policies, and training materials for plain language and ease of use. This 'user-friendliness' review will ensure that documents are easily understood and accessible to all stakeholders. This work may involve working with stakeholders to 'map' out key questions, issues, or points of confusion for users in the current processes and documentation. As a part of this review, standards for readability and plain language should be developed so that future rollouts can maintain user-friendliness.



Recommendation 6: Implement a standard rollout for new policy, tools and templates with in-person sessions with departments

Benefits: Maximizes the potential for effective change management.	Implementation Effort:	
	FTE: 0.2	Duration: 2 Months
Related Findings: Finding 8: Implementation of new policy, tools and templates has been ineffective.	Long-term Budget Impacts: N/A	
Description: The City should develop and implement a standardized rollout process for new policies, tools, processes, and templates related to procurement. This roll-out should establish standards for in-person engagement, communication and notifications, and direct training sessions with relevant users/departments to ensure new initiatives are received positively. This standardized process should be built into all project planning for the initiatives here, as well as any others, to maximize change management potential. Note, this recommendation has identified <i>Recommendation #2: Establish a dedicated procurement responsibility</i> as a key dependency. It is not expected to be reasonable to expect a formal process and regular adherence without a dedicated responsibility in the organization. While not truly dependent, a new Procurement-dedicated resource would significantly support this recommendation as well.		

Recommendation 7: Implement additional templates for a greater variety of purchase types (i.e. ongoing service relationships, supplies and materials, scope of work, etc.) and departmental needs (longer-term)

Benefits: Reduces the need for users to customize existing templates, streamlining the procurement process and saving time. Allows decentralized users to make well-informed procurement decisions independently. Promotes standardization across different departments and categories of purchases.	Implementation Effort:	
	FTE: 0.3	Duration: 5 Months
Related Findings: Finding 6: Procurement templates and documents are too limited to meet all organizational needs.	Long-term Budget Impacts: N/A	



Description:

The City should invest time to expand the available templates available to users across the organization to ensure they have access to tailor-made templates for the type of purchasing they require. The ability to provide defined pieces of information, rather than conduct customization to existing templates, will greatly support the confidence and capability of decentralized buyers to make good procurement decisions. Having an arrangement of templates will enable self-service without the need for 'expert' interventions. Currently the City has templates for construction work and consulting services. An expansion project should engage users across the organization, but several high-profile candidates for expansion were highlighted through this review. These include maintenance contracts, ongoing service arrangements, leasing arrangements, and materials and equipment purchases.

In addition to the large-scale public procurement templates identified above, the City should also work to develop and introduce a 'scope of work' template for under-threshold dollar purchases to support departments to better gain effective quotes.

Finally, as a longer-term initiative, the City should continue to evolve and develop templates, including making adjustments to meet specific departmental needs and buying patterns. This may require dedicated resource availability to implement because customized templates are essential to cater to the diverse needs of different departments and buying patterns. Allocating a dedicated resource for template development ensures a proactive approach to evolving requirements, maintaining flexibility, and accommodating specific nuances within each department. Regular updates and adjustments to templates will also be required to reflect the dynamic nature of procurement.

Recommendation 8: Implement purchasing policy and administrative procedures update with regular renewal periods

<p>Benefits: Ensures ongoing relevance and adaptability of policies and procedures.</p>	<p>Implementation Effort:</p>	
	<p>FTE: 0.1</p>	<p>Duration: 3 Months</p>
<p>Related Findings: Finding 8: Implementation of new policy, tools and templates has been ineffective.</p>	<p>Long-term Budget Impacts: N/A</p>	



Recommendation 8: Implement purchasing policy and administrative procedures update with regular renewal periods

Description:

The City should review and update its Procurement Policy and Administrative Procedure, based on the issues identified in the Purchasing Policy review work (see Appendix B). This review highlighted a range of clarification and points of potential confusion or conflict between the two documents. In addition, a range of the recommended opportunities may involve procedure or policy changes that should be incorporated into a revised Policy document. Finally, the City should implement a formal review cycle to ensure the Policy documentation is regularly reviewed and updated in the future.

Recommendation 9: Promote standing offer template availability and expand use

Benefits:

Provides a quick-win option to address sole source contracting and ongoing service relationships not well served in the current processes/templates.

Implementation Effort:

FTE: 0.3	Duration: 4 Months
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Related Findings:

Finding 13: 'Proactive' procurement methods including Standing Offers are not well utilized across the City.

Long-term Budget Impacts:

N/A

Description:

The City has already developed a new standing offer template, which has not been widely rolled out across the organization due to a desire to pause major procurement changes during this review work. This new tool shows significant promise to address a number of the 'non-competitive' procurement relationships that were identified in the findings, particularly around maintenance work and 'emergency' purchasing. A broader rollout and promotion of this tool is critical, but given the more targeted nature of this opportunity, dedicated staff time is required to engage departments to promote the utilization of the new template, provide training, and to assess existing contracts with a high potential for standing offer use. This rollout may require significant effort to develop standing offers with these departments and support them to get the new template to market.



Recommendation 10: Conduct a 'user-perspective' review for OHS requirements from vendors		
Benefits: Ensures current processes are not overly cumbersome for vendors and supports general efficiency in addressing the City's OHS requirements.	Implementation Effort:	
	FTE: 0.3	Duration: 6 Months
Related Findings: Finding 16: The OHS / safety processes for vendors are perceived as overly cumbersome.	Long-term Budget Impacts: N/A	
Description: The City should conduct a user-experience focused review on its OHS requirements from vendors. This review should focus on how to best address usability concerns from vendors, while maintaining the City's OHS standards. A focus of the review should be on more effective information collection, simplified processes, web-enabled tools and other potential improvements to improve usability for the vendor community. At all points of the review, user-perspectives and 'journey-mapping' should be considered.		

Recommendation 11: Provide guiding tools on when to utilize contracts versus Purchase Orders		
Benefits: Offers a structured approach to navigate the complexities of different purchase arrangements and supports the use of POs for intended purposes.	Implementation Effort:	
	FTE: 0.3	Duration: 3 Months
Related Findings: Finding 11: There are challenges with the electronic purchase order process.	Long-term Budget Impacts: N/A	
Description: There is currently confusion around when to utilize purchase orders versus contracts for under-threshold purchases in the City. One of the pivotal factors contributing to the challenges observed in the newly introduced electronic PO system is its inherent inflexibility. The electronic version was less adaptable in accommodating purchase arrangements that would be more fitting for a contractual setup rather than a traditional PO. This rigidity has resulted in user confusion and frustration. To promote informed decision-making on this issue, the City should develop a guideline tool that offers clear criteria for choosing between contracts and PO's. The City should review the need to make this assessment tool mandatory, or if a voluntary use is sufficient upon its rollout.		



DEVELOPMENTAL RECOMMENDATIONS

The Developmental Recommendations are generally 'medium-term' in nature and are far more likely to require dedicated procurement resources to enable them. These are the recommendations that are required to get the City to its ideal target-state envisioned in the maturity model.

Recommendation 12: Employ a procurement 'advisor' position to provide guidance within a decentralized environment		
Benefits: Position provides significant new capacity to address overall function improvements, freeing up time from a range of current staff providing side-of-the-desk tasks. Provides a consistent, predictable point of contact to ensure consistent advice across the organization.	Implementation Effort:	
	FTE: 0.1	Duration: 3 Months
Related Findings: Finding 2: There is a potential for misaligned advice across the organization.	Long-term Budget Impacts: \$130,000 inclusive of salary and benefits	
Description: The City should introduce a new dedicated procurement 'advisor' role to the organization to oversee the procurement function and provided dedicated expertise to improving it. Notably, this new position will override the responsibility assigned in Recommendation 2, should it be implemented. Critically, this new role is envisioned to play an advisory role and would have only review and revise on the development of new procurements, rather than directly develop them for the organization. This role should be senior enough to provide assurance to departments and should be able to plan and implement changes and enhancements to the procurement function. In this advisory role, a large portion of this resource's time would be providing guidance and expertise to various departments, supporting direct training and notifications of new improvements, and generally increasing the skill level of buyers across the organization. It is also envisioned that this role would play a roll in reviewing over-threshold procurement packages to ensure compliance and manage risk. Learnings from the jurisdictional scan work highlighted the importance of ensuring that the personality of this new role is critical to its success, and the individual should be disposed to providing friendly, non-judgemental advice and support to the organization.		



Recommendation 12: Employ a procurement ‘advisor’ position to provide guidance within a decentralized environment

While not specifically measured in this study, it is expected that this resource would free up significant amounts of senior staff time that is currently being directed towards procurement review and advice across multiple staff positions in the organization. This role also has the potential to free up significant existing staff time, which will support the financial value of introducing a new position to the organization by limiting future cost increases.

Recommendation 13: Establish a dedicated contract management responsibility

Benefits: Ensures the enforcement of department and contract-holder responsibilities, promoting vendor compliance. Provides better oversight and predictive renewal for existing contracts	Implementation Effort:	
	FTE: 0.3	Duration: 5 Months
Related Findings: Finding 15: The term ‘Vendor Management’ has a narrow focus on OHS / safety processes in the City’s common vernacular.	Long-term Budget Impacts: N/A	

Description:

The City should continue its efforts to refine and evolve its contract management function. An enhanced contract management function will better ensure that department and contract-holder responsibilities are enforced to ensure vendor compliance, conduct vendor performance assessments, and actively manage contract risk. An enhanced contract management function would ensure that key requirements included in the procurement process are actually followed and addressed during contract execution. This proactive approach helps clear off some of the more burdensome requirements that are currently being pushed into the procurement process.

For instance, instead of requiring all vendors that bid with submitting insurance documentation during the bid process, the enhanced function would ask all vendors to simply confirm they have the necessary documentation. Once the successful vendor has been chosen, they would then provide the required documentation after they have won the bid.

Moreover, an enhanced contract management function would provide better oversight on existing contracts to proactively identify renewal opportunities and would provide a mechanism to track accumulated spend with the same vendor where competitive procurement processes could be introduced.



Recommendation 13: Establish a dedicated contract management responsibility

Note: this recommendation extends beyond the Procurement function itself, as it is unlikely procurement would 'own' contract management in its entirety. At a minimum, significant collaboration with Legislative Services is expected.

Recommendation 14: Utilize systems to control procurement documents and contracts and 'lock down' mandatory information

<p>Benefits:</p> <p>Supports self-service across the organization by reducing the level of customization available. Reduces overall level of review, as only exceptions require attention.</p>	<p>Implementation Effort:</p>	
	<p>FTE:</p> <p>0.6</p>	<p>Duration:</p> <p>6 Months</p>
<p>Related Findings:</p> <p>Finding 14: The contract review process is inefficient with mixed indications of value.</p>	<p>Long-term Budget Impacts:</p> <p>\$15,000 licensing costs, plus one-time implementation support</p>	

Description:

The City should explore the implementation of new technology to effectively control templated versions of procurement documents to better enable self-service with reduced review and approval requirements. Specifically, this technology should 'lock-down' critical points of information in City procurement documents. A review would be required to identify critical, mandatory information that should not be changed in the process. A new escalation process for proposed changes, reviews and approvals should also be implemented to enable some flexibility where required. New technology should be identified and implemented to enable this process. Other communities are using RFX Drafter (previously OrBidder) though more exploration on the appropriate system should be conducted.

In addition, the City should establish standard contract terms and conditions and move to 'lock them down' against unauthorized changes. It is less likely that technology is required for this work, and a more standard process can be implemented to require formal sign-off for any deviations from these standardized terms. This work will greatly increase the efficiency of contract review as only exceptions will require review. It also provides reduced legal and financial risk to the City.

Note: this recommendation strongly relies on *Recommendation 7: Implement additional templates for a greater variety of purchase types (i.e. ongoing service relationships, supplies and materials, scope of work, etc.) and departmental needs (longer-term)* having occurred as locking down inappropriate templates will only lead to confusion and poor change management.



Recommendation 15: Implement procurement function 'roadmap' to show planned improvements and future changes

Benefits: Fosters transparency within business areas and facilitates effective change management for new initiatives. Empowers departments to actively participate in the evolution of procurement processes.	Implementation Effort:	
	FTE: 0.2	Duration: 2 Months
Related Findings: Finding 4: New initiatives are driven by business need and developed in a reactionary manner.	Long-term Budget Impacts: N/A	
Description: The dedicated procurement role identified in Recommendation 12 should develop and maintain a longer-term view of planned changes and enhancements to the procurement function. This will provide transparency to business areas, support communication and change management for new initiatives, and empower departments to identify and propose changes that they would like to see to the processes. This process should support and promote regular engagement with business areas to identify challenges and gain feedback on current processes to support future improvements. This recommendation has two key dependencies: <i>Recommendation #2 - Establish a dedicated procurement responsibility</i> ; and <i>Recommendation #6: Implement a standard rollout for new policy, tools and templates with in-person sessions with departments</i> .		



Recommendation 16: Implement training and audit program on Pcard expenditures to reduce ongoing approvals

Benefits: Allows for the eventual reduction or elimination of costly Finance Team review of all P-Card transactions for tax and budget discrepancies.	Implementation Effort:	
	FTE: 0.5	Duration: 6 Months
Related Findings: Finding 10: The purchasing cards process is an effective procurement option for staff.	Long-term Budget Impacts: N/A	
Description: <p>The City should introduce a rigorous training and audit program for its Pcard users. The City intends to continue to increase its Pcard use for small dollar purchases, but the current process requires a multi-stage review from supervisors and the Finance AP team, which is inefficient. This new training and audit program should be made mandatory for all supervisors with staff with a Pcard to ensure compliance and understanding so their reviews are conducted effectively. The training program should require refresher periods and should include on-demand materials as well.</p> <p>The audit program should be structured to slowly reduce the secondary Finance team review process in select areas of the organization, and then reviewed or audited to determine success rates. Supervisors with lower success rates can be provided targeted training and interventions to support better compliance. Over time, the audit program should expand across departments, to only provide random, select audits of manager reviewed Pcard transactions. The key issues for this training and audit program to correct are incorrect G/L coding and incorrect tax profile applications.</p>		

Recommendation 17: Automate vendor information collection for key financial and OHS information

Benefits: Simplifies the overall bid submission process to prevent delays in the vendor set-up process. Enhances the City's ability to quickly and confidently engage with vendors who have met the necessary financial, OHS, insurance, and other criteria to better manage risk and ensure compliance.	Implementation Effort:	
	FTE: 0.5	Duration: 6 Months



Recommendation 17: Automate vendor information collection for key financial and OHS information

Related Findings:

Finding 15: The term 'Vendor Management' has a narrow focus on OHS / safety processes in the City's common vernacular.

Long-term Budget Impacts:

\$15,000 licensing costs. plus one-time implementation support

Description:

Related to Recommendation 10 above, the City should conduct a broader review of how it can automate and improve vendor information collection for financial, as well as OHS, insurance, and other necessary information to support procurement and contract management processes. Renewed processes for information collection should focus on minimizing the number of times information needs to be submitted, minimize the number of unique recipients that vendors need to submit to, and generally focus on the clarity and ease of understanding of what is required to be submitted. Automated processes can support auto-notifications to vendors to ensure information is kept up-to-date, and reduce potential stops in the vendor set-up process due to incomplete information. These automated processes will support the broader adoption of pre-approved vendor lists for the City as well.

Recommendation 18: Expand procurement training with regular refreshers and notifications

Benefits:

Promotes regular training, with a more responsive approach to strengthen overall staff competence in the procurement function.

Implementation Effort:

FTE:

0.3

Duration:

6 Months

Related Findings:

Finding 9: Procurement training has not had its intended impact on overall staff expertise.

Long-term Budget Impacts:

N/A

Description:

The City should develop expanded procurement training to expand training beyond orientations only. A particular focus of this training material development should be the development of on-demand training materials that can be easily accessed by staff in an ad hoc manner. This training material should include a range of refresher courses, material targeted to common questions or issues, as well as step-by-step guideline documentation. A larger review of the training program should explore the need for regular refresher training cycles and more tailored department-by-department training cycles to address specific issues or concerns.



Based on the relatively high effort to develop and deploy this training program, a dependency has been identified for *Recommendation #2 - Establish a dedicated procurement responsibility* as a minimum prerequisite. In practice, it may be reasonable to treat *Recommendation #12: Employ a procurement 'advisor' position to provide guidance within a decentralized environment* as a dependency as well.

Recommendation 19: Formalize local vendor community engagement program		
Benefits: Fosters stronger relationships between the City and local businesses to address local concerns.	Implementation Effort:	
	FTE: 0.1	Duration: 2 Months
Related Findings: Finding 5: There are perceptions the City does not sufficiently support local business.	Long-term Budget Impacts: N/A	
Description: The sessions that the City has hosted in the past were seen as high value and demonstrated a dedication by the City to support local business through its procurement process. The City should develop a regular program of training sessions for local business to foster stronger relationships with local businesses and enhance the competitiveness of procurement processes. As a part of this work, the City should leverage these regular engagements to facilitate local businesses' access to pre-qualification lists, ensure the provision of updated vendor information, and determine businesses' notification preferences for new procurement opportunities. This initiative should extend beyond just training sessions and involve the development of a larger business community outreach program over time. This program could include a broader exploration of communication and education opportunities, incorporating online platforms and other mediums for regular, predictable, and formalized engagements, training, supports and local representation. Economic Development should be actively involved, if not leading, this program development and execution.		



ASPIRATIONAL RECOMMENDATIONS

The Aspirational Recommendations are longer-term improvements to move the City to the upper limits of its indicated targeted state, or even beyond. These are considered true leading practices for procurement and would enable the City to achieve significant efficiencies in its procurement function. While generally expensive and more complex to implement, these recommendations provide an opportunity to maintain a limited procurement team, while supporting strong compliance and risk management within the procurement function.

Recommendation 20: Utilize automated intelligence in technology systems to support user self-service and guidance without direct interventions		
Benefits: Enables users to initiate procurement processes in a self-service model. Greatly extends the capacity of dedicated procurement resource while managing risk.	Implementation Effort:	
	FTE: 1.5	Duration: 9 Months
Related Findings: Finding 17: Flexibility in Procurement processes is prized in the City.	Long-term Budget Impacts: \$30,000 licensing costs. plus one-time implementation support	
Description: The City should explore and implement technology systems to provide automated, 'intelligent' self-service capabilities for developing procurement packages. These tools would lead users through a series of questions or checklist items to automatically guide users to the best available template or tool for their needs. The system would replace the dedicated procurement advisory position to enable users to initiate procurement processes without any delays. By incorporating these workflow questions and intelligence to elect preferred templates and processes, the City can reduce the need for direct involvement from a procurement staff member, and greatly expand the capacity of this resource. Similar to Recommendation 14, other communities are using RFX Drafter (previously OrBidder) for these capabilities, though the City should conduct a thorough exploration on what the most appropriate systems or tool would be. Based on the required functionality and need to manage risk from the self-service model, <i>Recommendation #14 - Utilize systems to control procurement documents and contracts and 'lock down' mandatory information</i> is considered a key dependency for this.		

Recommendation 21: Implement robust vendor management, incorporating past performance into scoring

<p>Benefits: Contributes to a more comprehensive understanding of vendor capabilities and reliability. Facilitates informed decision-making for future procurement endeavors. Incentivizes vendors to maintain and enhance their performance.</p>	<p>Implementation Effort:</p>	
<p>Related Findings: Finding 15: The term ‘Vendor Management’ has a narrow focus on OHS / safety processes in the City’s common vernacular.</p>	<p>FTE: 0.3</p>	<p>Duration: 6 Months</p>
<p>Description:</p> <p>The City should enhance its overall vendor management function with a focus on assessing vendor performance, as well as general improvements to vendor relations. Specifically, this would require introducing a new vendor assessment process into its procurement function. This would require formal, standardized vendor evaluations to occur at the conclusion of all contracts and PO arrangements. The formal evaluations should then be utilized in future procurement scoring. This would require the maintenance of a vendor performance scoring system and database, as well as changes to procurement templates to ensure vendor performance scoring adjustments can be made. This scoring could also be incorporated into the City’s various standing offer, prequalification or pre-approval vendor lists as a requirement for continued access to these lists.</p> <p>The use of past performance as a scoring criterion for procurement is still a relatively new practice, though some organizations, including the Government of Alberta, are beginning to use it. A common practice is to use past performance score ranges to modify final scoring from other procurement categories after review, similar to how pricing adjustments are often applied. Regardless of what common practices are applied, the City should identify its own preferred approach to incorporating past performance scoring into its procurement process.</p> <p>While it is possible to implement enhanced vendor management in a manual form, the best possible value for the City may require additional technology investment to fully enable these capabilities in a way that does not negatively impact staff capacity. The City’s current procurement platform Bonfire does provide additional modules including contract management, solicitation builder, and price-only bidding, though vendor management capabilities may have to be achieved through other platforms.</p>		



Recommendation 22: Implement automated tools available through Pcard program to support completion and review

<p>Benefits:</p> <p>Allows for the eventual reduction or elimination of costly Finance Team review of all P-Card transactions for tax and budget discrepancies. Aligns with modern best practices in financial management.</p>	<p>Implementation Effort:</p>	
	<p>FTE:</p> <p>0.8</p>	<p>Duration:</p> <p>6 Months</p>
<p>Related Findings:</p> <p>Finding 10: The purchasing cards process is an effective procurement option for staff.</p>	<p>Long-term Budget Impacts:</p> <p>Requires additional research to determine</p>	
<p>Description:</p> <p>Similar to Recommendation 16, the City should explore available tools to 'automate' Pcard expense submissions and approvals to reduce the review requirements and minimize incorrect information submission. A key target of automated tools and technologies should be those that can provide predictive tax coding and G/L coding for expense items. Many Pcard providers, including the City's BMO program, offer some degree of predictive tools to enable better tax and G/L coding, which are major sources of errors in the current process. Notably, this recommendation may require some modifications or adjustments to B/L codes and may be well suited to implementing during future ERP renewal work.</p> <p>It is unclear whether implementing these tools will require significant new ongoing cost given their wide availability, particularly if the City is able to explore new provider options.</p>		

Implementation and Resourcing Plan



We have developed a resource planning and sequencing implementation plan for the recommendations in the previous section. Together, the implementation plan shows a flexible, manageable approach to achieve the target state maturity model, in an achievable manner, and with a manageable workload, for the City.

Sequencing & Resourcing

The following chart shows the staff resources required to implement and complete each of the above recommendations. Each cell shows the amount of FTE time required per recommendation by month. For example, 0.1 FTE can be read as the equivalent to 1 person doing procurement implementation activities 0.5 days per week. Looking directly at recommendation #1, the required resource is 1 person, 0.5 days a week for 2 months. However, when looking at those two months (Month 1 and 2), the total effort required for all recommendations being implemented that month is 0.6 FTE. Consequently, to adhere to the plan's timeline, it would necessitate one person allocating time to procurement implementation activities for 3 days per week during these months. It is important to remember that this effort will be split across multiple participants and cannot be implemented without departmental input.

As a result, the City may need to offset these resource impacts with contracted resources, particularly in the time prior to the hiring of a dedicated procurement resource. Even after hiring, it is not expected that implementation efforts would completely consume that resource's capacity.

While balancing of capacity was attempted, there are fluctuations between time periods, and there are several points of the plan where resource constraints could spike significantly and have a major impact on existing staff positions, particularly in year 1 of the plan.

Note: this chart shows only implementation effort, not ongoing. As a result, Recommendation 12 shows only the effort to recruit and onboard a new staff position but does not show the ongoing FTE after hiring. This chart is intended to guide implementation planning and budgeting efforts. Ongoing costs are shown in the Budgetary Impacts section below.



	Month																																																					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48						
Sum of Implementation effort	0.6	0.6	0.7	0.7	0.9	0.6	0.6	0.9	0.9	0.7	0.7	0.7	0.7	0.7	0.9	0.8	0.8	0.8	1.0	1.0	0.8	0.8	0.8	0.8	0.9	0.9	0.6	0.6	0.6	0.6	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.0	0.0	0.0					
Foundational Projects																																																						
Recommendation #1 - Raise maximum (public tender) threshold to \$75,000 to align with trade agreements	0.1	0.1																																																				
Recommendation #2 - Establish a dedicated procurement responsibility	0.1	0.1																																																				
Recommendation #3 - Review purchasing information to identify targeted opportunities for expanded corporate buying of regular operational materials and equipment, as well as expanded utilization of group purchasing rates			0.3	0.3	0.3																																																	
Recommendation #4 - Ensure automatic department review for specialized purchases initiated (i.e. technology, communications, etc.)	0.1	0.1																																																				
Recommendation #5: Review templates and tools for language and usability					0.3	0.3	0.3	0.3	0.3																																													
Recommendation #6: Implement a standard rollout for new policy, tools and templates with in-person sessions with departments			0.1	0.1																																																		
Recommendation #7: Implement additional templates for a greater variety of purchase types (i.e. ongoing service relationships, supplies and materials, scope of work, etc.) and departmental needs (longer-term)					0.3	0.3	0.3	0.3	0.3																																													
Recommendation #8: Implement purchasing policy and administrative procedures update with regular renewal periods											0.1	0.1	0.1																																									
Recommendation #9: Promote standing offer template availability and expand use	0.3	0.3	0.3	0.3																																																		
Recommendation #10: Conduct a 'user-perspective' review for OHS requirements from vendors									0.3	0.3	0.3	0.3	0.3	0.3																																								
Recommendation #11: Provide guiding tools on when to utilize contracts versus Purchase Orders											0.3	0.3	0.3																																									



Budgetary Impacts

It is estimated that most of the 'costs' of these recommendations are associated with staff time (outlined above), or with offsetting contracted resources. However, several recommendations have distinct budgetary impacts worth noting:

- Recommendation 12 is estimated to have approx. \$130,000 in ongoing salary costs for a new position.
- Recommendation 14 is estimated to have approx. \$15,000 in new ongoing licensing costs, plus a one-time implementation cost of \$30,000 for vendor implementation.
- Recommendation 17 is estimated to have approx. \$15,000 in new ongoing licensing costs, plus a one-time implementation cost of \$40,000 for vendor implementation.
- Recommendation 20 is estimated to have approx. \$30,000 in new ongoing licensing costs, plus a one-time implementation cost of \$75,000 for vendor implementation (note this may be shared with Recommendation 14)
- Recommendations 21, 22 are all likely to require additional ongoing budget, but require further research to determine.

Appendix A: Detailed Findings



Based on the review of background documents, the visioning session with City's Leadership Team, the detailed interviews with stakeholder departments, and a departmental survey, we have developed a range of key findings for the City's procurement operations. The findings cover several key areas for consideration, including:

- Staff Expertise and Capacity
- Governance and Oversight
- Tools, Training & Standards
- Processes and Systems

KEY AREA 1: STAFF EXPERTISE AND CAPACITY

Finding 1: There is limited dedicated procurement expertise in the City

Throughout the review participants noted a lack of dedicated expertise in procurement activities, as well as dedicated support capacity. However, participants noted that support does exist in the City, and is fairly available, it is simply provided in an informal fashion. Participants repeatedly noted the degree of reliance on the good nature of colleagues to provide support, education and guidance to their procurement activities when they sought support. Staff in the Fleet, Facilities and Engineering (FFE) department were particularly noted by participants as making themselves available for guidance. At least one indication was given that this group may have a formal commitment to provide support to the organization within their purview, but that was not universally acknowledged or known across the organization. Notably the FFE team has major capital project procurement clearly defined as an assigned program, and advice to other departments, including for RFP development, is formally defined in the department's service levels though only 3-5 RFPs per year are envisioned to be supported and the service more directly speaks to Engineering advisory supports.

Regardless, it was noted that FFE is the main source of providing access to the Bonfire procurement software, based on a lack of available licenses in the City. This was seen as a fairly formalized role for FFE.

In addition to FFE, 'knowledgeable buyers' across the organization were noted as being available to offer support, including direct superiors, colleagues with recent experience running procurement, as well as resources in Finance and Legislative Services were all noted as being relied on to provide procurement support and advice.



The greatest challenges of this arrangement noted by participants is the issue of capacity for support, and the requirement to have organizational knowledge to know who to turn to. The issue of capacity was particularly emphasized by participants. There were concerns about vacations, staff members leaving their roles and an overall feeling of guilt that accessing support was taking 'knowledgeable buyers' away from their core work.

There was a clear pattern of seeking advice depending on the procurement mechanism being used. RFPs, RFIs or RFQs were most frequently referenced as the source of needing to turn to advice. This is predictable based on their higher dollar value levels, and corresponding risk levels, and less frequent occurrence. For issues related to P-cards, purchase orders, contracting, obtaining quotes, or vendor onboarding, participants were far more likely to engage dedicated support in Finance, Legislative Services or People Services.

On balance, the lack of dedicated capacity to support procurement activities was seen as an issue in the organization, which was further highlighted by being the lowest scoring area on the maturity framework.

Finding 2: There is a potential for misaligned advice across the organization

While access to procurement support is somewhat available to City staff through informal reliance on knowledgeable buyers, some participants noted a potential risk that accessing a range of non-dedicated support sources across the City could lead to inconsistent, or even incorrect, advice and guidance being provided. Presumably, this risk would be greater for individuals leveraging colleagues outside of FFE, Finance or Legislative Services for advice. In many cases, participants noted that they turned to other individuals that they knew had recently gone through the procurement process. In those cases, it was not uncommon for people to access advice, templates, and completed documents from the most recent procurement activity they had engaged in. This means there is little assurance built into the support processes that the advice being provided is truly applicable or appropriate given it is done by 'passing along' advice and templates, which may not be suitable for the new procurement context.

While no direct examples of incorrect information or advice being provided for procurement activities was cited, there was an indication that differences in interpretations do occur between knowledgeable buyers. In these cases, it was indicated that the current policies and processes put decision making back on the individual buyers, which was seen as particularly risky. There appears to be a degree of risk inherent in the current decentralized support model.



KEY AREA 2: GOVERNANCE & OVERSIGHT

Finding 3: There is a lack of corporate-wide buying for standard purchases across the organization

Participants indicated numerous opportunities for corporate-wide buying, and the potential for volume discounts that may not be currently taken advantage of. This was largely associated with a lack of corporate oversight or knowledge about corporate-wide buying activities. Some exceptions were noted for safety supplies during Covid, where corporate-wide purchasing did occur.

The decentralized nature of the procurement function allows significant departmental discretion over their purchasing for a wide range of items, including more 'standard' items like office supplies, basic safety supplies and other items that could be strong candidates for volume purchasing. The lack of a dedicated procurement resource limits the City's ability to assess the potential for volume discounts and corporate-wide buying. This has led to a lack of ability to identify, promote, or conduct corporate-wide buying, where it makes business sense.

Finding 4: New initiatives are driven by business need and developed in a reactionary manner

The City has rolled out a number of new tools, templates and processes related to the procurement function over recent years. However, participants noted the reactive nature of these enhancements, which have been driven by prolonged user demand and requests, rather than a proactive sense of organizational need. This was largely ascribed to the lack of a dedicated procurement expert with oversight of the larger procurement function. In some cases, like the new electronic PO process, the rollout was challenged, and the end process was not aligned to user needs. In others, like the new Standing Offer procurement tool, participants were largely unaware of the rollout at all.

Further inquiry highlighted that these enhancements have typically been developed as 'side-of-the-desk' activities, or through the formation of focused working groups. None of the recent enhancements were indicated to have emerged from a proactive approach. While the reactive nature was not seen as the lone reason for the troubled rollouts of previous enhancements, it was seen as a limiting factor for improving the procurement function over time.



Finding 5: There are perceptions the City does not sufficiently support local business

Feedback from the Chamber of Commerce indicated a strong perception that the City's procurement processes are causing an undue barrier to local businesses doing business with the City. This sentiment was echoed by some internal participants as well, though perceptions were mixed. The Chamber of Commerce emphasized the lack of communication of available opportunities, response support and instruction for local businesses to navigate procurement processes, confusion regarding the value or limitations associated with the City's pre-qualified vendor lists, and the inability for City procurement to effectively capture the value of local knowledge and commitment as the key issues regarding the procurement process. Internal participants noted that vendor feedback was mostly centered on the perceived burden of the City's OHS requirements. At its worst, we heard vendor sentiment that it simply was not 'worth it' to do business with the City given the burdensome requirements, or that local businesses had 'written off' the potential of doing business with the City based on the perception that they could not be competitive in the City's procurement process.

We also received comments, quoted from City policy, questioning the goal of 'best value' and anecdotal examples of how local business would possess local understanding that would provide more value as a vendor but there is no mechanism to take this into account in buying decisions.

It should be noted that the City's current flexible, decentralized procurement processes provide department areas with significant discretion on purchasing decisions, which may actually provide greater opportunity for local buying. Any changes to the procurement function that limited departmental discretion could further reduce local purchasing by the City.



KEY AREA 3: TOOLS, TRAINING AND STANDARDS

Finding 6: Procurement templates and documents are too limited to meet all organizational needs

Participants noted that procurement templates and documents do exist and are generally well understood in the organization. However, the focus of these templates was seen as too limited to meet the full needs of the organization. Participants highlighted that the templates are tailored to very specific purposes, one for construction projects and one for consulting services. Other potential vendor arrangements, including ongoing service relationships, were seen as being a poor fit for the current templates, which lack the flexibility to easily address multiple procurement types. A lack of available templates and tools left many participants unclear about the full scope of buying options that were available to them, even for fairly standard arrangements like an RFQ instead of an RFP. The lack of clear templates associated with these various mechanisms contributes to a lack of clarity between procurement types. An expansion of the number of available templates was seen by participants as a key requirement to address this current gap.

Finding 7: There is a strong understanding of standards for purchasing and signing authorities, though specific thresholds do not meet department needs

In nearly all cases, participants were highly aware of the City's purchasing thresholds, and the requirements placed on them at different purchasing levels. The lone exception for this was with P-Card purchases, where the single transaction limit compared to the monthly total spend limits were confused by some participants. Despite being well understood, the single, standardized purchasing levels across the organization were seen as unreasonable for many department areas. These standardized levels were seen to unduly constrain some departments or introduce undue risk to others.

The participants in high-spend department areas strongly felt that the \$5,000 transaction limit was too low for their business. The indications were that there was a misalignment from the City, which is seemingly trying to incent P-Card usage for purchasing, while maintaining a low transaction limit that reduced the usage of the cards. There were examples cited where buyers are splitting purchases into smaller transactions to work within these transaction limits. It was further indicated that the \$5,000 transaction limit left a strange gap in purchasing levels between \$5,000 and \$10,000 where three quotes are then required. Few participants were aware that mechanisms existed to request an increase in the P-Card transaction limit. Finally, some participants from high-spend departments noted that the City's \$10,000 threshold for getting three quotes, and the \$50,000 threshold for competitive, public procurements were lower than comparable jurisdictions, and below the legal trade agreement thresholds in some cases.

Overall, there was a strong sense that current thresholds do not align with departmental, or even individual staff position, needs. There was also a strong sense that some consideration for inflation should be considered in the thresholds.

Finding 8: Implementation of new policy, tools and templates has been ineffective

The most notable recent implementations of new policy, tools and templates have been mentioned above, the new electronic Purchase Order system, as well as the new Standing Offer template. Neither of these was seen as having a successful rollout or implementation to the organization by participants. While these were the most recent examples, participants noted a range of past examples where implementations have been conducted lacking sufficient communication, business area understanding and training.

As a result, new implementations are not providing their intended value, and in some cases like the new Purchase Order system, they have led to significant user confusion and frustration, despite the fact that a training session was held. Participants from client area departments, as well as internal corporate service areas, all agreed that implementations typically occur with a lack of training and communication. In some cases, the implementation issues have been as a result of system or vendor limitations, so initial implementations are rolled out in a more limited manner until the promised functionalities can be delivered. However reasonable this intention, it has directly led to confusion and a sense from users that communication and training is lacking. There was a general sentiment from business areas that new initiatives should not be rolled out with major functionality gaps.

Finding 9: Procurement training has not had its intended impact on overall staff expertise

Participants from across the organization indicated that the training program for procurement was inadequate. In particular, the lack of asynchronous training materials for procurement was seen as a gap in the current processes. Some participants noted the materials available on the MyFort portal as helpful for guidance but did not consider them to be true training materials.

There were few issues with the onboarding training materials noted, though some internal hirings or promotions did not seem to have onboarding training conducted, leaving a gap in training. Despite this generally positive indication towards the onboarding training, many participants felt that by the time they needed to utilize the training information, too much time had passed and the more 'passive' training information, or user guides, were lacking. Across the organization, participants generally noted turning to 'knowledgeable buyers' rather than utilizing training information. There was one area where asynchronous training materials have been developed and are well utilized, where Finance had filmed an information session conducted for the new Purchase Order system. While this material was seen as helpful, it was noted that the format of the video made it difficult to find specific issues or points of interest without rewatching the entire session.

Currently, training efforts are decentralized across the organization, and there is no clear 'owner' of procurement training.



KEY AREA 4: PROCESS AND SYSTEMS

Finding 10: The purchasing cards process is an effective procurement option for staff

Generally, there were positive indications from nearly all participants regarding the P-card system, and it was viewed as a major improvement from the previous system. The system was seen as fairly user friendly, with an effective application and reasonable information provided, and effective review and approval mechanisms in place. As noted, the greatest issue was in regard to the individual transaction limit of \$5,000, as well as the total cumulative monthly limits. As discussed in Finding 7, the issues with these limits work both ways, as some smaller-budget departments felt that these limits were too high and provided too much budgetary risk from the P-card program, while larger-budget areas found the limits insufficient to conduct regular business. Participants across the organization saw little opportunity for fraudulent spending through the program, though Finance has caught inappropriate spending through detailed, one-off analysis but this occurrence is very rare.

While the response from the organization was mostly positive, the approval process appears to have issues. Finance personnel noted how frequently issues with G/L coding and tax issues are flagged through P-card purchases. There was an indication that immediate supervisors do not seem to be catching the kinds of coding issues they should be, which limited the confidence that they were catching inappropriate spend. While not stated directly, it appears that using Finance to approve P-card expenditures is largely based on a weakness in the supervisor approval process in the current program.

Another issue noted with the system is the list of non-approved vendors, which has caused issues during travel, conferences and other unique circumstances. While this was generally viewed as an annoyance in the process, there were indications that if these restrictions occurred during an emergency incident, it would be a major issue.

Finding 11: There are challenges with the electronic purchase order process

As noted in Finding 8, the implementation of the new electronic purchase order system has not been implemented effectively, leaving staff across the organization confused and frustrated. However, limitations beyond the implementation and training of the system exist. Users noted significant challenges with the inflexibility of the new system which requires specific calculations for total spend, and which are challenging to use for a range of purchases, including maintenance work where there is uncertainty on final pricing. Users also noted a general lack of user-friendliness to the new system. However, participants noted some degree of improvement to the system as it continues to be implemented, and users that had engaged Finance for training and support indicated a high degree of satisfaction once expectations were made clearer. Finally, many users noted that the new process simply takes too long to be effective for them.



In addition to these functional limitations, the key issue with the purchase order system is that it is being used in a way it is not intended to. This is largely due to the previous lack of a Standing Offer style of procurement tool, which has just been released but not fully rolled out and poorly utilized (Finding 13). In the absence of Standing Offer arrangements, purchase orders have been used as the default tool for ongoing service arrangements under the \$50,000 threshold that would require an RFP and service contract. Finance staff noted that the new system is specifically not set up to allow for this style of purchasing arrangement. In the Finance opinion, Purchase Orders should identify a specific commitment to buy from the City, and the flexibility that departments are demanding is outside of the scope of what a Purchase Order should be used for.

Finding 12: There is a varied reliance on the use of sole source contracting and lengthy contracts with vendors in a non-competitive manner

While it varied across the organization, there are a range of areas that indicated a very high level of using sole source contracting in the City. While this is perfectly acceptable within the City's policies, assuming the appropriate sign-off is obtained, the high use of sole sourcing is a sign that existing tools and processes are not meeting some business needs. High levels of use also prove a financial risk to the organization as competitive pricing is not being obtained for a wide range of purchases.

There were several areas that were noted as being particularly dependent on sole source contracts. One of the key areas was servicing on specialized equipment. There were numerous examples provided where only a select number of vendors are qualified to service and maintain specialized equipment, or there were important equipment compatibility considerations, making a competitive procurement process redundant. In some cases, it was even indicated that vendors have exclusive distribution rights or maintenance certifications, for the region for specialized equipment, which makes going through a procurement process completely redundant, and can even lead to vendor relation issues. Even in more 'normal' service or maintenance arrangements, the buying process will typically require an upfront assessment which will then identify high-ticket items that need to be addressed. It was seen as unreasonable to pay for reassembly of the equipment, just to go through a competitive process, especially given that the new vendor will want to do their own assessment anyways.

Another key area where sole sourcing is widely utilized is during emergency situations or areas where work demands an immediate response based on issues related to health and safety, or major impacts to resident homes or City infrastructure. In these cases, the requirement to engage in a competitive process was seen as impossible and completely misaligned to the City's stated service levels to respond to emergent issues. The final area was where long-term contracts have been in place for core suppliers of equipment or services. These purchases tend to avoid competitive procurement checkpoints, and there is little in the current tools or processes that will trigger the need to review longstanding contracts.



Finding 13: 'Proactive' procurement methods including Standing Offers are not well utilized across the City

As noted, the City has just recently developed a new Standing Offer template, however the rollout of the tool has been intentionally limited. As a result, there were no participants in the client departments that were aware of this new tool, and there were no indications of the standing offer tool being used anywhere in the organization, though Finance has noted a few areas for initial potential deployment. Other 'proactive' procurement methods, such as pre-approved vendor lists, vendor prequalification, and group buying opportunities are used occasionally, but in a very limited fashion. There is little indication that pre-qualified vendor lists are commonly utilized by department staff in a way that influences buying decisions, and there is a general lack of formal vendor evaluations. Where informal vendor evaluations do occur, there is not a formal method to maintain an ongoing 'blacklist' or a way to flag underperforming vendors in future procurements which creates risk to the City.

The new Standing Offer tool provided the most significant interest and potential value according to session participants, particularly for areas where current procurement tools such as purchase orders, are being used to fill the 'gap' in procurement processes created by an absence of Standing Offer style arrangements.

Finding 14: The contract review process is inefficient with mixed indications of value

Every contract in the City is being reviewed by a range of corporate service functions, including Legislative Services, the City's Insurance specialist, the City's OHS specialist, and Finance. Review of contracts was seen as being particularly important for tracking the City's overall commitments to spend with vendors, as no other part of the City's financial systems can track committed expenditures. However, the specific review of these contracts was seen as having mixed value to individual procurement processes. While the review process provided some assurance to non-frequent purchasing staff that they were not taking on undue risk, it is also seen as a time-consuming process that does not often provide substantive feedback. This review was also noted to be comprehensive in all cases, despite the existence of 'standard' contracts and terms and conditions to be used. Contracts are required for all purchases over \$50,000 in the City but may be used optionally for values underneath this.

Finding 15: The OHS / safety processes are erroneously described as Vendor Management

Discussions with OHS representatives and other City staff, often included the use of the term, *Vendor Management*, to describe the process put in place to ensure that contracted vendors are in compliance with the City policy and provincial health and safety requirements. While this is certainly a component of the common understanding of the term, it is limited and potentially confusing to staff, vendors and the public. Vendor Management, in common usage, would include all elements of vendor interaction with the City from corporate information provision to required proof of policy compliance to vendor evaluation and reporting.

**Finding 16: The OHS / safety processes for vendors are perceived as overly cumbersome**

Participants from across the organization noted they perceived the current OHS 'Vendor Management' processes to be quite onerous. This was backed up by numerous instances where vendors had indicated to City staff that the City's processes were significantly more demanding than comparable jurisdictions. Overall, there is a perception that the City's OHS processes are tailored to more demanding construction projects, with little regard to less risky work that may be occurring. There is also a sense that the current OHS standards are providing more of an 'audit' function on vendors, where vendors have already been audited, especially for non-exempt industries, and the City should merely be verifying those results.

Some of the challenges were associated with the sheer number of forms and potential information that could be collected, without a clear understanding of which information was truly required. It was indicated that after collaboration with OHS staff, most areas were much more comfortable with the OHS requirements and could better instruct vendors which information was necessary to capture. Part of the challenge with the OHS processes are that they are currently quite manual, so there is no automated 'intelligence' to help indicate users which information is mandatory versus which is not required, which is a valuable element for a 'modular' structure like the one the City employs.

Finding 17: Flexibility in Procurement processes is prized in the City

The current purchasing practices in the City, particularly the large-scale use of purchasing cards, provides a high degree of 'flexibility' for purchasing by enabling staff to quickly purchase what they need, when they need. Even more formal public procurement processes are very decentralized with only a select few 'checkpoints' for buying decisions. With the exception of Finance reviewing P-card transactions, limited access to the Bonfire system, and the multi-party contract review process, buyers must seek out advice and support if they deem it required. There are few mechanisms to stop bad purchasing in the moment, and only after-purchase audit and review could identify issues.

This decentralized buying has created an interesting procurement 'culture' over time. One unintended, and unstated, impact is the degree to which buyers have defaulted to reactive buying, where staff are happy to have access to timely purchasing with limited up-front planning or review processes required. Another impact is the mixed view of risk. Some infrequent buyers craved additional controls and guidelines to limit the amount of risk they were taking on during the buying process. This was the minority opinion though, as many frequent buyers were very comfortable with the level of risk they were taking on and want to maintain flexibility in the process. In fact, the survey results indicate staff feel the City has room to take on more risk in the process, as a whole.



Appendix B: Policy Review

See report titled: Procurement Policy Review Report – July 20

Appendix C: Jurisdictional Scan Overview

INTRODUCTION

This report presents the findings and insights gathered from a comprehensive series of procurement interviews conducted with a select group of municipalities in Alberta. The objective of these interviews was to gain a deeper understanding of the procurement practices, policies, and strategies employed by these organizations. The interviews were conducted as part of an effort to benchmark existing practices, identify areas of strength, and uncover opportunities for improvement and innovation.

The interviews were designed to follow a carefully structured methodology that sought to extract both foundational data on procurement operations and insightful perspectives on future growth and leading practices. To effectively capture the diverse range of experiences and practices among the municipalities, we adopted a hybrid approach that comprised two distinct groups of interviewees:

Group One - Benchmarking and Data Collection

This group consisted of municipalities that primarily contributed to a straightforward benchmarking exercise. These interviews were structured to gather essential "tombstone" style information, encompassing buying patterns, staffing capacity, tools and systems in use, and other foundational aspects of procurement. The municipalities included in this group were Camrose, Beaumont, Okotoks, Cochrane, and Spruce Grove. Prior to the interviews, a set of predefined questions was sent to these municipalities to facilitate data collection and streamline the interview process. These interviews were relatively shorter in duration, with a focus on gathering key quantitative and operational insights.

Group Two - Future Growth and Leading Practices

The second group of interviews delved deeper into future growth prospects, lessons learned, and leading practices in procurement. These conversations aimed to tap into the collective wisdom of municipalities, offering valuable context and innovative ideas for potential adoption. The municipalities included in this group were Airdrie and Stony Plain. Additional municipalities were reached out to, but unfortunately either did not reply or were not available. These interviews took a more traditional format, allowing for open-ended discussions that explored contextual nuances, challenges faced, and lessons that could be learned from their experiences.

Through this hybrid approach, we sought to capture a comprehensive snapshot of procurement practices in the region, spanning from foundational operations to forward-looking strategies. By engaging with municipalities with varying degrees of procurement complexity and maturity, we aimed to offer a well-rounded view of the procurement landscape in Alberta. The following sections of this report provide a synthesis of the key



findings and insights from these interviews, shedding light on the diverse practices, challenges, and opportunities that municipalities encounter in their procurement endeavors.

SUMMARY RESULTS

The following table shows a high-level overview of the communities interviewed with summary-level information. More detailed information on each municipality is available in the sections below:

Category	Camrose	Beaumont	Okotoks	Cochrane	Spruce Grove	Airdrie	Stony Plain
Model	Limited Buyer	Limited Buyer	Advisory-Centralized Hybrid	Limited Buyer	Advisory	Centralized	Advisory-Centralized Hybrid
# of Staff / Role	1 (Purchaser)	1 (Clerk)	1 (Specialist)	1 (Administrator)	Partial Role (Director)	10 (Multiple)	1 (Coordinator)
Non-procurement Responsibility	N/A	N/A	N/A	Capital Projects and Capital property	Insurance, Risk Management, Corporate Planning, etc.	Insurance, Risk Management	Insurance, Risk Management
Technology Used	Bids and Tenders	None	Bids and Tenders	Bids and Tenders	None	Merx	Bonfire & OrBidder
Procurement Location	Finance	Finance	Finance	Legislative Services	Corporate Services	Corporate Services	Legislative Services
Lower Spending Threshold	\$5,000	\$5,000	\$5,000, \$25,000	\$25,000	\$25,000	\$10,000	\$5,000
Upper Spending Threshold	\$75,000	\$50,000	\$75,000	\$75,000	\$75,000	\$75,000	\$40,000



CAMROSE

Procurement Department Location	Finance
Number of P-Cards	Information Not Available
Low Threshold	\$0-\$5,000
Middle Threshold	\$5,000-\$75,000
Amount (\$) of Purchasing (2023 YTD)	Goods and Services \$2,885,500 Construction \$7,225,000
Number of Staff	1
Procurement Staff Titles	Purchaser
Procurement Model	Buyer
Technology Platform	Bids and Tenders
Purchase Order	Not Utilized
Prequalification	Not Utilized
Non-Procurement Roles + Responsibilities	N/A

Current Operations

During the Camrose Procurement Interview, it was revealed that the organization relies on a single dedicated resource for its procurement activities. This individual's primary role revolves around managing purchases that exceed a predefined threshold of \$75,000, with a pronounced emphasis on risk management as a critical part of their responsibilities. They hold the title of "Purchaser" which classifies them below a manager-level in terms of responsibilities. Their core functions encompass the management of the bidding process, active participation in the development of RFXs (Requests for Proposals, Requests for Quotations, and Requests for Information), and the enforcement of procurement compliance across various projects and initiatives. Camrose has previously put effort into the development of standard templates for RFXs and stores them in the Bids and Tenders software.

The organization operates a Purchase Card (P-card) system, wherein spending limits are subject to variation based on the hierarchical structure and specific exceptions. Notably, the authority to determine who qualifies to receive P-cards has been decentralized and vested in managers across various departments within the organization. While the organization boasts well-established high-value procurement policies, there exists an eagerness to refine and optimize lower dollar value policies further.

Points of Interest

Within specific departments, such as Public Works, Cleaning, and Parks, the organization has implemented a practice of corporate buying for commonly needed items like gloves and rakes. This initiative has resulted in a consolidated inventory worth an estimated range of \$150,000 to \$250,000.



One notable concern brought to light during the interview pertains to vendor management. The organization acknowledges an existing gap in its vendor management practices, indicating an opportunity for improvement in how it cultivates and maintains relationships with its suppliers. Another issue discussed was the organization's understanding of when and how to effectively leverage buying groups.

BEAUMONT

Procurement Department Location	Finance
Number of P-Cards	~30
Low Threshold	\$0-\$5,000
Middle Threshold	\$5,000-\$50,000
Amount (\$) of Purchasing (2023 YTD)	Information Not Available
Number of Staff	1
Procurement Staff Titles	Clerk
Procurement Model	Buyer
Technology Platform	Microsoft Great Plains
Purchase Order	Utilized
Prequalification	Not Utilized
Non-Procurement Roles + Responsibilities	N/A

Current Operations

Beaumont operates with a decentralized procurement model where individual departments manage their own procurement activities. However, a recent addition to the finance team included a clerk to provide procurement support to the organization. There were some concerns noted that the clerk position was not able to really influence and 'own' the larger procurement function, and that this role was still missing in the organization. Notably, this may be exacerbated by the fact that there is no mandatory requirement for other staff members to work directly with the clerk. Despite this, the clerk plays an active role in developing the pre-approved vendor list and establishing additional procurement frameworks.

Regarding the organization's purchase card (P-card) program, it was initially extensively offered but has recently been scaled down to only 30 cards, primarily issued to manager-level personnel. The decision to reduce the number of cards was based on considerations of appropriate usage and organizational preference that only employees who work with the budget have access to a P-card. Monthly spending limits of approximately \$5,000 are in place, although these limits may vary depending on the employee's role and department. For instance, the IT department enjoys higher spending limits. The organization expresses a preference for conducting purchases on account from approved vendors.



Points of Interest

There is a transition in progress towards making purchase orders a standard requirement for all procurement activities. This change coincides with the replacement of their current ERP system. The interview also touched upon the level of awareness and acceptance of procurement policies within the organization, indicating a moderate level of general awareness. However, it was mentioned that the degree of awareness largely depends on the extent of procurement each individual engages in. Resistance to rule changes was noted, with speculation that this pushback might be linked to unmet needs or a lack of awareness regarding more efficient procurement methods.

Interestingly, the organization opted to hire a contractor to develop templates for RFXs (Requests for Proposals, Requests for Quotations, and Requests for Information). This approach suggests an intention to standardize and streamline the bidding process across the city, without the need for a formal procurement department.

In terms of risks associated with the current procurement processes, several factors were identified. Departments have the autonomy to make purchases outside of their allocated budgets, potentially posing budgetary challenges. The clerk is actively working on monitoring and controlling smaller-scale purchases for greater financial oversight.

OKOTOKS

Procurement Department Location	Finance
Number of P-Cards	Information Not Available
Low Threshold	\$0-\$5,000
Middle Threshold	\$5,000-\$25,000
Amount (\$) of Purchasing (2023 YTD)	Information Not Available
Number of Staff	1
Procurement Staff Titles	Purchasing Specialist
Procurement Model	Advisor
Technology Platform	Bids and Tenders
Purchase Order	Utilized
Prequalification	Not Utilized
Non-Procurement Roles + Responsibilities	N/A

Current Operations

Okotoks employs a dedicated purchasing specialist within the Finance team. This specialist plays a pivotal role in the procurement process, serving as an advisor, ensuring that procedures are followed correctly. They oversee the posting and management of RFXs on Bids and Tenders, act as a point of contact for inquiries, and establish evaluation structures. However, they are not directly involved in the final decision-making process. Their role



extends to negotiating standard terms and conditions in contracts, with exceptions requiring the involvement of the legal team. Looking ahead to 2024, they noted plans to hire another procurement specialist position.

For procurements under \$75,000, each business center within the organization utilizes its personnel to manage the process. Additionally, the organization permits direct award contracts under \$5,000. Procurements ranging from \$5,000 to \$25,000 require three quotes, while those between \$25,000 and \$75,000 mandate three quotes as well as coordination with the purchasing specialist. It was also noted that there is no formal vendor management system in place.

Administrative staff members are responsible for setting up purchase orders but cannot approve them; this falls under the purview of managers, who are also tasked with budget verification.

The management of contracts is handled by an asset management specialist. This individual plays a critical role in overseeing contracts, ensuring compliance, and managing assets efficiently. The organization utilizes Laserfiche, a document retention system, for contract management. This system is accessible to most staff members and offers features like workflow and document execution. Contracts are stored within Laserfiche as permanent records.

Points of Interest

The organization's Purchase Card (P-card) program holders are subject to a \$15,000 monthly balance limit and a \$5,000 transaction limit. Individual departments have the flexibility to negotiate P-card limits as per their requirements. Moreover, each P-card transaction necessitates approval from at least one manager, ensuring oversight and control over expenditures. Over \$5,000 transactions utilize purchase orders. Each manager is responsible for checking purchases against their budgets.

Flexibility in staffing is evident, as the organization hires additional procurement personnel during busy periods to meet workload demands. An additional interesting focus was that the organization has no provisions allowing for local vendor preference for any purchasing, even if it is under the trade agreement threshold of \$75,000.



COCHRANE

Procurement Department Location	Legislative Services
Number of P-Cards	Information Not Available
Low Threshold	\$0-\$25,000
Middle Threshold	\$25,000-\$75,000
Amount (\$) of Purchasing (2023 YTD)	Information Not Available
Number of Staff	1
Procurement Staff Titles	Contracts Administrator
Procurement Model	Buyer
Technology Platform	Bids and Tenders
Purchase Order	Not Utilized
Prequalification	Not Utilized
Non-Procurement Roles + Responsibilities	Major capital property project and lease managements

Current Operations

The Town of Cochrane has one procurement staff member whose role initially had a focus on corporate property, handling capital projects, and department-specific procurement. However, their role has since expanded to encompass all procurement activities. This role is currently titled "Contracts Administrator," and it is important to note that there is no formal Procurement Department at this time. It was noted the organization is actively seeking to build a more structured procurement team, with plans to hire a second individual who will assume the role of supervisor. The existing Contracts Administrator position will transition to a Procurement Specialist role, marking the beginning of what was envisioned as a growing procurement department. Over the next couple of years, they anticipated expanding the team to include at least three members, including an additional administrative role.

In terms of policy and process development, the organization has laid the foundation with basic policies, processes, and templates. However, their focus is now shifting towards developing more comprehensive and tailored policies that align with the specific needs of different departments. They are also working on enhancing organizational understanding and awareness of these policies and procedures.

The organization has established a sole-source limit of \$25,000, meaning that for procurements under this threshold, only one quote is required. When sole-sourcing over this threshold is used, a sole source form must be completed by the department. Directors sign off on this form under 75K, and over 75K needs sign off from Directors and Executive Directors. For procurements falling within the range of \$25,000 to \$75,000, three quotes are typically required. However, it was noted that the Contracts Administrator may not always see these quotes but must assume that the three-quote requirement has been met, with the preferred quote being used to initiate the contract.

Points of Interest

Regarding the issuance of purchase orders, the organization does not currently have a formal system in place for generating purchase orders. Instead, they often rely on contracts to formalize procurement agreements, sometimes in the form of an email trail. The organization is currently in the process of Request for Proposal (RFP) for banking services, which will include P-card capabilities.

In terms of supplier relationships, the organization utilizes some pre-qualified rates from organizations like RMA and are exploring rates pre-qualified by the Government of Canada. Implementing some sort of pre-qualification process was seen as a critical need, particularly given the significant accumulation of operating costs incurred without formal contracts in place, mainly because individual purchases fall below defined thresholds.

One interesting observation made during the interview was the varying perceptions of procurement-related risk within the organization. Longer-tenured managers appeared to have differing levels of concern about these risks, highlighting potential opportunities for aligning risk perceptions and risk management strategies.

SPRUCE GROVE

Procurement Department Location	Corporate Services
Number of P-Cards	Information Not Available
Low Threshold	\$0-\$25,000
Middle Threshold	\$25,000-\$75,000
Amount (\$) of Purchasing (2023 YTD)	Over \$75,000: \$108 million
Number of Staff	1 (partial role)
Procurement Staff Titles	Director of Integrated Planning and Strategic Services
Procurement Model	Advisory
Technology Platform	Only APC
Purchase Order	Yes, but described as "onerous"
Prequalification	Information Not Available
Non-Procurement Roles + Responsibilities	Risk Management, Insurance

Current Operations

During the discussion with Spruce Grove, it was evident that the organization primarily relies on high-level procurement advisory services. They do not have a dedicated procurement resource, instead the Director of Integrated Planning and Strategic Services plays a pivotal role in supporting RFX development by providing advice and reviewing proposals that exceed the trade agreement thresholds. However, they do not participate in scoring RFPs. The Director also provides an overview and memo of each procurement that



surpasses established thresholds to the Chief Administrative Officer (CAO) and reviews contracts for compliance and suitability.

In terms of the Purchase Card (P-card) program, the transaction amounts allocated are determined based on the position's level within the organization, with some exceptions in place. Approval for receiving a P-card is contingent on a demonstrated business need. Notably, the organization recently underwent a "cleanup" of P-card distribution across the organization, largely driven by leadership's directive to manage perceived risks. Additionally, administrative teams have been enlisted to assist with purchasing on behalf of individuals who previously had direct access to P-cards. Cumulative monthly limits on P-cards have not been set; instead, the organization manages the transactions individually.

Spruce Grove acknowledges challenges associated with its Purchase Order (PO) process, deeming it cumbersome and not extensively utilized. The current ERP system for the organization is end-of-life and does not effectively support the PO process, though future system replacement may provide an opportunity to initiate changes to the PO process.

Points of Interest

The organization is actively working on establishing a matrix for vendor management, which will serve as a guide to help steer the organization's procurement practices. Currently, they utilize an intranet to maintain control over procurement template versioning and emphasize easy to understand language and user-friendliness in procurement templates. There is also a focus on explaining the significance of various sections of the templates to facilitate understanding among staff. A scope of work template is also available for staff use even when the procurement is under the set threshold. The goal of the template is to encourage quotes and advise employees how to describe what they are looking to procure. In addition, when procurement is related to either information technology or communications, the Director acts as a checkpoint to ensure that it has been reviewed by the respective department

In terms of risks associated with their procurement practices, several challenges were identified. These include a perceived lack of capacity, stagnation in advancing the procurement program, and difficulties in obtaining buy-in from staff. Resistance to adopting new templates and processes was highlighted as an area of concern. Additionally, the review process was noted as a potential bottleneck, with the absence of a stated service standard. It was also noted the organization encounters pushback regarding the requirement for vendors to have a higher than typical level of insurance coverage (\$5 million).

Spruce Grove's procurement function can truly be described as advisory. The procurement resource emphasized the importance of being available to answer questions for the entire organization. They noted that being seen as a credible source of procurement information supports them in ensuring integrity throughout the procurement process. When their new procurement policy was rolled out, each department received individual training and help



with adoption of the policy. This policy was extensively researched prior to implementation. Spruce Grove conducted a detailed analysis regarding the extent of local buying and how best to incorporate local vendors in the policy. The economic development group has since worked with the local community to help them understand the city’s policies and procedures. In this spirit, the procurement policy contains language targeting equity deserving groups, and can be seen as quite mature for social procurement.

AIRDRIE

Procurement Department Location	Corporate Services
Number of P-Cards	“Limited”
Low Threshold	\$0-\$10,000
Middle Threshold	\$10,000-\$75,000
Amount (\$) of Purchasing (2023 YTD)	Not Available
Number of Staff	10
Procurement Staff Titles	1 Junior, 2 Specialists, 2 Senior Specialists, 1 Corporate Buying, 1 Material Management Specialist, 2 PT admin, 1 Team Lead
Procurement Model	Centralized
Technology Platform	Merx
Purchase Order	Utilized
Prequalification	Yes
Non-Procurement Roles + Responsibilities	Insurance + Risk

Current Operations

Airdrie’s procurement operations are managed by the Corporate Services department, and the participant noted that the teams placement was an intentional separation from the Finance department. The procurement department is composed of 10 individuals, each responsible for various aspects of procurement, albeit at different levels of complexity. This includes roles such as junior, specialist, senior specialist, corporate buying, material management specialist, team lead, and administrative positions focused on contract monitoring and manual processes. Every city employee undergoes training in procurement policies, with regular refreshers, and specialized attention is given to high-value procurement, particularly in engineering.

The organization uses P-cards, which are tracked by the Accounts Payable (AP) team, with a limited number of individuals having access. Typically, administrative staff and individuals in departments like roads and public works are the primary users of P-cards. The P-card limit is \$5,000 for regular users, with managers having a higher limit of \$10,000. Purchase orders are the preferred method for the majority of purchasing activities, facilitated through



a digital process that was noted for being 'relatively straightforward.' The organization does not heavily rely on existing standing offers or group buying arrangements.

Points of Interest

For procurement activities under \$10,000, either a Purchase Order or P-card can be used. To ensure compliance and accountability, random audits are conducted twice a year for these transactions. For procurements falling within the range of \$10,000 to \$75,000, which accounts for a substantial portion (60%) of their purchasing, the organization runs competitive processes. Individuals have the flexibility to initiate procurement locally, and if necessary, extend the process to the broader market. Within the \$10,000 to \$75,000 range, individual departments are responsible for their own purchasing activities unless it is deemed high-risk or involves a contract. The determination of risk is based on a matrix provided by the procurement team. Construction projects, regardless of their value, are mandated to be managed by the procurement department.

One notable aspect of Airdrie's procurement practices is their corporate buying initiative. Airdrie mandates various departments to procure from for specific categories of goods and services, often categorized as "basic items." Finance takes the lead in overseeing these corporate buying arrangements, ensuring that departments adhere to the predefined procurement agreements. A goal for the city is to have a "store" for basic items that departments can access. They hope that a new ERP system would allow for a centralized repository of information containing these inventory details.

Airdrie has several innovative procurement practices. Firstly, service levels have been established within the procurement department, though it was noted these standards can be challenging to meet due to 'readiness issues' with subject matter experts in various departments. Secondly, the procurement department maintains visibility into major requests procurement across the organization a year ahead of time through a specific procurement budgeting process. Thirdly, vendor performance management is emphasised through an integrated approach into future dealings with vendors, ensuring that past performance informs future interactions and contracts. Finally, the city actively engages with local vendors by hosting sessions to educate them on selling to the city. They define "local" as vendors located within a 150-kilometer radius of Airdrie, fostering relationships with nearby businesses.



STONY PLAIN

Procurement Department Location	Legislative Services
Number of P-Cards	Information Not Available
Low Threshold	\$0-\$5,000
Middle Threshold	\$5,000-\$40,000
Amount (\$) of Purchasing (2023 YTD)	Information Not Available
Number of Staff	1
Procurement Staff Titles	Procurement and Assurance Coordinator
Procurement Model	Advisory-Centralized Hybrid
Technology Platform	Bonfire and RFX Drafter (previously Orbidder)
Purchase Order	Utilized
Prequalification	Utilized
Non-Procurement Roles + Responsibilities	Assurance

Current Operations

Stony Plain operated with a single resource for procurement, holding the title of Procurement and Assurance Coordinator. This resource is also responsible for risk management and insurance matters, dedicating approximately 60% of their time to procurement activities. However, it is important to note that contract management is not within their purview.

The organization has corporate purchasing options available through group purchasing agreements. Finance takes charge of corporate buying, particularly for basic items, streamlining procurement processes and achieving cost efficiencies. For Purchase Cards (P-cards), the organization has set a limit of \$5,000, and the P-card program is administered through the Finance department. While the organization has a Purchase Order (PO) system in place, it was acknowledged that there are challenges managing and providing access to this system. The PO processes are challenged by the Town's current ERP system which has resulted limited departmental awareness of PO processes.

Points of Interest

To manage procurement templates efficiently, the organization uses a system called RFX Drafter (previously known as Orbidder), a platform that incorporates workflow questions and intelligence to autonomously select preferred templates and processes, reducing the need for direct involvement from the procurement staff member. This significant adoption of technology-enabled self service approach is seen as highly innovative and efficient, and critically, extends the capacity available to the organization. The terms and conditions templates found in RFX Drafter are non-editable and are written in easy-to-understand language.



The town's procurement policy includes language surrounding the social impact of procurement activities. They also make an effort to provide training to the local vendor community on how best to sell to government and navigate procurement processes. An additional interesting practice is the requirement for any changes in standard contract language is required to be approved by the town manager. Sole source exceptions are also required to be approved by the town manager.

Several risks were identified in the organization's procurement operations, including resource constraints in staffing, the absence of formal contract and vendor management processes, lack of compliance checks for standard terms and conditions, and the need to ensure that budgets are in place without a direct link to the Finance department.



MUNICIPAL LEADING PRACTICE QUESTIONS USED

1. Please indicate the overall dollar value and number of purchase transactions that occur in terms of:
 - a. Size of purchases
 - i. Small Dollar Value (<\$5,000)
 - ii. Between \$5,000-75,000
 - iii. Over \$75,000 or \$200,000
 - b. Type of buying
 - i. Construction, Capital Projects & Engineering
 - ii. Public Works services (facilities, roads, parks)
 - iii. Commodities / materials
 - iv. Technology
 - v. Other contracted services
2. Does the organization utilize purchase cards extensively for small-dollar value buying? Does the organization support corporate-wide buying for standard purchases across the organization?
3. Do you employ specific procurement software for public tendering? Do you employ specific procurement software for electronic purchase orders, OHS, Contract Management, etc.? Other technology used?
4. What is the composition of your procurement team? Where are they positioned in the organization?
 - a. Has this changed over time?
 - i. What were the tipping points that required new team members?
 - b. What roles do they play in the procurement function?
 - i. Non-Tendered Purchasing (Sourcing potential vendors/quotes, Negotiations, travel, delivery and payment, Preparing and processing Purchase Orders)
 - ii. Tendered Purchasing (Determining purchasing methods, RFP/Other tender development, Responding to vendor debriefs and questions, Contract/terms development, negotiations, processing)



- iii. Financial Processing Activities (Financial processing for purchasing activities)
 - iv. Administrative Activities (Obtaining corporate or legal reviews and approvals, Purchasing document and record retention/administration, Other administrative activities)
 - v. Vendor and Contract Management
 - vi. OHS Management
5. How mature is the organization regarding procurement training, policies, tools and templates, standards awareness, implementation of new policies or tools, approvals and decision making, accountability and review, and reporting and buying insight?
 - a. What was the journey to this maturity level like?
 6. Please describe the organization’s OHS management processes.
 - a. Please touch on OHS requirements management, documentation collected, verification of qualifications/documentation, OHS review procedures (internally and externally). Does this vary in relation to vendors that provide on-site services?
 - b. How have your vendor management processes changed over time? Particularly regarding changing levels of due diligence of OHS management.
 7. What would you say are the most innovative parts of your procurement process? What was the business need that drove these innovations?
 8. How have you maintained flexibility and usability for business area departments within your procurement function?
 9. Do you have processes in place to support DEI initiatives and local buying when managing vendors? If so, please describe these processes.
 10. What are some of the current issues with procurement across the organization? Do you feel you have unmanaged risk in any area of procurement across the organization? (Potential risk areas: public tenders, sole source buying, OHS considerations, contract and vendor management, staff understanding, policy gaps, reporting and oversight, technology, etc.)
 11. Have your procurement policies or processes changed over time?
 - a. How so? (What did it look like then, what changed, what does it look like now?)



- b. What were the lessons learned from those changes?
12. Is there anything we didn't touch on you would like to bring up?

MUNICIPAL BENCHMARKING QUESTIONS USED

1. Please indicate the overall dollar value and number of purchase transactions that occur in terms of:
 - a. Size of purchases
 - i. Small Dollar Value (<\$5,000)
 - ii. Between \$5,000-75,000
 - iii. Over \$75,000 or \$200,000
 - b. Type of buying
 - i. Construction, Capital Projects & Engineering
 - ii. Public Works services (facilities, roads, parks)
 - iii. Commodities / materials
 - iv. Technology
 - v. Other contracted services
2. Does the organization utilize purchase cards extensively for small-dollar value buying? Does the organization support corporate-wide buying for standard purchases across the organization?
3. Do you employ specific procurement software for public tendering? Do you employ specific procurement software for electronic purchase orders, OHS, Contract Management, etc.? Other technology used?
4. Do you have staff dedicated to procurement activities?
 - a. If yes: Where are they positioned in the organization? What is the team size?
 - b. If yes: What roles do they play in the procurement function?
 - i. Non-Tendered Purchasing (Sourcing potential vendors/quotes, Negotiations, travel, delivery and payment, Preparing and processing Purchase Orders)



- ii. Tendered Purchasing (Determining purchasing methods, RFP/Other tender development, Responding to vendor debriefs and questions, Contract/terms development, negotiations, processing)
 - iii. Financial Processing Activities (Financial processing for purchasing activities)
 - iv. Administrative Activities (Obtaining corporate or legal reviews and approvals, Purchasing document and record retention/administration, Other administrative activities)
 - v. Vendor and Contract Management
 - vi. OHS Management
- c. If not: Where does the organization access information on procurement?
 - d. How many staff across the organization provide procurement support in some way?
5. How mature is the organization regarding various procurement functions, including: training, policies, tools and templates, standards awareness, implementation of new policies or tools, approvals and decision making, accountability and review, and reporting and buying insight, vendor and contract management, OHS management?
 6. Do you have processes in place to support DEI initiatives and local buying when managing vendors? If so, please describe these processes.
 7. What are some of the current issues with procurement across the organization? Do you feel you have unmanaged risk in any area of procurement across the organization? (Potential risk areas: public tenders, sole source buying, OHS considerations, contract and vendor management, staff understanding, policy gaps, reporting and oversight, technology, etc.)
 8. What parts of procurement work well?
 9. Is there anything we didn't touch on you would like to bring up?