

Procure to Pay Transformation Update

Project Update from April 1, 2017 to current

Recommendation

That the November 28, 2017, Financial and Corporate Services report CR_5248, be received for information.

Previous Council/Committee Action

At the November 12, 2015, Audit Committee meeting, the following motion was passed:

That Administration provide an update report to Executive Committee on changes to the corporate procurement practices and policies at the City of Edmonton.

A previous update report was provided to Executive Committee on May 31, 2016 and April 4, 2017.

Executive Summary

This report provides information on the progress of the Procure to Pay Transformation program, including the accomplishments achieved in 2017, and an outlook of expected milestones to be completed in 2018.

Report

Background

The Procure to Pay Transformation Program has been ongoing since January 2016 and was established to improve the activities enabling the purchase of goods, services, construction and/or intellectual property rights to support the business outcomes and objectives of the organization.

At a high level the “Procure to Pay” life cycle includes:

- I. Identification of a purchasing requirement;
- II. Authorization to purchase;
- III. Procurement of goods, services, construction and/or intellectual property rights (supplier selection);

- IV. Contract creation and negotiation;
- V. Delivery and/or receipt of goods, services, construction and/or intellectual property rights;
- VI. Contract monitoring and amendments as required;
- VII. Invoicing; and
- VIII. Payment.

Accomplishments Since Previous Update

Since the previous Executive Committee update in April 2017, the Procure to Pay Transformation Program enhanced the organization's procurement, contract management and payment activities by achieving the following outcomes:

1. Increased management oversight

- Implementation of administrative directives providing direction to City staff for the increased compliance of procurement, contracting and payment processes required to ensure a fair, open and transparent process that delivers value for money to the City of Edmonton and Edmontonians.
- Development and implementation of an administrative procedure to support procurement professionals in addressing real or perceived conflicts of interest when contracting with former City employees (known as the "cooling off period").

2. Development and deployment of a sustainable training program

- Development and deployment of procurement and contract management fundamentals training designed to provide an overview of responsibilities of Administration in the execution of procurement and contracting at the City of Edmonton.
- Implementation of the procure to pay training certification program for staff involved in the day to day procurement and contracting of goods, services, construction and/or intellectual property rights to support business outcomes and objectives of the organization. At present, more than 1,500 City staff have been identified for training in this curriculum.

3. Implementation of a procurement and contracting performance measurement framework

- Implementation of the first wave of performance measurements identified in the Procure to Pay performance framework. Additional performance measures will be implemented with the planned technology modernization of procurement and contracting processes.
- Design and development of a compliance monitoring dashboard to be used by Administration in managing and providing effective oversight for procurement, contracting and payment practices.

4. *Development of a technology modernization business case for eProcurement*
 - Completion of a detailed business case (see [Attachment 1](#)) to assess options in addressing the need to modernize technology to create efficiencies and improve process compliance of procurement and contract management practices. A single source request has been prepared for Executive Committee to contract with SAP Ariba for the technology platform. Additionally, a competitive procurement opportunity is being developed to contract a third party integrator to configure the solution for use by Administration.

The Procure to Pay Transformation Program expects to reach the following milestones in 2018:

- Configuration of electronic sourcing and spend analytics modules of the procure to pay solution;
- Build upon procure to pay curriculum to develop further training designed for dedicated contract managers throughout the Corporation;
- Engage the City’s supplier network to understand challenges and identify further opportunities for improvement; and
- Development of additional procurement and contracting guidance including topics such as a new City Policy on local procurement, a revision of the Sustainable Purchasing Policy as well as an Administrative Procedure relating to the handling of Unsolicited Proposals.

Corporate Outcomes and Performance Management

Corporate Outcome(s): Conditions of Success			
Outcome(s)	Measure(s)	Result(s)	Target(s)
Effective and efficient service delivery	\$ of City spending managed per procurement FTE	\$43.44 million (2016)	TBD
	% of identified staff who have completed Procurement training certification program	13%	45% (2017) 80% (2018) 90% (2019)
	% of identified staff who have	0%	0% (2017) 40% (2018)

	completed Contract Management training certification program (2 courses are still in development)		80% (2019)
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Attachments

1. [eProcurement Business Case](#)

Others Reviewing this Report

- C. Campbell, Deputy City Manager, Communications and Engagement
- D. Jones, Deputy City Manager, City Operations
- R. G. Klassen, Deputy City Manager, Regional and Economic Development
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- L. McCarthy, Deputy City Manager, Urban Form and Corporate Strategic Development
- R. Smyth, Deputy City Manager, Citizen Services