

NIGP Procurement Assessment Report

Project Background

As part of Mayor Peduto's efforts to transform the procurement function, the Office of Management and Budget engaged the National Institute of Government Purchasing consulting program to conduct a review of the City's procurement policies and procedures and provide recommendations for improvement to reflect leading practice public sector procurement practices. In conjunction with the Code for America initiative that is focused on leveraging technology, the NIGP Consulting review was intended to help OMB properly manage the procurement function, enable operational improvements, and improve and increase accountability throughout the process.

Project Objectives

- Review and analysis of relevant procurement statutes, ordinances, policies and procedures to gain an in depth understanding of the existing environment. Identify potential policy and procedure recommendations for maximization of the procurement process.
- Review business processes from identification of need/requisition through contract development and contract administration and identify potential process deviations and efficiency opportunities based on procurement best practices and legal requirements. Specific tasks will include:
 - Review of the City's current policies, procedures, and practices for the current Small /Minority/Women/Veteran Business Enterprise Program.
 - Conduct interviews with key stakeholders to gain a thorough understanding of their experiences with the procurement process and development of potential recommendations for enhanced operational efficiency.
 - Review of the current shared services model procurement operations and processes, to include: (a) identification of need/requisitions, (b) specifications, (c) small dollar purchases, (d) methods of procurement (solicitations), (e) evaluation, (f) award, (g) contract administration, and (h) documentation and transparency to identify efficiency and effectiveness opportunities.
 - Review and analysis of the City's contract development, approval (i.e. legal, controller, council), and contract administration process for potential process improvement recommendations for increased efficiencies.
 - Review of the shared services model distribution of procurement responsibility to ensure appropriate service level support and procurement authority is provided to the City.
- Review of the methods of procurement (small dollar purchases/formal competition/cooperatives); including a cross section of goods and services, professional services and construction, for appropriate dollar thresholds and responsibilities for each to improve efficiency and effectiveness based on best practices.
- Review of the procurement technology in support of the procurement processes and determine the degree that it is being maximized to support the existing procurement program and provide high-level procurement technology recommendations to support the proposed processes and recommendations.

Current State Challenges

- Highly decentralized procurement function that inhibits the ability to: establish standardized and efficient business processes; leverage the City's investment in the JD Edwards ERP system; adopt leading practices in public sector procurement; and manage enterprise-wide spending on commodities and services.
- All request for proposal (RFP) activities have been performed by departments independent of the procurement function, which inhibits process standardization, effective oversight of procurement policies, and consistent customer service (for business seeking to do business with the City).
- Inefficient, time-consuming, and manual business processes, including limited focus on end-to-end processes that could drive efficiency and cost savings.
- Limited accountability and financial controls with procurement activity happening outside of the financial system.
- Limited documentation of procurement policies and procedures.
- Low staffing levels, training, and professional certification for the core procurement staff compared to other public sector organizations.
- The procurement function has not relied on performance metrics to measure all aspects of the procurement process, nor is there a focus on continuous improvement.
- The City's existing procurement operation did not compare well to established procurement benchmarks analyzed by the NIGP Consulting review team.

Key Recommendations & Opportunities for Improvement

The NIGP Consulting report has identified 45 major recommendations (with many having sub-components). The recommendations reflect best practices in public sector procurement practices and will entail a number of changes to key enablers of leading practice procurement function, including organization, talent, policies, processes, and technology.

Implementation of these recommendations will help OMB to fulfill its vision for the procurement organization, which is to establish a customer-focused organization to achieve increased procurement effectiveness, efficiency, and compliance resulting in significant financial benefit for taxpayers by reducing the costs of acquiring goods and services and increasing competition and opportunities for vendors to do business with the City.

The 45 recommendations and sub-components can be summarized into the following key themes. OMB will be reviewing the recommendations and develop an implementation roadmap for the City's procurement transformation as part of the financial reforms executive order.

Organization

- Creation of a Chief Procurement Officer and office with appropriate authority to provide greater oversight and centralization of the procurement function.
- Develop a strategic plan and mission, vision, and value statements for procurement.
- Adapt the culture of the procurement function to increase its focus on customer service, compliance and oversight, change management, and continuous improvement.
- Longer-term, evaluate opportunities to consolidate procurement, inventory, and warehouse operations to adopt a supply chain management focus; this approach aligns well with the City's facilities optimization strategy as well as OMB's focus on enterprise cost management.

- Evaluate organizational alignment of the functions performed by the Equal Opportunity Review Commission and identify opportunities to streamline review and approval functions of both the City and County offices.

Talent

- Evaluate staffing needs required to implement and sustain the recommendations of the NIGP Consulting review.
- Develop a plan to improve procurement knowledge and capabilities for both centralized procurement staff as well as departmental staff involved in the procurement processes.
- Increase the professionalism of the procurement staff through on-going training, certification, and focus on continuous improvement.

Policy

- Develop a new procurement policies and procedures manual aligned with leading practice guidelines and standards.
- Develop or revise policies related to key issues including, but not limited to the following: RFP development, competitive bidding thresholds, adoption of cooperative contracts, City Council's role in approving small dollar purchases, emergency procurements, use of procurement cards, rebidding, contract terms, procurement's role in sole source requests, and procurement ethics.
- Develop a comprehensive contract administration program, including establishing policies, processes, roles, responsibilities, and oversight.

Process

- Redesign the use of the JD Edwards ERP system to align with standard practices for the procure-to-pay process.
- Establish service level agreements to guide business processes for the City-County intergovernmental agreement as well as internal city operations.
- Standardize and automate key processes such as the informal quote process, purchase order issuance, and small dollar purchases.
- Develop templates to facilitate RFP and contract development and administration processes.
- Enhance OMB's capabilities to facilitate the development of high quality specifications.
- Develop a spend analysis and spend management strategy as part of OMB's focus on enterprise cost management.
- Establish a performance management framework for tracking, reporting, and communicating organizational and process performance for the procurement function.

Technology

- In conjunction with the redesign of the JD Edwards processes for procure-to-pay functions, evaluate other JD Edwards modules currently licensed by the City (but not implemented) to optimize the City's investment in the system.
- Explore opportunities to leverage the JD Edwards capabilities related to asset management and inventory to support the City's inventory and warehouse operations.
- Leverage the JD Edwards system capabilities to expand the use of reporting and analytics.
- Align JD Edwards-related initiatives with the Code for America technological efforts to enhance both internal and external procurement functions.