City of Chicago

O2015-8868

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	12/9/2015
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Intergovernmental agreement with Sister Agencies regarding implementation of task force recommendations
Committee(s) Assignment:	Committee on Budget and Government Operations

CHICAGO, January 13, 2016

To the President and Members of the City Council:

Your Committee on the Budget and Government Operations, having had under consideration an Ordinance authorizing the execution of an intergovernmental agreement between the City of Chicago and the Board of Education of the City of Chicago ("CPS"), the Chicago Housing Authority ("CHA"), the Chicago Transit Authority ("CTA"), the Chicago Park District ("CPD"), the Public Building Commission of Chicago ("PBC"), and the Board of Trustees of Community College District No. 508, ("CCC") , the ("Sister Agencies"), necessary for the implementation of the Report of the Procurement Reform Task Force ; and having had the same under advisement, begs leave to report and recommend that Your Honorable Body pass the Ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

1 members of the Committee with 1 dissenting vote(s).

(Signed) Carrie M. Austin
Carrie M. Austin
Chairman

BUDG.

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

December 9, 2015

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Chief Procurement Officer, I transmit herewith an ordinance authorizing the execution of an intergovernmental agreement with the city's Sister Agencies regarding the implementation of task force recommendations.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Rahm Emanuel

Mayor

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a home rule unit of government under Article VII, Section 6(a) of the Constitution of the State of Illinois, and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Board of Education of the City of Chicago ("CPS") is a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois, the Chicago Housing Authority ("CHA") is an Illinois municipal corporation, the Chicago Transit Authority ("CTA") is an Illinois municipal corporation, the Chicago Park District ("CPD") is an Illinois municipal corporation, the Public Building Commission of Chicago ("PBC") is an Illinois municipal corporation, and the Board of Trustees of Community College District No. 508, County of Cook and State of Illinois, ("CCC") is a body politic acting on behalf of City Colleges of Chicago; and

WHEREAS, the Procurement Reform Task Force (the "Task Force") has issued a report dated November 17, 2015 (the "Report") detailing findings and recommendations for reforming the procurement policies and practices of the City and six of its sister agencies (its "Sister Agencies"): CPS, CHA, CTA, CPD, PBC and CCC; and

WHEREAS, the Report includes recommendations to improve efficiency, increase accountability, and economize public funds in government procurement (as described more fully in the Report, the "Recommendations"); and

WHEREAS, one of the Recommendations calls for the creation of a committee of Chief Procurement Officers of the City and its Sister Agencies (the "CPO Committee") that is charged with addressing the Recommendations, tracking their implementation, and issuing progress reports, among other responsibilities; and

WHEREAS, the City and its Sister Agencies desire to enter into an intergovernmental agreement, in substantially the form attached as Exhibit A (the "Agreement"), to set forth the terms and conditions governing their respective obligations to implement the Recommendations; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated here by this reference.

SECTION 2. Subject to the approval of the Corporation Counsel as to form and legality, the Chief Procurement Officer of the City or his or her designee is authorized to execute the Agreement, and such other documents as are necessary, between the City and its Sister Agencies in substantially the form attached as Exhibit A. The Agreement shall contain such other terms as are deemed necessary or appropriate by the City.

SECTION 3. The City of Chicago Inspector General, within 90 days following the issuance of each Annual Report required of the CPO Committee pursuant to the Agreement, shall prepare and make publicly available an independent evaluation of the progress of the parties to the Agreement in implementing the Recommendations.

SECTION 4. To the extent that any ordinance, resolution, rule, order, or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance,

the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the other provisions of this ordinance.

SECTION 5. This ordinance takes effect upon passage and approval.

EXHIBIT A

PROCUREMENT REFORM TASK FORCE
INTERGOVERNMENTAL AGREEMENT

See attached pages.

PROCUREMENT REFORM TASK FORCE
INTERGOVERNMENTAL AGREEMENT

This Procurement Reform Task Force Intergovernmental Agreement (this "**Agreement**") is made and entered into as of the _____ day of _____, 20__ among:

- the City of Chicago, a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois (the "**City**"),
- the Board of Education of the City of Chicago, a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois ("**CPS**"),
- the Chicago Housing Authority, an Illinois municipal corporation ("**CHA**"),
- the Chicago Transit Authority, an Illinois municipal corporation ("**CTA**"),
- the Chicago Park District, an Illinois municipal corporation ("**CPD**"),
- the Public Building Commission of Chicago, an Illinois municipal corporation ("**PBC**"), and
- the Board of Trustees of Community College District No. 508, County of Cook and State of Illinois, a body politic, on behalf of City Colleges of Chicago ("**CCC**")

(the City, CPS, CHA, CTA, CPD, PBC and CCC shall each be known herein as a "**Party**").

RECITALS

WHEREAS, the Procurement Reform Task Force (the "**Task Force**") has issued a report dated November 17, 2015 and attached as Exhibit A (the "**Report**") detailing findings and recommendations for reforming the procurement policies and practices of the City and six of its sister agencies: CPS, CHA, CTA, CPD, PBC and CCC; and

WHEREAS, the Report includes recommendations to improve efficiency, increase accountability, and economize public funds in government procurement (as described more fully in the Report, the "**Recommendations**"); and

WHEREAS, the Parties desire to work cooperatively to implement the Recommendations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

Article One: Incorporation of Recitals and Exhibits

The recitals set forth above and exhibits attached hereto are incorporated herein by reference and made a part hereof.

Article Two Implementation of Recommendations

The Parties agree to work cooperatively to implement and effectuate the Recommendations, including without limitation by taking the following actions:

(a) establishing a committee consisting of the Chief Procurement Officer ("**CPO**") of each Party (the "**CPO Committee**"), which shall meet at least quarterly or on such other more frequent schedule determined by the CPO of the City (the "**City CPO**") and which shall have the authority to establish one or more subcommittees consisting of at least one representative of each Party appointed by the CPO of each Party;

(b) establishing a committee consisting of the Chief Information Officer ("**CIO**") of each Party (the "**CIO Committee**") which shall meet at least quarterly or on such other more frequent schedule determined by the City CIO and which shall have the authority to establish one or more subcommittees consisting of at least one representative of each Party appointed by the CIO of each Party;

(c) establishing a committee consisting of at least one representative of each Party appointed by the CPO of each Party (the "**Working Group**") which shall meet at least quarterly or on such other more frequent schedule determined by the City CPO;

(d) effectuating and complying with the implementation measures agreed to by the CPO Committee, the CIO Committee and the Working Group, in each case subject to the approval of the CPO Committee;

(e) within 14 days after the end of each calendar quarter ending in March, June and September, beginning with the quarter ending March 31, 2016, preparing and delivering to the Mayor of the City a quarterly report (the "**Quarterly Report**") on the progress of the Parties, including the progress of the CPO Committee, the CIO Committee and the Working Group, in implementing and effectuating the Recommendations;

(f) within 60 days after the end of each calendar year, beginning with the year ending December 31, 2016, preparing and delivering to the City Council of the City of Chicago ("**City Council**") an annual report (the "**Annual Report**") on the progress of the Parties, including the progress of the CPO Committee, the CIO Committee and the Working Group, in implementing and effectuating the Recommendations; and

(g) participating annually in a public hearing of City Council to discuss the Annual Report.

The CPO Committee is authorized to establish rules, policies and procedures that the Parties shall implement and follow, consistent with the spirit of the Recommendations and in furtherance thereof, and to establish remedies for noncompliance.

Each Party's respective Inspector General or equivalent shall have the authority to investigate the Party's performance under and compliance with this Agreement. Each Party shall cooperate with the City's Office of Inspector General ("**City OIG**") to provide information pertaining to the Party's progress in implementing the Recommendations as necessary for the City OIG's completion of its annual independent evaluation of the implementation of the Recommendations.

Article Three: Term

This Agreement shall be in effect for a five-year period beginning on _____, 20___ through and including _____, 20____, and shall renew automatically for successive two-year periods unless all Parties agree in writing not to renew the Agreement.

Article Four: Consent

Whenever the consent or approval of one or more Parties to this Agreement is required hereunder, such consent or approval shall not be unreasonably withheld.

Article Five: Notice

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified mail, return receipt requested. Telephone numbers and email addresses below are included for convenience only.

If to City	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email _____	With copies to: Department of Law City Hall, Room 600 121 North LaSalle Street Chicago, Illinois 60602 Attention: Corporation Counsel
If to CPS	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email	With copies to: _____ _____ _____ Chicago, Illinois 606__
If to CHA	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email	With copies to: _____ _____ _____ Chicago, Illinois 606__
If to CTA	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email	With copies to: _____ _____ _____ Chicago, Illinois 606__
If to CPD	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email	With copies to: _____ _____ _____ Chicago, Illinois 606__
If to PBC	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____ Email	With copies to: _____ _____ _____ Chicago, Illinois 606__
If to CCC	_____ _____ _____ Chicago, Illinois 606__ Phone: 312-74_-____	With copies to: _____ _____ _____

	Email	Chicago, Illinois 606__

The addresses above may be changed when notice is given to the other Parties in the same manner as provided above. Any notice, demand or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier and, if sent pursuant to subsection (c) shall be deemed received two (2) days following deposit in the mail.

Article Six: Assignment; Binding Effect

This Agreement, or any portion thereof, shall not be assigned by a Party without the prior written consent of the other Parties.

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns. This Agreement is intended to be and is for the sole and exclusive benefit of the Parties hereto and such successors and permitted assigns.

Article Seven: Modification

This Agreement may not be altered, modified or amended except by written instrument signed by the Parties hereto as of the date of such instrument; provided, however, that any material alteration, modification or amendment shall require the approval of the governing board or governing body of each Party.

Article Eight: Compliance With Laws

The Parties hereto shall comply with all federal, state and municipal laws, ordinances, rules and regulations relating to this Agreement.

Article Nine: Governing Law and Severability

This Agreement shall be governed by the laws of the State of Illinois. If any provision of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, ordinance, rule of law or public policy, or for any reason, such circumstance shall not have the effect of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part hereof.

Article Ten: Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original.

Article Eleven: Entire Agreement

This Agreement constitutes the entire agreement of the Parties regarding the Report and the Recommendations.

Article Twelve: Authority

The Parties represent and warrant to each other that they have the authority to enter into this Agreement and perform their obligations hereunder; provided, however, that the obligations

of the Parties to implement and effectuate the Recommendations are subject to, as applicable: (a) the appropriation and availability of funds, and (b) the approval of the governing board or governing body of each Party and/or third parties.

Article Thirteen: Headings

The headings and titles of this Agreement are for convenience only and shall not influence the construction or interpretation of this Agreement.

Article Fourteen: Disclaimer of Relationship

Nothing contained in this Agreement, nor any act of a Party hereto, shall be deemed or construed by any of the other Parties hereto or by third persons to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the Parties.

Article Fifteen: No Personal Liability

No officer, member, official, employee or agent of any Party shall be individually or personally liable in connection with this Agreement.

[signature pages follow]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed and delivered as of the date first above written.

CITY OF CHICAGO, ILLINOIS

By: _____
Name: Rahm Emanuel
Title: Mayor

BOARD OF EDUCATION OF THE CITY OF CHICAGO

By: _____
Name: _____
Title: _____

CHICAGO HOUSING AUTHORITY

By: _____
Name: _____
Title: _____

CHICAGO TRANSIT AUTHORITY

By: _____
Name: _____
Title: _____

CHICAGO PARK DISTRICT

By: _____
Name: _____
Title: _____

PUBLIC BUILDING COMMISSION OF CHICAGO

By: _____
Name: _____
Title: _____

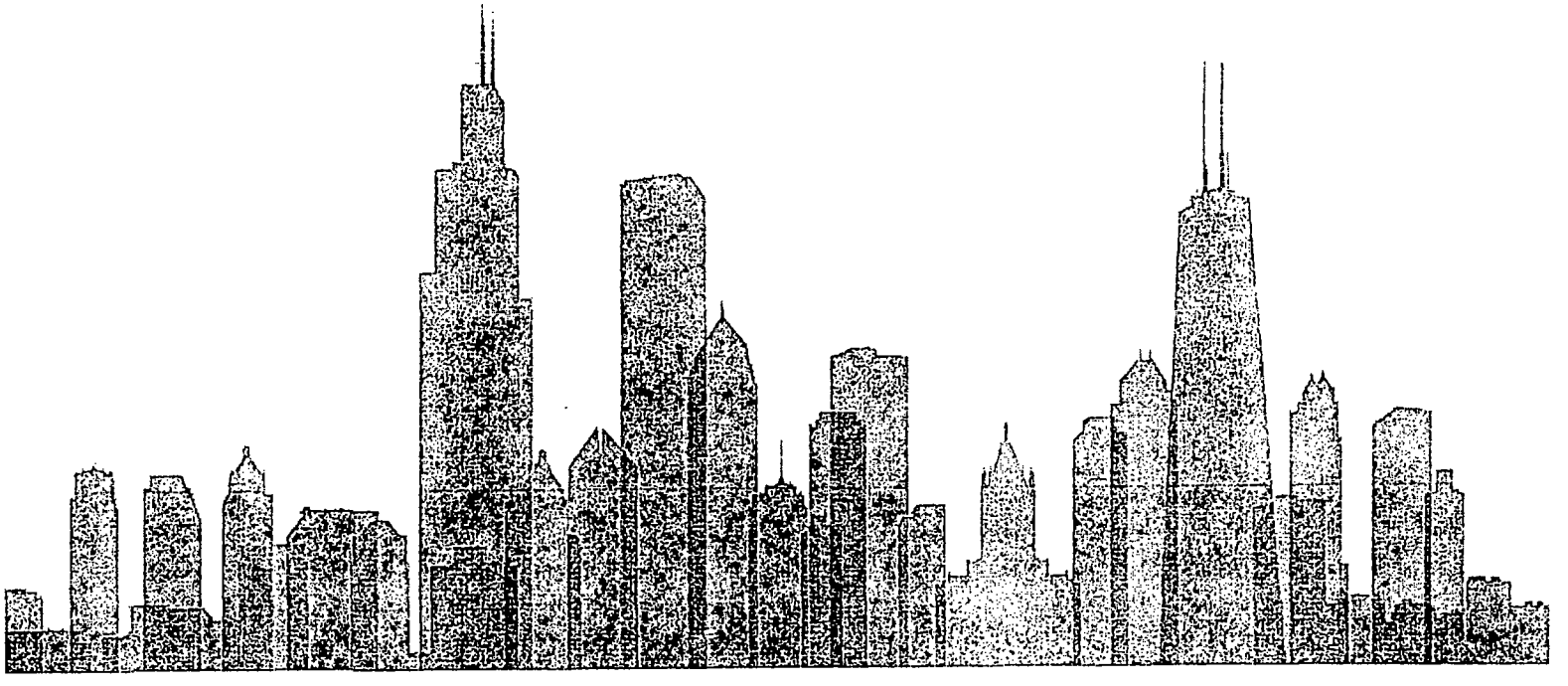
Board of Trustees of Community College District
No. 508, County of Cook and State of Illinois

By: _____
Name: _____
Title: _____

Exhibit A

Procurement Reform Task Force Report

Attached.



REPORT OF THE CHICAGO PROCUREMENT REFORM TASK FORCE

November 17, 2015

November 17, 2015

Dear Mayor Emanuel,

We, the members of the Procurement Reform Task Force, are pleased to submit this report detailing our findings and recommendations for reforming the procurement policies and practices of the City of Chicago and six of its sister agencies—Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Chicago Park District, and Public Building Commission. This report represents months of research, discussion, analysis, and outreach in furtherance of our mandate to identify opportunities to improve efficiency, increase accountability, and economize public funds in government procurement.

To achieve our mandate, the Task Force issued a comprehensive survey to all member agencies, reviewed policies and procedures, held meetings with procurement staff, researched statutory obligations and comparative practices, and solicited feedback from agency Inspectors General. Through this work, the Task Force gained an understanding of the current status of procurement across the City and its sister agencies and identified opportunities for improvement through a series of findings. Based on the findings, the Task Force developed the enclosed set of recommendations to be accomplished in the immediate, intermediate, and long term.

The Task Force's recommendations continue reforms started by your administration and build on the ongoing work of the Government Procurement Compliance Forum. The recommendations are intended to further current efforts to ensure that the policies and practices of the City and sister agencies support competition, efficiency, transparency, integrity, and uniformity in procurement. They outline actions to streamline operations, reduce redundancies, and enhance resource management across the City and its sister agencies. The recommendations also identify steps to limit the risks for fraud and conflicts of interests through implementation of uniform best practices and improved information-sharing and oversight. These improvements will not only increase transparency for the public and reduce administrative burden, they will also lower barriers to entry for vendors and increase competition.

To ensure the public's trust and fulfill our obligations as stewards of public funds, the Task Force believes government procurement must be fair, open, and built to maximize value for taxpayers. We know you share these priorities and look forward to the City's and sister agencies' continued collaboration to implement these reforms, which will result in lasting benefits for the City and its residents.

Sincerely,

Jamie L. Rhee
Co-Chair

Joseph Ferguson
Co-Chair

Forrest Claypool
Member

Dorval Carter
Member

Eugene Jones, Jr.
Member

Cheryl Hyman
Member

Michael Kelly
Member

Felicia Davis
Member

ACKNOWLEDGMENTS

The Task Force is thankful for the efforts and assistance of many individuals whose contributions were essential to this report. The success of this project depended on the full commitment of the City of Chicago and the participating sister agencies—Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Chicago Park District, and Public Building Commission. We thank all the officials and staff, especially those from the procurement departments, who spent many hours responding to questionnaires, answering emails, and talking with the Task Force about their policies, practices, and systems. Their ideas and suggestions inspired many of the Task Force's recommendations.

The Task Force also acknowledges our *pro bono* partners, Civic Consulting Alliance and Mayer Brown LLP. In particular, we thank Antonio Benecchi and Alfonso de Hoyos y Acosta for their consultation on process, David Narefsky for his assistance with research, and Lori Lightfoot for moderating a successful discussion session to finalize the recommendations.

Finally, we would like to thank the Mayor's Office, the City of Chicago's Department of Procurement Services, and the Office of Inspector General for their contributions throughout this project.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The City of Chicago and its sister agencies—Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Chicago Park District, and Public Building Commission—spent over $6 billion on goods and services in Fiscal Year 2014. From constructing buildings to buying office supplies and from implementing technology systems to purchasing road salt, these organizations rely on their procurement processes, contract terms, and compliance efforts to ensure receipt of the highest quality goods and services at the lowest possible cost for the taxpayers in and around Chicago. To achieve those results, the City and sister agencies are constantly seeking to employ best practices, operational efficiencies, and transparent procurement processes that maintain the public's trust. In recent years, the City and its sister agencies have made individual efforts toward streamlined operations and process improvements and have begun cooperative efforts through the Government Procurement Compliance Forum (GPCF), which is organized and led by the City's Chief Procurement Officer, Jamie Rhee. The GPCF brings together procurement staff from the City and sister agencies, as well as representatives from other government entities and non-profit organizations that assist vendors, to collaborate on best practices and achieve the goals of making local municipal procurement more efficient and transparent.

While the GPCF's work continues, Mayor Rahm Emanuel identified an opportunity to achieve broader and more impactful results through collaboration among the City and its sister agencies, and on May 27, 2015, he convened the Procurement Reform Task Force. The Task Force is composed of the Chief Procurement Officer (CPO) for the City of Chicago and the Chief Executive Officer, Executive Director, or Chancellor of the six participating sister agencies: Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Chicago Park District, and Public Building Commission.

The Mayor charged the Task Force with a mandate to identify opportunities for the City of Chicago and its sister agencies (referred to herein as "Participating Members") to implement uniform best practices governing the award, management, and oversight of contracts in an effort to improve efficiency, increase accountability, and economize public funds. He appointed the City's CPO, Jamie Rhee, and its Inspector General, Joe Ferguson, as co-chairs, to lead the Task Force's efforts. The Task Force Co-Chairs formed a Working Group, which was composed of staff from the City of Chicago's Department of Procurement Services and its Office of Inspector General and was supported by the Mayor's Office, the Department of Innovation and Technology, and two private sector entities providing *pro bono* services, the Civic Consulting Alliance and Mayer Brown LLP.

The Task Force divided its work into two phases—findings and recommendations. In its first phase, the Working Group sought information and analyzed data regarding the current status of procurement at the City and its sister agencies. Based on a comprehensive survey of procurement and related topics, reviews of agency documents and other materials, as well as in-person meetings with each Participating Member, the Task Force drafted and adopted a set of 43 findings. The findings are grouped into five categories that represent essential principles of government procurement:

Competition – Through maximizing competition, governments can ensure they are getting the best value with taxpayer dollars. When the procurement process is fair, standardized, and accessible, it invites greater vendor participation which can drive down cost while improving quality. While competitive procurements are resource-intensive endeavors, the front-end costs are far outweighed by the benefits to the City and its sister agencies in the form of savings, better value, and enhanced public trust in government.

Efficiency – Like many governments across the country, the City and its sister agencies face tremendous fiscal challenges as they continue to provide essential services to Chicagoans. Within the area of procurement, there are significant opportunities to identify overlapping processes that could be consolidated, conducted jointly, or made compatible. Because the Participating Members work with many of the same vendors, such changes would not only decrease internal administrative costs but would also encourage competition by reducing barriers to entry.

Transparency – Taxpayers have a right to know how their dollars are being spent. In procurement, transparency encompasses information about what goods and services are purchased, from whom they are purchased, and through what processes. Transparency means not only sharing these basic facts with the public, but also providing clear, effective notice and access to information in a manner that is consistent and user-friendly. A procurement system that is fully transparent strengthens the government's relationship with the public, and increases competition by making the system more accessible.

Integrity – Procurement departments are entrusted with purchasing goods and services that are vital to the health, safety, and wellbeing of the public in the most economical and effective manner possible. As such, procurement processes must be consistently and thoroughly regulated, which requires transparent processes that are routinely audited and reviewed. This also includes safeguards that ensure impartiality and clear mechanisms for reporting irregular and illegal activity.

Uniformity – The Participating Members provide many distinct services to Chicagoans and are governed by unique sets of laws and regulations. Despite these differences, they regularly procure similar goods and services from an overlapping pool of vendors. Creating greater uniformity and compatibility in policies, procedures, and documents would conserve limited government resources in this strained fiscal climate, and reduce needless obstacles that inhibit competition.

The findings in these areas revealed opportunities for reform that broadly include: strengthening processes and controls and adopting best practices; ensuring greater consistency and coordination between the Participating Members both to improve internal processes and the vendor experience; and reducing administrative burden and cost through greater collaboration and shared services. These findings made clear that collective action by the City and its sister agencies must be taken in order to address certain inefficiencies, disparities, and gaps in standards, processes, and compliance.

In its second phase of work, the Task Force developed a series of recommendations to build a better procurement system exemplified by increased efficiency, maximum competition, reduced burden on

vendors, leveraged buying power, and robust oversight. The recommendations are categorized in groups based on whether they can be implemented on an immediate, intermediate, or long-term basis – classifications representing the amount of work and resources required for implementation, not the recommendations' priority.

The Task Force recognizes that the procurement staff at the City and sister agencies take their responsibilities seriously, and they work diligently and honestly to improve the procurement processes at their respective agencies. The Task Force also understands the fiscal situation that its Participating Members face, with some experiencing unprecedented financial pressures that require City and agency leaders to identify and pursue spending reductions, significant program cuts, and new revenue streams. The Task Force views the current financial climate as both an opportunity to advance changes that might not otherwise be considered, and a potential obstacle to improvements that require an outlay of resources.

Despite financial constraints and the daily demands of their workloads, the Participating Members' enthusiastic participation in this process has led to the discovery of opportunities for positive change. Such cooperation and active participation will be integral to the implementation of the Task Force's recommendations. The Task Force is confident that the commitment demonstrated by each Participating Member will be the driving force behind the implementation of the following Task Force recommendations:

Immediate Recommendations (end of Q1 2016)

1. Create a Committee of the Participating Members' CPOs to rule on certain administrative decisions, address obstacles to coordination, and ensure best practices across the City and its sister agencies.

2. Charge the CPO Committee with addressing the Task Force recommendations, tracking their implementation, and issuing quarterly progress reports.

3. Establish minimum standards by which all Participating Members will publish their anticipated sole source awards, receive public and vendor feedback, and make decisions about whether a solicitation is necessary.

4. Hire or secure *pro bono* services from a law firm to:

    a. Identify contract provisions that could be subject to standardization across Participating Members' templates, and draft uniform contract templates incorporating the required terms of the Participating Members, including contract duration and number of renewals.

    b. Where appropriate, standardize solicitation documents issued by Participating Members and the documents required in response.

5. Charge the Chicago Government IT Coordination Committee, which consists of the CIOs of the Participating Members, with identifying the procurement-related systems that can be shared and developed jointly and developing a schedule for implementation.

6. Post all contracts, vendors, and subcontractors on agency websites in a user-friendly and searchable format.

7. Create an easily accessible website for vendors and the public that provides a single location for: all of the Participating Members' current procurement opportunity listings and other procurement-related information such as the buying plan, notices of award, and prequalified pools; a list of all debarred vendors; and all current contract and vendor databases.

8. Establish minimum disclosure requirements for subcontractors and require posting subcontractor information online.

9. Establish minimum standards for conducting due diligence of vendors before entering into a contract.

10. Establish uniform rules governing resolicitation of contracts due to significant changes in scope or value.

11. Evaluate the consistency of MBE/WBE/DBE certifications accepted by Participating Members.

12. Implement the uniform criteria and processes for evaluating Good Faith Efforts regarding requests for waivers for MBE/WBE/DBE goals that are currently being developed and will be recommended by the Government Procurement Compliance Forum.

13. Require a written, publicly posted protest process for each Participating Member.

14. Examine whether Participating Members should support a change in state law to eliminate the newspaper notice requirement for contract solicitations.

15. Establish a process for information-sharing and collaboration among Participating Members on personnel matters such as professional development efforts and recruitment.

Mid-Term Recommendations (end of Q4 2016)

16. Establish uniform standards based on best practices for approval of noncompetitive awards, including small purchase, emergency, and sole source.

17. Develop a common electronic Economic Disclosure Statement system that: allows for the submission of uniform information for all Participating Members' vendors and subcontractors; integrates disclosures and certifications into Participating Members' procurement databases; automates conflict checks and due diligence; and can be updated in real time.

18. Establish a process for the use of joint pre-qualified vendor pools that recognizes the different statutory requirements applicable to Participating Members.

19. Develop best practices for routine audits of procurement functions and contract awards, and evaluate use of shared services to perform this function.

20. Require each Participating Member to create a comprehensive procurement manual for its staff that is user-friendly and available to the public.

21. Codify and provide training to Participating Members' employees on procurement rules and regulations, including appropriate authority, prohibited communications, and reporting obligations.

22. Develop universal programming for vendor outreach and training.

23. Develop uniform, minimum contract close-out procedures for use by all Participating Members.

24. Develop minimum standards for project managers and other on-site review personnel to ensure vendor compliance.

25. Establish a process for information-sharing among Participating Members regarding poor performance, noncompliance, or wrongdoing of a vendor.

26. Seek to establish reciprocal debarment among Participating Members through the use of a debarment review board or another mechanism as permitted by law.

27. Establish uniform practices, where permitted by law, to expand preferences for local vendors and support a workforce development or similar contract award preference.

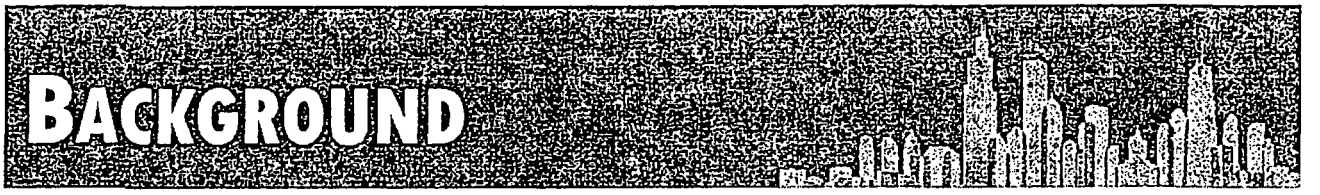
Long-Term Recommendations (2017 and beyond)

28. Implement a universal procurement system that serves as a single point of entry for posting and responding to all Participating Members' procurement opportunities, and as a central repository for all contract and vendor information.

29. Identify compliance functions that can be shared among Participating Members, including MBE/WBE compliance activities, and establish a joint compliance field team.

30. Secure a *pro bono* study regarding the financial impact of the City's risk shifting contractual provisions.

31. Evaluate the benefits of center-led or consolidated procurement among the Participating Members.



On May 27, 2015, Mayor Emanuel convened the Procurement Reform Task Force to review the procurement policies and procedures of the City of Chicago and its sister agencies—Chicago Public Schools, Chicago Transit Authority, Chicago Housing Authority, City Colleges of Chicago, Chicago Park District, and Public Building Commission—and develop recommendations to enhance oversight, streamline processes, and implement best practices. As stewards of public funds entrusted with delivering the goods and services that Chicago residents depend on, the Task Force member agencies are continually engaged in self-examination and system improvements. The creation of this Task Force is recognition that, although each of these entities provides distinct functions and is governed by separate laws and regulations, there are fundamental similarities among them that require significant coordination and collaboration in order to achieve meaningful reform.

This report presents the Task Force's findings and recommendations for procurement at the City of Chicago and its sister agencies. The report includes background on the Task Force's membership, process, and context. It then discusses the Task Force's findings regarding the current state of procurement at the City and its sister agencies and provides actionable recommendations to create a system grounded in the principles of competition, efficiency, transparency, integrity, and uniformity.

MEMBERS

The participating members of the Task Force are seven separate governmental units (referred to herein as "Participating Members"). These public bodies have unique missions and operate under a diverse array of state, federal, and local laws and regulations. A brief summary of each organization and the name of its Task Force representative follow:

City of Chicago
Jamie L. Rhee, Chief Procurement Officer
Joseph Ferguson, Inspector General

The City of Chicago, a home rule unit of local government under Section 6 of Article VII of the Illinois Constitution, is composed of 27 departments under the executive authority of the Mayor. City government includes two other City-wide elected officials—Treasurer and Clerk—and 50 Aldermen, who compose the City Council. City departments serve approximately 2.7 million City residents and 9.5 million Chicagoland residents, and maintain the facilities, services, roads, and alleys throughout the City's 237 square miles. Some of the notable departments include the Departments of Aviation, Buildings, Family and Support Services, Fire, Fleet and Facility Management, Planning and Development, Police, Public Health, Public Library, Streets and Sanitation, Transportation, and Water Management. As it plans for the next fiscal year, the City has identified a $754 million shortfall that it must address. While the Mayor does not direct the operations of the sister agencies, he does play a role in their management and oversight by appointing board members and the heads of the organizations.

Chicago Public Schools (CPS)
Forrest Claypool, Chief Executive Officer

CPS is subject to the Illinois School Code, 105 ILCS 5/1 et seq., and governed by the Chicago Board of Education, whose seven members are appointed by the Mayor. The Mayor also appoints CPS' Chief Executive Officer, who is responsible for the management of the school system. CPS educates about 400,000 children in over 600 schools, making it the third largest school district in the country. It is currently in the middle of a five-year action plan that prioritizes raising classroom standards, building systems of support, engaging families, and implementing sound fiscal and operational systems. See cps.edu/pages/actionplan.aspx.

Chicago Transit Authority (CTA)
Dorval Carter, President

Created by the Metropolitan Transit Authority Act, 70 ILCS 3605/1 et seq., CTA is the second largest public transportation system in the country, operating bus and rail service throughout the City and to 35 surrounding suburbs. It provides approximately 1.64 million rides per weekday. CTA's system consists of 140 bus routes and eight train routes that run over 224 miles of track. CTA is governed by the Chicago Transit Board. Four of its seven members are appointed by the Mayor of Chicago with the advice and consent of the City Council and the remaining three by the Governor of Illinois with the advice and consent of the State Senate. The transit system is led and managed by a President, who is appointed by the Mayor subject to the approval of the Board.

Chicago Housing Authority (CHA)
Eugene Jones, Jr., Acting Chief Executive Officer

Authorized by the Illinois Housing Authorities Act, 310 ILCS 10/1 et seq., and subject to the regulations of the U.S. Department of Housing and Urban Development, CHA develops and manages housing for low-income Chicago residents. It currently provides homes to more than 50,000 families and individuals. Since 2000, CHA has been implementing its Plan for Transformation, redeveloping and rehabilitating its public housing inventory and shifting the focus from high rises to mixed-income developments. See www.thecha.org/about/plans-reports-and-policies. CHA is overseen by a ten-member board appointed by the Mayor and confirmed by the City Council. Its day-to-day operations are performed under the direction of a Chief Executive Officer appointed by the Mayor subject to the approval of the Board.

City Colleges of Chicago (CCC)
Cheryl Hyman, Chancellor

Established by the Illinois Public Community College Act, 110 ILCS 805/1 et seq., CCC is a community college system composed of seven schools across the City—Richard J. Daley College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Harry S. Truman College, Harold Washington College and Wilbur Wright College—as well as culinary and communications facilities, and five child development centers. CCC enrolls 115,000 students annually at its colleges and satellite sites and employs 5,700 faculty and staff. The CCC Board of Trustees is composed of seven voting members, appointed by the Mayor with approval by the City Council, and one student trustee elected by the student body. The Chancellor, who oversees the CCC, is appointed by the Mayor subject to the approval of the Board.

Chicago Park District (CPD)
Michael Kelly, General Superintendent and Chief Executive Officer

Created by the Chicago Park District Act, 70 ILCS 1505/.01 et seq., CPD owns and manages one of the largest municipal park systems in the country, with 580 parks, 77 pools, 23 beaches, and 2 conservatories on 8,100 acres of land, including 26 miles of lakefront. CPD offers sports, environmental, and cultural programming for all ages at its facilities. CPD land also houses ten museums and hundreds of concessionaire vendors who provide dining and recreational opportunities. CPD is governed by its Board of Commissioners, composed of seven members appointed by the Mayor and approved by the City Council. The General Superintendent for CPD, who leads the operations for the District, is appointed by the Mayor subject to the approval of the Board of Commissioners.

Public Building Commission of Chicago (PBC)
Felicia Davis, Executive Director

Authorized by the Public Building Commission Act, 50 ILCS 20/1 et seq., and § 2-140-010 of the Municipal Code of Chicago, PBC formed in 1956 to develop the Chicago Civic Center, now the Richard J. Daley Center. PBC centralizes functions of various branches of government to ease the acquisition, improvement, and construction of buildings and facilities. With clients that include the City of Chicago and each sister agency on this Task Force, as well as Cook County, PBC has built and renovated schools, colleges, libraries, parks, fire houses, and police stations. PBC also continues to serve as property manager for the Daley Center. PBC is governed by an eleven-member Board of Commissioners that includes six Mayoral appointees and is comprised of representatives of its government clients and other civic and business leaders. Currently, the Mayor is the Chairman of the Board of Commissioners. Subject to the Board's approval, the Chairman appoints the Executive Director of the PBC, who runs the agency's operations.

The Participating Members vary not only in their mission and regulation, but also in their size and resources. These differences provide context for the findings across the organizations. The chart below compares agency headcount and budgets for Fiscal Year 2014.

	City	CPS	CTA	CHA	CCC	CPD	PBC
Operating Budget (including Federal dollars)	$8.7 billion	$5.59 billion	$1.38 billion	$712 million	$509.2 million	$425.5 million	$33.9 million
Operating Federal dollars	$1.48 billion	$908.4 million	Federal funding is discussed in connection with specific projects.	Budget is almost all federal dollars.	$402,595	$2.18 million	Not applicable
Capital Budget	$2.44 billion	$307.7 million	$717.9 million	$31.4 million	$147.7 million	$32.5 million	$150.5 million[1]
Agency Headcount	31,378	41,579	9,661	442	5,700	3,102	66
Procurement Headcount	40[2]	23	42[3]	27[4]	11	12	12
Procurement Budget	$3.27 million[5]	$2.48 million	$7.9 million	$2.46 million	$996,881	$874,606	$985,242

Relevant to the Task Force's review, the Participating Members issue differing numbers of competitive and noncompetitive procurements, have varying numbers of contracted vendors, and expend significantly different amounts of money through their procurements. The following chart compares those numbers for 2014.

[1] This only includes the capital budget for improvements at the Richard J. Daley Center, which is part of PBC's annual budget. Costs for capital projects developed by the PBC on behalf of its clients (City of Chicago, Cook County, and sister agencies) are included in the respective clients' capital budgets. In 2014, the PBC had a total of $151 million in work-in-place for projects in development on behalf of its clients.

[2] 23% (9) of the City's procurement headcount is attributable to compliance and oversight staff.

[3] CTA has separate Purchasing and Diversity departments with separate budgets. The CTA's Purchasing department was $5.71 million for 36 individuals. The CTA's Diversity department budget was $2.19 million for 14 individuals, 6 of whom had job duties solely dedicated to procurement compliance.

[4] 37% (10) of the CHA's procurement headcount is attributable to compliance staff.

[5] 20% ($640,000) of the City's procurement budget is attributable to compliance and oversight.

	City	CPS	CTA	CHA	CCC	CPD	PBC
# of Competitive Procurements	318	614	1472	199	179	169	107
# of Non-competitive Procurements	13	18	43	26	34	4	16
# of Vendors	2,666	4,774	425	340	308	293	296
Total Spend	$2,500,969,517	$2,055,088,025	$914,341,020	$222,147,560	$175,783,701[8]	$68,992,507	$134,266,509

Despite the legal independence, distinct statutory obligations, separate funding authority and revenue streams, and varying resources of the Participating Members, the public commonly views these entities as one City government providing City services. The public's perception stems from the fact that the Participating Members serve the same constituents, operate in the same region, often use the same resources and vendors to accomplish their mission, and are led by individuals appointed by the Mayor. These circumstances highlight the importance and urgency of the Task Force's efforts as it seeks to break down barriers to coordination and make each Participating Member more accountable for the expenditure of its public funds.

PROCESS

After the May 27, 2015 launch meeting, the Task Force Co-Chairs formed a Working Group composed of staff from the City of Chicago's Department of Procurement Services and its Office of Inspector General. The Working Group was supported by staff from the Mayor's Office and the Department of Innovation and Technology, and two private sector entities providing *pro bono* services, the Civic Consulting Alliance and Mayer Brown LLP.

The Working Group led the first phase of the Task Force's efforts, summarizing the current status of procurement through key findings. The Working Group developed a comprehensive survey that was circulated to each Participating Member. The survey sought information on six topics: Procurements, Contracts, Grants, MBE/WBE/DBE Programs, Systems and Technology, and Oversight.

[6] *This represents the number of CPS vendors with purchase orders in Fiscal Year 2014. CPS had 8,955 vendors in its system that year.*

[7] Total spend represents CHA's spend for 2014 contracts only. CHA's 2014 spend through purchase orders was $355,100,868.

[8] Total spend represents CCC's Fiscal Year 2014 from 7/1/13 to 6/30/14.

- The **Procurement** section addressed the competitive and noncompetitive processes used to award contracts, including Invitations to Bid, Requests for Proposals, Requests for Qualifications, and emergency and sole source awards. It also inquired about vendor communications and conflict of interest controls.
- The **Contract** section included questions regarding agreement templates, terms and conditions, contracting authority and process, vendor verification and training, and contract close-out procedures.
- The **Grants** section requested similar information related to any grants that the Participating Members award.[9]
- The **Minority-Owned Business Enterprise/Women-Owned Business Enterprise/Disadvantaged Business Enterprise (MBE/WBE/DBE) Programs** section requested information on Participating Members' Supplier Diversity programs. The MBE and WBE programs are municipal programs that support equal access to contracting opportunities for minority- and women-owned businesses by establishing participation goals for contracts funded with public dollars. The DBE program is a federal program, which applies to contracts procured with federally sourced funds, and enables small businesses owned by socially and economically disadvantaged individuals to compete for federally-funded contracts procured by State and local agencies. In order to participate in these programs, the businesses must be certified by an appropriate agency or organization as an MBE, WBE, or DBE. Generally, in order for the MBE, WBE, or DBE's involvement with the contract to satisfy the requisite goal, it must be performing a commercially useful function related to the contract in an area of specialty in which it is certified. With regard to these programs, the survey inquired about program certifications accepted, due diligence performed, agency participation goals, and the process for determining good faith efforts for the utilization of certified firms on government contracts.
- The **Systems and Technology** section addressed internal and outward facing systems related to procurement and contracting, including costs and any recent or planned improvements or implementations.
- The **Oversight** section requested information on all entities involved in monitoring procurements and contracts, any recent or routine audits performed, processes for handling contract breaches and violations of law, and the debarment process.

Participating Members were also invited to share their highest priorities, most significant risks, and areas of interest related to the Task Force's mandate. The Participating Members provided a wealth of responsive information through their narrative answers and supporting documents.

The Working Group solicited additional input regarding procurement oversight and integrity from the Offices of Inspectors General for the Participating Members through a brief questionnaire. Mayer Brown conducted research on the Participating Members' statutory requirements related to procurement and on comparative practices in similarly situated municipalities. Mayoral Fellows compared the Participating Members' procurement websites and the Civic Consulting Alliance

[9] Based on the information received from the survey responses and in-person meetings, the Task Force determined that the majority of Participating Members do not award grants. The Task Force's findings and recommendations therefore do not address grant awards or administration. Those City Departments and sister agencies that do award grants would still benefit from a review for potential efficiencies in grant administration which in critical respects should be conducted in accordance with the same principles that apply to procurement.

provided best practices for a Procure-to-Pay process as well as ongoing strategic guidance regarding data collection and analysis.

After studying the submitted materials and legal research, the Working Group held meetings with representatives from each of the Participating Members. During the meetings, each agency contributed insights regarding its procurement and contracting practices, potential process improvements, and opportunities for collaboration.

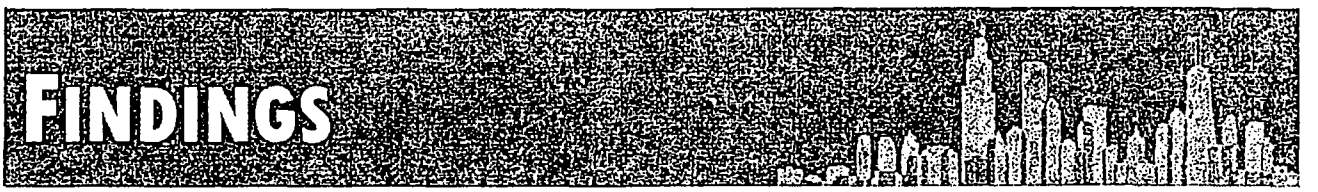
Once the Task Force reached consensus on its findings, it then began work on the recommendations. Representatives from each Participating Member took part in a facilitated discussion session to identify actionable solutions to the issues and deficiencies highlighted by the findings. Some recommendations are achievable in the very near term and have been identified for immediate implementation. Other recommendations require additional study and decision-making, or planning and an outlay of resources. In those cases, they contain some explanation of the needed steps and have been identified for mid-term or long-term implementation. Regardless of when the recommendation can be deemed fully implemented, all of the recommendations require immediate action in order to ensure that the deficiencies and inefficiencies identified by the Task Force are addressed and that the urgency behind the Task Force's creation is not lost.

ENVIRONMENT

The Task Force's review has not been undertaken in a vacuum. Its analysis has been informed by positive, ongoing efforts to improve procurement and address public criticism of and controversy surrounding certain procurement processes. The Task Force is also aware of the tremendous constraint on public funds in the current budget cycle and for the foreseeable future.

In a number of respects, the Task Force's efforts are an extension of the work of the Government Procurement Compliance Forum (GPCF). First convened in January 2014, under the leadership of the City, this forum of city, county, state, and federal government procurement and compliance officials, as well as non-profit organizations representing the vendor community, was created to discuss best practices in procurement and MBE/WBE/DBE compliance. Through this forum, representatives of various public bodies have shared lessons learned and engaged in joint outreach efforts, culminating in a unified Buying Plan and an annual Vendor Fair. The Task Force is similarly focused on best practices, but limited to the City and its sister agencies, which have a greater ability to coordinate and establish uniformity where appropriate.

The positive trends in efforts like the GPCF are at times overshadowed by negative media coverage of high-profile procurements. Such coverage involving public bodies serves as a reminder of the risk all government entities face in public purchasing if they do not remain vigilant. Similarly, public misperception of the procurement process creates distrust by the public of government agencies.



The Task Force focused on five key traits essential to successful public sector procurement and contracting: competition, efficiency, transparency, integrity, and uniformity. Findings regarding the Participating Members' current policies and practices are listed under the trait most relevant to the issue identified. Where findings relate to multiple traits, such as both efficiency and transparency, it is noted in the finding discussion.

The findings across all five traits serve as a call to action for the City and its sister agencies. They highlight recurring opportunities for Participating Members to enact meaningful reforms. While some improvements may be achieved on a limited basis by an individual agency implementing a best practice or a modified process, the most impactful reforms require collective action by the Participating Members in order to effect meaningful structural change across Chicago's procurement systems. These opportunities for reform include: 1) building stronger processes and controls, 2) ensuring greater consistency and coordination, and 3) reducing administrative burden and cost.

First, there are a number of findings where one or more Participating Members may be employing a practice or standard that provides greater competition, transparency, or oversight than those of other Participating Members. This review allows all Participating Members to take note of better practices that others may be using and lays the foundation for recommendations on how all Members can employ more uniform best practices.

Second, the findings reveal opportunities for Participating Members to achieve greater standardization in their documentation and policies, eliminating needless disparity when dealing with many of the same vendors performing similar work or services for multiple Participating Members. Lack of coordination among the Participating Members has a direct impact on the vendor community. The complication and confusion created by varying processes and forms can create barriers to entry and frustration among businesses resulting in a less competitive vendor pool and fueling the perception that Chicago is a challenging city with which to do business.

Finally, findings across all five categories demonstrate opportunities for Participating Members to reduce burden and cost through collaboration, joint purchasing, and shared services. None of the Participating Members can afford to remain within the silo of its own operations. Opportunities to save money and resources are lost when agencies award parallel procurements that could have been issued jointly, duplicate the establishment of vendor pools, and implement inconsistent compliance efforts.

Realizing savings by addressing these findings is not a mere hope. Governments that have already tackled these issues have demonstrated success in saving significant sums.[10] While the City and its sister agencies cannot resolve the issues identified below on their own, together through collective action, the Participating Members can address these issues and can achieve similar results for Chicagoans.

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[10] For example, the State of Virginia, which spends approximately the same amount annually through procurements as the Participating Members, implemented a comprehensive electronic procurement system that established a single-contact, government-to-business network that reduced paperwork, increased transparency, and streamlined operations. As a result, Virginia estimates that it saves $30 million per year through leveraged buying power and $11 million per year in administrative efficiency, while also significantly increasing competition, access to opportunities by disadvantaged businesses, and the speed of processing procurements and the delivery of goods and services. *See* https://eva.virginia.gov/cd/files/evafact1benefits-savings.pdf.

COMPETITION

Robust competition is the best way Participating Members can assure that they secure the greatest value when purchasing goods and services with taxpayer money. Public agencies should strive for free and open competition through well-publicized procurement opportunities that follow standardized solicitation processes.

While developing and executing competitive procurements requires significant time and effort, it is justified by the resulting optimized value and public trust. Moreover, efficiency and competitive procurement are not an either/or proposition. Increased use of joint procurements, piggybacking, and consortium purchasing can further competition with less administrative burden. Even in small value procurements, abbreviated public processes that encourage open competition can and should be developed. Entities that do not employ these practices often cite the burden and inconvenience, but in doing so they overweigh the front-end costs, underestimate associated risks and the compliance and enforcement costs that ensue from those risks, and relatedly underestimate the benefits. Of course, the frequency of using these methods of procurement must be balanced with providing opportunities to MBE/WBE/DBEs and new businesses by issuing more solicitations.

Inevitably, there will arise unexpected circumstances in which it is not possible or economical to run even an abbreviated solicitation process, such as in emergency situations where life or public safety are at risk. However, instances in which noncompetitive awards are made for goods and services should be rare, and controls should be in place to confirm that the use of a noncompetitive process is justified.

Without processes that maximize competition, public bodies open themselves up to criticism from the public and vendors that they are running an unfair procurement system that benefits some at the expense of others, while wasting public funds on higher cost goods and services. Only by ensuring a holistically competitive procurement system can Participating Members transform the public's perceptions, rooted in Chicago's past, that give rise to suspicions of insider dealings, graft, and waste.

The findings on competition in procurement are:

1. Participating Members use a variety of common competitive processes, including Invitations for Bids, Requests for Proposals, and Requests for Qualifications; however, their solicitation documents and award procedures vary.

Participating Members generally use the same competitive procurement mechanisms. All use:

- Invitations for Bids (IFB). IFB is a competitive process in which the award is based solely on the lowest price. In an IFB, bidders are first determined to be responsible bidders based on relevant criteria and whoever submits the lowest bid among the responsive, responsible bidders is awarded the contract.
- Requests for Proposals (RFP). RFP is a competitive process in which price is not the sole criteria. Often used for professional services, responses to the RFP are scored on a variety of criteria, a winning respondent is selected, and a contract is then negotiated. If agreement cannot be reached with the contractor, another high scoring respondent may be chosen.

- Requests for Qualifications (RFQ). RFQ is a competitive process often used for procurements involving technical skills and knowledge. The solicitation focuses on the applicants' demonstration of their professional qualifications and ability to provide the services in the specified area of expertise. This process is substantially similar to Letters of Interest and Qualifications (LIQ), which are used by some Participating Members.

Some Participating Members use additional procurement options such as:

- Reverse auctions. A reverse auction is a competitive process which first requires the determination that bidders are responsible based on their experience and capabilities, and then is followed by a live, public auction in which the responsible bidders attempt to win the award by offering the lowest bid before the end of the auction.

- Requests for Information (RFI). An RFI is a solicitation used to gather information about vendors' capabilities in a certain field. The process can be used to learn about how vendors would handle a specific project and to qualify vendors for a subsequent solicitation.

These common (and in some cases overlapping) building blocks provide a foundation on which the Participating Members can build more collaboration in purchasing.

While the processes are generally standard, there is variation in the Participating Members' solicitation documentation, requirements, and terminology. Certain solicitation provisions may be required by statute for a Participating Member; however, much of the variation among the agencies is within their discretion and could be made uniform to ease consolidation and reduce burden on the vendor community. Variation that exists in the Participating Members' solicitation documents then runs throughout the procurement process into their contracts and dispute resolution procedures, serving as an obstacle to consolidation across agencies. This variation also increases the administrative burden on vendors requiring them to deal with different processes and documents when they respond to solicitations from multiple Participating Members.

2. While all of the Participating Members use the same forms of noncompetitive procurements—emergency, sole source, and, in some cases, small purchase—the standards and controls governing those procurements vary in content and efficacy, and expose the agency and taxpayer to risk of abuse and fraud.

As with competitive procurements, Participating Members utilize most of the same noncompetitive procurements. However, the circumstances under which those processes may be used and the controls over those processes vary. For example, in the case of emergency procurements, the determination that the noncompetitive purchase is justified due to risk to health, safety, or public exigency must be verbally approved by the CCC Board Chairman when over $25,000, approved by the CPD Board when over $100,000, and approved by CHA's Board when over $1,000,000. While different organizations may rightfully tolerate different degrees of risk, a threshold range of $975,000 for board approval among the various Participating Members does not make much sense given the similar environment in which they operate.

This variation in standards and controls for noncompetitive processes highlights areas where some Participating Members are further from a best practice than others. It also suggests that if certain

agencies can successfully employ more competitive practices in their procurements, then the other Participating Members can do the same. Several of the ensuing findings address some of the more significant variations among the Participating Members' noncompetitive procurement processes.

3. Through a small purchase process, contracts up to differing thresholds are awarded with varying degrees of rigor in competition, transparency, and oversight.

The threshold for what defines a small purchase varies greatly among the Participating Members—from under $2,500 at CCC to under $100,000 at CHA and the City. While most Participating Members require some level of competition for small purchases, the rigor of these processes varies from a formal bid solicitation process to awards with no competition.

The City advertises all small orders, and bids are submitted to its bid and bond room and posted online. Other Participating Members most commonly procure small purchases by the user department directly soliciting multiple quotes. One Participating Member noted that its procurement department does not know how the user department goes about soliciting its quotes, and as a result the procurement department instituted a practice of also posting small purchase opportunities on its website. At CPS, where they do not use the term "small purchase," directly solicited quotes are used to procure services valued up to $250,000 for categories identified as "non-biddable." Non-biddable purchases are defined by Board Rule 7-2 (b) as all items exempted from competitive bidding requirements under 105 ILCS 5/10-20.21, such as contracts requiring professional skills, contracts for perishable foods and beverages, contracts for data processing equipment, and contracts for duplicating machines and supplies.

The varying thresholds for small purchases and the varying degrees of competition in the processes means that significantly different sums of public funds are awarded with little competition at the City and its sister agencies. Moreover, the process of directly soliciting three or more bids from vendors often involves little oversight by the agency's procurement office, and may not provide much competition in the process, as acknowledged by the Participating Member who now posts small purchase awards as well. This disparity among the Participating Members is difficult to justify.

4. While some of the Participating Members have a competitive process for emergency contracts, only one imposes a limit on the contract's duration and only one has an open solicitation process.

Even in the exigent circumstances of an emergency, some Participating Members have taken steps to support a competitive procurement. The City announces all emergency contracting opportunities through its alert system and posts all outstanding emergency contracting opportunities on its website for bidding. CPS solicits a contracted pool of qualified vendors to provide emergency facility restoration and assigns the emergency work as it arises based on the services needed and capacity. PBC requires that the user department make diligent efforts to solicit proposals from multiple vendors and document those efforts.

One method to ensure that this noncompetitive process is not abused is to limit the duration of emergency contracts. An operating principle for such a limitation period would be that the term of an emergency contract should be no longer than minimally necessary to competitively procure the goods or services. Only one agency operates with such a limit currently—the CTA. CTA limits the duration

of emergency contracts to the approximate amount of time it will take to complete a new competitive procurement.

In practice, emergency procurements are at times used for needs that should have been anticipated and would normally require a competitive procurement but, due to delay or poor planning, have developed into an emergency. The incidence of such inappropriate use of emergency contracts undermines perception of the fairness and integrity of the competitive procurement system from which it deviates. The impact of this inappropriate use of emergency contracts would be lessened by limits on their duration.

5. Participating Members use varying criteria to justify sole source awards, and most do not distinguish between sole source and disadvantageous or single source justifications.[11]

Participating Members all allow sole source awards; however, their justification criteria differ significantly. Some do not enumerate specific criteria but require simply that the good or service be unique or only available from one source. Others have forms that seek specific information about the exclusive capabilities of the prospective contractor.

Most Participating Members allow a sole source award when a determination is made that although multiple vendors are available, a particular vendor is the only financially or operationally viable option for the agency. Only CTA has a separate justification process for awards where there may be more than one source, but it is deemed to be disadvantageous to the agency to competitively procure, and instead the award is directed to a specific vendor. Other Participating Members either do not distinguish between these justifications in their sole source process or lack written procedures for either sole source or disadvantageous awards.

The practice of applying the same criteria, whether formally or informally, to both sole source and disadvantageous procurements is problematic because the two inquiries are quite different. A disadvantageous justification is often a more subjective determination of whether such a contract is in the best interests of the governmental unit, while a sole source justification is often a more objective determination about exclusive capacity or availability. The blending of these two categories allows an otherwise objective determination to become a discretionary decision.

6. For sole source procurements, most Participating Members do not require public posting to confirm the user department's justification.

Most Participating Members base a sole source procurement on the justification of the user department. At certain agencies, the justification requires that the requester solicit other bids before awarding a sole source contract. CCC researches other potential vendors and sometimes conducts a public bid. PBC requires the user department to make diligent efforts to solicit proposals from multiple vendors and to document those efforts.

[11] Sole source contracts are generally awarded after a determination that the needed good or service can only be provided by the contracted vendor. Disadvantageous or single source contracts are generally awarded after a determination that it would be financially disadvantageous or otherwise not in the public interest to award the contract to anyone other than the contracted vendor.

Until recently, the City was the only Participating Member that posted sole source notices on its website in order to ensure that there is no other vendor that can provide the relevant good or service. After the public has an opportunity to comment and raise objections to the proposed award, the City's Non-Competitive Review Board holds a hearing and votes on a recommendation to the CPO, who has final approval authority. Following a recent audit of its sole source process by Accenture, CPS now joins the City in posting sole source notices online. CPS also has a review committee, which was in place prior to the audit, that makes a recommendation to its CPO regarding sole source awards.

By posting the proposed sole source awards and allowing a meaningful opportunity for the public and vendor community to comment on whether other entities can provide the goods or services sought, the City and CPS establish a strong control on the improper use of sole source. However, the full benefit of the process is only realized if the posting can be easily accessed on the agencies' websites with clear instruction on how to respond. By establishing a committee that reviews and recommends whether a sole source award is appropriate, the City and CPS achieve a separation of duties that mitigates any potential bias in the user department's request for a sole source award.

7. With regard to contract modification, only one Participating Member has a written policy requiring resolicitation when a significant change from the contract's original purpose is sought.

The CTA Policy and Procedures manual provides that all change orders and contract amendments must be within the general scope of the contract, and any cardinal changes require rebidding. In certain circumstances PBC requires board approval for change orders and CPS requires board approval for contract modifications. The City requires that all amendments have the same approvals as the original contract. While Participating Members, as a matter of practice, limit contract amendments that would significantly deviate from the originally posted solicitation, most do not have written policies that limit this use of amendments or provide guidance on acceptable and unacceptable revisions.

A lack of written rules prohibiting significant modification of a contract after an award without a new solicitation allows the potential for an end run around the procurement process. It may also allow for award of a contract based upon a design or other criteria that are not appropriate or fully developed for the project, only to be amended at a later point in time with a resulting increase in cost. This can undermine public confidence in the efficacy and integrity of the agency's procurement and contract management system. Regardless of how entrenched appropriate practices may be, written regulations are necessary to hold individuals accountable in those instances in which agency staff deviates from those practices.

8. While Participating Members have general practices as to contract duration and renewals, and a few have firm limits for certain types of contracts, for the majority of contracts there are no established rules limiting contract duration or the number of renewals.

Contract duration limits can serve as a control ensuring that, despite the administrative burden of competitive procurements, goods and services are periodically rebid to achieve the best pricing on the current market. While Participating Members have requirements regarding specific contract types, such as leases, and some have developed common practices regarding a contract term, none, including

the City, have established duration or renewal limits on their contracts beyond those required by state and federal law.

Pursuant to HUD regulations, CHA contracts are generally limited to five years, inclusive of the initial term and renewals. Several other Participating Members often limit contract terms and renewals to five years as a matter of practice, although they are not required to by law or policy, and thus the application may not be consistent. CCC generally limits contracts to two- or three-year initial terms and two one-year renewals, while CTA and PBC typically limit contracts to three-year base terms and limit renewals to two years.

The development of common practices regarding contract terms and renewals indicates a general recognition that contracts shouldn't run for an excessive number of years without being rebid, yet the lack of established standards allows for Participating Members to enter into long-term contracts based on the determinations of individual employees. It also allows for contracts to be repeatedly renewed when user departments fail to appropriately plan for a new solicitation.

9. Only one Participating Member has a firm limit on increasing the contract value without a new procurement.

The Participating Members are subject to the Public Works Contract Change Order Act, 50 ILCS 525/1 et seq., which requires units of local government and school districts to complete a new competitive bid on a public works contract when a single change order would increase the price of the original contract by 50 percent or more. However, outside of construction contracts, only CCC has a firm limit—10 percent—requiring a new procurement if an amendment seeks to increase the value of the original contract by more than that amount. CPS cannot increase the value of a contract over the threshold that would trigger a different procurement process than the one used initially. The other Participating Members do not have a limitation on increasing contract value for non-construction work.

The lack of limitations on increasing contract value can open the door to gamesmanship when submitting bids. Reasonable limitations would foreclose the possibility of thwarting the procurement process by underbidding only to later push price increases, while at the same time recognizing that legitimate situations arise that require cost increases when rebidding is not feasible.

10. The majority of Participating Members do not provide any workshops or training to potential vendors.

The complex regulations and requirements involved in government procurement can serve as barriers to entry for many potential vendors. Outreach through training seminars, workshops, and written guidance can remove those barriers for companies of all sizes. CHA, PBC, and the City hold vendor trainings. The City has the most extensive offerings with 15 different workshops offered multiple times per year on topics such as "Doing Business with the City of Chicago," "Contracting 101: How to Respond to a Request for Proposal," "How to Navigate the DPS Website," and "Compliance Documentation 101." Other Participating Members have expressed a desire to offer more training, or join in with the City. This therefore constitutes a clear opportunity for joint programming, particularly as greater uniformity of standards and processes is achieved.

EFFICIENCY

The strained fiscal environment mandates that public entities maximize efficiency. Fiscal demands require the need for assessment and reform of how municipal government operates, including how it procures. Participating Members run comparable procurement processes for similar goods and services from an overlapping set of vendors and contractors. Opportunities to streamline and consolidate are evident.

Greater efficiency benefits the public bodies, the vendor community, and the public at large. For agencies, consolidated efforts can reduce administrative burden, allowing staff to redirect efforts to other aspects of their mission or reduce overhead. For vendors, coordinated solicitations, contracts, and information requests can reduce the cost of responding to solicitations, create more uniform expectations, and incentivize increased participation and therefore competition in the process. For citizens, strategically planned joint procurements can leverage buying power, lowering costs and saving tax dollars.

The findings on efficiency in procurement are:

11. In 2014, the Participating Members spent over $18 million cumulatively on procurement administration, a portion of which was spent on duplication of effort.

Given the varying sizes of the Participating Members, procurement staffing numbers vary from 11 to 42, and procurement budgets vary from $874,000 to $7.9 million. The cumulative expense of the Participating Members' procurement operations is a relatively insignificant sum of their overall budgets in light of the vital services they provide. Nonetheless, it is clear that certain funding is paying for a duplication of efforts in some areas while potentially directing resources away from other vital functions that, as identified elsewhere in this report, could benefit from additional attention. As the ensuing findings will highlight, there are opportunities for greater efficiency around pre-qualified vendor pools, vendors' economic disclosure statements, IT systems, debarment processes, and MBE/WBE compliance, which could reduce redundancy, improve results, and allow for a more effective allocation of resources.

12. All Participating Members use their own pre-qualified pools of vendors, a potential area of inefficiency for government and inconvenience for vendors.

All Participating Members have pre-qualified pools of vendors for certain service types. These service categories include construction management, planning, IT, surveying, and environmental consultation, among others. Use of vendor pools among the Participating Members is common and growing, with the CTA recently completing its first RFP for a professional services vendor pool. Such vendor pools bring a greater degree of competition to the purchase of services.

Yet, many of the Participating Members' service pools overlap. For example, the City, CTA, CHA, and CPD each have a pre-qualified vendor pool for engineering services. Each governmental unit conducted its own solicitation, evaluation, and selection process to establish that pool. In other words, there were four processes to generate four overlapping lists. This is a redundant expenditure of scarce public resources. On the other side of the equation, in order for an engineering firm to be eligible for

contracts from each Participating Member, it would have to respond to each solicitation and gather all required documentation for four separate entities.

Given that the specific task orders define the nature of the engineering services needed for any particular project, it is feasible and economically advantageous for Participating Members to draw from one vendor pool for these services. While some Participating Members are subject to federal regulations that will need to be considered prior to coordination, these requirements should not be presumed to be insurmountable obstacles to consolidated vendor pools. While any consolidation must ensure that it isn't creating new barriers of entry for firms seeking an opportunity to participate in vendor pools, generally this collaboration would make doing business with the Participating Members more attractive and streamlined.

13. As all of the Participating Members collect some form of economic disclosure information from vendors, there is an opportunity for efficiency and more transparency for both government and vendors in a centralized online system.

All Participating Members perform some degree of due diligence on their vendors prior to entering into a contract with them. One common element of that due diligence is to require vendors to complete some type of Economic Disclosure Statement (EDS), in which they attest to certain self-reported information about their ownership, affiliations, and past practices. An EDS is critical to knowing the vendor and assuring it is of appropriate character, fitness, and financial soundness and is free of conflicts that would impact its ability to perform work for the relevant public entity.

Currently there is no centralized online database for submitting or storing this information. Although Participating Members generally require similar information from vendors, their EDS forms vary. Despite overlap among the Participating Members' vendors, they must complete these statements for each contract opportunity. If a vendor has a single reportable change of information, it must make multiple repetitive amendments across all of the agencies. This creates an unnecessary administrative burden for all parties involved in the process.

14. Most Participating Members do not integrate disclosures and certifications into their procurement databases in a manner that allows for conflict checks and due diligence.

As mentioned above, the lack of a centralized, online system for EDS's creates inefficiency across the Participating Members, but it also misses an opportunity for efficiency and stronger oversight within each agency. Each Participating Member is collecting a significant amount of information through certifications and disclosures that remains in hardcopy files or on scanned pages. These documents must be manually reviewed to determine whether there are any issues or concerns. Thus, agencies are making efforts to collect information that is not used to its fullest potential.

An online EDS system, such as the City's, can perform requisite checks automatically, flagging problematic responses and debarred vendors. Once the information is entered electronically it can be readily searched and analyzed by both government officials and the public. Additionally, information can be imported from one procurement to another, saving vendors time and effort.

15. Participating Members' IT procurement systems are not standardized or interoperable.

Each Participating Member uses a number of different systems to support its procurement and contracting processes. They all process their procurements electronically to varying degrees. In some cases, the Participating Members are using the same, or similar, technology products to support their systems. Also, the Participating Members are using similar systems to support similar processes, even where they might be using different products. These commonalities indicate that the Participating Members are very likely to benefit from a coordinated strategy for technology implementation. The areas showing the most commonality include the management and publication of procurement-related information, online submission of Economic Disclosure Statements, compliance monitoring, and end-to-end procurement processing.

Further, where the Participating Members are using the same products, there does not appear to be any coordination or interoperability. For example, the majority of Participating Members use the same software, B2G Now, to track MBE/WBE compliance, an area identified previously as possibly benefiting from shared services. Despite the common use of this product to track compliance among the same vendors, the Participating Members' systems are generally not interoperable.[12] Participating Members' current practices for purchasing and implementing procurement-related systems represents a lost opportunity to reduce administrative and purchasing costs as well as to improve coordination among Participating Members and service to vendors.

16. All Participating Members are engaged in uncoordinated systems improvements related to procurement.

Every investment that a Participating Member makes in procurement technology without coordination with its sister agencies is a potential lost opportunity to build more efficient systems and to support more effective and transparent processes. For example, one Participating Member reported implementing a product to handle the submission, evaluation, and storage of RFPs within a few weeks and at a cost of approximately $6,000 per year, a timeline and budget that stands in sharp contrast to most other Participating Members' procurement-related software implementations. While this may not be the best solution for the group, a coordinated technology strategy will ensure that all Participating Members are benefiting from best practices and achieving the best solution at the best price for Chicago.

17. Participating Members have an interest in more coordination in areas including compliance monitoring, joint procurement, debarment, and hiring.

While differing statutes and cost restrictions play a role, the greatest obstacle to achieving efficiency in procurement is a comfort with the status quo and a resistance to change. For this reason, the Participating Members' interest and willingness to seek greater coordination is significant.

[12] This stands in contrast to the integration of the City of Chicago's and Cook County's MBE/WBE database, which allows certification and compliance personnel from each agency to view details about the certification status of vendors, regardless of agency. The linked databases also provide greater transparency to the public in that a vendor's certification status and host agency is visible and consistent on both agencies' websites.

Participating Members expressed an interest in more coordination through joint procurement, uniform contracting, shared compliance monitoring, debarment reciprocity, and staff recruitment and hiring.

Participating Members acknowledged the potential benefits to their agencies and the vendor community if certain aspects of the process could be streamlined and more uniform across City agencies. For example, several Participating Members reported having limited field resources to dedicate to verifying MBE/WBE compliance. Under a shared services model, a dedicated team devoted solely to MBE/WBE compliance could eliminate duplication of effort and provide increased monitoring for all Participating Members. While opinions may vary on the priority of projects and the details of implementation will require negotiation, the value of these efforts is not in question.

TRANSPARENCY

The importance of transparency in procurement and contracting flows from the simple premise that the public has the right to know how its tax dollars are being spent. This knowledge includes what is being purchased, who is being paid and how much, and how contracts are being awarded. The degree to which an agency's procurement process is transparent is dependent not just on what information is made available, but also how easily accessible and user-friendly it is.

In addition to informing the public, transparency has a direct impact on the two principles already discussed above—competition and efficiency. Participating Members acknowledge that in their day-to-day work they continually battle Chicago's reputation, rooted in past practice and anecdote, that there is a culture of cronyism and insider-dealing. One of the best weapons against that perception is transparency. Sunshine is the best disinfectant. When the integrity of the process is fully exposed to public and media scrutiny, there is little need to guess at motive and little opportunity to infer improper intent. A procurement process that is perceived as open and fair encourages competition and increases the Participating Members' ability to achieve their mission of securing the best value for taxpayers. Greater access to information also creates efficiencies by reducing the public's and media's need to prepare Freedom of Information Act (FOIA) requests and the agencies' need to respond to them.

The findings on transparency in procurement are:

18. Participating Members' information regarding procurement opportunities is dispersed and decentralized.

All Participating Members post competitive procurement opportunities on their own websites and in at least one newspaper. Some agencies use other digital tools as well, such as e-mail notifications and social media. Vendors wishing to learn about all contracting opportunities with the City and sister agencies need to check seven different web pages or consult two newspapers[13] regularly, or sign up for multiple email alerts and notifications from the agencies that offer these services. The decentralized state of information reduces transparency, presents a barrier to entry for vendors, and hinders effective procurement planning across agencies.

19. Some Participating Members publish notices related to the procurement process beyond the original bid opportunity (and its extension or cancellation), while others limit their procurement announcements to the bid opportunity.

All Participating Members provide information about open procurement solicitations and any changes to those solicitations, such as extensions or cancellations, and two Participating Members publish information on their websites regarding noncompetitive procurements. The City, CHA, CPD, and PBC also post bid tabulations. All Participating Members post award or contract information, although one only includes this information in monthly board reports. The City also posts the subcontractors on bids, change orders, contract amendments, and vendor payment information, and has developed a Bid

[13] All participating members post in the Chicago Sun-Times, except CPS, which posts in the Chicago Tribune

Tracker application, which shows where each bid is in the contracting process, from advertisement to award. For the other Participating Members, little else is published during the procurement process and engagement of a vendor.

This stands in contrast to the information made available by governmental bodies that more closely comport with best practices. The State of Illinois is an instructive reference point of comparison. In order to inform the public and vendor community of ongoing procurements, State agencies must post on the State's Procurement Bulletin not only open solicitations but also notices of award, notices of contract renewal, notices of renegotiated contracts and change orders that increase the cost by more than $10,000 or extend the term by 30 days or more, information regarding emergency contracts within three days of award, notices of emergency contract extensions, and notices of anticipated sole source awards. Providing this additional information engenders public trust in the little-understood procurement process, reduces the internal resources spent on FOIA responses, and encourages competition by equalizing the playing field among vendors.

20. Only the City and, as of August 2015, CPS notify the public before awarding contracts through noncompetitive processes.

With the exception of the City and CPS, no Participating Member publicly posts advance notice of the anticipated award of a sole source contract to confirm that there are no other appropriate vendors.

The procurement process relies on the competition of the marketplace to ensure that taxpayers receive the best value for their dollars. Decisions to exempt government purchases from this process should be rare and thoroughly vetted as a general practice, especially in a strained fiscal environment. While internal justification procedures are an important part of the process, there is no substitute for the information provided by the marketplace. The determination that a product or service can only be procured from one source is ultimately a judgment about available competition, and that cannot be made in a vacuum. By providing an opportunity for the public and vendor community to supply additional, relevant information, agencies can become more informed about the state of the market and make better decisions about whether a procurement should be sole source.

The City is the only Participating Member to post solicitations for emergency contracts, which are typically noncompetitive awards. When possible the City will post these opportunities on a very abbreviated scheduled in an effort to trigger competition despite the exigent circumstances. All Participating Members have the ability to reach the vendor community rapidly and directly through internet postings and electronic messaging tools. Many procurements that have historically been noncompetitive due to their urgency and short turnaround times can now involve some degree of competition through better utilization of existing technologies.

21. Four of the Participating Members make their contracts available to the public, but the others do not.

The City, CPS, CHA, and CPD make their contracts available to the public on their websites. CHA just recently began posting contracts online. PBC posts all Design Build and General Contractor contracts on individual project pages on the PBC website, and CTA and CCC do not post contracts. CCC, CTA, and PBC post basic information about their awarded contracts, but the contract documents are not

available. The inaccessibility of contracts provides an advantage to incumbent vendors, thus driving down competition, fosters suspicion in the procurement process, thus feeding into the narrative of a corrupt Chicago government, and has no countervailing operational rationale or justification.

22. Most Participating Members make their list of vendors available to the public; however, the degree of accessibility varies.

CPS, CHA, and CPD post contract award information online, which includes vendor information, in a relatively accessible format. The CTA and PBC also post contract award information in an online database which includes vendor information, but the results are more difficult to browse. The CTA vendor database offers search fields such as award amount, vendor name, and contract date; however, this presumes that the user has some baseline information with which to search. PBC and CCC also include vendor information in the context of monthly board reports. The City maintains a comprehensive vendor list on its website that is searchable by name, user department, or other criteria. CCC does not provide vendor information online. Posting vendor information not only encourages competition through openness, it also provides an important public check on government.

23. The City's online Economic Disclosure Statement system provides access to information on contractors, retained parties, and ownership interests which is relevant to conflict checks.

All Participating Members, except the City which has an online system, receive Economic Disclosure Statements (EDS) or a similar document, as in the case of CHA which receives a Contractor's Affidavit, in hard copy. While some Participating Members scan and electronically store the EDS's, and at least two Participating Members post the scanned EDS's with their contracts online, the information can only be searched manually, which takes time, leaves the process vulnerable to human error, and hinders transparency.

The continued collection of this requisite information on hardcopy forms impedes accessibility and the use of automated analysis and compliance tools, making it harder and more resource-intensive to perform due diligence and ensure adherence to Ethics rules. This puts everyone, from procurement staff to Board members to vendors, at risk of a conflict of interest or the appearance of one. Given the high stakes and limited resources, it is difficult to justify procurement staff spending countless hours of their time flipping through paper forms that are less effective than available electronic tools.

24. Participating Members' purchasing plans or other types of forward-looking contract lists are not all readily accessible online.

All Participating Members create purchasing plans that identify anticipated contract opportunities. Most agencies' plans project 12 to 18 months into the future—CCC and CHA look ahead 12 months, CPS looks ahead 15 months, City and CTA look ahead 18 months, and CPD generally looks ahead 12 to18 months. PBC issues a monthly forecast of upcoming opportunities because its ability to plan ahead is limited by its clients' development plans. The City, CTA, and CPD currently post their plans on their respective websites. The other Participating Members stated an intention to post their plans online or currently share their plans through outreach. Posting these plans online in a user-friendly format is a relatively simple task that would provide the public and the vendor community with a wealth of information about anticipated expenditures of taxpayer dollars.

Recent efforts by the Government Procurement Compliance Forum involving a joint Buying Plan serve as a model for collaboration among the Participating Members to create a more unified and focused approach to procurement. All Participating Members, as well as several non-City entities, including Cook County and the State of Illinois, contributed to a Buying Plan for the second half of 2015 through 2016. This Buying Plan is posted on the City's website and is distributed at vendor fairs.

25. All Participating Members either do or will soon put debarred vendors online.

All Participating Members that have debarred vendors post their debarred vendor list online, except for one agency, which has plans to post its debarred vendors online soon. One agency that reports its debarred vendors online does so only in the searchable text of its monthly Board Reports, rather than as a separate list.

In addition to promoting transparency generally, the public availability of these lists allows the Participating Members to review each other's debarred vendors as part of their due diligence. Debarment by one agency can be grounds for debarment by another agency. Debarment lists must be public and readily accessible for this information sharing to occur. Inconsistent debarment postings needlessly put all of the Participating Members at risk for spending precious public resources on contracts with vendors known to be irresponsible.

26. The accessibility and comprehensiveness of Participating Members' procurement websites vary significantly.

Participating Members provide critical information to vendors and the public on their websites, yet the types of information provided are not standard and have varying degrees of comprehensiveness, and the ease of access varies greatly. All Participating Members provide current procurement opportunities, MBE/WBE/DBE plan information, and basic forms for download. As mentioned above, most agencies post active contracts, which include vendor information, but some do not. Several also post information about rules, regulations, procedures and bid tabulations. The City, CPS, CHA, CPD, and PBC post their pre-qualified vendor pools.

The organization of the information varies widely, impacting accessibility and ease of use. For example, the City's procurement website contains a wealth of information; however, the nonintuitive interface makes it challenging to find the information sought. CTA has an online database that houses its vendor and contract information; however, once in the vendor information database, for example, the user must either search for a particular result or browse over 4,000 results that are shown 15 per page.

CPD's purchasing website, on the other hand, provides a model for other Participating Members to emulate. The website functions entirely from one menu which is easy to navigate. Its contract database displays 100 results at a time for easy browsing and provides a keyword search for the vendor name and contract title fields.

INTEGRITY

Maintaining public trust and serving the public interest are vital to the success of any governmental activity. In order to accomplish those goals in procurement, an agency must ensure the integrity of the process from the drafting of the solicitation to the close-out of the contract. This requires clear, consistent policies and strong due diligence and oversight.

Integrity of process has many facets. Policies and regulations should be established in writing and staff must be trained to ensure appropriate and impartial application of the rules. Checks and controls should be built into the processes to maintain consistent standards. Compliance and auditing staff should be reviewing the procurements and contracts to identify any anomalies and issues. Finally, employees and vendors should be well-informed of the resources available for reporting any concerns or information about corruption, wrongdoing, or illegality in the process. As responsible stewards of public funds, the Participating Members must maintain systems with high levels of accountability and due diligence.

The findings on integrity in procurement are:

27. The comprehensiveness and specificity of the Participating Members' procurement policies vary significantly.

A Participating Member's procurement requirements may be composed of an array of federal and state statutes, ordinances, board resolutions, regulations, and agency policies. In addition, some agencies have established certain practices over time that are not strictly required by written policy. With unwritten rules or decentralized information, it is much more challenging for an agency to maintain a consistent, uniform process, for vendors to navigate the process, and for the public to trust the process. Furthermore, it is challenging to audit and evaluate systems that are not well-codified, depriving these processes of crucial oversight.

Certain Participating Members have addressed this issue by creating comprehensive procurement policy manuals that cover all aspects of the process and clearly lay out the requirements. For example, the CTA has a 113-page manual that serves both as a primer on the process and a resource guide for anyone inside and outside of the organization with a question about how an aspect of the process works. The City also offers a primer on procurement, Procurement Fundamentals, which is intended for use by the public and is available on its website; a Toolkit for internal staff; and the Vendor Compliance Resource Guide, which addresses the roles and responsibilities of primes and subcontractors during each stage of the contracting process and is also available online.

28. All Participating Members stated that communications regarding active procurements are to be limited and generally flow through the procurement office; however, these rules are not clearly codified and disseminated at every agency.

To ensure that the procurement process is fair and no vendor has the advantage of undisclosed information, communications regarding an upcoming or ongoing procurement solicitation are generally regulated. All Participating Members stated that communications regarding planned or open procurements are to flow through their procurement office. They also stated that procurement staff

and individuals directly involved in reviewing proposals are informed of their obligations. However, it is unclear whether user department staff, especially those not close to the procurement process but who interact with many vendors as part of their day-to-day job duties, are well informed regarding what is an acceptable communication and what is prohibited prior to, during, and after a solicitation.

Participating Members require employees to report procurement communications they believe to be violations of the law or Ethics rules, but there is little guidance regarding what communications fall into those categories. Also, it is unclear if Participating Members know to what extent vendor communications during open procurements are occurring in user departments because there is no reporting mechanism for such communications, except for those which agency staff believe rise to the level of a criminal or ethical violation. This incomplete and reactive approach to procurement communications at best puts well-meaning employees at risk for inadvertently breaking the rules and at worst allows for insider-dealing at taxpayer expense.

At least two Participating Members do address these issues to some degree. In its manual and Ethics Ordinance, CTA has a policy on inappropriate types of procurement communications. CTA has also implemented an internal training for all CTA staff members called "Purchasing 101" that addresses, among other things, inappropriate communications as well as the potential criminal consequences of engaging in said communications. CPS provides a unique example of a procurement office providing training to its user departments. In 2014, CPS trained approximately 2,500 people in department leadership about the procurement process and rules, including rules on communications.

29. All Participating Members perform some due diligence on their vendors before entering into a contract, but the level of scrutiny widely varies and often over-relies on a vendor's self-certification.

As discussed above, one element of Participating Members' due diligence for vendors is the self-reported economic disclosures and certifications. The additional steps that Participating Members take to verify the good standing of their vendors prior to contracting varies. One Participating Member performs a debt check, campaign contribution check, business registration check, debarment check on state and federal levels, and criminal background check where warranted. Another calls the vendors' provided references and checks any required licenses. Another Participating Member mentioned only debarment checks. This varied landscape allows an unscrupulous vendor who cannot contract with one Participating Member, because of its stringent verification procedure, to potentially get a contract with another whose process is less thorough. There is little reason that the level of scrutiny or verification should vary among the Participating Members. Additionally, establishing a set of comprehensive and uniform vendor verification processes could create an efficiency by eliminating duplicative efforts.

30. Participating Members' due diligence regarding subcontractors varies from requiring no information about them to requiring that all subcontractors be reported and submit all the same disclosures as the prime contractor.

Ethics rules and regulations often require consideration of subcontractors. For example, the City's Ethics Ordinance establishes that no City official or employee with contract management authority over a contract can have a financial interest in a subcontractor to that contract. Also, Mayor Emanuel's

Executive Order 2011-4 prohibits any subcontractor to a City contract from making a campaign donation to the Mayor. In order to oversee and enforce provisions such as these, and protect against other conflicts of interest, there must be available information regarding subcontractors.

Nonetheless, the information reported regarding subcontractors varies. All Participating Members collect subcontractor information to the extent it is necessary for specific contracts to satisfy MBE/WBE/DBE reporting. However, outside of MBE/WBE compliance, one Participating Member requires no information regarding subcontractors, while another requires all subcontractors to be identified and complete the same disclosure forms as the prime contractor. At least one Participating Member was revamping its handling of subcontractor information at the request of its board. In order to ensure that board members do not have a conflict with regard to contract approvals, that agency is starting to require subcontractors to complete the EDS.

The Task Force is mindful of the impact further administrative requirements may have on small subcontractors. However, a uniform, consolidated disclosure system managed by a shared compliance office could minimize the burden on individual Participating Members and free up critical resources for providing guidance and assistance to vendors.

31. Participating Members' contract close-out processes vary, ranging from some with no established process to others that have significant requirements.

Not all Participating Members have a formal process at the end of a contract term to verify that all requirements of the contract have been fulfilled. Some Participating Members indicated that they address compliance issues as they arise over the course of the contract, a practice that surely all agencies employ.

Participating Members cannot afford to tie up public dollars in contracts that are not fully or properly performed. A close-out procedure is an added control that confirms the vendor provided all contracted goods and services and met MBE/WBE obligations, wage requirements, Equal Employment Opportunity requirements, and local preferences, if any. Through this process, one Participating Member secures a completed Certification and Release of Claims from the vendor and completes a Final Performance Evaluation. The lack of a robust close-out process increases the risk that a Participating Member does not receive full performance or compliance under the terms of the contract.

32. The majority of Participating Members lack a coordinated and comprehensive process for ensuring vendors' compliance with their obligations during the term of the contract.

Following the award of a contract, vendors should be held accountable for meeting the terms and conditions agreed to in the contract. A clear and robust contract compliance process serves multiple functions for taxpayers by verifying that vendors deliver the contracted goods and services, carry out their obligations in a safe and legal manner, and are adequately meeting the needs of the user department.

Most Participating Members either rely on the user department or a construction manager to oversee the performance of the contract, or they rely on disparate departments, such as Purchasing, Audit, Law, the user department, and the Inspector General, to serve this function together. Some Participating Members do have dedicated compliance teams, however these are primarily focused on

ensuring vendor compliance with MBE/WBE obligations and prevailing wage obligations rather than compliance with the contract overall. Without a coordinated approach to contract compliance that follows the contract from award to close-out, Participating Members expose themselves to several risks including incomplete delivery of goods and services, fragmented oversight over third-party project managers, and insufficient information sharing between user departments and the procurement staff about contractor performance, which deprives procurement staff of feedback that should inform future decisions about solicitations and awards.

33. There is inconsistency among Participating Members regarding the performance of internal audits of procurement functions and contract compliance.

Most Participating Members do not perform routine audits of a representative sample of procurements or contracts to ensure compliance with requirements or obligations. However, many agencies do have an Office of Internal Audit that will occasionally include procurement and contract audits on their annual plans. For example, CTA's Office of Internal Audit has established an annual audit plan that is presented and accepted by the Chicago Transit Board and typically includes an annual or biannual procurement-related audit in which the aim is to assess compliance with policies and regulations. CTA's Office of Internal Audit has successfully executed this plan, however CTA's Purchasing Department is not privy to when an audit will take place as this information is confidential. Some Participating Members reported that reviews are conducted after an issue is identified in the course of business. This ad hoc or reactive approach to audits by some Participating Members results in missed opportunities for improving effectiveness and efficiency.

Other Participating Members review the process more regularly, and report finding valuable insights as a result. For example, CCC has performed several audits of procurement and contracts over the past few years. In 2013, there was a broad review of procurement practices and that audit is scheduled again for 2016. An audit of purchase orders reviewed whether all required paperwork was completed and a recent audit involving CCC's vendors identified vendors with multiple identification numbers.

CPS has two programs for reviewing contract performance and compliance. With its Supplier Relationship Management Program, CPS meets with 40 key vendors on a quarterly basis to review their performance. In addition, since 2013 CPS has used an outside firm to audit CPS contracts for vendor compliance, and this firm has recovered significant sums for CPS from a number of vendors.

34. Not all employees and contractors of Participating Members have a clear obligation to report violations of law in procurement and contracting to their respective Offices of Inspector General.

Participating Members' Offices of Inspector General play an integral role in providing oversight of the procurement process and contract compliance through investigations and audits. These efforts are strengthened by clear obligations by employees and vendors to report corrupt and illegal activity related to government procurement and contracting. They are further bolstered by vendor outreach and training that certain OIGs conduct.

The majority, but not all, of Participating Members have policies requiring employees to report illegal or unethical activities in procurement and contracting to their respective OIGs. Similarly, not all

contracts of Participating Members require their vendors to report knowledge of corrupt or illegal activity.

35. Most Participating Members use external contract/project managers but hold them accountable to varying degrees.

When a Participating Member outsources the management and oversight of a contract to a third-party project manager, it is essential that the public entity have the structure and systems in place to ensure that it is receiving all necessary reporting from the external project manager and that there is accountability. Additionally, though contractors may appear to stand in the place of the governmental entity, the government remains the party that is ultimately responsible and therefore liable for the result.

As some Participating Members note, there will be variability in monitoring and reporting depending on the project; however, certain controls ensuring oversight of the external managers should be constant. One Participating Member is currently in the process of defining core project management requirements for its external managers and standardizing monitoring and oversight.

36. Outside of placement on a debarment list, Participating Members have no formal mechanism to share documented information regarding a vendor's poor performance, noncompliance, or wrongdoing.

Despite the fact that Participating Members often evaluate the performance of the same vendors when considering the award of public funds, they lack any formal mechanism for sharing documented information regarding vendors that have failed to comply with their contracts or have been deemed to be non-responsible. The only established mechanism for one Participating Member to learn about the poor performance or wrongdoing of another agency's vendor is through the debarment process. Information regarding a vendor's documented problems with contract performance, noncompliance, or wrongdoing may not necessitate debarment, but is still highly relevant to an agency's consideration of a contract award.

The absence of an official mechanism for information sharing among public bodies allows subpar vendors with a record of poor performance at one agency to be awarded contracts at sister agencies without consideration of their past record. Participating Members should have the best information possible in order to make informed decisions regarding the award of public funds.

UNIFORMITY

Some differences among Participating Members' procurement documents and process are the result of unique conditions, statutory requirements, or regulations; other variations are simply the result of a lack of coordination. Needless disparity among local government agencies can create confusion, increase costs, and leave some out of step with best practices. Greater uniformity creates a consistency of process that reduces burden, supports efficiency, and pushes all toward best practices.

The most common example of potential standardization that Participating Members cited in their survey responses and subsequent meetings was the creation of uniform contract templates. Agencies see the benefit in speaking with one voice in contracts, rather than issuing documents that generally cover similar terms in varied ways. The Task Force identified various other discrete tasks, forms, and processes that could benefit from greater uniformity, as discussed in this section.

The findings on uniformity in procurement are:

37. All Participating Members, except one, use contract templates for their agreements; however, the templates are not standardized among agencies despite similar terms and conditions.

Participating Members share many of the same vendors and have many of the same concerns in contracting. Yet, they all use different language in their contracts often to express similar terms and conditions. This creates needless complication and increases legal costs for vendors. This also increases the duration of contract negotiations, as vendors may view all contract provisions as negotiable when in fact there are certain nonnegotiable provisions across agencies. Participating Members have an opportunity to strengthen their position in contract negotiations by presenting uniform terms. Of course, there are certain regulations or requirements that may only apply to certain Participating Members. Most Participating Members acknowledged that accommodation for this variation could be built into the contract templates.

38. Participating Members accept from two to ten different MBE/WBE/DBE certifications.

All Participating Members have an MBE/WBE program, except CTA, which exclusively utilizes a DBE program. The City is the only Participating Member that is a certifying agency for MBE/WBE/DBE vendors.

Participating Members recognize multiple MBE/WBE/DBE certification programs, ranging from as few as two different certifications, in the cases of the City and PBC, to as many as ten, in the case of CHA, which accepts certifications from MBE, WBE, and DBE certifying agencies in support of its program. All Participating Members with MBE/WBE programs accept certification from the City, and all except CPD recognize Cook County's MBE/WBE certification. The City is statutorily restricted to the certifications it accepts. Other certifications accepted by Participating Members include those from the State of Illinois, Women's Business Development Center, Chicago Minority Supplier Development Council, and the Small Business Association. Participating Members verify that MBEs and WBEs have a current certification, but they rely on the certifying agency to determine the initial and ongoing validity of that certification.

It is unclear why Participating Members accept different certifications. One Participating Member told the Task Force that the variety of certifications allows it to meet its MBE/WBE goals, while another stated that it finds the City's list of certified MBE/WBE vendors to be more than sufficient. Representatives of one Participating Member were surprised to learn that all agencies did not accept the same certifications. PBC, which at one time accepted six certifications, limited its accepted certifications to two—City and Cook County—after concerns were raised about the due diligence applied to ensuring that the MBE/WBE subcontractors on its contracts were legitimate enterprises providing a commercially useful function on their projects.

39. Participating Members' written criteria for good faith efforts differ, as does the person or committee with authority to determine whether good faith efforts have been made.

Through their MBE/WBE programs, Participating Members seek to further the same broad policy goals. In doing so, they ask vendors to comply with requirements and verification procedures which overlap in spirit and function, but not in form.

Each Participating Member relies on its own list of criteria for determining whether a vendor has made sufficient good faith efforts to meet the MBE/WBE goals of the contract. There are many similarities among the different lists of criteria. For example, several Participating Members consider whether the vendor attended the pre-bid meeting, how the vendor advertised, and the vendor's outreach to and negotiations with subcontractors. While Participating Members seek much of the same information, some Members' criteria are very open-ended while others are highly specific: CPD asks "[t]o what extent did the contractor attempt to find a MBE and/or WBE?" while the City requires a "[d]escription of direct negotiations with certified MBE and WBE firms for specific sub-bids/proposals."

Most Participating Members charge one individual with making the recommendation regarding whether good faith efforts have been met, however multiple people may then be required to sign off on the decision including ultimately the CPO or Director of Purchasing. In contrast, CPS recently established a waiver committee that reviews all good faith efforts documentation and then votes to either grant or deny the waiver request. As with the variations in certification, the justification for these differences in the application and approval of good faith efforts is not apparent. The GPCF has a Certification and Compliance Committee that is in the process of developing uniform guidelines for good faith efforts.

40. Only the City and PBC apply preference for local vendors and labor in their procurements, and no Participating Member provides credit for employing graduates of workforce development programs.

The City and PBC offer preferences and/or incentives for local businesses and labor in their procurements. Other Participating Members do not. Some Participating Members, such as CHA, are precluded from applying local preferences due to federal law or have determined that they lack the statutory authority to offer local preferences. The lack of uniformity on this policy matter will need to be considered and addressed when considering joint procurement opportunities.

Workforce development programs throughout the City train unemployed and underemployed Chicagoans for jobs in industries ranging from culinary arts to advanced manufacturing. Many of these programs are funded or operated by the Participating Members, such as the City and CCC. Others are run by academic institutions and area non-profits, often through the use of government grant funds. While governmental entities have committed substantial resources to training individuals with useful skills for today's economy, they are missing a crucial opportunity to ensure the success of these efforts. Other than CCC's inclusion of hiring goals for apprentices and student interns on specific contracts (e.g., construction of the new Malcolm X College) and an underutilized City incentive for employment of apprentices that have graduated from City Colleges, there are no incentives directing the over $6 billion spent last year by Participating Members on goods and services toward workforce development program graduates who would benefit tremendously from quality employment experiences. Better alignment of training programs and employment incentive programs would provide greater value for taxpayers.

41. Protest processes for procurement awards vary from very informal to well-defined.

Protest processes are a tool of accountability in government procurement. They provide the opportunity for a stakeholder in the procurement to raise allegations of irregularities or violations that may have tainted the process, and they give agencies another avenue to ensure integrity and transparency in their purchasing.

The majority of Participating Members have an established protest process, but three Participating Members have no written process, handling concerns on a case-by-case basis. For those Participating Members with written processes, there is considerable overlap, but details involving filing deadlines, the information required, and the adjudicator of the protest vary. For example, the City and CPD require that a protest involving evaluations be filed within 10 days of the bid opening or due date, while CTA allows 20 days. CHA does not distinguish between protests over evaluations and contract award, and requires the protest for both to be filed within 10 days of the notice of award. Some Participating Members rely on the same person to authorize the contract and rule on the protest, and some provide an internal reconsideration or appeal process. For example, CPD allows a request for reconsideration, and CHA allows an appeal of a contracting officer's protest decision to the Chief Operating Officer.

42. Participating Members generally maintain their own debarment lists but consult each other's lists during a verification process.

Debarred vendor lists provide critical information about problematic firms, thereby helping to prevent governments from entrusting bad actors with public dollars and the provision of public services. When the City or a sister agency goes through the process of debarring a vendor, this information should be readily available to all Participating Members and routinely incorporated into the procurement process. At present, it is nearly impossible to verify that no vendors debarred by one Participating Member are actively working as contractors or subcontractors for another Participating Member given the gaps and disparities in data collection, transparency, and information-sharing.

Currently, all Participating Members maintain their own debarment lists, although some had no debarred vendors at the time they responded to the Task Force's survey. As part of the procurement

process, Participating Members consult their own debarment lists and most also check the lists of other governmental entities. There is wide variation among Participating Members with regard to which lists they consult. Most Participating Members check the City's list of debarred vendors, and some, such as CTA and CHA, check federal and other government lists, too. Only PBC stated that it checks lists that are available from other sister agencies.

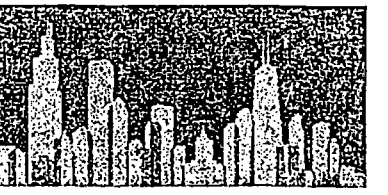
In addition to the differences in protocol, there are differences among Participating Members in how they store their lists which make it challenging for agencies to consult one another's lists. For example, CTA posts a blank document on its website indicating that it has a debarred vendor list and no vendors are debarred at the present time. Yet other agencies have no information posted online about debarred vendors, making it unclear whether they have debarred vendors but do not post them online, or they have no debarred vendors at all. Another Participating Member includes the names of debarred vendors in its Board Reports, which are posted online but must be searched by keyword in order to identify debarred firms.

43. Participating members check debarment lists of other government entities but generally do not have automatic reciprocity.

The lack of reciprocity among the debarment lists of the Participating Members presents an inefficiency in the procurement process and also raises the possibility that firms debarred by one Participating Member can continue to contract with others. Most Participating Members consult debarment lists of other government entities, but they cannot debar a vendor that appears on another entity's list without first going through their own debarment procedures. Only PBC stated that it can automatically rely on another agency's list without going through its own debarment process.

The obligation to repeat the debarment process for a vendor that has been found to be unsuitable to contract with another Participating Member is a waste of resources. Once a Participating Member has deemed a vendor ineligible to receive a contract award funded by taxpayer dollars, there is no justification for their receipt of tax dollars from another Participating Member.

RECOMMENDATIONS



The findings detailed above serve as clear guideposts for the Participating Members' needed reforms. Based on the opportunities identified through the analysis of the Participating Members' current procurement policies and practices, the Task Force established the following set of recommendations. The Participating Members arrived at these recommendations after representatives from the City and sister agencies gathered for a moderated session to discuss how to address the findings.

In crafting the recommendations, the Participating Members employed certain criteria. The recommendations had to address a finding, be actionable by the Participating Members, allow for their success/completion to be measured/determined, and serve the public interest. Participating Members also grouped the recommendations based on the timing of their likely implementation: immediate, by the end of Q1 2016; mid-term, by the end of Q4 2016; and long-term, in 2017 and beyond. While there is always a risk that unforeseen events will impact implementation, Participating Members agreed that the time frame for each recommendation is reasonable.

To help ensure that these recommendations serve not just as a call to action, but as a true catalyst of change, Participating Members have identified the mechanisms for implementation in the recommendations. By tasking committees of Chief Procurement Officers and Chief Information Officers with responsibility for certain recommendations, collaborating with the Government Procurement Compliance Forum, and requiring regular status reports, Participating Members have established a framework for implementation of the recommendations.

The recommendations and their associated findings are:

IMMEDIATE RECOMMENDATIONS (END OF Q1 2016)

1. Create a Committee of the Participating Members' CPOs to rule on certain administrative decisions, address obstacles to coordination, and ensure best practices across the City and its sister agencies.

All Findings Addressed

2. Charge the CPO Committee with addressing the Task Force recommendations, tracking their implementation, and issuing quarterly progress reports.

All Findings Addressed

3. Establish minimum standards by which all Participating Members will publish their anticipated sole source awards, receive public and vendor feedback, and make decisions about whether a solicitation is necessary.

Findings Addressed:

5. Participating Members use varying criteria to justify sole source awards, and most do not distinguish between sole source and disadvantageous or single source justifications.

6. For sole source procurements, most Participating Members do not require public posting to confirm the user department's justification.

20. Only the City and, as of August 2015, CPS notify the public before awarding contracts through noncompetitive processes.

4. Hire or secure *pro bono* services from a law firm to:

a. Identify contract provisions that could be subject to standardization across Participating Members' templates, and draft uniform contract templates incorporating the required terms of the Participating Members, including contract duration and number of renewals.

b. Where appropriate, standardize solicitation documents issued by Participating Members and the documents required in response.

Findings Addressed:

1. Participating Members use a variety of common competitive processes, including Invitations for Bids, Requests for Proposals, and Requests for Qualifications; however, their solicitation documents and award procedures vary.

8. While Participating Members have general practices as to contract duration and renewals, and a few have firm limits for certain types of contracts, for the majority of contracts there are no established rules limiting contract duration or the number of renewals.

37. All Participating Members, except one, use contract templates for their agreements; however, the templates are not standardized among agencies despite similar terms and conditions.

5. Charge the Chicago Government IT Coordination Committee, which consists of the CIOs of the Participating Members, with identifying the procurement-related systems that can be shared and developed jointly and developing a schedule for implementation.

Findings Addressed:

15. Participating Members' IT procurement systems are not standardized or interoperable.

16. All Participating Members are engaged in uncoordinated systems improvements related to procurement.

6. Post all contracts, vendors, and subcontractors on agency websites in a user-friendly and searchable format.

Findings Addressed:

21. Four of the Participating Members make their contracts available to the public, but the others do not.

22. Most Participating Members make their list of vendors available to the public; however, the degree of accessibility varies.

30. Participating Members' due diligence regarding subcontractors varies from requiring no information about them to requiring that all subcontractors be reported and submit all the same disclosures as the prime contractor.

7. Create an easily accessible website for vendors and the public that provides a single location for: all of the Participating Members' current procurement opportunity listings and other procurement-related information such as the buying plan, notices of award, and prequalified pools; a list of all debarred vendors; and all current contract and vendor databases.

Findings Addressed:

18. Participating Members' information regarding procurement opportunities is dispersed and decentralized.

19. Some Participating Members publish notices related to the procurement process beyond the original bid opportunity (and its extension or cancellation), while others limit their procurement announcements to the bid opportunity.

24. Participating Members' purchasing plans or other types of forward-looking contract lists are not all readily accessible online.

25. All Participating Members either do or will soon put debarred vendors online.

26. The accessibility and comprehensiveness of Participating Members' procurement websites vary significantly.

42. Participating Members generally maintain their own debarment lists but consult each other's lists during a verification process.

8. Establish minimum disclosure requirements for subcontractors and require posting subcontractor information online.

Finding Addressed:

30. Participating Members' due diligence regarding subcontractors varies from requiring no information about them to requiring that all subcontractors be reported and submit all the same disclosures as the prime contractor.

9. Establish minimum standards for conducting due diligence of vendors before entering into a contract.

Finding Addressed:

29. All Participating Members perform some due diligence on their vendors before entering into a contract, but the level of scrutiny widely varies and often over-relies on a vendor's self-certification.

10. Establish uniform rules governing resolicitation of contracts due to significant changes in scope or value.

Findings Addressed:

7. With regard to contract modification, only one Participating Member has a written policy requiring resolicitation when a significant change from the contract's original purpose is sought.

9. Only one Participating Member has a firm limit on increasing the contract value without a new procurement.

11. Evaluate the consistency of MBE/WBE/DBE certifications accepted by Participating Members.

Finding Addressed:

38. Participating Members accept from two to ten different MBE/WBE/DBE certifications.

12. Implement the uniform criteria and processes for evaluating Good Faith Efforts regarding requests for waivers of MBE/WBE/DBE goals that are currently being developed and will be recommended by the Government Procurement Compliance Forum.

Finding Addressed:

39. Participating Members' written criteria for good faith efforts differ, as does the person or committee with authority to determine whether good faith efforts have been made.

13. Require a written, publicly posted protest process for each Participating Member.

Finding Addressed:

41. Protest processes for procurement awards vary from very informal to well-defined.

14. Examine whether Participating Members should support a change in state law to eliminate the newspaper notice requirement for contract solicitations.

Findings Addressed:

18 Participating Members' information regarding procurement opportunities is dispersed and decentralized

19. Some Participating Members publish notices related to the procurement process beyond the original bid opportunity (and its extension or cancellation), while others limit their procurement announcements to the bid opportunity.

15. Establish a process for information-sharing and collaboration among Participating Members on personnel matters such as professional development efforts and recruitment.

Finding Addressed:

17. Participating Members have an interest in more coordination in areas including compliance monitoring, joint procurement, debarment, and hiring.

MID-TERM RECOMMENDATIONS (end of Q4 2016)

16. Establish uniform standards based on best practices for approval of noncompetitive awards, including small purchase, emergency, and sole source.

Findings Addressed:

2. While all of the Participating Members use the same forms of noncompetitive procurements—emergency, sole source, and, in some cases, small purchase—the standards and controls governing those procurements vary in content and efficacy, and expose the agency and taxpayer to risk of abuse and fraud.

3. Through a small purchase process, contracts up to differing thresholds are awarded with varying degrees of rigor in competition, transparency, and oversight.

4. While some of the Participating Members have a competitive process for emergency contracts, only one imposes a limit on the contract's duration and only one has an open solicitation process.

5. Participating Members use varying criteria to justify sole source awards, and most do not distinguish between sole source and disadvantageous or single source justifications.

17. Develop a common electronic Economic Disclosure Statement system that: allows for the submission of uniform information for all Participating Members' vendors and subcontractors; integrates disclosures and certifications into Participating Members' procurement databases; automates conflict checks and due diligence; and can be updated in real time.

Findings Addressed:

13. As all of the Participating Members collect some form of economic disclosure information from vendors, there is an opportunity for efficiency and more transparency for both government and vendors in a centralized online system.

14. Most Participating Members do not integrate disclosures and certifications into their procurement databases in a manner that allows for conflict checks and due diligence.

23. The City's online Economic Disclosure Statement system provides access to information on contractors, retained parties, and ownership interests which is relevant to conflict checks.

18. Establish a process for the use of joint pre-qualified vendor pools that recognizes the different statutory requirements applicable to Participating Members.

Findings Addressed:

11. In 2014, the Participating Members spent over $18 million cumulatively on procurement administration, a portion of which was spent on duplication of effort.

12. All Participating Members use their own pre-qualified pools of vendors, a potential area of inefficiency for government and inconvenience for vendors.

19. Develop best practices for routine audits of procurement functions and contract awards, and evaluate use of shared services to perform this function.

Finding Addressed:

33. There is inconsistency among Participating Members regarding the performance of internal audits of procurement functions and contract compliance.

20. Require each Participating Member to create a comprehensive procurement manual for its staff that is user-friendly and available to the public.

Finding Addressed:

27. The comprehensiveness and specificity of the Participating Members' procurement policies vary significantly.

21. Codify and provide training to Participating Members' employees on procurement rules and regulations, including appropriate authority, prohibited communications, and reporting obligations.

Findings Addressed:

28. All Participating Members stated that communications regarding active procurements are to be limited and generally flow through the procurement office; however, these rules are not clearly codified and disseminated at every agency.

34. Not all employees and contractors of Participating Members have a clear obligation to report violations of law in procurement and contracting to their respective Offices of Inspector General.

22. Develop universal programming for vendor outreach and training.

Finding Addressed:

10. The majority of Participating Members do not provide any workshops or training to potential vendors.

23. Develop uniform, minimum contract close-out procedures for use by all Participating Members.

Finding Addressed:

31. Participating Members' contract close-out processes vary, ranging from some with no established process to others that have significant requirements.

24. Develop minimum standards for project managers and other on-site review personnel to ensure vendor compliance.

Findings Addressed:

32. The majority of Participating Members lack a coordinated and comprehensive process for ensuring vendors' compliance with their obligations during the term of the contract.

35. Most Participating Members use external contract/project managers but hold them accountable to varying degrees.

25. Establish a process for information-sharing among Participating Members regarding poor performance, noncompliance, or wrongdoing of a vendor.

Finding Addressed:

36. Outside of placement on a debarment list, Participating Members have no formal mechanism to share documented information regarding a vendor's poor performance, noncompliance, or wrongdoing.

26. Seek to establish reciprocal debarment among Participating Members through the use of a debarment review board or another mechanism as permitted by law.

Findings Addressed:

17. Participating Members have an interest in more coordination in areas including compliance monitoring, joint procurement, debarment, and hiring.

42. Participating Members generally maintain their own debarment lists but consult each other's lists during a verification process.

43. Participating members check debarment lists of other government entities but generally do not have automatic reciprocity.

27. Establish uniform practices, where permitted by law, to expand preferences for local vendors and support a workforce development or similar contract award preference.

Finding Addressed:

40. Only the City and PBC apply preference for local vendors and labor in their procurements, and no Participating Member provides credit for employing graduates of workforce development programs.

LONG-TERM RECOMMENDATIONS (2017 and beyond)

28. Implement a universal procurement system that serves as a single point of entry for posting and responding to all Participating Members' procurement opportunities, and as a central repository for all contract and vendor information.

Findings Addressed:

1. Participating Members use a variety of common competitive processes, including Invitations for Bids, Requests for Proposals, and Requests for Qualifications; however, their solicitation documents and award procedures vary.

18. Participating Members' information regarding procurement opportunities is dispersed and decentralized.

26. The accessibility and comprehensiveness of Participating Members' procurement websites vary significantly.

29. Identify compliance functions that can be shared among Participating Members, including MBE/WBE compliance activities, and establish a joint compliance field team.

Findings Addressed:

11. In 2014, the Participating Members spent over $18 million cumulatively on procurement administration, a portion of which was spent on duplication of effort.

17. Participating Members have an interest in more coordination in areas including compliance monitoring, joint procurement, debarment, and hiring.

32. The majority of Participating Members lack a coordinated and comprehensive process for ensuring vendors' compliance with their obligations during the term of the contract.

30. Secure a *pro bono* study regarding the financial impact of the City's risk shifting contractual provisions.

Finding Addressed:

37. All Participating Members, except one, use contract templates for their agreements; however, the templates are not standardized among agencies despite similar terms and conditions.

31. Evaluate the benefits of center-led or consolidated procurement among the Participating Members.

Findings Addressed:

11. In 2014, the Participating Members spent over $18 million cumulatively on procurement administration, a portion of which was spent on duplication of effort.

12. All Participating Members use their own pre-qualified pools of vendors, a potential area of inefficiency for government and inconvenience for vendors.

15. Participating Members' IT procurement systems are not standardized or interoperable.

16. All Participating Members are engaged in uncoordinated systems improvements related to procurement.

32. The majority of Participating Members lack a coordinated and comprehensive process for ensuring vendors' compliance with their obligations during the term of the contract.


CITY OF CHICAGO
INCORPORATED 4th MARCH 1837

APPROVED

CORPORATION COUNSEL

APPROVED

Mayor

1/21/16