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MAY 2018

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

SECOND ANNUAL PROGRESS REPORT ON THE PROCUREMENT REFORM TASK FORCE



REPORT OF THE OFFICE OF INSPECTOR GENERAL



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MAY 30, 2018

**TO THE MAYOR, MEMBERS OF THE CHICAGO
PROCUREMENT REFORM TASK FORCE, MEMBERS OF
CITY COUNCIL, CITY CLERK, CITY TREASURER, AND
RESIDENTS OF THE CITY OF CHICAGO:**

On May 27, 2015, Mayor Rahm Emanuel convened the Chicago Procurement Reform Task Force (PRTF). PRTF was co-chaired by the Chief Procurement Officer (CPO) and the Inspector General (OIG) for the City of Chicago, and included the CEO, Executive Director, or Chancellor of six of the City's sister agencies: the Chicago Public Schools (CPS), the Chicago Transit Authority (CTA), the Chicago Housing Authority (CHA), the City Colleges of Chicago (CCC), the Chicago Park District (Parks), and the Public Building Commission (PBC). PRTF undertook a six-month project to identify opportunities for these entities (collectively, the Participating Members) to implement, in a uniform manner, best practices for awarding, managing, and overseeing public contracts. The Task Force's mission was to maximize operational efficiency, increase accountability, and economize public funds.

On November 17, 2015, PRTF reported its findings, grouped into five categories representing essential principles of government procurement: competition, efficiency, transparency, integrity, and uniformity. The Task Force also made recommendations designed to advance these principles, a 31-point blueprint for refining and standardizing the Participating Members' procurement operations. The recommendations in the 2015 Report of the Chicago Procurement Reform Task Force (2015 PRTF Report) fall into three categories: the first 15 were proposed for immediate implementation (i.e., by March 31, 2016), the next 12 for "mid-term" implementation (by December 31, 2016); and last 4 for "long-term" implementation (in "2017 and beyond").

Pursuant to an intergovernmental agreement executed under the authority of an ordinance passed by City Council and approved by the Mayor in January 2016, the Participating Members fulfilled PRTF's Recommendation #1 by creating a committee

¹ The 2015 PRTF Report is available at <https://www.cityofchicago.org/content/dam/city/depts/dps/PressReleases/ChicagoProcurementTaskForce.pdf>

² In this progress report, for the sake of identifying specific deadlines, rather than expressing target dates in terms of quarters we use calendar dates—i.e. the last day of the quarter. Thus, we express Q1 as March 31, Q2 as June 30, Q3 as September 30, and Q4 as December 31

of CPOs (CPO Committee), and charging it with addressing the Task Force's recommendations, tracking their implementation, and issuing quarterly and annual reports. The ordinance also directed the Members to begin work on Recommendation #5 by establishing a committee of Chief Information Officers (the Chicago Government IT Coordination Committee, or ITCC) to manage the technical aspects of the implementation process, and directed OIG to prepare and publish, within 90 days following the issuance of each CPO Committee Annual Report, an independent evaluation of the Members' progress toward implementing the recommendations.

On March 1, 2017, the CPO Committee issued the 2016 Annual Report of the Chicago Procurement Reform Task Force (2016 Annual Report), indicating that the Participating Members had addressed, in whole or part, 27 of the 31 recommendations.³ On May 30, 2017, OIG issued its First Annual Progress Report on the Chicago Procurement Reform Task Force (First Annual Progress Report).⁴ Our review revealed that the Members had fully addressed 7 of the PRTF recommendations, formulated policies and processes for implementing 7 others, partially addressed an additional 13, and not yet begun to address the remaining 4. OIG suggested that the CPO Committee set target completion deadlines for the 24 open recommendations.

On March 1, 2018, the CPO Committee issued the 2017 Annual Report of the Chicago Procurement Reform Task Force (2017 Annual Report), indicating that the Participating Members had fully addressed 11 more recommendations (bringing the completed total to 18) and partially addressed the remaining 13.⁵ OIG's independent review concludes that the Members have fully addressed 7 of the recommendations that remained open at the time of our First Annual Progress Report (bringing the completed total to 14) and partially implemented 15 others, and that 2 of the recommendations remain in the "process completed; implementation ongoing" category. Below, we briefly summarize and evaluate the steps taken on each recommendation.⁶

³ The 2016 Annual Report is available at https://www.cityofchicago.org/content/dam/city/depts/dps/Outreach/2016AnnualReport_PRTF_030107.pdf

⁴ OIG's First Annual Progress Report is available at <http://chicagoinspectorgeneral.org/wp-content/uploads/2017/05/2017-PRTF-Progress-Report.pdf>

⁵ The 2017 Annual Report is available at https://www.cityofchicago.org/content/dam/city/depts/dps/Outreach/2017AnnualReport_PRTF_030108.pdf

⁶ Although we focus primarily on the Participating Members' accomplishments between the First Annual Progress Report, issued on May 30, 2017, and the 2017 Annual Report, issued on March 1, 2018, we also acknowledge any additional efforts brought to our attention between March 1 and the issuance of this progress report on May 30

We note here, as we did in our First Annual Progress Report, that while the Participating Members have not strictly complied with the implementation timetable set in the 2015 PRTF Report, they are making steady progress toward achieving the Task Force's goals. Significantly, the CPO Committee has now set target deadlines for completing each of the remaining recommendations. If the Members meet these deadlines, they will complete 11 of the open recommendations before we issue our Third Annual Progress Report in 2019. Based on that projection, OIG's Third Annual Report will additionally assess whether, and the extent to which, implemented recommendations are fully operational. We therefore strongly encourage the Members to take all necessary and appropriate steps in the coming year to prepare for this additional assessment, and look forward to confirming the completion of the remaining recommendations in this continuing effort to establish standard-setting national best practices in municipal procurement.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Ferguson', with a stylized, flowing script.

Joseph M. Ferguson
Inspector General
City of Chicago

I. PROGRESS ON TASK FORCE RECOMMENDATIONS

The following table illustrates the progress on PRTF's 31 recommendations. The Participating Members fully implemented 7 recommendations in advance of the issuance of OIG's First Annual Progress Report on May 30, 2017 (specifically, Recommendations #1, #3, #10, #12, #13, #14, and #27). In this report, we discuss the 24 recommendations that remained open at the time we issued our First Annual Progress Report; we do not revisit the recommendations we previously confirmed as completed.

Recommendations with target completion dates before May 30, 2019—the date we will issue our Third Annual Progress Report—are marked with asterisks.

Rec. No.	Assessment in 2016 Report	2017 OIG Assessment	Assessment in 2017 Report	2018 OIG Assessment
#1	Completed	Completed	Completed	Completed
#2	Ongoing	Process Completed, Implementation Ongoing	Completed	Process Completed, Implementation Ongoing
#3	Completed	Completed	Completed	Completed
#4	Ongoing	Partially completed	Partially completed	Partially completed*
#5	Ongoing	Partially completed	Completed	Completed
#6	Ongoing	Partially completed	Completed	Completed
#7	Ongoing	Partially completed	Partially completed	Partially completed*
#8	Completed	Policy Completed; Implementation Ongoing	Completed	Completed (policy implemented)
#9	Completed	Process Completed, Implementation Ongoing	Completed	Partially completed*
#10	Completed	Completed	Completed	Completed
#11	Completed	Partially completed	Partially completed	Partially completed
#12	Completed	Completed	Completed	Completed
#13	Completed	Completed	Completed	Completed
#14	Completed	Completed	Completed	Completed
#15	Ongoing	Partially completed	Partially completed	Partially completed*
#16	Ongoing	Policy Completed; Implementation Ongoing	Completed	Completed (policy implemented)
#17	Ongoing	Process Completed, Implementation Ongoing	Ongoing	Partially completed (implementation ongoing)*
#18	Ongoing	Partially completed	Partially completed	Partially completed
#19	Ongoing	Partially completed	Partially completed	Partially completed
#20	Ongoing	Partially completed	Partially completed	Partially completed*
#21	Ongoing	Process Completed, Implementation Ongoing	Completed	Process Completed; Implementation Ongoing
#22	Ongoing	Process Completed, Implementation Ongoing	Completed	Completed (process implemented)
#23	Ongoing	Partially completed	Completed	Completed
#24	Ongoing	Partially completed	Completed	Completed
#25	Ongoing	Partially completed	Partially completed	Partially completed*
#26	Ongoing	Partially completed	Completed	Partially completed*
#27	Completed	Completed	Completed	Completed
#28	Not addressed	Not yet begun	Ongoing	Partially completed
#29	Not addressed	Not yet begun	Ongoing	Partially completed*

Rec. No.	Assessment in 2016 Report	2017 OIG Assessment	Assessment in 2017 Report	2018 OIG Assessment
#30	Not addressed	Not yet begun	Ongoing	Partially completed*
#31	Not addressed	Not yet begun	Ongoing	Partially completed*

We report on the recommendations using the following chronological format, which shows both a recommendation's status as of OIG's First Annual Progress Report and its current status:

Status Assessment in 2016 Annual Report	[The CPO Committee's assessment of the status of the recommendation as of March 1, 2017]
2017 OIG Evaluation	[OIG's evaluation of the CPO Committee's 2017 assessment]
Status Assessment in 2017 Annual Report	[The CPO Committee's assessment of the status of the recommendation as of March 1, 2018]
2018 OIG Evaluation	[OIG's evaluation of the Committee's 2018 assessment]

A. THE IMMEDIATE RECOMMENDATIONS

RECOMMENDATION #2

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Process created; implementation ongoing.</u> The CPO Committee received its charge and remains engaged in fulfilling it.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Process created; implementation ongoing.</u> The CPO Committee received its charge and remains engaged in fulfilling it. (Note that, by its nature, this recommendation will not qualify as completed until all of the other recommendations have been fully implemented.)

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<p><u>Partially completed.</u> The CPO Committee retained Clark Hill PLC to undertake the project outlined in this recommendation on a pro bono basis. Clark Hill has completed standardized commodities and professional services master templates, as well as some of the miscellaneous "additional provision" templates. Regarding construction contracts, after a thorough review and analysis of the Participating Members' materials, Clark Hill was unable to develop a set of master templates due to the significant differences between the Members' needs. Thus, all that remains are further "additional provision" and solicitation templates. Once these are complete, the CPO Committee will begin to plan the implementation process. As a Task Force member, OIG would like to take this opportunity to thank to Clark Hill for its generous assistance with this aspect of the reform project.</p>
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<p><u>Partially completed.</u> DPS informs us that Clark Hill left the project in April 2017. In the meantime, progress on the City's eProcurement system led DPS to rethink its strategy for moving forward on Recommendation #4. Briefly, eProcurement streamlines the City's procurement processes, tracking all contract-related activities through the eProcurement Portal. Several commodities, construction, and RFP contracts have already been awarded. DPS will extend the eProcurement Modernization project to all facets of the procurement process in 2018. The Portal is publicly available at this link: https://www.cityofchicago.org/city/en/depts/dps/isupplier.html</p> <p>With specific regard to Recommendation #4, DPS explains that one of the most important characteristics of eProcurement is the capability to use distinct contract provisions as building blocks to generate bid documents. To utilize this function, the Participating Members must, among other things, rewrite contract templates to eliminate cross-references and incorporate eProcurement-specific terms. For this purpose, the City has engaged a consultant</p>

	<p>familiar with both the eProcurement system and government agency contracts due to previous work at the Department of Law and DPS. Templates for commodities and small orders have already been rewritten.</p> <p>The CPO Committee has set a target date of December 31, 2018 to complete this recommendation.</p>
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RECOMMENDATION #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.

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The ITCC has completed an inventory of the Participating Members' procurement-related systems, providing a basis to develop collaboration opportunities. Now that the ITCC includes representatives from all Participating Members, a source of delay noted in the 2016 Annual Report, the ITCC should be positioned to begin identifying such opportunities.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Completed.</u> The ITCC has completed its preliminary work and established the recommended schedules for implementation (see Recommendations #7, #17, and #28). In OIG's assessment, this fulfills Recommendation #5.

RECOMMENDATION #6

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The specific presentation standards and search functionality for material presented online have not yet been finalized. OIG reminds the CPO Committee that one of the findings addressed by this recommendation relates to the absence of a single standard for disclosing information related to subcontractors. Given the importance

	of transparency to cultivating an ethical procurement culture, moving forward, the CPO Committee should focus on this aspect of Recommendation #6 while progress toward the consolidated website contemplated in Recommendation #7 remains ongoing.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Completed.</u> The only remaining element of Recommendation #6 is the final step: the actual posting of the relevant material in a user-friendly and searchable format, which, again, is tied to the completion of Recommendation #7. OIG therefore deems this recommendation completed. We appreciate that the CPO Committee addressed our suggestion in last year's progress report to set a disclosure standard that includes information related to subcontractors. The summary described on page 9 of the 2017 Annual Report accomplishes this goal.

RECOMMENDATION #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.

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<p><u>Partially completed.</u> As noted above, the ITCC is working to develop a website that consolidates information from and opportunities presented by the Participating Members. Once launched, OIG will aid in the assessment whether this resource helps achieve the Task Force's goals of increasing transparency, removing barriers to entry for vendors, and facilitating effective procurement planning across agencies.</p> <p>In early May 2017, two of the ITCC's principals led the CPO's regular bi-weekly meeting, presenting the first version of the consolidated website contemplated in Recommendation #7, and soliciting initial feedback from the Participating Members on both the interface and the content the site will host. Specifically, the ITCC has asked each Member to assign</p>

	representatives (both subject matter and technical) to participate in requirements gathering for the build-out of the site's features. The ITCC has indicated it will meet with these representatives in late May and early June, and then design an implementation plan, which it intends to present to the CPO Committee in July. The website is expected to launch in 2017, once the CPO feedback is received and addressed.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> The website that the ITCC expected to launch in 2017 remains a work in progress. The 2017 Annual Report describes numerous data-collection and technical-process steps taken toward completing Recommendation #7, and sets a new target completion date of December 31, 2018.

RECOMMENDATION #8

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

Status Assessment in 2016 Annual Report	Completed
2017 OIG Evaluation	<u>Policy created; implementation ongoing.</u> The CPO Committee developed a standard set of disclosure requirements for subcontractors. Each Participating Member has committed to including language consistent with these requirements in its solicitation templates and documents. The Members will also require contractors to certify that they and their subcontractors have not violated any pertinent federal, state, or local laws or regulations, or been subject to debarment or other disciplinary action by any governmental entity. Six of the seven Members have made these changes and the other anticipates completing the project in June 2017.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Completed.</u> Each of the seven Participating Members now include language substantially identical to that set out on page 10 of the 2017 Annual Report in their solicitation templates and documents, including economic disclosure statements, contractor's affidavits, and compliance

	schedules. The Members are required to post these templates and documents online. In OIG's assessment, this fulfills Recommendation #8.
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RECOMMENDATION #9

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

Status Assessment in 2016 Annual Report	Completed
2017 OIG Evaluation	<u>Process created; implementation ongoing.</u> Each Participating Member has agreed that, prior to entering into a contract, it will: check federal, state, and local no-contracting and debarment lists; check the potential contractor's corporate registration standing with the Illinois Secretary of State; check whether the potential contractor owes any debt to the City of Chicago; and perform a background check using an internet search engine. Four of the seven Members have implemented this process and the others anticipate achieving complete implementation in the near future.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Partially completed.</u> Each of the Participating Members has implemented all or most of the due diligence steps outlined above. However, access to the City's debt database (IRIS) is necessary to check for outstanding City debt. DPS informs OIG that providing IRIS access to all Members requires the City's Department of Finance to grant permissions and provide related training. In addition, there are firewall and other technical issues that the City's Department of Innovation and Technology is working to address. We are informed that the CPO Committee has set a target date of December 31, 2018 to complete implementation of this recommendation.

RECOMMENDATION #11

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

Status Assessment in 2016 Annual Report	Completed
2017 OIG Evaluation	<p><u>Partially completed.</u> Each Participating Member provided its list of accepted certifications, which include significant overlap but are not entirely consistent. As a next, related step, the Members are evaluating the certifications issued by entities other than the City of Chicago and Cook County to determine which, if any, they will collectively agree to accept. This information will inform the development of a cross-Member list of acceptable certifications.</p> <p>OIG encourages the CPO Committee, in determining which certifications are acceptable, to ensure that the standards applied by the certifying entities are sufficiently rigorous to achieve the goal of accommodating only firms that are legitimately entitled to the contracting opportunities reserved for MBEs, WBEs, and DBEs.</p>
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<p><u>Partially completed.</u> Based on input received from the other Participating Members, PBC—the lead agency on Recommendation #11—is in the process of developing a matrix comparing and evaluating the various standards for MBE/WBE/DBE certification. This process takes into account a year of data from Members showing what certification types they utilized in their contracting. Although the 2017 Annual Report set a target date of March 31, 2018 to complete this recommendation, as of May 30, due to staffing turnover, one Member has not yet provided its data to PBC. Upon receipt of this last data set, PBC will finalize its matrix, enabling completion of this recommendation. OIG encourages the CPO Committee to set a new target date in 2018.</p>

RECOMMENDATION #15

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee has evaluated each Participating Member's current management of personnel-related practices, and is engaged in efforts to determine effective approaches to job listings, inter-Member employee transfers, and cross-Member participation in training programs.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> The CPO Committee updated its SharePoint site to serve as a hub for the information sharing prescribed by Recommendation #15. The Participating Members will finish uploading their information to the site by the target date of June 30, 2018, and update the information as needed. Specifically, the Members will provide their organizational charts, job descriptions, talent recruitment practices, and upcoming professional development opportunities.

B. THE MID-TERM RECOMMENDATIONS

RECOMMENDATION #16

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Policy created; implementation ongoing.</u> To the extent this recommendation relates to sole source contracts, it overlaps with Recommendation #3. The CPO Committee has made substantial progress on the small-purchase component, developing and circulating a draft policy document for consideration and adoption by Participating Members. Briefly, this policy contemplates setting a small-purchase price threshold, requires solicitation of quotations from a reasonable number of sources, provides guidelines for determining how many sources is "reasonable" in a particular context, and sets standards for when phone quotations are allowable and how such quotations should be recorded.

	<p>The CPO Committee has made less progress on developing emergency contract standards. However, the CPO Committee created and presented to the Members a draft process flow/checklist that provides a basis for further work on the issue. This proposal requires a Member facing an operational emergency first to determine whether the need the emergency creates can be met through an existing contract or a modification to an existing contract. If not, the next option is a small purchase contract. If neither of these approaches is feasible, the Member is required to prepare a written justification describing the nature of the emergency, estimating the cost, and listing potential contractors. This justification must be approved by the relevant department head, the CPO, and the General or Corporation Counsel. Time permitting, the emergency procurement will be posted online and awarded via a streamlined email solicitation process. Finally, the Member will submit each emergency contract and a report detailing the circumstances leading to its award to the Member's Board or City Council.</p>
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<p><u>Completed.</u> CTA developed, and each of the seven Participating Members has adopted—at dollar amount thresholds consistent with their relevant rules—policies for small and emergency purchases. The template for these policies is memorialized on pages 14-16 of the 2017 Annual Report. In OIG's assessment, this template fulfills Recommendation #16.</p>

RECOMMENDATION #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.

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<p><u>Process created; implementation ongoing.</u> The ITCC has designed a cross-Member Economic Disclosure Statement system. The CPO Committee intends to seek funding to</p>

	implement the system via the 2018 City budget process. Ensuring that such disclosures are made timely, thoroughly, and accurately, and can be searched easily, is essential to a transparent procurement process. OIG strongly urges the City to support this budget priority.
Status Assessment in 2017 Annual Report	Ongoing
2018 OIG Evaluation	<u>Partially completed.</u> The CPO Committee upgraded the current common EDS system to the latest version in 2017. The Committee also identified funding to update to a modern application platform that can support a standard EDS for use across all Participating Members. As of the date of this progress report, the EDS project is in the planning and requirements phase; the ITCC anticipates completing this phase by June 30, 2018, and has set a target date of March 31, 2019 to transition to the new platform.

RECOMMENDATION #18

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee has collected each Participating Member's pre-qualified vendor lists, arranged by type of service and goods provided. The City's Department of Procurement Services (DPS) will take the lead in combining them into one or more master lists, based on an assessment of which vendors are appropriate candidates for joint pools, and organize the lists in a manner accounting for the Members' various legal restrictions. This is intended to help reduce duplication of effort by the Members, thereby making procurement administration less expensive.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> The ITCC noted in the 2017 Annual Report that the next steps on Recommendation #18 depend on the finalization of Recommendation #4 (the standardization of contract boilerplate). The new target date

	to complete this recommendation is June 30, 2019. In the interim, the City has recommended that the Participating Members follow its Reference Contract Policy—available at https://www.cityofchicago.org/content/dam/city/depts/dol/rulesandregs/ReferenceContractPolicy.pdf —to develop contracts for particular goods/services based on existing reference contracts for the provision of those goods/services.
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RECOMMENDATION #19

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee is in the process of gathering materials related to past internal and external audits performed by the Participating Members themselves and their designees. As under Recommendation #18, the bulk of the task lies ahead; the CPO Committee intends to research best practices in this area in an effort to devise an effective approach to routine audits, and to determine to what extent Members could use shared services to complete those audits.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> As the lead agency on Recommendation #19, the City decided to engage a third party to assist Participating Members with compliance audits. The Members are collaborating to draft the terms of the task order, focusing on collecting, reviewing, analyzing, and reporting, separately and cumulatively, on MBE/WBE/DBE utilization, as well as Equal Employment Opportunity and Chicago residency/local hiring aspects of current contracting practices. The target date for finalizing common audit practices is June 30, 2019.

RECOMMENDATION #20

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee has reviewed the Participating Members' existing manuals and identified elements missing from some that should be included in all. Based on this list of indispensable elements, the Members will revise their manuals and resubmit them to the CPO Committee for review. The 2016 Annual Report does not address the public-availability component of the recommendation, although this could be achieved in the near-term through posting on Participating Members' individual websites while the consolidated web site described in Recommendation #7 is under construction.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> CCC, the lead agency on Recommendation #20, used CTA's manual as a model to create a template for the other Participating Members. Half of the Members have drafted manuals and submitted them for review by their legal departments, the rest are engaged in the drafting process. By the target date of September 30, 2018, all Members are expected to have drafted, vetted, and adopted new manuals. ⁷

RECOMMENDATION #21

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Process created; implementation ongoing.</u> The City's Department of Procurement Services (DPS) has begun, and will continue, to host training sessions designed to educate the Participating Members' personnel on their responsibilities under procurement-related laws and regulations.

⁷ In the 2017 Annual Report, the CPO Committee provided Q1 2018 (March 31, 2018) as the target date for completing this recommendation. We are informed this is an error, the actual target date is Q3 2018 (September 30, 2018).

Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<p><u>Process created; implementation ongoing.</u> As noted in the 2017 Annual Report, DPS makes available to its fellow Participating Members trainings on a variety of topics, including:</p> <ul style="list-style-type: none"> • Certification Overview Including C2 • Compliance Process and Procedures Including LCP Tracker • Emergency Contracts • Exhibit B (Direct Voucher) • Non-Competitive Review Board (NCRB) • Project Checklist • Record Retention Training • Small Business Initiatives • Small Orders • Task Order Training • DPS Year End Briefing Report <p>DPS is also working with the City's Department of Law and Board of Ethics to develop guidelines regarding prohibited communications in the contracting context and contractors' reporting obligations. OIG encourages DPS to maintain its active and innovative approach to maximizing training opportunities for its fellow Members.</p>

RECOMMENDATION #22

Develop universal programming for vendor outreach and training.

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<p><u>Process created; implementation ongoing.</u> DPS has taken steps to include the other Participating Members in the City's already extensive vendor-training-and-outreach program. Additionally, a project is underway whereby all Members will have access to DPS's online livestreaming capability as a means of broadcasting training workshops.</p>
Status Assessment in 2017 Annual Report	Completed

2018 OIG Evaluation	<p><u>Process implemented.</u> As described in the 2017 Annual Report, DPS has implemented Recommendation #22 via the following methods:</p> <ul style="list-style-type: none"> • creating a Universal Outreach Calendar via the PRTF SharePoint site that Participating Members can access, as well as a Google Calendar promoting City outreach events and workshops; • promoting Participating Member outreach events via the DPS Alert Email Newsletter; • establishing a new workshop category featuring Participating Members called "Doing Business with Sister Agencies;" and • leveraging existing technology by inviting Participating Members to utilize DPS Bid & Bond Room livestreaming capability to broadcast their workshop offerings. <p>In OIG's assessment, this fulfills Recommendation #22.</p>
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RECOMMENDATION #23

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<p><u>Partially completed.</u> Having completed a survey of the Participating Members' procedures, the CPO Committee drafted a close-out checklist and is finalizing associated FAQs and a "tips" document.</p>
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<p><u>Completed.</u> The Participating Members have begun to utilize a contract close-out checklist that includes contract time frame, advertising dates, award amounts, evaluator information, legal analysis, financial analysis, term, extensions available, signatures needed, insurance requirements, website posting, MBE/WBE/DBE/ACDBE/BEPD information, and Board Reports. In OIG's assessment, this fulfills Recommendation #23.</p>

RECOMMENDATION #24

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee created a Site Visit Guide, draft FAQs, and "Tips for On-Site Personnel," and has circulated the proposals to the Participating Members for review and comment.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Completed.</u> The proposed site-visit materials, which are designed to help ensure vendor compliance with contract terms by setting minimum standards for Participating Members' project managers and related personnel, have been finalized and adopted (to the extent applicable) by the Members. In OIG's assessment, this fulfills Recommendation #24.

RECOMMENDATION #25

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> Efforts are underway to create a process for cross-Member communication on vendor issues, beyond sharing debarment lists. The anticipated subjects include incidents of noncompliance and/or default, and remedies to cure.
Status Assessment in 2017 Annual Report	Partially completed
2018 OIG Evaluation	<u>Partially completed.</u> Parks took the lead in designing a standard Vendor Performance Form to facilitate the information sharing contemplated by Recommendation #25. Taking into account possible due process issues, the CPO Committee has tentatively determined that the Participating Members will share this information only in situations involving issuance of notices of default. Under the current plan, the Members will share detailed information regarding such situations via a spreadsheet maintained on

	their SharePoint. The CPO Committee anticipates final resolution and implementation of this recommendation by June 30, 2018.
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RECOMMENDATION #26

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

Status Assessment in 2016 Annual Report	Ongoing
2017 OIG Evaluation	<u>Partially completed.</u> The CPO Committee researched the possibility of creating a debarment review board, but determined that the utility of such an entity would not justify the effort necessary to devise and implement it. Instead, the CPO Committee has recommended, and the Participating Members are considering, revising debarment policies to include language allowing, though not requiring, automatic debarment of a vendor in the event another Member has already debarred the firm or individual on the basis of certain, particularly serious, grounds, such as a criminal offense. Where one Member has debarred a vendor on less-serious grounds, the standardized revision reserves for the other Members the option of utilizing their own processes to determine whether to debar.
Status Assessment in 2017 Annual Report	Completed
2018 OIG Evaluation	<u>Partially completed.</u> CHA took the lead in drafting standard reciprocal debarment language, which is set out on page 22 of the 2017 Annual Report. All but two of the Participating Members have amended their debarment policies and procedures to include this language. CCC is undertaking this amendment as part of comprehensive review of its debarment policy; it anticipates implementation by October 2018. CHA has informally adopted the language; formal adoption will occur at its June 2018 board meeting.

C. THE LONG-TERM RECOMMENDATIONS**RECOMMENDATION #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.

Status Assessments in 2016 Annual Report	Not addressed
2017 OIG Evaluations	<u>Not yet begun.</u> The 2015 PRTF Report anticipated that the Participating Members would engage with this recommendation in "2017 and beyond." Five months into 2017, no work has been done. The CPO Committee should set a schedule whereby at least initial steps on Recommendation #28 occur before year's end.
Status Assessment in 2017 Annual Report	Ongoing
2018 OIG Evaluations	<u>Partially completed.</u> The personnel from each Participating Member who will staff this project are currently engaged in designing the new EDS system prescribed by Recommendation #17. As these personnel become available, they will begin to work on Recommendation #28. The ITCC anticipates completing the first phase—documenting the Members existing processes, researching legal and regulatory requirements, and making recommendations concerning what changes will be necessary to support a single system—by March 31, 2019, and achieving full implementation of a universal system by December 31, 2021. Given the complexity of this undertaking, and having conferred with the City's Chief Information Officer, OIG agrees this is a reasonable timeline.

RECOMMENDATION #29

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

Status Assessments in 2016 Annual Report	Not addressed
2017 OIG Evaluations	<u>Not yet begun.</u> The 2015 PRTF Report anticipated that the Participating Members would engage with this recommendation in "2017 and beyond." Five months into 2017, no work has been done. The CPO Committee should set a schedule whereby at least initial steps on Recommendation #29 occur before year's end.
Status Assessment in 2017 Annual Report	Ongoing
2018 OIG Evaluations	<u>Partially completed.</u> As described on pages 23 and 24 of the 2017 Annual Report, DPS is addressing Recommendations

	<p>#29, #30, and #31 in collaboration with Chicago Anchors for a Strong Economy (CASE), a local network of public, private, non-profit and cultural institutions that, among other things, develops best practices for procurement. (More information on CASE is available at http://www.chicagoanchors.com/.) The Participating Members secured funding and support for work related to these last three recommendations from the CITI Foundation and the Living Cities Accelerator program.</p> <p>With specific regard to Recommendation #29, DPS and CASE are in the process of scheduling appointments with compliance subject matter experts from each Participating Member, in order to begin developing model processes/ workflows that account for each Member's distinct needs. The CPO Committee anticipates completing this recommendation by March 31, 2019.</p>
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RECOMMENDATION #30

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

Status Assessments in 2016 Annual Report	Not addressed
2017 OIG Evaluations	<u>Not yet begun.</u> The 2015 PRTF Report anticipated that the Participating Members would engage with this recommendation in "2017 and beyond." Five months into 2017, no work has been done. The CPO Committee should set a schedule whereby at least initial steps on Recommendation #30 occur before year's end.
Status Assessment in 2017 Annual Report	Ongoing
2018 OIG Evaluations	<u>Partially completed.</u> The City and CASE are conducting best practice research with other units of government to evaluate the potential upside of amending existing risk-shifting contractual provisions —e.g., those related to insurance, indemnity, and limitation of liability— to achieve the twin purposes of obtaining the best value in municipal contracting while creating a more favorable and open bidding environment for a diverse array of businesses. The CPO Committee anticipates completing this recommendation by March 31, 2019.

RECOMMENDATION #31

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

Status Assessments in 2016 Annual Report	Not addressed
2017 OIG Evaluations	<u>Not yet begun.</u> The 2015 PRTF Report anticipated that the Participating Members would engage with this recommendation in "2017 and beyond." Five months into 2017, no work has been done. The CPO Committee should set a schedule whereby at least initial steps on Recommendation #31 occur before year's end.
Status Assessment in 2017 Annual Report	Ongoing
2018 OIG Evaluations	<u>Partially completed.</u> In cooperation with CASE, the City is analyzing its Buying Plan data to evaluate the potential benefits of having particular Participating Members oversee purchasing in categories related to their central missions. This project may find, for example, that it makes sense to have Parks handle all of the Members' landscaping contracting. The CPO Committee anticipates completing this recommendation by March 31, 2019.

II. CONCLUSION

Under the leadership of the CPO and IT Coordination Committees, the Participating Members have continued to progress toward implementation of the 31 Recommendations presented in the 2015 PRTF Report. While much work remains, OIG appreciates the committees' and Members' efforts to date, and looks forward to monitoring their efforts to achieve these vitally important reforms.

MISSION

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- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and employment activities by its Hiring Oversight Unit.

From these activities, OIG issues reports of findings and disciplinary and other recommendations to assure that City officials, employees, and vendors are held accountable for violations of laws and policies; to improve the efficiency, cost-effectiveness government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and 240.

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