



City of Chicago



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CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

FOURTH ANNUAL PROGRESS REPORT ON THE PROCUREMENT REFORM TASK FORCE



REPORT OF THE OFFICE OF INSPECTOR GENERAL



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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:

Enclosed for your consideration is the City of Chicago Office Inspector General 2020 progress report on fulfillment of the recommendations of the Chicago Procurement Reform Task Force (PRTF). In previous years, OIG has issued our progress report in late spring, following the issuance of the annual PRTF report in March. In 2020, however, the COVID-19 crisis disrupted this timeline. The project's Chief Procurement Officers (CPO) Committee—comprising procurement officials from the City, 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) (collectively, the Participating Members)—was unable to issue the annual report until June. The timing of the CPO Committee annual report overlaid it with ensuing 2020 quarterly cycle activities, the reporting of which was likewise delayed by COVID-19 disruptions. In light of these and other operational challenges, OIG, in consultation with the CPO Committee Chair, have consolidated all 2020 calendar year reporting information into a single annual overview. In 2021, the CPO Committee and OIG anticipate returning to the original reporting schedule we followed in 2017, 2018, and 2019.

The PRTF initiative has been ongoing for more than five years, with the Task Force having first convened in May 2015. The City's CPO and the Inspector General co-chaired PRTF, which included the CEO, Executive Director, or Chancellor of each Participating Member. The Task Force undertook a six-month project to identify opportunities for these entities to implement—in a uniform manner—best practices for awarding, managing, and overseeing public contracts. PRTF's mission was to maximize operational efficiency, increase accountability, and economize public funds.

In November 2015, PRTF reported its findings, grouped into five categories representing the 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 fall into three categories: the first 15 were proposed for "immediate" implementation (i.e., by March 30, 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 Mayor Emanuel in January 2016, the Participating Members fulfilled PRTF's Recommendation #1 by creating the 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 Participating Members to begin work on Recommendation #5 by establishing a committee of Chief Information Officers (the Chicago Government IT Coordination Committee) to manage the technical aspects of the implementation process, and directed OIG to prepare and publish, within 90 days following the issuance of each Annual Report, an independent evaluation of the Participating Members' progress toward implementing the recommendations.

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

In March 2018, the CPO Committee issued the 2017 Annual Report, indicating that the Participating Members had fully implemented 18 recommendations and partially implemented the remaining 13. In May 2018, OIG issued its Second Annual Progress Report. Our review concluded that the Members had fully implemented 14 of the recommendations and partially implemented 15 others, and that 2 of the recommendations remained in the "process completed; implementation ongoing" category.

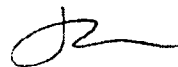
In March 2019, the CPO Committee issued the 2018 Annual Report, indicating that the Participating Members had fully addressed 23 recommendations and partially addressed the remaining 8. To prepare the Third Annual Progress Report, issued in June 2019, OIG solicited the assistance of and worked in coordination with the IGs of the Participating Members to more closely assess whether represented actions had,

in fact, been undertaken. Based on that joint-IG undertaking, we concluded that the Participating Members had fully implemented 13 of the recommendations and partially implemented 9 others, and that the remaining 9 recommendations, which were designated as completed, had not yet been fully and consistently operationalized across the board.

In June 2020, the CPO Committee issued the 2019 Annual Report, indicating that the Participating Members had fully addressed 27 recommendations and partially addressed the remaining 4. With the caveat that the 2020 challenges referenced above limited OIG's ability to undertake the full and rigorous review taken in past years, we tentatively confirm the Committee's assessment. In 2021, OIG—consulting, as necessary, with our colleagues from the offices of the IGs of the Participating Members—will endeavor, as in 2019, to provide a full account of the status of the remaining recommendations pending completion. These, in significant part, relate to information system and technology upgrades and reforms on the way to a more unified, interoperable platform across the City and its Sister Agencies, respecting procurement and contract programming, management, and enforcement.

Once again, OIG is glad to acknowledge the continuing progress the Participating Members have made toward addressing and implementing PRTF's recommendations. We look forward to the steadily approaching day that this project is brought to full and final fruition.

Respectfully,



Joseph M. Ferguson
Inspector General
City of Chicago

I. PROGRESS ON TASK FORCE RECOMMENDATIONS

The following table illustrates the Participating Members' progress in implementing PRTF's 31 recommendations, from the outset of the reform process to date. According to the 2019 Annual Report, issued in June 2020, the Members had completed 22 recommendations, and work was ongoing or partially completed for the remaining 9. As of the CPO Committee's most recent quarterly, issued on October 27, 2020, the Members have now fully completed 27 recommendations and partially completed the remaining 4. OIG's independent review tentatively confirms the October assessment.¹

Rec. No.	PRTF 2016 Annual Report (3/2017)	OIG First Annual Progress Report (5/2017)	PRTF 2017 Annual Report (3/2018)	OIG Second Annual Progress Report (5/2018)	PRTF 2018 Annual Report (3/2019)	OIG Third Annual Progress Report (6/2019)	PRTF 2019 Annual Report (6/2020) and latest quarterly report (10/2020)	OIG Fourth Annual Progress Report (12/2020)
#1	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#2	Ongoing	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#3	Completed	Completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#4	Ongoing	Partially completed	Partially completed	Partially completed	Ongoing	Partially completed	Completed	Completed
#5	Ongoing	Partially completed	Completed	Completed	Completed	Completed	Completed	Completed
#6	Ongoing	Partially completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#7	Ongoing	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed
#8	Completed	Completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#9	Completed	Completed	Completed	Partially completed	Completed	Partially completed	Completed	Completed
#10	Completed	Completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#11	Completed	Partially completed	Partially completed	Partially completed	Completed	Completed	Completed	Completed
#12	Completed	Completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#13	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#14	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#15	Ongoing	Partially completed	Partially completed	Partially completed	Completed	Completed	Completed	Completed
#16	Ongoing	Completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed

¹ For purposes of clarity and consistency with our previous progress reports, we use the term "partially completed" to describe the recommendations classified as "outstanding" by the CPO Committee in its annual and quarterly reports. Further, we do not repeat narratives for recommendations deemed completed in our previous progress reports (specifically, recommendations 1, 2, 5, 11, 13, 14, 15, 21, 22, 25, 27, 29, and 30) below; we simply describe them as completed.

Rec. No	PRTF 2016 Annual Report (3/2017)	OIG First Annual Progress Report (5/2017)	PRTF 2017 Annual Report (5/2018)	OIG Second Annual Progress Report (5/2018)	PRTF 2018 Annual Report (3/2019)	OIG Third Annual Progress Report (6/2019)	PRTF 2019 Annual Report (6/2020) and latest quarterly report (10/2020)	OIG Fourth Annual Progress Report (12/2020)
#17	Ongoing	Completed	Ongoing	Partially completed	Ongoing	Partially completed	Partially completed	Partially completed
#18	Ongoing	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Completed	Completed
#19	Ongoing	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed
#20	Ongoing	Partially completed	Partially completed	Partially completed	Partially completed	Partially completed	Completed	Completed
#21	Ongoing	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#22	Ongoing	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#23	Ongoing	Partially completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#24	Ongoing	Partially completed	Completed	Completed	Completed	Inconsistent implementation	Completed	Completed
#25	Ongoing	Partially completed	Partially completed	Partially completed	Completed	Completed	Completed	Completed
#26	Ongoing	Partially completed	Completed	Partially completed	Completed	Inconsistent implementation	Completed	Completed
#27	Completed	Completed	Completed	Completed	Completed	Completed	Completed	Completed
#28	Not addressed	Not yet begun	Ongoing	Partially completed	Ongoing	Partially completed	Partially completed	Partially completed
#29	Not addressed	Not yet begun	Ongoing	Partially completed	Completed	Completed	Completed	Completed
#30	Not addressed	Not yet begun	Ongoing	Partially completed	Completed	Completed	Completed	Completed
#31	Not addressed	Not yet begun	Ongoing	Partially completed	Ongoing	Partially completed	Completed	Completed

A. THE IMMEDIATE RECOMMENDATIONS

- RECOMMENDATION #1
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #2
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #3
 - Lead agency: CTA

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.

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. Each Participating Member has created a Non-Competitive Review Committee and has come into compliance with the requirements of providing a publicly posted justification for all non-competitive sole source procurements and including all pertinent documents in justification packages submitted to the Committee.

- RECOMMENDATION #4
 - Lead agency: City

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.

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. Working with outside legal counsel, the City developed a framework for competitively bid contracts that all Participating Members have adopted.

- RECOMMENDATION #5
 - Lead agency: ITCC

Charge the Chicago Government IT Coordination Committee (ITCC), 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

<i>CPO Committee Status Assessment</i>	Completed
<i>OIG Evaluation</i>	Completed

- RECOMMENDATION #6
 - Lead agency: CCC

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

<i>CPO Committee Status Assessment</i>	Completed
<i>OIG Evaluation</i>	Completed. All Participating Members have developed a platform to display the information identified in this recommendation.

- RECOMMENDATION #7
 - Lead agency: ITCC

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.

<i>CPO Committee Status Assessment</i>	Partially completed
<i>OIG Evaluation</i>	Partially completed. Based on requirements provided by ITCC members, new website functionality has been developed and deployed to provide access to additional bid opportunity/solicitation related information. ITCC is in the process of collecting the necessary data from Participating Members to support the website as developed and planning next steps for moving forward to mitigate data challenges and address the website's rollout.

- RECOMMENDATION #8
 - Lead agency: CHA

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

<i>CPO Committee Status Assessment</i>	Completed
<i>OIG Evaluation</i>	<u>Completed.</u> All Participating Members have adopted and operationalized the requirements developed by the CPO Committee.

- RECOMMENDATION #9
 - Lead agency: City

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

<i>CPO Committee Status Assessment</i>	Completed.
<i>OIG Evaluation</i>	<u>Completed.</u> All Participating Members have adopted and operationalized the standards. The CPO Committee determined that there are technological and process limitations to providing Participating Members access to the City's debt system (IRIS). Instead, as reported, each Participating Member ensured that its Electronic Disclosure System (EDS) includes a section for vendors to affirm debt-free status. Firms are required to complete an EDS prior to award of a contract and must be kept current as the contract requires. If it is determined that information provided in the EDS is false or inaccurate the contract may be rescinded, or other remedies under the contract may be pursued.

- RECOMMENDATION #10
 - Lead agency: CTA

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

<i>CPO Committee Status Assessment</i>	Completed
<i>OIG Evaluation</i>	<u>Completed.</u> All Participating Members have adopted and operationalized the rules and policies.

- RECOMMENDATION #11
 - Lead agency: PBC

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #12
 - Lead agency: PBC

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.

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have adopted and operationalized the processes described in the checklist developed under this recommendation to the extent allowed by other superseding legal standards.

- RECOMMENDATION #13
 - Lead agency: CCC

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #14
 - Lead agency: Parks

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #15
 - Lead agency: CPS

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

B. THE MID-TERM RECOMMENDATIONS

- RECOMMENDATION #16
 - Lead agency: CTA

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have adopted and operationalized the standards.

- RECOMMENDATION #17
 - Lead agency: ITCC

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.

CPO Committee Status Assessment	Partially completed
OIG Evaluation	Partially completed. In 2018, the technical aspects of this recommendation were put on hold pending the completion of a related procurement process. Ongoing development work to update the application to a modern application platform that will support a common EDS is targeted for completion by the end of 2020.

- RECOMMENDATION #18
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. This recommendation originally contemplated the utilization of standardized contract boilerplate developed in compliance with Recommendation #4. The CPO Committee ultimately determined that any theoretical efficiency gains realized through standardization across agencies would result in awkwardly organized templates at the individual agency level and therefore create additional confusion for the vendor community. Across-the-board utilization of the City's Reference Contract Policy allows the most flexibility for Participating Members to meet their organization's needs while ensuring inclusion of provisions legally required for their agencies. The policy is available on the City's website and has been circulated for Participating Members' reference.

- RECOMMENDATION #19
 - Lead agency: City

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

CPO Committee Status Assessment	Partially completed
OIG Evaluation	Partially completed. The City decided to engage a third party to assist Participating Members with compliance audits. The task order for this project is being finalized. The CPO Committee anticipates that the contract will be awarded and work will commence in Q1 2021.

- RECOMMENDATION #20
 - Lead agency: CCC

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have created manuals and made them available to the public through the PRTF website.

- RECOMMENDATION #21
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #22
 - Lead agency: City

Develop universal programming for vendor outreach and training.

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #23
 - Lead agency: PBC

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have adopted and operationalized the close-out checklist developed by the CPO Committee under this recommendation.

- RECOMMENDATION #24
 - Lead agency: PBC

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have adopted and operationalized the site-visit guide developed by the CPO Committee under this recommendation.

- RECOMMENDATION #25
 - Lead agency: Parks

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #26
 - Lead agency: CHA

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. All Participating Members have effectively adopted and operationalized the standard reciprocal debarment language.

- RECOMMENDATION #27
 - Lead agency: CPS

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

C. THE LONG-TERM RECOMMENDATIONS

- RECOMMENDATION #28
 - Lead agency: ITCC

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.

CPO Committee Status Assessment	Partially completed
OIG Evaluation	<u>Partially completed.</u> Unforeseen delays occurred in the selection of a vendor for this recommendation due to the pace of the project budget approval process and the onset of COVID-19 in Q1 2020. However, the City has now engaged a vendor. The first phase of the project is Business Process Re-engineering (BPR)—i.e., documentation of existing processes and legal or regulatory requirements and identification of business process or other changes that would need to be implemented across all agencies to support a single system. The City anticipates finishing BPR by the end of Q2 2021. The second phase will implement the single system across all agencies, which the City anticipates will occur in approximately two years. BPR will help refine timelines, elements, and estimated budgets for the second phase. OIG continues to encourage the Participating Members to remain committed to fulfilling this recommendation, which is crucial to maximizing efficiency in municipal contracting.

- RECOMMENDATION #29
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #30
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed

- RECOMMENDATION #31
 - Lead agency: City

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

CPO Committee Status Assessment	Completed
OIG Evaluation	Completed. This recommendation called on the CPO Committee to evaluate the benefits of center-led or consolidated procurement among the Participating Members. The resulting data analysis conducted by City of Chicago Mayoral Fellows and World Business Chicago showed relatively little overlap in the procurement opportunities at any given time, and therefore, concluded that center-led or consolidated procurement would be operationally inefficient. Further, the analysis found that the procurement departments of each individual Participating Member are responsive to their organization's unique operational needs and facilitating needed procurement activities accordingly.

II. CONCLUSION

Under the leadership of the CPO and IT Coordination Committees, the Participating Members have continued to progress toward full implementation of the recommendations in the 2015 PRTF Report. OIG appreciates the efforts to date and looks forward to continued progress toward achieving these important reforms.