Ministry of Children and Family Development

Contract Management Review Project

Current State Assessment

16 October 2019

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Building a better
working world

Table of Contents

Appendices 1–9 are stored separately due to file size.

Background and Objective

The following document is the first deliverable of the Contract Management Review Project. It is a current state assessment of the Ministry of Children and Family Development's current contract management practices. It includes a review of the full contract management life-cycle for third-party contracts and payment arrangements with individuals across all six of the core business areas of MCFD. This document is a key input to the development of MCFD's future state contract management framework and implementation plan.

List of Acronyms

Acronym	Definition
ADM	Assistant Deputy Minister
CAS	Corporate Accounting System
CCOF	Child Care Operating Fund
CSSEA	Community Social Services Employers Association of BC
CDW	Corporate Data Warehouse
CLBC	Community Living British Columbia
COSB	Corporate Operations Support Branch
CRA	Contracted Residential Agency
CRSP	The Corporate Reporting SharePoint site
CWT	Contract Writing Tool
CYSN	Child and Youth Special Needs
DAA	Delegated Aboriginal Agency
DOO	Director of Operations
EA	Expense Authority
ED	Executive Director
EFT	Electronic Fund Transfer
FCS	Finance and Corporate Services
FY	Fiscal Year
ICM	Integrated Case Management
LSA	Local Service Area
MAIM	Modelling, Analysis and Information Management
MCFD	Ministry of Children and Family Development
NOI	Notice of Intent
SDD	Service Delivery Division
SDA	Service Delivery Area
SME	Subject Matter Expert
TL	Team Leader
STOB	Standard Object of Expenditure
TB	Treasury Board
PAA	Post Adoption Assistance
PACS	Procurement and Contract Specialist
PAR	Provincial Administrative Resource
PCMB	Procurement and Contract Management Branch
PRCO	Practice, Reporting and Contract Oversight Branch
RAP	Resource and Payment System
RASCI	Responsible, Accountable, Support, Consulted and Informed
RFP	Request for Proposal

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Current State Assessment
Executive Summary

Context and Purpose

The Ministry of Children and Family Development (MCFD or the Ministry) currently utilizes over 11,000 contracts and more than 6,500 vendors to deliver a variety of programs and services to children, families and communities in need.

The volume of contracts has expanded significantly over time as part of the Ministry's shift from direct service provision toward agencies and individuals embedded within communities providing services on its behalf. This shift has increased the time and effort required by Ministry staff and service providers to administer, monitor and evaluate contracts and agreements; however, the Ministry's contract management practices have not evolved to the same extent.

2017/18 spend analysis

78%

of MCFD spend is facilitated through a written agreement

$1.25b *spent through written agreements*

with **6,516** *service providers, through*

11,157 *contracts and agreements*

The frameworks used to procure, manage and pay for contracted services across the Ministry have evolved over time due to the diversity of the sector, the geographic span of the province, and demographic profiles. As a result, limited standardization or consistency currently exists.

The Ministry recognizes the need for a consistent approach to contract management that enables the effective delivery of programs and services to its clients. With the sponsorship of the Ministry's Finance and Corporate Services, and endorsement from the Service Delivery Division, MCFD has requested a review be undertaken to evaluate the current state of procurement and contract management at MCFD, to inform the development of a consistent future state contract management framework.

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The purpose of the Current State Assessment is to provide a holistic view on the challenges and opportunities currently present within MCFD's procurement and contract management lifecycle, to improve the way MCFD procures, contracts, manages and pays for the delivery of services.
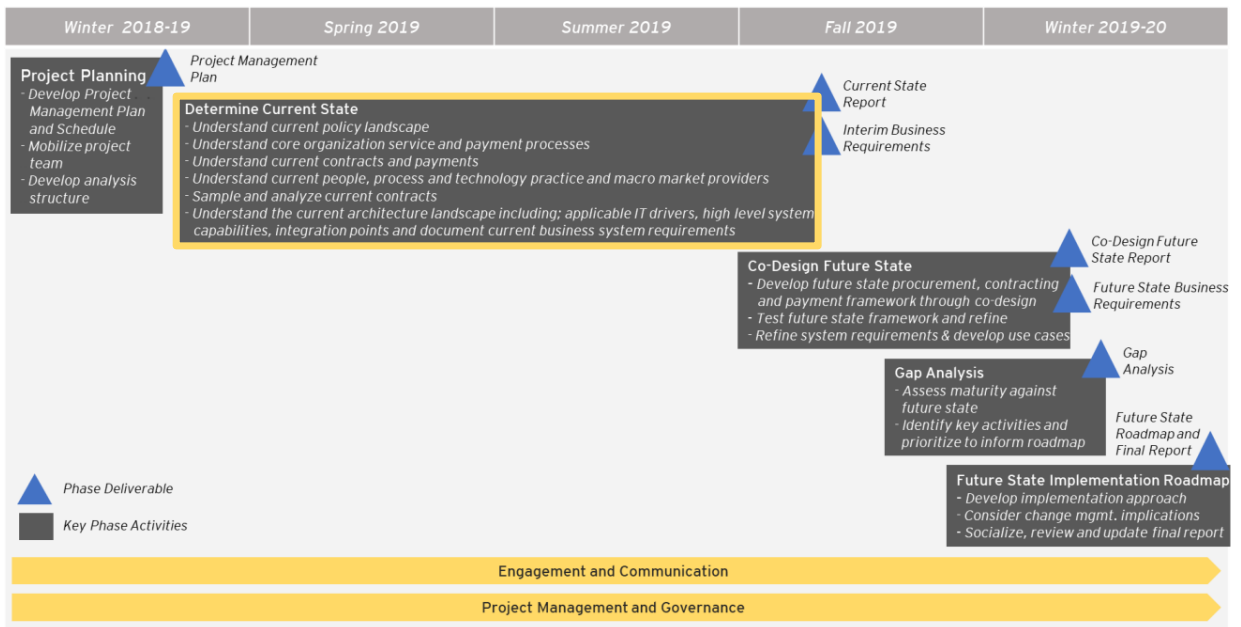
The objective of the Current State Assessment is to capture an inclusive view of current state procurement and contract management at MCFD from all key stakeholder groups, both internal and external to the Ministry. Unlike previous reviews, the scope of this report is intentionally broad; it includes all third-party contracts with service providers in the areas of residential services, non-residential services and payment arrangements with individuals, across all six core business areas.

Collaborative Approach

In the 2019/20 – 2021/22 Service Plan, MCFD reiterates its increasing focus on engaging in meaningful discussions with communities and collaborating more with its partners to design and implement a better system of care.

The project has been developed to reflect MCFD's focus on using more collective and collaborative approaches. A significant portion of the project has been dedicated to engaging collaboratively with a broad range of stakeholders in order to accurately represent the current state and to inform the development of a future state framework that meets the needs of all users.

Contract Management Review Project Approach

The key pillar of the current state assessment is ongoing, broad and meaningful engagement. Stakeholders were engaged across several business units within MCFD and extensively within the Service Delivery Division and Procurement and Contract Management Branch.

To achieve a complete picture of the current state, the Ministry felt it was particularly important to meet with those closest to the client. Service providers, Delegated Aboriginal Agencies and representative bodies were therefore also engaged as part of the review.

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Engagement and Analysis

Through an extensive engagement strategy, the following key activities were undertaken:

85+ Individuals were met with from 7 LSAs, across all 5 regions to understand current state challenges and future state considerations, including:

- ► Administrators
- ► Contract administrators
- ► Resource workers
- ► Guardianship/social workers
- ► Team leaders
- ► Directors of operations
- ► Financial officers
- ► Procurement and contract specialists
- ► Procurement and Contract managers

18 Indigenous and non-Indigenous service providers, Delegated Aboriginal Agencies and representative bodies were also met with during LSA engagement

In addition to ongoing engagement with key internal and external stakeholders, the project met with:

7 Assistant deputy ministers across the Ministry including Service Delivery and Strategic Priorities

26 Executive directors from Service Delivery, Finance and Corporate Services and Provincial Operations

5 Relevant ministries including Finance, Citizen Services and Indigenous Relations and Reconciliation

6 Workshops from 4 hours to 2 days were held with front-line, procurement and contract management and provincial office staff

122 MCFD staff provided insight through a contract management survey

8 Deliverables were produced in collaboration with MCFD to document current state engagement and analysis

A number of deliverables were collaboratively produced through the course of this review by engaging with stakeholder groups both within and outside of MCFD. Insights from EY's leading practices and international jurisdictions were used to inform the following work products:

- ► Current State Assessment Framework
- ► Actioning the Financial and Internal Control Review
- ► Policy and Process Review
- ► Service System Overview and Journey Maps
- ► Vendor and Contract Data Analysis
- ► Stakeholder Engagement Log
- ► Contract Sampling Review
- ► One Page Variation Summaries

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Key Findings

Through extensive engagement and review of key documentation and contract and payment spend, the following key themes were identified broadly across the Ministry's current contract management practices:

Governance
G01: No overarching strategy has been implemented to inform procurement and contract management activity across MCFD.
G02: Procurement of services is reactive as MCFD does not have the information or guidance it needs to make informed decisions.
G03: Despite spending more than $1b annually, procurement and contract management is viewed as an administrative function with limited strategic importance.
G04: MCFD does not have defined supplier segmentation strategies, despite its complex and variable portfolio of suppliers and contracts.

People
PE1: Roles and responsibilities are not clearly defined, communicated or consistently executed.
PE2: Insufficient training is in place for staff with procurement and contracting responsibilities.
PE3: Communication is fragmented within MCFD and with external stakeholders.
PE4: Working culture within procurement and contract management typically follows organizational siloes.

Process
PR1: Procurement and contracting processes are rarely known, not formally documented and/or inconsistently executed across MCFD.
PR2: Processes are highly manual with redundant steps and touchpoints.
PR3: There is limited flexibility to respond to the changing needs of children, families and communities across service lines and contract types.
PR4: Some payment processes are inefficient and may increase risk, including payment methods, delays and workarounds.

Technology
TE1: No end-to-end tool exists to effectively manage the contract management lifecycle.
TE2: Insufficient tools/technology are being used to support level of spend.
TE3: Data is unreliable and no single source of truth exists to make informed decisions.

Knowledge
KN1: No central repository is being used to efficiently manage all contracts and supporting documentation.
KN2: Limited information sharing and lessons learned exist within MCFD.
KN3: Heavy reliance on the knowledge of key individuals rather than systematic processes.
KN4: Spend data is overly challenging to analyze and can easily be misinterpreted.

Outcomes/ Indicators
OI1: Contracts do not support the achievement of outcomes and are not informed by an overarching strategy for achieving target outcomes.
OI2: Contractual obligations are not routinely monitored, enforced or reported on.
OI3: Reporting metrics are inconsistently defined and add limited value to contract management.

Market
MA1: Limited collaboration and planning with communities and providers exist to inform procurement of new services and improve existing services.
MA2: The short duration of contracts and the administrative process of contract extension and/or renewal reduce operational effectiveness.
MA3: The current procurement process is time consuming and could be better tailored to the social services market.
MA4: Client needs are becoming increasingly complex and require increasing levels of collaboration, flexibility and innovation.
MA5: Service provider reporting is not consistent and is perceived to not be of valuable use to MCFD.

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Contract Management Lifecycle Assessment

The Ministry's current contracting practices were additionally assessed against the key activities typically expected to occur in EY's leading practice contract management lifecycle.

MCFD average current state procurement and contract management practices:

 Developing

Overall, MCFD was found to be averaging at a "Developing" level across all dimensions of current state procurement and contract management practices. This suggests many of the expected processes, documents and key activities exist within MCFD but may not be fully adopted or may be highly manual and/or inconsistent when assessed more broadly across the Ministry.

As part of this analysis, the following key gaps in MCFD's contract management practices were identified:

1   **Contracting Strategy:** Limited early engagement with key stakeholders and users to gain early consensus on needs and requirements, and lack of regular, formal market analysis to understand current conditions and any new innovations occurring in the provider market

2   **Contract Creation:** Inadequate development of a performance measurement regime that provides MCFD with the information it needs to understand if the services it's purchasing are delivering the desired results, and application of inconsistent, outdated methods for storing contracts and supporting documents

3   **Contract Implementation:** No consistent approach to transitioning contracts from contract creators to contract managers to ensure all parties are aligned on contract contents, key processes and what role each will play during in-life management

4   **In-Life Contract Management:** Unclear definition and execution of roles and responsibilities, informal/inconsistent performance review meetings and no clear accountabilities for contract monitoring

5   **Contract Reviews:** Limited application of existing post-contract evaluation procedures and documentation of lessons learned

6   **Renew and Exit:** Information gained from post-contract evaluations is not used systematically to support the decision to renew or exit

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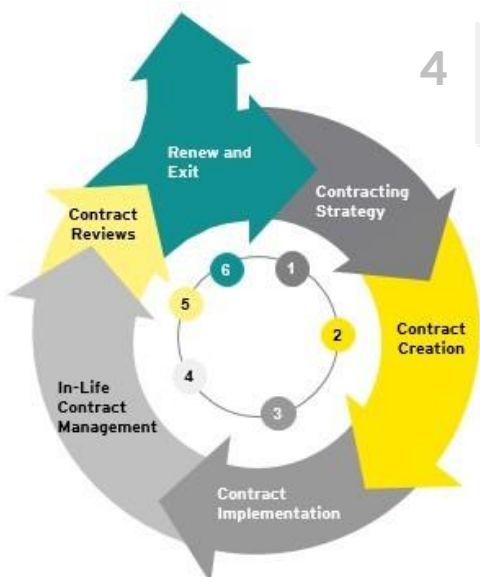
Key Risks

The findings presented within this report have many implications and key considerations for the future state. As the Ministry begins to design its future state contract management framework and roadmap for implementation, these risks can be used by the Ministry to better understand its current environment and to make an informed decision on which to address in the corresponding order of priority.

Key Risks
► Key decisions may be made based on inaccurate or incomplete data and information.
► Unintended consequences for clients if the Ministry does not know the quality of services it is purchasing.
► Additional time and resources are spent managing an overly complex profile of contracts/vendors.
► Contracts do not deliver the intended value if left unmonitored over time.
► Inefficient processes and administrative burden may cause service providers to decline MCFD contracts.
► Overpayment, loss of money or exposure to fraudulent risks with insufficient controls in place.
► Paying more than fair value for comparative services and/or redundant spending.
► Exposure to risk if large contracts are negotiated and/or created without relevant training and skills.
► Additional cost, administrative burden, reduced quality assurance and oversight with cheque payments.
► Limited audit trail capability with no end-to-end system/ad-hoc document management.
► Inability to locate/access information could expose MCFD to risk when faced with legal proceedings.
► Coding inconsistencies could lead to duplicate payments or misallocation of funds.
► Setting a precedent of unaccountability with service providers from a lack of monitoring, evaluation and oversight of contracts.
► Overreliance on knowledge of key individuals increases risk of critical disruptions to the organization if key individuals leave.

Next Steps

The next phase of the project will focus on developing a future state contract management framework for the Ministry, with the end outcome being an implementation plan that identifies key activities to bridge the gaps identified between MCFD's current and desired future state.

1   **Develop the Future State Contract Management Framework**

2   **Perform a gap analysis between the current and future states**

3   **Identify key activities and timelines to implement the desired future state**

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> **"** There is little accountability or responsibility clearly built into contract management and contract oversight. Deliverables are subjective and unmeasurable. **"**
>
> - Participant in Cranbrook LSA Visit

Current State Assessment
Introduction

Introduction

The Ministry of Children and Family Development (MCFD or the Ministry) is focused on helping children and families in need, providing services that are inclusive, accessible, culturally sensitive, affordable and of high quality. However, as outlined in MCFD's 2017-2020 Multi Year Action Plan, there is wide recognition that the child welfare system in BC is not working to meet the needs of all children, youth and their families and that more fundamental reform is needed.

To enable fundamental reform, MCFD recognizes they must become more efficient and effective in the way they procure and deliver services through:
► Collaborating with partners to develop integrated, community-based child and family services, providing services where and when they are needed.
► Developing tools and supports to enable provision of convenient, accessible and responsive services.
► Reducing the administrative burden on social workers, ensuring that the appropriate staffing complement, work tools, organizational structures and systems are in place to reduce cost pressures and workload, giving them more time to serve families.

As the steward of children and family services for BC, MCFD is responsible for ensuring the suitability and sustainability of effective children and family services in all areas of the province. The complexity of social services in BC, however, is significant. The diversity of the province from a geographic and demographic context adds complexity for those responsible to deliver social services.

Similar to other jurisdictions, BC started decentralizing social services in the 1970s in an effort to shift service delivery from centralized government departments into local communities to better understand and meet community needs. As a result, since the early 1980s, the majority of the services provided by the Ministry have largely been provided through a combination of third-party service providers and payment arrangements to individuals.

2017/18

$1.59b
Annual MCFD spend

2017/18

$1.25b
Total value of MCFD spend through a written agreement

Currently, over 70% of the Ministry's annual budget is delivered through approximately 11,000 agreements, in a collaborative partnership with more than 6,500 service providers. Consequently, procurement, contract management and payments make up a significant portion of the day-to-day activities of both procurement and service delivery staff.

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Contract Management Review

The Ministry recognizes that its historic approach to designing, developing and implementing procurement and contract management tools, templates and frameworks has not delivered the results it and the wider social service sector desires and has therefore taken a different approach to this review.

With the sponsorship of the Ministry's Finance and Corporate Services, and endorsement from the Service Delivery Division, MCFD has requested a review be undertaken to evaluate the current state of procurement and contract management at MCFD, across its six core business areas (the Current State Assessment. Based off the key findings in this report and best practices, MCFD will work with a diverse range of system stakeholders to support the co-development of a future state contract management framework that is suitable for the BC social services sector and supported by a prioritized implementation plan.

The Ministry has emphasized the need to use a collaborative engagement approach throughout the project to ensure the Current State Assessment and future state recommendations include the views of all stakeholders: leadership, corporate services, provincial operations, Service Delivery Division (SDD) and market participants.

Current State Assessment Scope

The scope of this current state report includes all third-party contracts with service providers in the areas of residential services, non-residential services and payment arrangements with individuals, across all six service lines (STOB 79 and STOB 80). The scope does not include:
► Contracts related to the Ministry's functions that are not direct service delivery, e.g., STOB 60 consulting, education, training services, etc.
► Agreements with Delegated Aboriginal Agencies (DAAs) for delegated services; however, agreements for non-delegated services are in scope.

This is not the first review of MCFD's procurement and contract management practices; numerous reviews have been completed before and were published during the current state assessment. Each of the reviews (included in Appendix 9) have been considered in the development of this report.

In response to previous reviews and continuous improvement initiatives, MCFD has been actively working towards remediating the findings highlighted by previous reviews, many of which are consistent with the findings contained within this report. Some findings highlighted within this report may, therefore, be in the process of being addressed by MCFD.

All staff spoken to during the current state assessment were passionate about improving the livelihood and outcomes of children and families and are dedicated to doing their best with the limited tools, technology and resources made available to them. Despite large case loads and numerous competing priorities, MCFD staff continue to procure and/or manage over 11,000 contracts per year and a wide range of successful services continue to be delivered to improve the lives of children, families and communities across the province.

While it is acknowledged that there is a lot working well in the current state at MCFD, the key findings identified in this following report identify what MCFD can do better, to improve the practices that support and guide procurement and contract management within MCFD and to reduce the administrative burden on MCFD staff — allowing them to spend more of their time improving the lives and outcomes of children in BC.
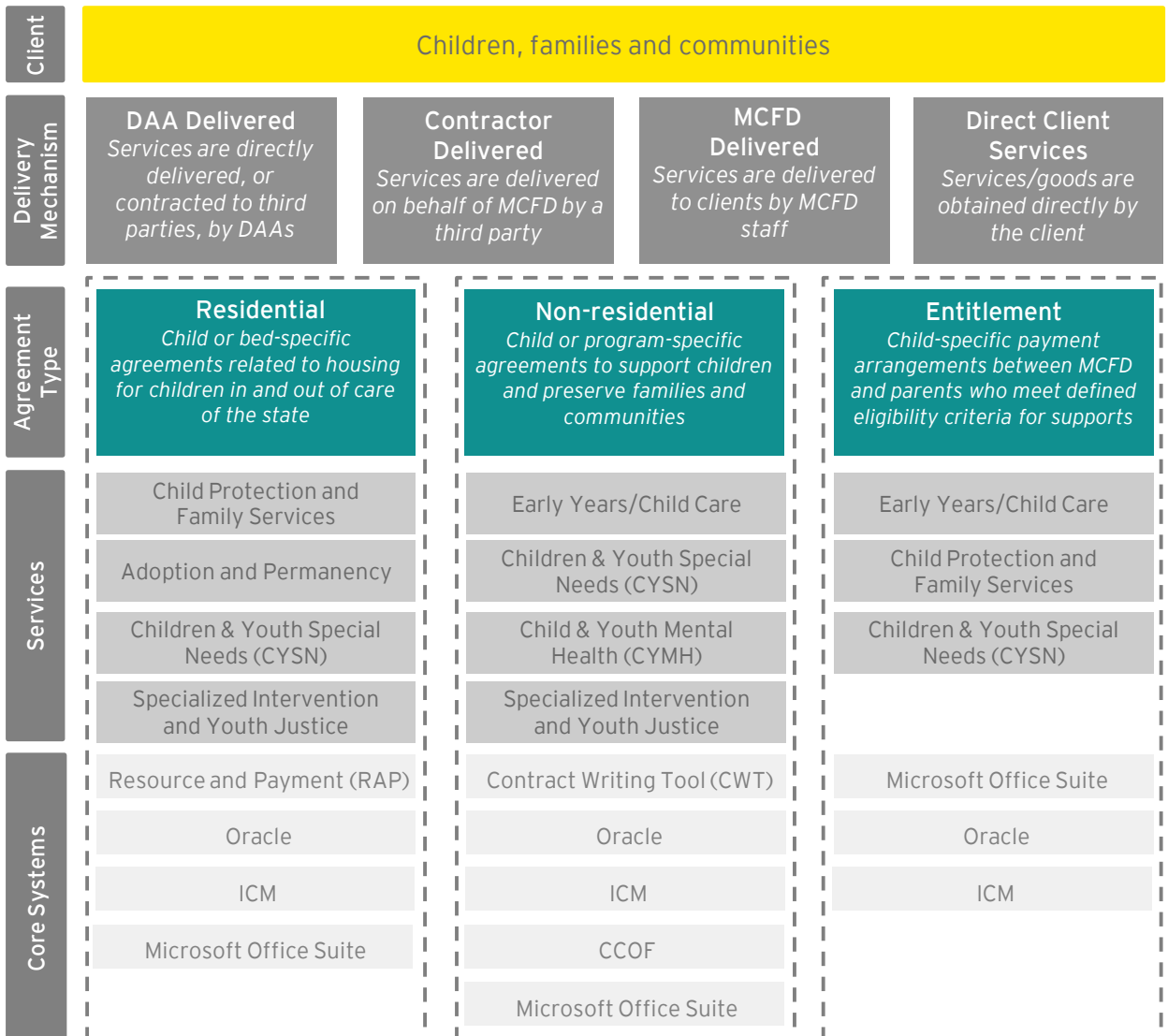
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Current State Delivery Model

MCFD clients have unique and often complex needs that commonly require services from more than one of the six service lines to be delivered through a variety of mechanisms and agreement types. Services provided to children, families and communities can be delivered directly by MCFD staff, through a DAA or contracted service provider, or through a combination of delivery mechanisms. Some clients meet defined eligibility criteria and are entitled to receive a set allocation of funds, prescribed in legislation or policy, that they can spend on agreed goods or services, such as autism funding.

The Ministry generally characterizes agreements as residential, non-residential or entitlements; however, this is not exhaustive or a formalized practice and appears to be largely related to the different systems used to create agreements, RAP being used for residential-type services and CWT being used for non-residential or community services. There is, however, a range of other systems and agreement types that are also used to support the delivery of services such as CCOF, which supports the development of Child Care Operating Fund contracts, and ICM, a case management system used broadly across MCFD. Microsoft Office products such as Excel and Word are also used extensively throughout the organization to create and track contracts such as for Adoption and Permanency services.

Note: The following diagrams have been created through workshops with staff in alignment to the scope of the project. They are not intended to be an exhaustive representation of the Ministry's service delivery model or procurement and contract management practices.

Client	Children, families and communities			
Delivery Mechanism	**DAA Delivered** *Services are directly delivered, or contracted to third parties, by DAAs*	**Contractor Delivered** *Services are delivered on behalf of MCFD by a third party*	**MCFD Delivered** *Services are delivered to clients by MCFD staff*	**Direct Client Services** *Services/goods are obtained directly by the client*
Agreement Type	**Residential** *Child or bed-specific agreements related to housing for children in and out of care of the state*	**Non-residential** *Child or program-specific agreements to support children and preserve families and communities*		**Entitlement** *Child-specific payment arrangements between MCFD and parents who meet defined eligibility criteria for supports*
Services	Child Protection and Family Services	Early Years/Child Care		Early Years/Child Care
	Adoption and Permanency	Children & Youth Special Needs (CYSN)		Child Protection and Family Services
	Children & Youth Special Needs (CYSN)	Child & Youth Mental Health (CYMH)		Children & Youth Special Needs (CYSN)
	Specialized Intervention and Youth Justice	Specialized Intervention and Youth Justice		
Core Systems	Resource and Payment (RAP)	Contract Writing Tool (CWT)		Microsoft Office Suite
	Oracle	Oracle		Oracle
	ICM	ICM		ICM
	Microsoft Office Suite	CCOF		
		Microsoft Office Suite		

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Current State Procurement and Contract Management Mechanics

The majority of MCFD procurement and contract management activities result from "rolling over" existing funding currently allocated to agreed programs and services, many of which have not changed significantly in the past 10 years. At times, the need for a new (or different) program or service will be identified, normally by SDD or Provincial Office, and new funding may be approved to meet new or changing needs of a population, cohort or individual. Procurement of new services and re-procurement of existing services can occur through a number of methods at MCFD. In many instances, a direct award is used, but requests for proposals, quotes and notices of intent are also commonly used to procure new and existing services and programs.

Procurement and contract processing of non-residential contracts is decentralized into six teams (Vancouver Richmond, Fraser, Interior, North, Vancouver Island and Provincial Office), managed by the Procurement and Contract Management Branch (PCMB). Residential contracts are predominantly processed and managed by Service Delivery Division (SDD) staff across 13 service delivery areas (SDAs). Agreements are, however, also created in Provincial Office, often with support from PCMB. All areas have unique variations in their procurement and contract management practices that have developed organically over time.

All proposed spend on client programs and services must be approved by an expense authority (EA) within Operations, as PCMB does not have an EA role. Once a transfer mechanism is approved, STOBs from the corporate accounting system are used to categorize and track spend based on the nature of expenditure, allowing payments to be made through a variety of mechanisms to clients and contractors.

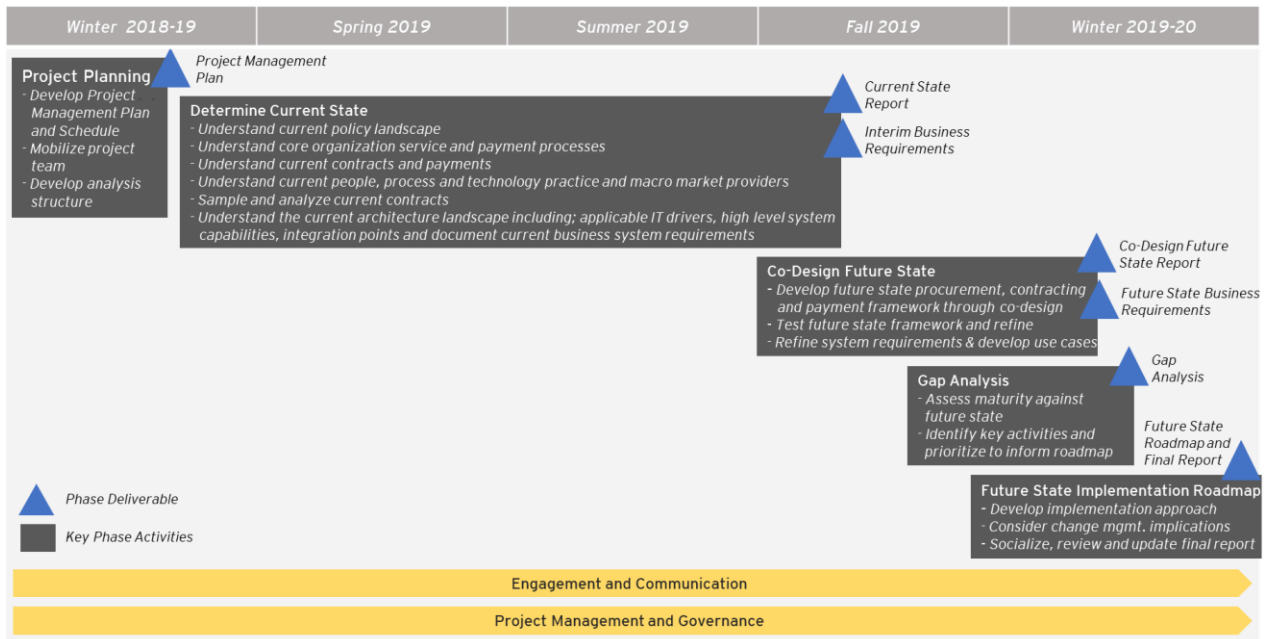| Need	Re-procurement of existing services/programs			Procurement of new services/programs		
Procurement Method	Request for Information		Direct Award		Invitation to Tender	
	Request for Expressions of Interest		Pre-qualification		Invitation to Quote	
	Notice of Intent		Request for Proposal		Short-form Request for Proposal	
Agreement Creator	PCMB Region 1	PCMB Region 2	PCMB Region 3	PCMB Region 4	PCMB Region 5	Provincial PCMB
	1. SDA / 2. SDA	3. SDA / 4. SDA	5. SDA / 6. SDA	7. SDA / 8. SDA / 9. SDA	10. SDA / 11. SDA	12. SDA / 13. SDA
	SDD Provincial Operations	Specialized Intervention & Youth Justice	Aboriginal Services	Child Care and Inclusion	Early Years and Indigenous Early Years	Provincial Services
EA	Service Delivery Director of Operations (or delegate)			Provincial Office Executive Director (or delegate)		
Transfer Mechanism	**Grant** *Payment provided at the discretion of MCFD to individuals, businesses or other entities for specified purposes. MCFD decides how much, to whom and when a payment is to be made.*		**Entitlement** *Payments that government must make if the recipient meets eligibility criteria prescribed in legislation or by authorities. A written agreement is required.*		**Shared Cost Arrangements** *Reimbursement and financing arrangements under contract or formal written agreement to individuals, businesses or entities for purposes specified within the agreement.*	
Payment Type	STOB 79			STOB 80		
	Cash/Gift Cards		Electronic Fund Transfer (EFT)		Cheque (imprest and normal)	
Recipient	Clients *(children, families and communities)*			Contractor *(third parties and individuals)*		

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Current State Assessment
Approach

Current State Assessment Approach

The child and family social services sector is one of diversity and complexity. Funding for the agencies that serve this population is complicated as it comes from a variety of ministries, health authorities, the federal government and municipalities. While MCFD is one of the sector's largest contributors, it is one of multiple funding sources for most agencies who additionally receive over $1 billion more in funding from other sources mentioned. It is important to understand the inefficiencies and challenges associated with funding arrangements within MCFD, but it is equally important to understand how the challenges or future changes may impact other funders and the funded.

In addition to the intricacies of social sector funding mechanisms, the diversity of third-party and individual service providers and the mixed procurement and contract management delivery model with MCFD must also be considered.

To provide a comprehensive understanding of the strengths and inefficiencies that exist within the complexity of the current state, a significant portion of the project has been dedicated to engaging with a broad range of stakeholders. This breadth of engagement provided the Ministry with the opportunity to better identify and understand variations, strengths, challenges and opportunities for improvement across SDD, PCMB, provincial services and corporate services and also takes into account valuable insight and front-line experiences held by market participants.

Contract Management Review Project Approach

Winter 2018-19	Spring 2019	Summer 2019	Fall 2019	Winter 2019-20

Project Planning
- Develop Project Management Plan and Schedule
- Mobilize project team
- Develop analysis structure

Project Management Plan

Determine Current State
- Understand current policy landscape
- Understand core organization service and payment processes
- Understand current contracts and payments
- Understand current people, process and technology practice and macro market providers
- Sample and analyze current contracts
- Understand the current architecture landscape including; applicable IT drivers, high level system capabilities, integration points and document current business system requirements

Current State Report

Interim Business Requirements

Co-Design Future State
- Develop future state procurement, contracting and payment framework through co-design
- Test future state framework and refine
- Refine system requirements & develop use cases

Co-Design Future State Report

Future State Business Requirements

Gap Analysis
- Assess maturity against future state
- Identify key activities and prioritize to inform roadmap

Gap Analysis

Future State Roadmap and Final Report

Future State Implementation Roadmap
- Develop implementation approach
- Consider change mgmt. implications
- Socialize, review and update final report

▲ Phase Deliverable

■ Key Phase Activities

Engagement and Communication

Project Management and Governance

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Current State Engagement

In addition to ongoing engagement with key Ministry stakeholders, representative bodies from the BC social services sector and key participants in the New Zealand and Australian social services markets, the project has followed an extensive engagement strategy including:

A **Understanding the ecosystem:** Met with **7** MCFD assistant deputy ministers (ADMs), **26** executive directors (EDs), **3** representative bodies and **5** relevant ministries to gain an understanding of the systemic challenges and pain points faced by MCFD and their peers.

B **Service system workshops:** Facilitated a two-day workshop with **19** directors of operations (DOOs), team leaders (TLs) and PCMB staff to understand the differences that exist across each of the **6** service lines and within each SDA. Using case studies, participants explored how contracting strengths, challenges and pain points presented in different scenarios across the province.

C **Working sessions:** Facilitated and attended working sessions with subject matter experts such as Corporate Operations Support Branch (COSB) and PCMB to explore what exists in practice, what has been attempted before, and what future state material has already been developed to inform the current and future state.

D **Online survey/maturity assessment:** Developed an online survey to provide everyone involved in contract management or procurement within MCFD an opportunity to provide input to the current and future state – over **120** individuals provided their feedback using this forum.

E **Data analysis:** Worked with key stakeholders from COSB, Finance and Corporate Services (FCS) and PCMB using various MCFD data sources including CDW and CDB to gain insight into MCFD spend within STOB 80 (Third Party Service Agreements) and STOB 79 (Entitlements). The data was analyzed for key insights, patterns and trends across MCFD's vendors, contracts and payments. The results were visualized using Tableau dashboards and the data/findings were interpreted and workshopped with key stakeholders.

F **LSA engagement:** The project team visited **7** Local Service Areas (LSAs) across all **5** regions to meet with over **85** administrators, contract administrators, resource workers, guardianship/social workers, TLs, DOOs, financial officers, procurement and contract specialists and procurement and contract managers to understand their perspective on the current challenges and future state considerations in their LSA or region. As part of LSA engagement, the project team also met with **14** Indigenous and non-Indigenous service providers (including **2** DAAs) who work with MCFD staff to deliver services to children, families and communities to understand their perspective of the current state.

G **Contract sampling:** **22** contracts were reviewed and **8** meetings were held with SDD contract managers and PCMB staff to understand contract management activity in practice. This exercise was intended to validate themes that emerged from other avenues of the current state assessment and provided an opportunity to compare and understand contract management practice variations between regions and service lines.

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Current State Analysis

In addition to broad engagement, the current state assessment also included an extensive document review and assessment. The review included existing policy, processes and templates that guide the current state at MCFD and also considered proposed future state frameworks, processes, tools and relevant internal and external reports or reviews that had previously been completed. As part of this assessment, key documents, processes and policies in other jurisdictions were also reviewed to see how MCFD compared relative to its peers and understand opportunities for improvement.

Once the existing policies and processes were understood, the project team was able to more effectively understand and assess what was actually occurring in practice. The project review assessed contract management practices at varying levels – first at a corporate level, then analytical through spend data, and eventually at an operational level through LSA engagement and contract sampling activities.

As part of the current state engagement and analysis, the following documents have been produced. While each of these documents can be read independently (Appendices 1-9), collectively they form the basis of this current state assessment report:

- ► 1. Current State Assessment Framework
- ► 2. Actioning the Financial and Internal Control Review
- ► 3. Policy and Process Review
- ► 4. Service System Overview and Journey Maps
- ► 5. Vendor and Contract Data Analysis
- ► 6. Stakeholder Engagement Log
- ► 7. Contract Sampling Review
- ► 8. One-Page Process Variations Summary
- ► 9. Document Review

Current State Assessment Framework

The Current State Assessment Framework (Appendix 1) was developed at the start of the project. It has been used extensively throughout the project to guide the development of the current state assessment and will continue to be a key input as MCFD begins to design its the future state contract management framework.

Based on EY's best practice methodology, the Current State Assessment Framework takes a two-dimensional approach to analyzing the current state contract management practices within MCFD. Each dimension is explained below, with greater detail included in the relevant section of the report.

1. The first dimension of the Assessment Framework includes the six elements of contract management that typically drive value within an organization: **Governance, People, Process, Technology, Knowledge, and Outcomes/Indicators.** The observations made in alignment with these buckets are generally systemic (they present across multiple areas of an organization). An explanation of how each value driver has been considered and findings from this dimension of analysis are included in the Key themes section of this report (Section 3).
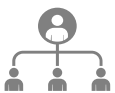
**Governance   People   Process   Technology   Knowledge   Outcomes/Indicators**

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Additional social services value driver:

Market

Unlike a private market, the value derived from contract management for MCFD, children, families and communities is heavily reliant on the market within which it operates. To ensure all relevant information is collected to inform decision-makers and a comprehensive assessment of the current state was completed, a **Market** dimension has also been included in the assessment of MCFD's current contracting practices as an additional value driver. Greater detail on the market analysis and key themes generated through market engagement is included within Section 3.

2. The second dimension of the Assessment Framework includes the six phases of EY's best practice contract management lifecycle: **Contracting Strategy, Contract Creation, Contract Implementation, In-life Contract Management, Contract Review, and Renew and Exit.** This dimension breaks down contract management practices into key activities, enabling deeper analysis of contracting practices at MCFD, including; areas of strength, weakness, risk and opportunity, and provides greater insight into how the key findings are demonstrated in each phase within the contract management lifecycle. An assessment of the key activities within each phase of the contract management lifecycle is included in Section 5 of this report (Contract management lifecycle key activity assessment).
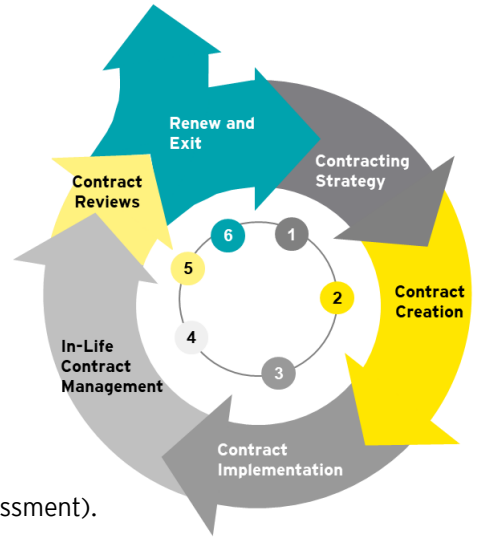
To demonstrate which areas of the contract management lifecycle are impacted by each key finding, the following legend has been used (below). The teal box indicates the phases of the contract management lifecycle the finding is most prevalent in, while grey boxes indicate phases that are impacted to a less significant extent.

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Other graphics have also been used throughout the report to demonstrate:

Content includes examples where EY sees alignment to leading practice or has observed strengths in the current state. Note: this is not intended to be an exhaustive list.

Content is a quote from a interviewee or response from a procurement and contract management survey participant.

Content provides a specific example of something that the participants felt was working well in the current state or is an example of an innovative practice.

Content is centred around a case study detailed through engagement (that has not been validated to be factual).

EY

" The discussions really highlighted how disparate our processes are and how much work we have to put into processes that could be streamlined through technology. "

- Director from Service System Workshop

3
Current State Assessment
Key Findings

Contract Management Value Drivers

There are six key dimensions of contract management that typically drive value within an organization. Throughout the current state assessment, each of these dimensions has been assessed to understand the current state of procurement and contract management across MCFD. An additional value driver – Market – has also been included in the current state assessment to acknowledge and incorporate the information that service providers and market participants hold due to their relationships with and proximity to clients and communities.

Governance
- Strategic intent of contract management and its alignment to strategy
- Ability to operationalize strategic direction and future organization design
- Structure and position of the procurement and contract management function

People
- Procurement and contract management roles, responsibilities and accountabilities
- Competencies, skills and training, recruitment and retention
- Culture within the procurement/contract function and the wider organization

Process
- Guidance that exists to inform the end-to-end processes
- Describes the steps taken to ensure contract management is occurring
- Execution and consistency of standard company-wide processes

Technology
- Tools and system functionality that enable effective contract management processes
- Ability to perform analytics relevant to the contract management function
- Enabling technology and considerations for design and implementation

Knowledge
- Ability to understand and find information related to contract management
- Storage and access to procedures, templates, external resources, etc.
- Ability to share lessons learned and innovative contracting practices

Outcomes/ Indicators
- Outputs of contract management
- Reporting data from vendors, business units and ability to measure compliance
- How success is measured within an organization
- Performance metrics and measurement of the contract management function

Market
- Scope, scale, variation of service providers
- Demand and supply of services and population needs across services and geographies
- Relationships and system capabilities including enabling infrastructure
- Broader environment of social services sector; regulations, limitations, accreditations

Using the dimensions listed above, key themes have been identified through broad and extensive engagement and analysis activities with MCFD staff from across the province. It is, however, important to note there are localized exceptions to the key themes detailed in this report and areas of significant strength at MCFD.

In addition to the key themes discussed below, noticeable strengths were found within current contract management practices at MCFD, including:

▸ MCFD has recognized the need to shift towards enabling more informed decision-making, oversight and accountability of procurement and contract management; this is evident through the Ministry's involvement in the new BC Procurement Strategy, the implementation of an Oversight team and recent work in demand forecasting.

▸ MCFD staff and service providers are passionate about their work and continuously strive to achieve improved quality of life for their clients, regardless of contractual obligations; in the absence of well-defined outcomes and indicators, a variety of mechanisms are currently used to gauge the success of a contract, including monitoring of progress against children's care plans, check-ins and home visits.

▸ Despite the challenges of working with unintegrated tools and systems, MCFD staff have continued to work with what is available and have found innovative ways to meet administrative needs.

▸ There is wide recognition throughout MCFD of the benefits to establishing and implementing more systematic procurement and contract management processes, and there are examples of such processes being used in certain program areas, for example within Autism.

▸ There is a strong desire and willingness amongst staff to collaborate, learn from each other and discover more efficient ways of working together; an example is the establishment of the Procurement Community of Practice for various roles within the Ministry.

▸ MCFD staff are generous with their time and efforts when providing training and facilitating knowledge transfers to their colleagues, regardless of role description or formally defined responsibility.

EY
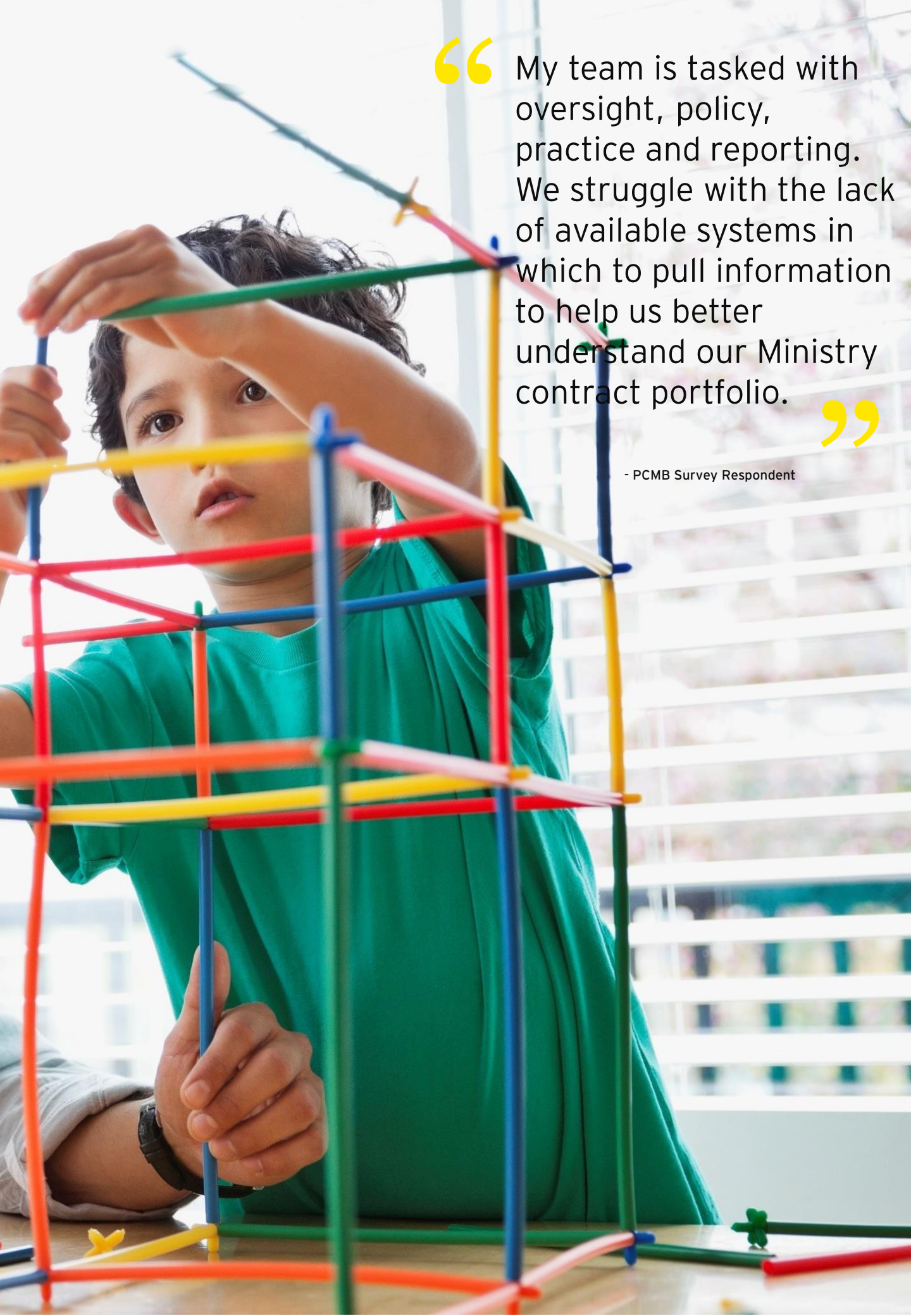
" My team is tasked with oversight, policy, practice and reporting. We struggle with the lack of available systems in which to pull information to help us better understand our Ministry contract portfolio. "

- PCMB Survey Respondent

Governance
Key Findings

Contextual Information

MCFD's Procurement and Contract Management Branch (PCMB) currently sits within Finance and Corporate Services (FCS). Their purpose is to lead the ministry through the procurement and contract management lifecycle, provide guidance/advice to stakeholders, and to support and lead contracting initiatives on behalf of the Ministry. In 2017, MCFD recognized the need for greater oversight of its procurement and contracting activity and created an oversight team within PCMB, referred to as PRCO (Procurement, Reporting, Contract Oversight). Consistent with PCMB, its mandate is restricted to non-residential contracts.

The Ministry's procurement and contracting functions are informed by a combination of federal, provincial, and local policies and strategic processes, for example:
- BC provincial government policy and process (e.g., provincial budgeting process)
- Legislated services (e.g., *Child, Family, and Community Services Act* – CFCSA)
- Core policy (e.g., Core Policy and Procedures Manual – CPPM)
- Treasury board directives (e.g., funding allocation and contract terms)

Additionally, in 2018, the Ministry of Citizens' Services (CITZ) released the first BC Procurement Strategy. In efforts to modernize the way the government procures goods and services, it includes goals of making it easier for businesses to access opportunities and for the government to have better social, environmental and economic benefits with its procurement. The strategy covers the scope of provincial procurement and is not specific to the work of MCFD; the BC Procurement Strategy forms an umbrella under which any future MCFD procurement strategy must align.

Analysis

MCFD's governance landscape was analyzed through desktop study and engagement activities to review the current state practices and policies around decision-making, authority and accountability as it relates to procurement and contract management, including:
- Interviews and workshops with staff across PCMB and SDD
- Engagement with a number of key FCS stakeholders, as well as ADMs across the Ministry
- Interviews and ongoing engagement with **5** relevant ministries
- Meetings with **26** Executive Directors across the Ministry
- Reviewing MCFD's procurement, contract management and payments policy framework against EY's best practice insights from previous engagements and other jurisdictions

Key Findings

GO1 No overarching strategy has been implemented to inform procurement and contract management activity across MCFD

GO2 Procurement of services is reactive as MCFD does not have the information or guidance it needs to make informed decisions

GO3 Despite spending more than $1b annually, procurement and contract management is viewed as an administrative function with limited strategic importance

GO4 MCFD does not have defined supplier segmentation strategies, despite its complex and variable portfolio of suppliers and contracts

EY

GO1 No overarching strategy has been implemented to inform procurement and contract management activity across MCFD

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. There are policies and strategic processes that inform procurement activity (e.g., provincial budget processes, legislation, core policy); however, a relevant, documented strategy to guide procurement and contracting practices and to ensure activities support achievement of broader goals of the Ministry has not been implemented.
2. MCFD has begun to develop strategic frameworks to guide the Ministry towards overarching goals; however, business units currently operate in siloes that are not always coordinated and sometimes duplicate efforts.
3. Treasury Board provides directives on some procurement decisions, such as funding allocation and contract term; however, no clear processes could be observed to support the application of this information to the relevant business units that use this direction to guide their work.
4. MCFD is unable to implement and operationalize strategy in its current organizational structure.

Current state context

‣ Staff frequently describe the strategy for spending and making procurement decisions as "reactive" or "non-existent"—unless there is a new infusion of dollars, the majority of contracts are rolled over with little formal planning or conscious alignment to strategic goals.

‣ Service delivery staff express significant uncertainty around what can and cannot be done with contracted dollars, what the appropriate practices are, and how to be consistent across the province – this was evidenced by conflicting opinions on how or when to use various contracting structures, such as global or multi-year contracts. For example, Prince George, Kamloops and the Okanagan have all created global contracts; however, staff in Dawson Creek expressed the desire to do the same, but have been unsuccessful without guidance, strategy or a process to follow. Those LSAs that created global contracts did so by identifying a need and taking the lead, rather than by following a systematic process.

‣ Limited accountability and ownership on the execution of the procurement and contract management strategy, as roles and responsibilities are not clearly defined and incomplete or absent processes exist to guide the communication, establishment, monitoring and review phases.

> " *No clear logical direction is provided regarding the use of procurement methods. Service delivery often doesn't have sufficient training, doesn't request our assistance at an appropriate point in planning, and can view the involvement of PCMB as an impediment to providing timely contracted services.* "
>
> - PCMB Survey Respondent

Current state impact

‣ Confusion throughout the organization on who can and should be procuring which services, how much to pay for those services, for what term, and which procurement and contracting vehicles to use.

‣ Redundant spending and/or misinterpretation of needs.

‣ Inability to respond and adapt to the changing needs of clients and communities.

‣ Business units operate and think in siloes, creating frameworks in isolation of one another with different goals.

EY

GO2 Procurement of services is reactive as MCFD does not have the information or guidance it needs to make informed decisions

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Contracts are generally rolled over year over year with limited formalized review on the value obtained from the contract (e.g., achievement of positive outcomes). While there are legitimate reasons for annual roll-over of contracts (e.g., continuity of care, Treasury Board policy directives, or government mandates), the default practice of rolling over is reactive in nature.
2. There is a strong desire to be able to do more proactive planning for procurement of services; however, minimal strategic guidance and/or time is available to enable effective planning.
3. No clear direction has been provided on what type or structure of contract best supports the Ministry's overall strategic direction, such as bed-specific or child-specific contracts.
4. Strategic direction and formal tolerance for maintaining vacancy rates in bed-specific contracts do not exist, limiting the Ministry's ability to meet diverse needs of children coming in to care.

Current state context

- MCFD and service provider staff acknowledge that the needs of the population have changed significantly over time and have become more complex, but the services that have been purchased previously continue to be purchased. While this issue is known, there is currently no evidence to support a Ministry-wide shift in approach to more proactive, informed procurement and contracting.
- Some contracts reviewed have been in place for 15+ years with minor modifications (e.g., dates and funding). Through interviews with contract managers, it was found that contract contents were not necessarily an important consideration in managing the service, suggesting some outdated and irrelevant contracts are still in circulation that do not reflect current services or client needs.
- SDD often commented that due to increased complexity, existing contracts are no longer meeting client needs. As a result, SDAs are having to procure reactively for the needs of an individual child, sometimes on an emergency basis. This often results in significant additional cost and effort and sometimes a sub-optimal placement due to limited supplier availability.
- Many LSAs expressed a desire to maintain vacant beds to help transition away from reactive procurement of residential services; however, staff described limited tolerance to vacancies within the Ministry and said no acceptable vacancy rate has been established or communicated in recent years.
- With limited strategic guidance and planning to address challenges such as short contract durations, aging population, comparatively low wages, increasing cost of living and the increased complexity of client needs, it is becoming more challenging to maintain and recruit new foster parents and complex care providers. As a result, children that could be placed with suitable foster families are increasingly being placed in CRAs, which are considerably more expensive and often negatively impact achievement of client outcome.

Current state impact

- Rolling over long-standing contracts that are no longer meeting clients' needs is a costly administrative process with little value.
- The continuation of reactive contracting indicates to staff and the provider market that MCFD is not shifting its approach to focus on outcomes rather than outputs.
- Reactive purchasing and exclusion of a collaborative planning process does not build or develop effective provider-buyer relationships so there is little opportunity to build the market and/or support uplift in provider capability when services are purchased this way.
- Reactive procurement is costly and clients do not always receive the most effective or appropriate services if there are time constraints and limited available service providers.
- With uncertainty on permitted vacancies, front-line staff are limited in their abilities to shift from reactive to proactive procurement and reduce the occurrence of new procurement for emergency placements.

EY

GO3

Despite spending more than $1b annually, procurement and contract management is viewed as an administrative function with limited strategic importance

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. PCMB is a process-driven group with a strong culture of compliance. They have led a number of initiatives and internal projects to create frameworks and guidelines to help undertake procurement in a more systematic, compliant and consistent way. However, despite the value and skill of PCMB, this group continues to be viewed as an administrative function with limited strategic importance.
2. PCMB sits within FCS, and PRCO is further embedded within PCMB. They have little organizational connection and no hierarchy to SDD. As such, PCMB/PRCO are often not well known or considered another level of administration. They do not have the mandate to inform meaningful changes to procurement/contracting, restricting their ability to fulfil their role as an oversight function.
3. PCMB's scope is heavily restricted by its mandate to support non-residential contracting only. Their scope is further restricted to two phases of the contract management lifecycle, where they support most consistently during procurement/contract creation and at renew and exit.
4. PCMB's role is passive, carrying out directives from the program area and providing advice and support when consulted, but holding no mandate as a strategic advisor or decision-maker.

Current state context

▸ Views on PCMB differ greatly across SDD – those with good relationships frequently seek procurement and contracting guidance, while others feel that procurement rules are disciplinary and/or another cumbersome layer of administration. Some MCFD resources in the LSAs did not know PCMB existed and many were unclear what support they could seek from PCMB.

▸ PCMB feel that they need to be more strategically connected to the sector; currently, they most frequently take direction directly from SDD on contract inputs and have little opportunity to add strategic value or to influence the use of better procurement/contracting practices. PRCO also expresses limited ability to provide effective oversight as they don't have enough insight into the value they are getting for the services being procured.

▸ No ability to enforce that the program areas PCMB support follow legislation such as the *Financial Administration Act* or Core Policy. PCMB are not widely viewed as subject matter experts, and EAs in SDD can progress procurement activities at their discretion regardless of recommendations.

▸ PCMB feel unfairly accountable for actions over which they have limited control; for example, EAs can go above PCMB staff to their various leadership levels for guidance, direction and a decision if desired, and PCMB staff are often forced to comply or execute that decision. However, when an oversight body questions these practices, PCMB feel they are accountable, despite their recommendations having been circumvented.

> " *The supporting role that PCMB has is difficult as we are not the decision makers and what we think is best isn't always chosen, yet we remain accountable for the contracts.* "
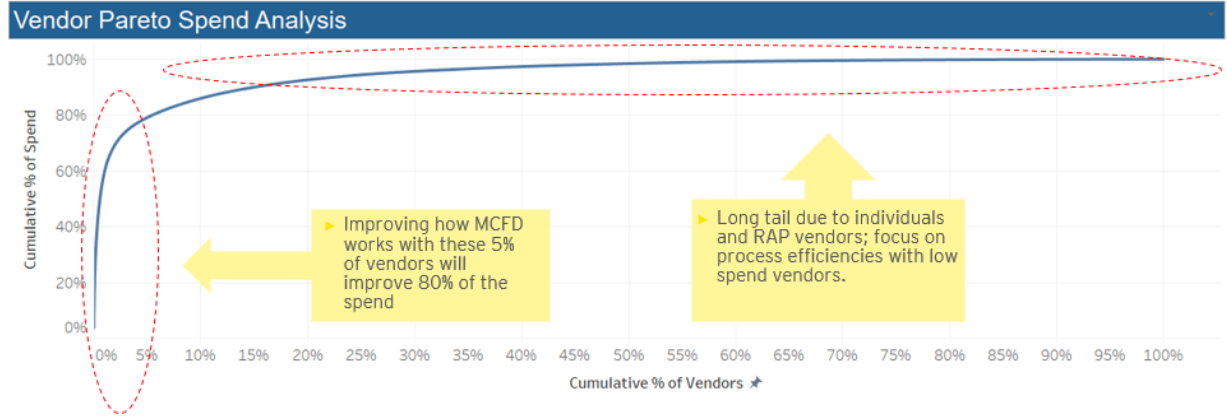>
> *- PCMB Survey Respondent*

Current state impact

▸ Operational staff are likely to circumvent PCMB policy if viewed as administrative/lacking strategic importance.

▸ PCMB is not engaged to its full potential in the current state, missing the opportunity to apply their expertise throughout the contract lifecycle and potentially limiting the inclusion of better practices in procurement and contract management processes.

▸ If PCMB is not viewed or treated as experts in their field, staff may become disengaged over time.

▸ Insufficient mandate or ability to provide effective oversight can lead to unintended consequences for users of MCFD's services if the Ministry does not know the quality of services it is purchasing and can also lead to loss of money or exposure to other fraudulent risks.

EY

GO4 MCFD does not have defined supplier segmentation strategies, despite its complex and variable portfolio of suppliers and contracts

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. MCFD's profile is highly complex with more than 11,000 contracts and over 6,500 vendors across 13 SDAs. There is limited guidance on how to strategically manage contracts and vendors, which greatly vary in terms of dollar value, nature of service, sophistication of vendor, number of contracts per vendor, and so on.
2. The majority of MCFD's contracted spend is with a small pool of vendors; approximately 80% of third-party contracted spend is with 5% of vendors; however, there is no strategic approach to managing the 5%.
3. The profile of vendors and contracts ranges significantly – approximately 4,000 vendors have only one contract in place, whereas 20 vendors have between 10 and 70 contracts in place, but there is no differentiated process for managing, comparing or analyzing vendors.
4. Some contracting methods are overly complex for provision of services or payments.

Current state context

Vendor Pareto Spend Analysis

▶ Improving how MCFD works with these 5% of vendors will improve 80% of the spend

▶ Long tail due to individuals and RAP vendors; focus on process efficiencies with low spend vendors.

▶ The diagram above is an output of analysis on MCFD's spend data. The pareto diagram illustrates 80% of STOB 80 (Third Party Service Agreement) spend is with 5% of vendors; when DAAs are removed from this equation, the finding does not change significantly (80% spend with 7% vendors).

▶ Despite many service providers and staff wanting to consolidate the number of contracts or agreements in place with MCFD, which has occurred in pockets (such as Vancouver), there was limited strategic guidance or capacity to consolidate contracts with single vendors (where it makes sense) to reduce administration and improve efficiency and effectiveness of services.

▶ The limited strategic approach to managing contracts constrains MCFD's ability to leverage economies of scale and negotiate consistent rates with larger providers who span across multiple SDAs or LSAs (see image to the right).

▶ In multiple instances, staff had encountered issues negotiating rates with service providers who were receiving different rates, payments or contract structures in different areas for the same services.

▶ Contracts with service providers who span multiple SDAs engage with different MCFD staff from both procurement and SDD, creating an inconsistent experience and limited ability to innovate, streamline and enhance contracts, and build strong working relationships.

Vendor Spend (Top 20)

EY
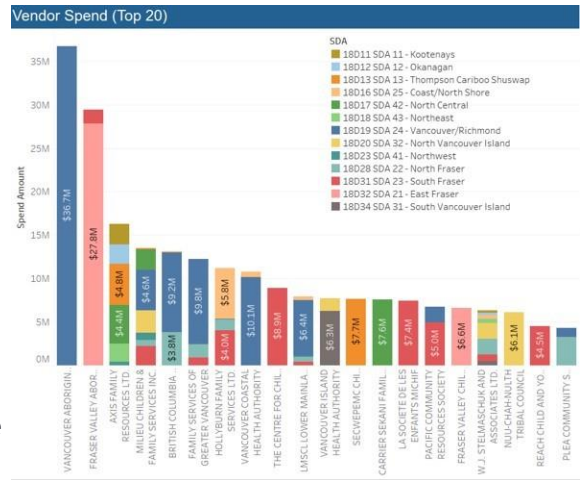
Current state context (continued)

- In some instances, the contracting method is overly complex for the service or payment being provided, creating unnecessary administrative burden on MCFD, service providers and families. For example, Post Adoption Assistance (PAA) contracts are currently structured as two-year contractual agreements, which are commonly amended as family needs or circumstances change. While this duration allows an ongoing connection to the client, this payment is eligibility tested and may be better suited to an entitlement as there is limited reporting or oversight. The renewal process is highly manual and requires adoption workers to focus on administrative tasks rather than adoption work (high-level process for PAAs is included in Appendix 8).

Current state impact

- A large number of low-value contracts and vendors can create significant administrative burden if there is no scaled approach to managing this profile (e.g., same effort on all contracts).
- Time and effort may be misspent without clear guidance on where and how to focus contract management activity (e.g., on relationships and the contracting approach with high-spend vendors versus on process efficiencies for low-spend vendors).
- Multiple contracts for similar services negotiated by different groups across different regions could result in varying rates and deliverables for the same vendor.
- Overly complex profile of contracts and service providers may result in the use of more resources than otherwise required and can be overwhelming for staff.

EY

People
Key Findings

Contextual Information

Procurement activity for third-party service agreements and entitlements occurs through staff from PCMB, as well as through the Service Delivery Division (SDD). SDD is currently divided into 13 SDAs, while PCMB remains in a division of five regional offices based off a previous organizational design. Expense Authorities within SDD (typically executive directors or directors of operations) function as the decision-makers and overseers of services, and PCMB currently functions as the supportive and advisory role to SDD for non-residential services only. Residential services are typically procured, negotiated, established and managed by SDD staff.

Analysis

MCFD's people function was analyzed through workshops, interviews and collaborative discussions with various ranks across the Ministry to understand the level and extent of procurement and contracting activity taking place as well as associated challenges and opportunities across regions, units and roles:

▸ Visited 7 LSAs and facilitated working sessions with 85+ SDD and PCMB staff to understand unique process variations and challenges across the province
▸ Interviewed contract managers of **8** different contracts to assess depth and extent of contract management taking place in practice
▸ Obtained and reviewed relevant people documentation including organizational charts and job profiles
▸ Met with **14** service providers
▸ Consulted with CSSEA and CLBC
▸ Attended **2** sessions with Our Place – a cohort of community service providers
▸ Created one-pager variation summaries for each of MCFD's six core service lines to capture the roles, relationship and level of interaction and alignment between the SDA and PCMB within the program area

Key Findings

PE1   Roles and responsibilities are not clearly defined, communicated or consistently executed

PE2   Insufficient training is in place for staff with procurement and contracting responsibilities

PE3   Communication is fragmented within MCFD and with external stakeholders

PE4   Working culture within procurement and contract management typically follows organizational siloes

EY

PE1 Roles and responsibilities are not clearly defined, communicated or consistently executed

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Significant uncertainty exists around procurement and contracting roles and responsibilities.
2. DOOs are appointed contract managers; however, the extent to which they are able to actively manage their contracts varies significantly.
3. The extent of support administered by PCMB varies greatly and appears to depend on geographic proximity, relationships and level of experience of PCMB staff.
4. Roles pertaining to in-life contract management, including monitoring and reporting, are especially uncertain. Support from PCMB, when provided, is usually during new procurement, contract creation and/or contract renewal or exit.

Current state context

▸ Descriptions of roles and responsibilities exist in various forms and locations, but are limited in scope (e.g., Contract Management Manual for non-residential only), are not clearly communicated or provide insufficient guidance on how to scale across contract types, service modalities or regions.

▸ Staff often express uncertainty of their responsibilities, supports available, and when/how to escalate issues. Many service providers do not have a consistent point of contact at MCFD or a clear chain of command for clarifying contractual information, discussing ideas/changing needs or resolving issues. Contracts reviewed did not include a schedule of roles/responsibilities for MCFD or contractors.

▸ The job profile of a DOO includes very little emphasis on procurement and contracting responsibility or skills required, and their previous roles with the organization do not adequately prepare them for this significant responsibility. DOOs are further limited in their capacity as contract managers as they hold heavy, emergency-based workloads and have insufficient tools to support.

▸ Several SDD staff were not aware of PCMB, the services they provided or how or when they could utilize PCMB for support.

▸ In offices where SDD and PCMB were colocated, relationships were generally stronger and support was more readily available, for example in Vancouver and Kamloops.

▸ The one-pager variation summaries (Appendix 8) illustrate the extensive variation that exists in the roles, responsibilities and level of support provided by PCMB at various points throughout a contract lifecycle. Roles and responsibilities are different depending on geography, service line and individual agreement type, which complicates mapping a current state process with any certainty.

> **" *If there is a procurement "shop", I wonder why we, at the district office level, are even trying to "manage" these types of agreements. Are there not contract specialists with the appropriate financial background, that are better at managing these complexities of these documents, rather than us (off the sides of our desks)?* "**
>
> *- SDD Survey Respondent*

Current state impact

▸ There is no clear accountability for management of the contract, contributing to the lack of contract monitoring, oversight and review.

▸ Extent of contract management activity varies arbitrarily from contract to contract and region to region, potentially sending mixed signals throughout MCFD and externally to the market.

▸ Existing policy and process are circumvented and locally and/or individually developed processes take effect when limited guidance or support is provided.

EY

PE2   Insufficient training is in place for staff with procurement and contracting responsibilities

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Most MCFD staff acting in procurement and contracting roles are social workers who have received minimal formal or relevant training for procurement and contract management of social services.
2. Risks associated with lack of sufficient training are especially prevalent in residential contracting, where the expertise of PCMB is not formally offered as a support. Resource team leaders with little to no procurement training are negotiating and recommending large residential contracts.
3. Staff are not receiving adequate or ongoing training on the current tools and systems that support procurement and contract management.
4. Staff throughout SDD and PCMB expressed the desire for more practical hands-on training relating to current procurement and contracting processes, systems and tools.

Current state context

▸ Staff consistently expressed the desire for more structured, formal and relevant training delivered in person to provide the opportunities to build and leverage connections throughout the Ministry; insufficient training was raised as one of the biggest pain points in all seven LSAs visited.

▸ Historically training has been delivered ad-hoc, under the umbrella of general procurement of goods and services; for example, MCFD staff would be attending the same training as staff from the Ministry of Transportation, providing limited practical guidance for day-to-day social work in MCFD.

▸ No formal training schedule or career progression exists for procurement and contract management staff. SDD staff said they gain the majority of their procurement and contracting training on the job in a reactive setting from co-workers.

> **" A lot of the training and policies for procurement within government are not social service based, geared towards buying of goods, rather than services for the general population."**
>
> **-** *Survey Respondent*

▸ Within the current processes, systems and tools (e.g., MIS, CWT, the Costing Tool), MCFD staff frequently felt self-taught and were unsure if how they used the system, process or tool was correct or in line with Ministry-wide expectations.

▸ Limited training on existing systems is being provided to new and existing staff, often because of anticipated technology changes (e.g., RAP). However, systems continue to be used with limited direction on when a new system will be available, making it challenging to determine training requirements.

▸ The degree of training new hires receive is dependent on the capacity and availability of more experienced tenure staff.

▸ According to a survey conducted as part of this assessment, 70% of team leaders, resource workers and social workers who touch procurement and contracting roles at MCFD feel they do not have sufficient training to effectively perform their responsibilities.

Current state impact

▸ Without formal, relevant training, staff are likely to be disseminating information based on individualized or locally developed knowledge and processes that are inconsistent with other areas of the organization.

▸ Large residential contracts being negotiated and created by staff without the relevant training and skills could expose MCFD to third-party risk.

▸ If not properly trained, processes being carried out may be overly manual or redundant and include workarounds to current policy, process and tools.

▸ Relying on staff to informally provide training reduces their capacity to focus on service delivery.

EY

PE3 Communication is fragmented within MCFD and with external stakeholders

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Expectations of staff are not always clearly communicated, leaving them uncertain and unequipped with the information they need to successfully undertake their contract management duties.
2. MCFD staff and service providers express common challenges to establishing contracts at renewal time as a result of unclear and untimely communication on budget.
3. Communication on contract decisions, performance, risks and/or issues with service providers is often restricted to contract renewal time.

Current state context

- A formal or consistent contract handover process between the contract creator and contract manager for communicating the contents, logistics or goals of the contract was not found.
- Although front-line staff have frequent communication with service providers, they are often unfamiliar with the structure and/or contents of contracts and how to enforce the contract. Many of them have never accessed the contract before, but are expected to be a main point of contact for the contractor.
- Staff across regions have received inconsistent guidance on how or when to use various contracting types — for example, staff often do not know how or when to use multi-year agreements, global contracts, or to what extent they can provide additional funding to foster or out-of-care guardians.
- DOOs usually speak with service providers once or twice a year — either as an issue arises or at contract renewal time. In some instances, service providers have multiple MCFD contacts for multiple contracts and do not know who they can speak to when questions or issues arise.
- Historically there have been significant delays in the communication of key Treasury Board approvals on contract renewals and wage increases, and this year it was not provided until 11 March, with the fiscal year ending on 31 March. This resulted in one PCMB resource in Cranbrook having 127 contract renewals to execute in less than three weeks. As a result, a decision was made by MCFD management to pay contractors for the months of April, May and June 2019 to ensure that there would be no financial hardships to service providers without signed contracts.
- Many staff feel internal communication within PCMB is strained due to high staff turnover or vacancies.
- In some instances, staff are relying on receiving communication on important changes from The Federation of Community Social Services of BC weekly update, as opposed to through official Ministry channels.
- Many of the challenges, pain points and issues discussed in detail in the contract management lifecycle section of this report (Section 5) relate to fragmented communication both internally and externally.

> In Fernie, staff meet monthly with a large service provider to discuss which contracts require renewal, any challenges being encountered, problems delivering services, as well as what is working well. This locally developed process is working quite well and has opened up lines of communication between MCFD and service providers. This process, however, has not been formally built into the contract review process.

Current state impact

- Communication is reactive, and often guidance on key decisions is not received until past the due date.
- As a result, contracts are rushed to be completed or amended, and there is no opportunity for collaboration, adequate review or improvements.
- Precedent may have been set that payments can be made to a contractor prior to having a legal and binding document in place.
- Fragmented communication internally causes inconsistent and ad-hoc processes to be applied and does not present a unified front either within MCFD or externally to the market.
- Limited communication and collaboration with external stakeholders can be a detriment to relationships and can impact confidence in the Ministry.

EY

PE4 Working culture within procurement and contract management typically follows organizational siloes

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. The work of the Ministry is fundamentally siloed into two separate divisions – residential versus non-residential – which use different systems, processes, guidelines and people.
2. The ownership of information and responsibility between COSB, PCMB and Finance is unclear, sometimes redundant or conflicting.
3. Provincial, urban and rural offices have unique challenges; decisions and processes that work in one area may not work in the next.

Current state context

▸ The procurement and contract management processes for residential and non-residential are treated vastly differently. Two different systems are predominantly used to generate residential and non-residential contracts, contributing to significant inconsistencies in practice and processes. This split appears to strengthen cultural divides and has limited the ability for MCFD and staff to leverage commonalities and lessons learned between the two services.

▸ As indicated in the one-page variation summaries (Appendix 8), there are significant inconsistencies between "residential" services and "non-residential" services in terms of roles, activities and systems.

▸ Although significant efforts have been made to create common processes and tools for PCMB and COSB to access (e.g., CDB), they are overly cumbersome to use and required consultation with multiple stakeholders to interpret.

▸ SDD and PCMB operate as two distinctly separate organizations, although often serving the same population, which contributes to inconsistencies for service providers and clients. Although SDD would like to utilize PCMB's expertise, there can be some hesitation to engage because of a perceived lack of flexibility and/or length of time to complete a process.

▸ While there have been numerous attempts to work together to improve processes (such as a recent initiative to standardize the costing tool), PCMB and SDD continue to develop internal initiatives or frameworks in isolation of each other and receive inconsistent guidance/direction from leadership.

▸ The 20+ agencies in the Lower Mainland receiving more than $7m each in annual funding have very different internal infrastructure and capabilities from those in the Northern Region, half of which are receiving less than $2m each. The internal capacity of these agencies to respond to and effectively deliver contracted services can be very different, and so unilateral expectations do not work.

> " *It is ideal to have the two processes together, residential and non-residential. There does seem to be a misalignment for how residential services are procured. Some agencies are providing services to both residential and non-residential contracts and there is the potential for synergies.*
>
> *- Procurement and Contract Manager PCMB from LSA visit* "

Current state impact

▸ MCFD's clients may not be accessing the right combination of services they need if the process of procuring and managing those services is fundamentally different.

▸ Business units may be undertaking manual, redundant or conflicting analyses if the ownership and accountability of information is unclear or if it exists in multiple places and can be misinterpreted.

▸ Frameworks developed in isolation of different business areas may fail to succeed if not accepted or validated with the other party.

▸ Separate roles, tools, processes and guidelines for residential and non-residential services reinforce a culture of SDD and PCMB working and thinking in siloes.

▸ PCMB staff are limited in their ability to collaborate or support each other provincially as processes, requirements and needs are inconsistent across the regions.

EY

Process
Key Findings

Contextual Information

Procurement and contract management processes at MCFD are defined in different forms and have varying scopes (for example, the Contract Management Manual pertains to non-residential processes only). Many non-residential processes, procedures and templates developed by PCMB are available on MCFD's iConnect intranet site; however, there is less information centrally available on residential or other processes. The Ministry has acknowledged that there are many inconsistent processes being carried out and in response has undertaken a significant amount of work to document both current and "to-be" processes. For example:

▸ A residential working group has been created that includes various subject matter experts to assess the efficiency of the current process and to identify improvements for a future residential procurement and contract management process and division of branch responsibilities.

▸ COSB and PCMB have undertaken several initiatives to streamline and address redundancies or inefficiencies of roles, responsibilities and functions of each team, including the development of RASCIs, process flows and a joint working committee to streamline the functions of each group and to address any issues as they arise.

▸ PCMB has documented the current and future state of the contract management support model for the Youth Justice service line to help bridge the gaps between the two states and identify areas where PCMB could become more involved and introduce best practice.

▸ A Practice, Reporting and Contract Oversight (PRCO) Framework has been created by the Ministry to provide a framework for ensuring oversight and accountability focusing on non-residential contracted services through continuous quality assurance and improvement across the contract management lifecycle.

This list is not exhaustive but provides a sampling of the work MCFD has done to date to document and develop procurement and contract management processes.

Analysis

In the early part of this assessment, a two-day workshop with participants across all SDAs and PCMB was conducted. It was during this workshop that the extent to which variation existing across services, systems and roles was first evidenced. Five journey maps (included within Appendix 4) were created, to demonstrate the strengths, weaknesses and differences that exist across services, using fictional case studies. Due to the significant variation, these maps had to be developed from the perspective of one subject matter expert (SME), with workshop participants providing commentary and examples on how the process was facilitated differently in their LSA or service line. This highlights some of the challenges that exist within the Ministry in mapping a current or future state process.

In addition to journey maps, one-page variation summaries (Appendix 8) were also created to document the current state process for one agreement type within each of the six core service lines at MCFD and detail the challenges and variations that exist within each of the service lines. Similar challenges were again encountered when mapping these high-level current state activities because there was an inability to gather one consistent view of the process. These process variations were encountered within both PCMB (regional versus provincial) and SDD (across LSAs and service lines).

EY

The challenges encountered in capturing one consistent current state process for each of MCFD's service lines highlight:

- The degree to which SDD and PCMB operate as two distinctly separate organizations and in isolation of each other with unclear ownership of processes, roles and responsibilities
- The ability and autonomy of regions to create variations in processes (warranted or not based on their perceived uniqueness)
- The difference in the systems, tools, support and structure of provincial, residential and non-residential services

In addition to the two-day workshop and one-page process variation summaries, the following analysis activities were undertaken:

- Review of applicable processes and guidelines, including federal and provincial processes and guidelines, MCFD strategies and plans, and MCFD procurement and contract management processes and guidelines
- Reviewed EY procurement and contract management best practices and internal social services sector approaches to identify opportunities for improvement
- Reviewed Grant Thornton Financial and Internal Review Report and developed an interim deliverable titled "Actioning the Financial and Internal Control Review" (Appendix 2)
- Developed a high-level process map for non-residential services (included in Appendix 3) and high-level "value chain" to develop a consistent tool to engage with stakeholders to understand current processes and variation
- Visited **7** LSAs and facilitated working sessions with **85+** SDD and PCMB staff to understand unique process variations and challenges across the province
- Attended working sessions with COSB to understand current and proposed future state processes and challenges

Key Findings

PR1   Procurement and contracting processes are rarely known, not formally documented and/or inconsistently executed across MCFD

PR2   Processes are highly manual with redundant steps and touchpoints

PR3   There is limited flexibility to respond to the changing needs of children, families and communities across service lines and contract types

PR4   Some payment processes are inefficient and may increase risk, including payment methods, delays and workarounds

EY

PR1 — Procurement and contracting processes are rarely known, not formally documented and/or inconsistently executed across MCFD

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Process maps do not formally exist to guide end-to-end procurement and contract management activity; several "to-be" processes have been developed but have not been operationalized, possibly due to change fatigue and/or multiple changes in leadership.
2. There have been many guiding documents and frameworks developed over time, but many of them did not attain final approval, were absorbed into other projects or initiatives and were partially implemented, or were placed on hold and were not resumed.
3. In other instances, strong guiding documents or process improvement initiatives have been created, approved and made available, but most are not widely known or consistently applied across the province.

Current state context

- In the absence of a non-residential procurement process, early in this assessment, a level-one process map was developed and validated with PCMB and was frequently used to guide conversations (Appendix 3).
- The Contracted Residential Agencies (CRA) Working Group has undertaken significant work to create a functional interim process for residential procurement and contracting; however, this process is followed to varying degrees or with some inconsistency across LSAs.
- The Contract Management Manual is an example of a good source of guidance that was developed and published for non-residential services, but is not widely known or adopted. During the LSA visits, this manual was seldom referenced as a document used by staff to guide day-to-day work (for PCMB and SDD).
- The Provincial Administrative Guide (PAR) is available on the MCFD intranet and is considered useful by front-line administration staff, providing simple job aids, access to information, legislation and policy to guide work.

> *Poor procurement processes makes it very daunting for most, therefore easier to stick with status quo.*
>
> - PCMB Survey Respondent

MCFD's Unearned Revenue process is an example of how policy is operationalized through process and procedural documentation to support consistent application by staff: PCMB has adopted and made available to Ministry staff step-by-step guidelines and a flow chart on the process for claiming unearned revenue. The guidelines clearly articulate the purpose of a review and who is involved. They include a detailed RASCI, roles and responsibilities and a step-by-step outline of the procedures to complete the process. However, there are still inconsistencies in how the policy of unearned revenue is applied. During the LSA visits, it was mentioned in some SDAs that they were able to provide direction on recovery, preferring to reinvest the funds within the program area (which differs to the direction provided to regional procurement and contract management employees), while other areas said they were not monitoring unearned revenue as they were unclear what the process was or did not have the capacity, capability or support required to fulfill this task.

Current state impact

- Inconsistent operationalization of policies and guidelines makes it difficult to "baseline" and measure performance.
- Discussion and collaboration on "to-be" processes that do not result in meaningful change may result in staff becoming disengaged over time.
- Lack of end-to-end tools and systems to facilitate procurement and contracting processes are likely to lead to individualized processes/tools being developed, causing major inconsistencies in practice.
- With procurement and contracting processes rarely known, there is a high likelihood of duplicated activities and redundant effort.

EY

PR2   Processes are highly manual with redundant steps and touchpoints

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. MCFD staff frequently develop individualized processes and use manual tools to perform contract administration functions. There are opportunities to streamline, automate and reduce these manual processes and number of touchpoints that are not being effectively used.
2. Some processes are introduced with the intention of streamlining or optimizing other processes, but fail to be fully implemented.

Current state context

▸ The majority of contract administration is performed manually using individually created and customized Excel spreadsheets; examples include tracking the number of contracts held, tracking contract end-dates, maintaining an inventory of foster homes and vacancies, logging the submission of reports and service hours. MCFD resources have taken the initiative to utilize whatever available tools they have and have invested significant effort in developing these Excel tracking spreadsheets for various tasks and activities, despite tracking needs being fairly consistent across LSAs.

▸ Some processes have been introduced with the intention of streamlining; however, when not properly implemented, these processes have caused inconsistencies, work-around or opt-outs, for example:

  ▸ The HUB – a well intentioned resource used by some LSAs for central screening, but has created significant delays in executing contracts, compounding the challenges with recruiting and maintaining qualified provider staff

  ▸ EFT as a method of payment – requires a long lead time of up to five months to set up, making it a non-preferential method of payment for many

  ▸ CF25 process (contract summary & payment instruction form) – CF25 generated by CWT is not sufficient for COSB or Finance purposes and as a result a second CF25 has to be created to authorize and track payment

▸ As evidenced in the one-page process variation summaries, there is often a duplication of tasks as roles and responsibilities are not clear or there is no clear accountability; for example, some non-residential contracts are saved on the LAN, hard copy and in the PCMB folder by various individuals.

▸ The creation of Post Adoption Assistance (PAA) contracts is an entirely manual process, completed external to any system by modifying MS Office templates, including the tracking of contract renewal dates.

▸ In some instances, children are being placed in CRAs without completed home checks because the process to negotiate pricing and services to be provided, attain required approvals and complete staffing checks takes too long given the "emergency need". This process is further complicated due to MCFD's limited ability to effectively understand current and future demand and supply of services.

Current state impact

▸ Highly manual processes reduce the capacity and availability of front-line staff to undertake client-facing service delivery work.

▸ Manual processes are more susceptible to human errors.

▸ Delays with central screening have resulted in some service providers having to turn down contracts or being unable to meet contractual obligations.

▸ MCFD clients are still receiving cheque payments because of the backlog of setting up EFT. As a result, LSAs need to manage client expectations. A long lead time does not encourage more MCFD clients to transition to EFT. Cheques are costly to produce and more susceptible to delays in clients being paid in a timely manner.

EY

PR3

There is limited flexibility to respond to the changing needs of children, families and communities across service lines and contract types

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. There is limited ability, or a defined process, to transfer funding between services or programs to reflect changing client needs.
2. There is limited clarity on the processes or responsibilities to develop new or innovative contracts or agreements to enable procurement of new or existing services to meet changing client needs.
3. Service lines have varying abilities to provide direction on the recovery/use of unearned revenue and receive inconsistent guidance from PCMB and SDD managers on how to apply unearned revenue.
4. LSAs feel they do not have the authority and support to exit contracts and retender even if there is acknowledgement that existing service providers are not performing and better services could be provided by another agency.
5. Some procurement/contracting approaches may not be flexible enough or include sufficient room for discretion in smaller or rural areas.

Current state context

▸ In multiple LSAs, staff and service providers commented on the limited ability to proactively transfer funding to from underutilized programs/services to increase capacity to deliver additional high-demand programs/services. For example, due to the inability to redirect funding from an underutilized gate-kept program to a high-demand mental health service, some clients are having to endure lengthy waitlists while another program delivered by the same service provider is underutilized with excess funding.

▸ Within Youth Justice, there is a defined process to re allocate contract dollars within a service area from different funding categories if a service is likely to be underutilized. This process is currently inconsistently applied within the service line and is still often reactive but provides an example of a process to reassess the demand and supply of services and the ability to move funding to address changing needs as required.

▸ Some LSAs expressed the desire to use alternate service delivery models to better meet client needs; however, they felt restricted by the current contracting templates and lacked clarity on the processes to procure unique or innovative services. For example, satellite homes have been used in some areas as a step-down service from CRAs to meet the changing needs of client. Front line staff, however, did not feel there was sufficient strategic guidance or the appropriate templates to support the procurement of this service and as such had struggled with how to procure satellite home services.

▸ Some SDAs were able to provide direction on recovery/use of unearned revenue, such as Early Years, who preferred to keep the funds within the program area, which differs from the direction provided to regional PCMB employees who were told to return the money to Victoria.

▸ The success of the Lead Agency Model appears to vary by SDA as a result of provider availability and capacity, in addition to specific relationships or experiences in some areas. For example, the Lead Agency Model has worked well in Vancouver to create efficiencies and allow for more creativity and capacity in meeting client needs but may not be as successful in a smaller, rural SDA where the market is limited.

▸ A solicitation process used for one service does not always work for the other. For example, service providers said they would benefit if MCFD were to use more Notices of Intents (NOIs) during solicitation as opposed to full RFPs; some communities only have one service provider who can deliver services, and sometimes a competitive process is not the best use of resources and can cause unintended consequences and disruptions in communities.

Current state impact

▸ Services provided by MCFD may not align with changing needs or trends in communities.
▸ Contracts that may be performing subpar and/or not meeting client needs may continue to be renewed.
▸ Limited ability or defined process to proactively change or establish new services may result in client needs being unmet or being met at an additional cost to the Ministry.
▸ The Ministry's shift towards prevention and family preservation (from its historical and current focus on child protection) is challenging to operationalize.

EY

Some payment processes are inefficient and may increase risk, including payment methods, delays and workarounds

| Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. A significant number of payments are still being made by cheque, despite the additional expense, time, effort incurred and the Ministry's strategic desire to move towards EFT payments.
2. Various challenges or barriers exist to shifting away from cheques completely, although there is broad acknowledgement that moving towards EFTs could simplify processes, reduce cost, decrease risk and improve transaction record.
3. Inefficiencies in contract processing can delay payment to service providers, particularly at contract renewal time.
4. Internal process and timing issues can result in workarounds to payment process, including payment to contractors without signed contracts in place.
5. There can be minimal oversight into the approving of service provider invoices for invoice-driven contracts.

Current state context

▸ During analysis of MCFD's spend within STOB 79 (Entitlements) and STOB 80 (Third Party Service Agreements), a payment report from the CDW was obtained, which indicated that approximately 1/3 of payments made in FY 17/18 were made by cheque*:
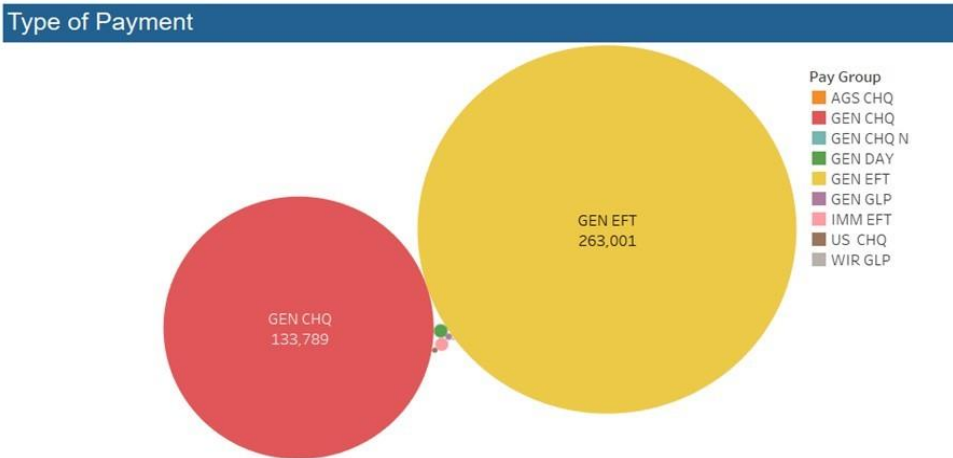
Note: A coding issue was found in pulling the payment report from CDW used for this analysis – the report appeared the same regardless of which STOB was selected within the filters, reinforcing data reliability issues and limiting the ability to draw meaningful conclusions.

▸ Cheques continue to be used for a number of reasons, including 1) the current process for implementing direct deposit is time-consuming, 2) SDD staff use cheques to incentivize clients to come to their offices, providing an opportunity to check in on their well-being, 3) the default option when setting up a new vendor is cheque payment, and 4) when there is an emergency need to provide immediate payment.

▸ While reviewing the direct deposit process, staff said that setting up a vendor with EFT payments can incur up to a five-month delay, as the process is highly manual, involves touchpoints with multiple units (vendor, CAS, FSB, Treasury Board), and suffers a backlog due to volume, resourcing and process inefficiency challenges. Examples of inefficiencies in this process include manual forms without data structure rules and manual validation of common error issues with vendor names and numbers.

▸ Some service providers said they would consider consolidating contracts to decrease the administrative burden associated with multiple contracts; however, in the past, they have experienced significant payment delays, reducing the appetite to consolidate contracts in the future.

▸ Payment delays are also incurred during contract renewal time; one service provider said they ran a deficit of $80k-90k per month while waiting for a contract renewal to be finalized.

EY

Current state context (continued)

- While engaging with LSAs, an example of a workaround implemented to pay contractors without a signed contract in place was encountered. As a result of delayed Treasury Board approvals and fiscal year timing, some non-residential contracts were still being finalized while payment was approved for three months to limit the financial hardships to contractors. While this decision was made and payments/contracts were tracked to the best ability of staff in the interim, this is an example of a broken or risky process.
- Another workaround used in some LSAs is cheque splitting, whereby a total amount to be paid by cheque exceeds the Ministry's maximum threshold for cheque payments, so instead multiple smaller cheques are issued.
- In some instances, qualified receivers for invoice-driven contracts are often responsible for approving invoices with minimal oversight or knowledge into whether the services were actually provided in accordance with the contract.

An office within Prince George has made a significant effort over the last four years to move away from cheque payments and has achieved impressive results. This office successfully cut down on the number of cheques issued from approximately five per day to two per year and currently operates on EFTs with few exceptions.

Current state impact

- Generally cheque payments have an additional cost, administrative burden and increased risk; quality assurance and oversight are also reduced for cheque payments over electronic payments.
- Cheques are inefficient and costly for underbanked individuals who have to pay fees to cash cheques.
- Cheques may make sense in the case of payment to some individuals; however, there should be no instances of cheques made to agencies who should have electronic functionality.
- Late payments can cause cash flow issues for service providers and decrease willingness to contract with MCFD.
- If payments are made off contract, there is the potential to set a precedent that payments to a contractor may be made prior to having legal and binding documentation in place. This practice has potential to expose MCFD to significant risks.

EY

Technology
Key Findings

Contextual Information

Current tools and technologies used by MCFD include many outdated, standalone systems, and there is a high reliance on manual tools such as Excel, SharePoint and whiteboards to track various types of information and to collate the required information to inform day-to-day decisions within the Ministry.

The two main systems used by MCFD for procurement and contract management are RAP and CWT, respectively used for creating residential and non-residential contracts. RAP has reached end-of-life both from a functional and a technical perspective and will no longer be supported and must be decommissioned by 2022. CWT was established as a short-term solution in 2007 to create contracts; however, it has now been in place for over 10 years and has limited capability beyond word processing.

ICM is used more broadly across the Ministry (predominantly for case management); however, it was never fully integrated into contracting and procurement tools as originally intended. CCOF is a legacy system established in 2003, meant as a temporary solution, and is still used within Child Care today.

Analysis

To understand the tools and systems used to support procurement and contracting at MCFD, including the challenges, system dependencies and workarounds present in the current technology landscape, the following activities were undertaken:

▸ Facilitated interviews and workshops with staff across PCMB, PRCO, SDD and COSB
▸ Received system demonstrations and walk-throughs of current tools including CWT, RAP, the Costing Tool, CF25, CAS and various Excel spreadsheets by subject matter experts
▸ Reviewed systems user manuals
▸ Completed data analysis on all MCFD spend within STOB 79 (Entitlements) and 80 (Third Party Service Agreements) during which findings, insights and recommendations specific to current procurement and contract management tools and data were identified

Key Findings

TE1   **No end-to-end tool exists to effectively manage the contract management lifecycle**

TE2   **Insufficient tools/technology are being used to support level of spend**

TE3   **Data is unreliable and no single source of truth exists to make informed decisions**

EY

TE1 No end-to-end tool exists to effectively manage the contract management lifecycle

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. MCFD lacks an integrated tool that supports end-to-end procurement and contract management processes. The current technology landscape at MCFD has multiple independent systems that do not always integrate nor do they support the entire contract lifecycle.
2. Processes are supported by standalone systems that lack flexibility, are overly burdensome and result in staff having to create custom workaround solutions.
3. Staff must move between several different systems and tools in order to complete procurement and contracting processes.

Current state context

▸ Different systems are used to manage the procurement and contract management lifecycle for residential and non-residential service. This encourages the viewpoint that the two services should be kept and managed separately.

▸ A Child Care program uses a different system to generate contracts for the Child Care Operating Fund (CCOF), a single agreement type within a service line, while other contracts within Child Care are created manually using Word templates.

▸ No system is used to manage the contract management lifecycle in the Adoptions program. Contracts are created using a MS Word template, manually amended and stored on the LAN.

▸ Contracts are created by different individuals in different systems, with customizable fields, and can result in highly variable contract documents, sometimes for the same service or same service providers.

▸ There is no integration between the contract creation systems, payment instruction tool, financial system and the numerous different standalone spreadsheets tracking critical information.

▸ Despite a CF25 (contract summary and payment instruction) being automatically created from CWT, it cannot be used as it does not contain the necessary information to initiate the disbursement process. Another new and redundant CF25 has to be recreated and sent to Finance to generate information to initiate disbursements and record spend.

▸ Individually created Excel spreadsheets are being used to track contract renewal dates, utilization, burn-down rates, invoices and wage increases.

> " *Agencies have very strong systems that can tell you session by session how a client is doing, how many hours of service [they have received], how this meet [their] targets. DOOs would like to use their systems.* "
>
> - DOO from LSA visit

> " *Frustrating having to use several systems, want the ability to work within one system.* "
>
> - Front-line staff member from Abbotsford LSA visit

Current state impact

▸ Users have to move between numerous systems, making procurement and contract management processes highly time consuming.

▸ Limited ability to get a single view on the spend and services received for a child.

▸ Limited ability to effectively share and leverage information between systems and within MCFD.

▸ Processes are susceptible to human error as they are heavily manual.

▸ There are insufficient controls to prevent miscoding and inconsistent data entry because of the manual processes created.

▸ Multiple contracts for the same or similar services negotiated by different groups across different regions could result in varying rates and deliverables for the same vendor.

EY

TE2 Insufficient tools/technology are being used to support level of spend

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Limited investment has been made in the tools and technology used across the contract management lifecycle. Some of the systems that have been implemented were intended as short-term solutions over 10 years ago but have yet to be replaced.
2. Current tools/technology do not facilitate efficient information sharing or collaboration, are not user friendly and require a high degree of manual effort.
3. There is insufficient technological capability available to analyze or aggregate data.

Current state context

▸ CWT was originally implemented as a short-term solution and was intended to collect data to respond in a timely manner to Treasury Board enquiries. However, the tool is now antiquated and continues to be used, although many compromises or workarounds have now become routine. For example, mail merge processes are often being used for contract modifications instead of CWT because of how time consuming it is to complete in CWT.

▸ The RAP system has been slotted for replacement, as it is nearing end-of-life both from a functional and technical perspective, and will no longer be supported.

▸ The Costing Tool used during the creation of residential contracts has standardized rates for contractors; although it is beneficial to have a standardized tool, this has in the past contributed to MCFD paying higher rates than appropriate for contractors based on their experience, education and skillsets. To manage this same issue, CLBC uses a step down model where they have the ability within their tool (which is also supported by policy) to capture the seniority of contracting staff and pay the average.

> " *Further complicating the situation for social workers, is the ministry's IT system for contract management. The system is old and does not have the functionality required to support effective contract management.* "
>
> - Auditor General of BC *Oversight of Contracted Residential Services for Children and Youth In Care* June 2019

▸ Electronic signatures are being used in pockets (such as within Child Care) but are not being used consistently across all service lines, despite having a large number of contracts and amendments being created annually.

▸ The capacity and vacancies of CRAs (which historically have the highest spend of all services) are tracked using individual whiteboards or Excel spreadsheets in each LSA.

▸ Contract version numbers are not universally recorded electronically in an integrated system at the time of renewal or extension. Occurrence numbers are physically printed on contracts but are not electronically searchable in the system.

▸ The current Adobe tool is outdated and staff do not have the ability to remove pages or edit PDFs and cannot copy text from old contracts.

Current state impact

▸ Inadequate tools that do not meet user needs and require workarounds reduce the available productive time of staff, cause unnecessary frustration and often result in the development of manual, redundant or individualized processes.

▸ Time to execute contracts is lengthy and can delay initiating service delivery; contracts need to be sent, and in some cases physically mailed, across the province for the appropriate signatures.

▸ Reporting and data cannot be aggregated and used effectively and efficiently to support informed decision-making.

▸ Limited ability to gather and use contract documentation for performance management reviews, renewals, vendor comparisons and selection.

EY

TE3

Data is unreliable and no single source of truth exists to make informed decisions

| Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Poor data availability exists as data is housed in a number of different data stores and requires a high degree of manual intervention, interpretation and collation to make usable for decision-making.
2. There is a lack of confidence in using the data to inform decision-making because of the poor data quality and uncertainty in the accuracy.
3. There is no single source of truth for vendor and contract information.

Current state context

- Accessing and interpreting MCFD's data to look at basic metrics relating to spend, contract and vendor was a time-consuming process requiring a high degree of manual intervention.
- Without an integrated system, data needs to be pulled from different systems; approximately 70% of spend comes from the CAS system and 30% comes from RAP, making it hard to reconcile expenditures as fields are completed inconsistently.
- Important elements of MCFD's spend profile are not readily available within the data — for example, spend with individuals versus agencies, or spend with DAAs versus other agencies.
- While undertaking spend analysis, data trends were discovered that required validation from more avenues than typically expected. For example, within third-party spend, the data initially suggested 22% of spend being off contract; however, upon consultation and additional manual analysis, some contract numbers were later located embedded within another field.

- When extracting a payments report from CDW, the system produces the same report regardless of which STOB was selected on the filter — e.g., the payment report looked identical for both STOB 79 and STOB 80, providing little confidence in the results (see image to the right). This issue was confirmed with MCFD to be a system/coding error.

- When reviewing the CWT Ad Hoc report for 2017/2018, duplicated amounts were noticed that were impacting the queries being ran; after raising the issue with MCFD, they requested the contractor to review the extraction logic, which resulted in a new report with different results.
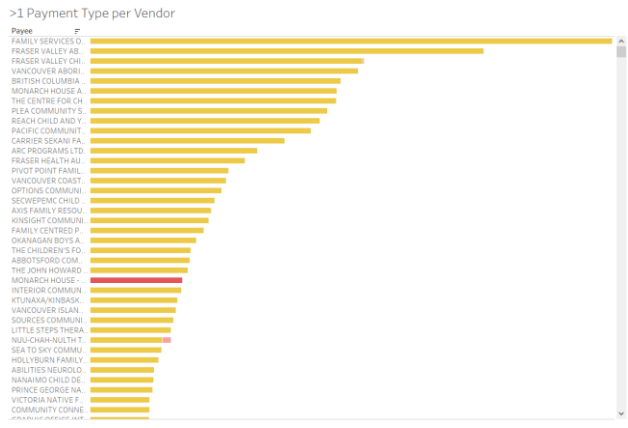
Example output of EY's spend analysis on payment type per vendor using data extracted from of MCFD's payment report; this report appeared the same regardless of STOB filter selection (error in system).

Current state impact

- Unreliable data does not support MCFD's desire to shift towards more proactive and data-driven decision making.
- Decision-making not substantiated by reliable data can give the impression of ambiguity or biases.
- Unreliable data provides little confidence while running queries and can cause inaccurate conclusions to be drawn.
- High degree of manual effort could impede the day-to-day practicality and functionality of using data.
- Unable to aggregate data and readily compare programs and services or determine their effectiveness.

EY

Knowledge
Key Findings

Contextual Information

Documents and information relating to procurement and contract management are stored, accessed and shared in various ways across the Ministry, for example through a LAN (where majority of general non-residential contracts are stored), electronic folders, shared drives, personal desktops, or locally in the LSA office as paper copies in a physical file folder. MCFD's intranet houses relevant information within the PCMB page, including links to various tools and resources, legislation and policies, agreement templates and terms and conditions. Communications are frequently delivered through email, phone, post mail and in person.

Within the context of this analysis, knowledge also includes the ability to share lessons learned and innovative contracting practices. Currently, many informal collaboration activities are happening within and outside of MCFD; formalized information sharing, including documenting of lessons learned, was not evident.

Analysis

To assess the extent and use of knowledge, in terms of the ability to understand, find, store, share and access information, the following key activities were undertaken:

▸ Facilitated a number of workshops with MCFD groups, including PCMB, PRCO, SDD, Provincial Office
▸ Visited **7** LSAs and facilitated working sessions with **85+** SDD and PCMB staff
▸ Interviewed contract managers of **8** different contracts
▸ Reviewed availability of guiding information on the Ministry's intranet site iConnect
▸ Reviewed information management standards
▸ Completed spend analysis and contract sampling exercises, which involved engaging with MCFD's systems and key individuals to gain information

Key Findings

KN1 No central repository is being used to efficiently manage all contracts and supporting documentation

KN2 Limited information sharing and lessons learned exist within MCFD

KN3 Heavy reliance on the knowledge of key individuals rather than systematic processes

KN4 Spend data is overly challenging to analyze and can easily be misinterpreted

EY

KN1 No central repository is being used to efficiently manage all contracts and supporting documentation

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. No central document repository exists for all contract types and supporting documentation. Significant improvements have been made through PCMB in recent years to centrally store copies of non-residential contracts; however, supporting documentation (e.g., insurance, reporting, other ancillary documents) continue to be stored inconsistently.
2. With no central repository or end-to-end contract management tool, there is limited ability to benchmark, compare and ensure consistency of service rates across the province. There may also be limited audit trail capability to track contract changes.
3. A significant amount of information is stored, accessed, modified and shared through email.
4. Service provider reporting is submitted to MCFD through different methods depending on the type of program and contract. As a result, reporting is stored and managed differently by LSAs and/or programs/services.

Current state context

‣ Contracts and supporting documentation are inconsistently stored on personal and shared drives. Residential contracts are printed and stored as hard copies in a file folder in the local SDAs while PCMB-supported non-residential contracts are stored electronically on the LAN.

‣ MCFD staff have intermittent access to contract documents. For example, staff frequently ask other colleagues to send them contracts or other documentation as they were not able to access the information themselves, despite having a legitimate need and a role in the procurement and contract management for the specific contract.

‣ Service provider reporting is submitted in person, via email in Excel, post mail or on the CRSP SharePoint site. This creates variation in who receives the reporting, where it is saved, who shares it, how it is shared, how it is accessed and what is, and can be, done with the information once received.

‣ Monitoring and tracking compliance is problematic if information is received and stored by many different individuals through different mechanisms (e.g., email, SharePoint, hard copy).

‣ Multiple copies are being made of contracts, potentially resulting in version control issues.

> As part of EY's contract sampling analysis, a variety of contracts and supporting documentation was requested from MCFD. For residential contracts, a single point of contact could not be identified who could search a system or folder to obtain the documents — instead, individual contract managers had to be contacted, and at times, those individuals were reaching out to others to collect the documentation.

Current state impact

‣ Inability to formulate a holistic real-time, accurate view on the history and performance of a single contract without requiring multiple conversations and a high level of manual effort.

‣ With limited audit trail capabilities, there is a risk to version control and where the single source of record is for a contract.

‣ Inability to locate or access information exposes MCFD to risk when terminating a contract or if faced with legal proceedings.

‣ Inability to locate or access information, despite having a legitimate need, can cause inefficiencies and reduce productivity.

EY

KN2
Limited information sharing and lessons learned exist within MCFD

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. When MCFD staff renegotiate contracts with service providers, they have limited information to refer back to on previous experiences of MCFD with that service provider. This lack of documented information on experiences does not support staff in leveraging lessons learned, may result in contracting with a provider with previous issues or underperformance, and could result in missed opportunities to enhance MCFD's negotiating power.
2. There is no formal mechanism or process to provide feedback to help inform decision-making for staff, service providers or clients.
3. There is little ability to support information-sharing with the government as a whole (e.g., across other provincial ministries).
4. Innovation with contracting or procurement arrangements is occurring in isolated pockets across the province and may unintentionally be stifled as staff expressed a lot of uncertainty as to whether their ideas should be shared more broadly across MCFD in case they are reprimanded, or told to stop, regardless if the innovations create improvements.

Current state context

▸ In the Vancouver and Richmond SDAs, all child and youth mental health services are outsourced and delivered through Vancouver Coastal Health. Other LSAs provide these services and programs through MCFD in-house teams. Despite both Vancouver Coastal Health and MCFD being government entities, there is limited ability to share and access information gathered between these two organizations. As a result, MCFD is limited in their understanding of the value and benefits derived from these contracts and cannot easily identify lessons learned that could help improve service delivery.

▸ Local roundtables are no longer being held as Early Years services have moved from being a provincially led service to being delivered locally by the LSA/SDA. However, within the LSAs, the local roundtables were considered highly beneficial and both staff and service providers spoken to felt this had left a significant gap in the community and collective needs assessment process to inform decision-making.

▸ As a result of the Early Years local roundtables no longer existing, some LSAs have begun to organize similar events within their community of Early Years providers to maintain an opportunity to address emerging needs collectively, work towards common goals and maintain accountability to the community.

> " *Lessons learned are not being formally documented. DOOs do not have the capacity to document or capture lessons learned* "
>
> - MCFD resource Comox LSA visit

▸ DOOs frequently collaborate with each other to collectively resolve problems. However, due to a lack of capacity, these lessons learned are not documented or captured, despite their value and high potential to assist another MCFD staff facing similar issues.

▸ Client feedback is being collected by service providers but often cannot be provided back to MCFD effectively.

Current state impact

▸ With limited information and lessons learned being shared, MCFD staff and clients consistently encounter the same challenges and there is limited ability to leverage opportunities or avenues for improvement that have previously been identified.

▸ Without a mechanism to effectively provide feedback, contracts may be renewed that no longer reflect the services needed by the client(s) or with service providers who are not meeting the needs of the client(s).

▸ Service providers have limited opportunity to provide valuable insight or experience into decision-making processes in a timely manner to reflect the changing needs of the population that they serve.

▸ Inability to share information between government departments causes duplicated efforts.

EY

KN3

Heavy reliance on the knowledge of key individuals rather than systematic processes

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. There is a heavy reliance on key individuals in Procurement, Finance and Service Delivery.
2. There is a strong and loyal culture at MCFD, where individuals often spend the majority of their careers within the Ministry. As a result, these individuals have gained a substantial wealth of knowledge and become the pillar for disseminating that knowledge to other MCFD employees.
3. The reliance on key resources and the ability to obtain/access information varies in part depending on personal relationships and proximity (e.g., colocation).
4. Limited succession planning or development planning is being completed for key roles.

Current state context

▸ During the analysis of contract, vendor and spend data held by MCFD, EY was frequently directed to a few of the same individuals for inquiries. As there are inadequate systems and tools to manage the data, only a few individuals are intimately familiar enough with the data to provide explanations and clarifications required to interpret MCFD's spend and contract management data.

▸ There is a procurement and contract specialist based in Surrey that is widely viewed as one of the experts in residential procurement and contract management. This resource is technically dedicated to Surrey but commonly provides support across the province (as capacity allows). This resource is aware there is no process to provide broader support and is informally providing training to help MCFD resources gain a better understanding of residential tools and systems. It was repeatedly heard during the LSA visits how critical this individual's help was and how there is a strong desire for more of their time in a formal manner.

▸ There were no observed instances of succession planning processes for key roles, and limited career development or cross-training processes existed to adequately prepare for staff turnover.

> " *Often knowledge in processes or systems resides with one person and when they retire there is a serious gap – need to do succession planning* "
>
> - MCFD resource LSA Abbotsford visit

Current state impact

▸ Having a long-standing culture of being reliant on key individuals for knowledge and information may be a reflection of MCFD resources receiving insufficient or non-systematic procurement and contract management training, especially for residential services.

▸ Ability to rely on key individual's knowledge reduces the incentive to formally document processes.

▸ Key individuals could become fatigued from heavy reliance of the Ministry and may not be able to appropriately share their workloads.

▸ Individuals may not be demonstrating or may not be aware of best practice (or better practice) activities and processes. These individuals may then be informally training and passing their knowledge on to other MCFD resources, potentially perpetuating problems and creating variations in processes.

▸ If key individuals leave MCFD with their deep subject matter expertise and there has been no succession plan implemented, the organization is susceptible to experiencing critical disruptions that could negatively affect service delivery and the organization internally.

EY

KN4 Spend data is overly challenging to analyze and can easily be misinterpreted

| Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Analyzing MCFD's spend data required consultation with multiple stakeholder groups (MAIM, COSB, PCMB, FCS) in order to understand and interpret the data and took significantly more time than anticipated, based on experience undertaking the same exercise in other organizations.
2. Queries relating to data garner different answers depending on the business areas consulted.
3. Despite spending over $1b, procurement data was not readily available or in a format to support informed decision-making.
4. Coding errors further compound challenges with data – contract and payment data in some cases can be miscoded to the wrong STOB.

Current state context

‣ Interpreting and visualizing MCFD's data required much more time and effort than expected; there were multiple interpretations of the data depending on which individual or business unit was consulted. In some instances, different values could be drawn for common categories such as residential spend versus non-residential spend, or contracted versus non-contracted spend, depending on an individual or regional opinion/experience of what constituted as either category, and how to extract that metric.

‣ A financial one-pager was obtained and frequently used over the course of this assessment to compare metrics to the spend analysis undertaken. This one-pager was developed by MCFD through various manual techniques, including using a sum of all values, and deducting known values to conclude that the remaining sum included a set of assumed values that could not otherwise be extracted from the data. MCFD staff often did not have a reliable, practical way to draw figures for common queries.

‣ In some instances through the course of our analysis, individual SMEs were required to manually cleanse and categorize line items of data from MCFD – including agency versus individual spend, and DAA versus non-DAA spend, as these categories could not be efficiently extracted from the raw data sources, despite their importance.

‣ An example of data that was required to be manually categorized to effectively analyze and draw conclusions is Agency vs Individual Spend. Agency versus individual spend is a critical metric within STOB 79 (Entitlements) data and should impact the way the contract or vendor is managed; however, categorization of this split was not possible through MCFD's data and instead it was necessary to rely on the knowledge of a key SME to gain this view.

Agency vs Individual Spend

- Agency
- Individual
- Blank vendor name

41.50%
45.93%
12.57%
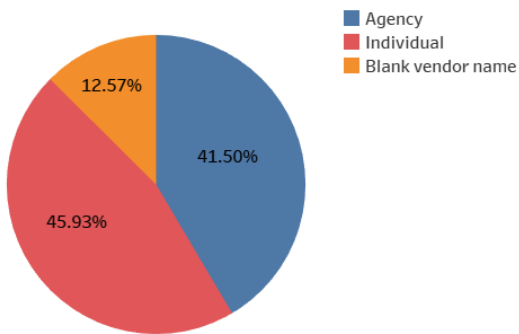
Example output of EY's spend analysis on spend per vendor type (individual, agency, other); this analysis required the use of manually categorized data as these fields were not available within raw data sources.

EY

Current state context (continued)

- During analysis of spend data, coding errors were identified. One example of STOB 80 type spend being found in STOB 79 is illustrated below; in this example, coding errors were evidenced by instances of staffing charges for a major residential contractor (STOB 80) being allocated to entitlement spend data (STOB 79):

Row Labels	Count of Invoice_number	Sum of Amount
AXIS FAMILY RESOURCES LTD.	46	$ 64,283.16
Grand Total	**46**	**$ 64,283.16**

Vendor_name	Description
AXIS FAMILY RESOURCES LTD.	CS00134062 SUPPORT HOURS FOR AUG-17
AXIS FAMILY RESOURCES LTD.	CS00134062 EXTRA STAFFING FOR JUL 1-31/17
AXIS FAMILY RESOURCES LTD.	CS00134062 DAYCARE JUN2017
AXIS FAMILY RESOURCES LTD.	CS00155313 SUPPORT HOURS FOR YOUTH JUN 1-17/17

- Contracts are coded within STOB 80 (Third Party Agreements) rather than STOB 79 (Entitlements) to provide a measure of oversight or assurance. However, without this occurring in practice, it seems that contracts may carry an unnecessary administrative burden without the desired level of oversight.

Current state impacts

- The collection, collation and analysis of data require a significant manual effort, likely to limit the frequency and function for which it is used.
- Use of data may be restricted to a small number of key individuals who possess the level of intimate knowledge required to interpret results.
- It is challenging to get a complete view on important metrics and can result in inaccurate conclusions without existing understanding of nuances within the data.
- Reports and queries may not be widely applicable or shared Ministry-wide, given multiple interpretations of insights and trends.
- Data inconsistencies in coding could lead to increased risk such as duplicate payments and misallocation of funds.
- Reports cannot accurately be pulled if payments are not coded correctly.

EY

Outcomes and Indicators
Key Findings

Contextual Information

MCFD's current reporting requirements are variable and are incorporated into contracts in different ways. Contracts created through CWT include a logic table, which was part of an initiative to move away from input-based contracting to logic model contracting (with the inclusion of inputs, activities, indicators and outcomes). Residential contracts are created in a different system and include other outputs and indicators that are also variable but not defined by the contract creation system. Residential contracts rely mainly on outputs such as hours of service; however, a variety of broad goals, activities or outcomes may also be included. MCFD frequently utilizes a "Schedule I – Reporting Requirements" in contracts, which is a template that can be populated and/or modified. Reporting is submitted to MCFD in a variety of ways, including through email, SharePoint, post mail and in person.

Streamlining reporting requirements for service providers and defining meaningful metrics for MCFD has been an on going challenge for the Ministry. Traditionally, the Ministry's focus of support systems has been emphasized on downstream issues such as child protection; however, efforts are underway to shift focus and investment upstream to prevention and family preservation to achieve better long-term outcomes. MCFD has mobilized a number of working groups and initiatives over the years to try to address reporting challenges and begin to shift from measurement of outputs towards measurement and monitoring of meaningful outcomes, as evidenced by the recent completion of the Service Frameworks.

Analysis

To understand contract outputs, internal and external reporting, the measurement of success and/or progress, and the performance metrics and measurement of contract management, the following key activities were undertaken:

‣ A desktop study to review **22** contracts, including both residential and non-residential, to evaluate contract language, consistencies, structure and deliverables. Language pertaining to outputs, outcomes and indicators was compared across the sample.
‣ Requested supporting documentation, including reporting, for **8** contracts to understand alignment of actual deliverables to contract requirements.
‣ Visited **7** LSAs, facilitated workshops and held broader conversations with **85+** staff from SDD and PCMB.

Key Findings

OI1   Contracts do not support the achievement of outcomes and are not informed by an overarching strategy for achieving target outcomes

OI2   Contractual obligations are not routinely monitored, enforced or reported on

OI3   Reporting metrics are inconsistently defined and add limited value to contract management

EY

OI1 Contracts do not support the achievement of outcomes and are not informed by an overarching strategy for achieving target outcomes

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. The extent to which outcomes are defined within MCFD's contracts varies greatly, as does the extent to which they can be measured and reported on. There is no clear, overarching strategy to inform how contracts should be used to achieve outcomes.
2. Residential contracts include broad and generic outcomes or defer to the child's Care Plan.
3. Non-residential contracts reviewed include some generic outcomes from CWT, with a range of other outcomes within the scope of services.
4. There is a need to collaboratively develop common outcome indicators with market participants.

Current state context

▸ During LSA visits, many MCFD staff reported that outcomes were not included in contracts and that indicators were too broad to report on or difficult to measure. Upon reviewing contracts, language pertaining to outcomes and reporting was unclear, with limited indicators for measuring and tracking progress.

▸ The residential contract template includes a clause stating *"the parties acknowledge that the contractor does not warrant that the desired outcomes will be achieved,"* potentially releasing accountability from service providers for quality and outcomes of their services.

▸ Some contracts have no outcomes listed, while others included 20+ short-, medium- and long-term outcomes, some of which were not truly outcomes (e.g., *"Allocation of resources to children and families is fair and equitable"*).

▸ Some residential contracts include generic outcomes within Schedule A, whereas other contracts defer to the outcomes and goals outlined in each child's Care Plan. Resource workers help achieve these needs; however, this is all completed outside of the contract with no identifiable way to report on value of services received by the client.

> *Currently, contracted outcomes are not being formally tracked by Resource Workers for residential. This is because contracts are not child specific so outcomes are not tailored to needs. The contract is mostly just used for payment in residential.*
>
> -MCFD Resource Dawson Creek LSA visit

▸ Both residential and non-residential contracts include limited language around how the outcomes will be measured, tracked or reported on.

▸ For CYSN, PCMB relies on the corporate reporting indicators in CRSP, but it does not provide insight into the quality of service and is only used for volume reporting and unearned revenue.

▸ The accreditation paid for by the Ministry (mandated by policy on spend over $500,000) requires the use of outcomes to monitor service provision. As a result, service providers are having to develop their own unique outcomes, often in isolation from MCFD and their peers.

▸ In many cases, contract lengths may be too short to actually achieve outcomes (e.g., three months – one year).

Current state impact

▸ Contracts with underdeveloped outcomes and indicators are not likely to achieve their purpose.
▸ Outcomes that are unclear or unmeasurable make it challenging to determine the success of the contracted services and whether the user is actually benefiting from services.
▸ Vague or non-binding requirements around outcomes reduce the obligation of service providers to assure the quality of their services.
▸ Duplicate effort of service providers creating unique and misaligned outcomes to peers and MCFD.

EY

OI2   Contractual obligations are not routinely monitored, enforced or reported on

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. There is limited guidance available to MCFD staff on how to effectively monitor their contracts.
2. Reporting is inconsistently received as there is a lack of clarity amongst service providers and within MCFD as to who reporting should be provided to.
3. MCFD is a price-taker, and as a result of their position within the market, staff feel they have limited ability to enforce contractual obligations.
4. Staff are not clear on whose role it is to monitor contract submittals and what should be done with the information provided by service providers.
5. There is minimal monitoring, review or evaluation of service providers or contracts. Contract managers generally trust that the services being provided are of sufficient quality.

Current state context

▸ No contract monitoring framework/guidance is available or widely adopted by MCFD staff.
▸ No tool to support centrally storing and accessing contracts and supporting documentation makes it incredibly challenging and time consuming for MCFD staff to monitor and enforce service provider progress against contract deliverables.
▸ It is not clear who is receiving reporting, for what purpose, by which mechanism (e.g., email, SharePoint, hardcopy, other), and who is able to access it – it's also unclear if there are consequences to service providers if they fail to submit their reporting.
▸ Reporting requirements are very inconsistent, making monitoring overly difficult with the large profile of contracts held by most contract managers.
▸ MCFD places strong levels of trust in service providers and generally believe services are being provided to the sufficient extent and quality, unless otherwise notified of an issue by PCMB or front-line staff.

> " *There is no monitoring framework – how can people be expected to know how to monitor their contracts?* "
>
> - PRCO workshop comment

Current state impact

▸ Significant manual effort required to monitor contract compliance and service provider performance.
▸ Risks may not be monitored, assessed or mitigated, and relationships can deteriorate over time.
▸ Without active monitoring to ensure deliverables are submitted and compliant (e.g., reporting), there is limited access to good data or past performance indicators to inform future decisions.
▸ Lack of monitoring and oversight sends mixed signals within MCFD and to the market on MCFD's expectations of their service providers and quality of service being sought for children and youth.
▸ Not routinely monitoring or enforcing contractual obligations results in missed opportunities to identify insights to improve service delivery.
▸ A level of trust that overrides the requirement to monitor, review and evaluate contracts sends the message to service providers that MCFD does not have sufficient oversight or control and it could expose the organization to significant risk.

EY

OI3 Reporting metrics are inconsistently defined and add limited value to contract management

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Reporting requirements within contracts are often unclear or inconsistent and focus significantly on outputs rather than tangible outcomes.
2. Contract reporting requirements and metrics differ across regions and service lines.
3. Reporting is not typically used to assess the value or quality of a service or service provider.

Current state context

▸ Within the contracts sampled, reporting requirements such as type, frequency and content were sometimes found in Schedule A (Services), Schedule B (Compensation), Schedule H (Additional terms) as well as or instead of Schedule I (Reporting Requirements).

▸ Many contract managers interviewed expressed concerns with the value and quality of reporting received, and most were uncertain if the reporting was being received in compliance with the contract, or who was receiving and/or reviewing reporting that was provided.

▸ During the contract sampling analysis, an SDD Contract Manager commented, "Reporting requirements are aspirational rather than contractual obligations that need to be met", which was echoed across LSAs.

▸ No evidence was found to suggest reporting is being used to inform strategic decisions about vendors and renewals.

▸ For non-residential contracts, PACS and CMs had limited views on qualitative reporting and progress towards achievement of goals.

▸ For residential contracts, staff say that most reporting is highly numerical/output-based with little indication on the success of the contract, if it was provided at all.

▸ The same programs may have different required reporting metrics in different LSAs. For example, during the LSA visits, one service provider commented on having to report on the impact of services in Vancouver Coastal, while in Fraser having to report on the service units — despite providing the same services across the two LSAs.

> " *Financial reports are unclear, confusing, and I don't know how to read them or what to do with them.* "
> - Survey Respondent

Current state impact

▸ There is limited reliable view on the success of a contract, service provider or quality of service with reporting as currently structured.

▸ Limited ability to benchmark services and rates. MCFD cannot readily compare programs and services or determine the effectiveness or efficiency of contracts to understand value for money.

▸ Inconsistent, redundant or conflicting reporting requirements in contracts make it difficult to ascertain what the actual reporting requirements are. This can cause confusion for MCFD and service providers, which can result in unintended non-compliance or making enforceability challenging.

▸ A practice of informally assessing services through conversation is adopted, with limited evidence-based view on the level or quality of services being provided to inform decision-making. This can also contribute to lack of documentation, limiting the information that will be available to guide future decisions.

EY

Market
Key Findings

Contextual Information

The market for procuring and delivering social services is complex. It has distinct features that make it different from traditional markets, such as the government purchasing services on behalf of children, families and communities, to be provided by a third party. Traditional procurement of goods and services depends largely on price; however, within the social services market, unique factors impact the ability to procure and contract social services such as existing knowledge and relationships, continuity of care and the social benefits or spillover effects created through the delivery of services to children, families and communities.

Social services in BC are funded and/or delivered by a mix of government bodies (federal, provincial and municipal), DAAs, for-profit and not-for-profit agencies (which operate in union and non-union environments), as well as by family members, communities and nations, who are represented by various representative bodies and associations across the province. In addition to families and volunteers, MCFD currently relies on over 6,500 service providers ranging from large contracted agencies to independent individuals to deliver services on behalf of the Ministry to children, families and communities in need.

Within the sector, there is significant variation in terms of maturity, scope, size, geographic scale and complexity. Processes, policy, geography, capability and capacity can all influence the number of agencies or individuals that are willing or able to enter and remain in the social services market. This can be particularly challenging in rural and/or remote areas, or in areas that are overpopulated or where markets are saturated.

It is widely acknowledged that the factors outlined above add complexity to traditional procurement and contract management practices, and as a result, some traditional procurement and contract management methods are not always appropriate or effective for use in the social services market.

History of Social Services in BC

History, population demographic and geography have all influenced and shaped the service provider market that exists in BC. Colonization of Canada, and more specifically BC from the late 1850s, has created a necessary division in policies and services required to meet the unique needs of both Indigenous and non-Indigenous children, families and communities. Over the years, various agreements, and more recently the Truth and Reconciliation Commission's Calls to Action, continue to bring focus to closing socio-economic gaps; however, a much more consolidated effort is required. DAAs already play a significant role in the social service market within BC, and their role will and should continue to expand as BC continues to find better ways of working with Indigenous peoples to advance self-determination.

Like many jurisdictions, BC started decentralizing social services in the 1970s, and in the 1980s there was a substantial effort to shift service delivery from centralized government departments into local communities. This was largely achieved through the creation and funding of not-for-profit and voluntary service providers. During this push in which community and non-profits were either formed or expanded upon, some challenges were encountered. As the money agencies received was to provide services and not for infrastructure, some agencies without a proper infrastructure closed. However, overall community-based services became more accessible, expanded their service offerings and were predominantly locally based and locally driven. Many of the service providers that were established as part of this shift continue to provide a vast majority of services delivered today; however, in more recent years, for-profit service providers have also entered the social services market in BC, bringing added complexity.

EY

Social Services Shifts Globally

Despite being well intentioned, the methods currently used by governments to deliver social services have not resulted in the significant improvement of outcomes for children, families and communities, with some countries seeing outcomes and long-term consequences worsening despite significant ongoing investment.

Globally, there has been a shift from a focus on reactive child safety towards a focus on proactive prevention and permanency. Governments are increasingly looking at how they can better understand their clients' needs, use data more effectively to understand and monitor performance of interventions and redefine policy and funding mechanisms to better enable effective service delivery. Most importantly, governments are increasingly collaborating and working alongside willing market participants that have a unique, deep and strong understanding of their clients' or communities' emerging problems and local development needs to create a community-based and community-initiated system.

Analysis

In the current social services market, decision-makers (government) generally do not have all the information they need to make informed decisions. As the market is currently structured, service providers deliver services on behalf of the government. Providers therefore have deep local knowledge and front-line experiences and insight into emerging trends and local needs that are often not possessed by government decision-makers. This is critical information that can, is and should be used to help inform important policy, process and service design decisions.

To effectively design, procure and deliver services that meet the changing needs of clients, it is critical to seek valuable input from these market participants and, wherever possible, the clients so that a complete picture of the social services landscape can be provided to the decision-makers who are responsible for navigating the competing priorities of ministers and funding.

The number and variation of service providers with the BC social services market make it difficult to generalize trends or key themes within the market. The following section of this report therefore looks at the key themes within the social services system as a whole, rather than at specific services, programs or provider types, and aims to provide a broader understanding of these themes heard in conversations and interactions with the provider market over the course of the current state assessment.

MCFD has acknowledged the need to collaborate more effectively with service providers and the social services community and is actively working to strengthen the way it works with the social services market in BC. To fully understand the complexity of services provided on behalf of MCFD and ensure the future state contract management framework is a sector solution, a wide range of service providers and representatives through a range of engagement activities were met with.

As part of this analysis, the following key activities were undertaken:
▸ Had regular touch points with the Federation of Community Social Services BC and Community Social Services Employers' Association of BC
▸ Met with **14** service providers and **2** DAAs across **7** regions
▸ Attended **2** working sessions with Our Place and an Indigenous Procurement Workshop (in collaboration with the Ministry of Indigenous Relations and Reconciliation
▸ Met with Community Living BC, Social Development Poverty Reduction, the Ministry of Indigenous Relations and Reconciliation and the Ministry of Citizens' Services
▸ Reviewed relevant reports and reviews completed by external parties (such as the Residential Review Process, Auditor General Independent Audit, Our Place Social Procurement Working Paper)

Note: The key themes discussed within this section of the report have predominantly been identified through engagement with the social services sector. The themes within this Market subsection are written from the perspective of key participants in the market and, as a result, there is some duplication with other key themes identified in this report.

EY

Key Themes

MA1 Limited collaboration and planning with communities and providers exist to inform procurement of new services and improve existing services

MA2 The short duration of contracts and the administrative process of contract extension and/or renewal reduce operational effectiveness

MA3 The current procurement process is time consuming and could be better tailored to the social services market

MA4 Client needs are becoming increasingly complex and require increasing levels of collaboration, flexibility and innovation

MA5 Service provider reporting is not consistent and is perceived to not be of valuable use to MCFD

In addition to the key findings discussed above, the social services market within BC has many positive attributes including, but not limited to:

‣ Agencies and individuals providing services on behalf of government are extremely knowledgeable, connected to and passionate about the clients and communities they serve.

‣ While not sustainable, service providers have demonstrated their abilities of being able to "do more with less" regardless of tight fiscal budgets and increasingly complex client needs. Numerous examples of creativity and innovation exist across the province.

‣ In order to meet CARF (Commission on Accreditation of Rehabilitation Facilities) requirements, with which MCFD requires all agencies to be accredited if they hold $500,000 or more in contracts, many agencies are taking it upon themselves to improve the data and performance measures they collect and monitor so they can better understand how to adapt to meet changing client needs. While the large effort required to achieve and maintain accreditation is time consuming and may be overwhelming, agencies are seeing the value it can bring in ensuring a strong infrastructure and accurate accountability for their organizations.

‣ Service providers are well aware of the increasing complexity of their clients and expressed overwhelming openness and willingness to collaborate more with each other and with governments to contract for and provide services in innovative and create ways.

‣ Social services leaders are recognizing the need to come together to solve complex problems. Collaborative groups in communities and at a provincial level (such as the Collaborative Contracting Reference Group) are beginning to be established to bring together key representatives from the social services sector to improve contract management practices and outcomes for community services.

EY

MA1
Limited collaboration and planning with communities and providers exist to inform procurement of new services and improve existing services

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Limited collaboration with communities and service providers exists prior to formal procurement processes to understand and incorporate local needs or challenges.
2. Service providers have limited opportunity to inform contract amendments or renewals to meet evolving client needs.

Current state context

▸ Service providers are closer to clients and communities than MCFD and often have a better understanding of the unique and changing needs or challenges a community is facing. Providers feel they should have a greater opportunity to use this knowledge to inform what services are needed within a community rather than "being forced to use prescribed contracts" that "don't align with the community plan".

> " *MCFD needs to truly value service providers and see them as collegial, that service providers are in this with them and that challenges will only be solved collectively* "
>
> Service provider – Vancouver

▸ Multiple agencies provided examples where they declined contracts offered by MCFD as they did not align with the community's needs or strategic plans, while some agencies said they feel obliged to apply for contracts that do not meet their clients' needs so they can "keep their doors open".

▸ Limited ability for service providers to collaborate with MCFD to transfer funding between programs based on variable utilization and demand. For example, if there is a MCFD gate-kept program and another program where there is a consistent high demand for services and waitlists are being managed, there is no ability to transfer this unused funding to increase capacity to deliver more services where needed.

▸ The majority of service providers feel many of the current services contracted by MCFD no longer meet clients' needs and did not have an opportunity to inform future contract renewals or proposals.

▸ Agencies expressed the desire to co-design contracts and new services with MCFD as they feel the current contracts and service offerings were too prescriptive and do not fit the communities' needs.

▸ Service providers find MCFD staff to be open to new ideas and innovation, although they struggle to see creativity and innovation follow through into new or existing contracts or agreements.

▸ Multiple service providers spoke of missed opportunities to collaborate and work with universities to use innovative research and best practices to inform the procurement and delivery of services such as in Vancouver with collaborative outcome development. Two services providers, with support from MCFD, are collaborating to develop a framework for family preservation that includes both quantitative and qualitative metrics. Currently, the service providers are piloting the outcome templates, testing them with clients/families to iterate on. This process has been very impactful for staff to get together from different agencies and with expert guidance design the draft outcomes and be able to test them.

▸ Contracts renewals are often received close to (or past) the expiry date, limiting the opportunity for negotiation or ability to build in changing needs or lessons learned from front-line experience.

▸ Contracts are often said to be outdated as providers had adjusted their services to meet evolving client needs, but contracts continued to be rolled over without the contract language being amended.

> *In some instances, MCFD has asked service provider representatives to be part of the committee to review responses to RFPs for services.*

Current state impact

▸ MCFD may be procuring and paying for unnecessary or low-value services.

▸ Programs may continue to be funded, despite not meeting the needs of client or communities.

▸ Limited ability to introduce new or improved services or business processes, limiting the ability to get better outcomes from available resources.

▸ Potential missed opportunities for early intervention to avoid the escalation of problems.

▸ Contracts may be outdated and not reflective of the actual services being delivered.

EY

MA2

The short duration of contracts and the administrative process of contract extension and/or renewal reduce operational effectiveness

| Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Short contracts (three months to one year) and delays in contract renewals create significant uncertainty, financial risk and operational challenges for providers and their staff.
2. Contracts with providers are not always executed with enough time to allow for appropriate planning to take place before the effective service period begins.
3. Contracts with service providers could be consolidated (where it makes sense) to reduce the administrative burden and increase the effectiveness of services.

Current state context

▸ A large number of contracts are annually rolled over. A majority of service providers said many of their agreements have been in place with minimal changes for numerous years (up to 30), as evidenced by the graph below, and feel annual contracts create unnecessary administrative burden for agencies and for MCFD staff.

▸ Contracts for short time periods limit service providers' ability to recruit and retain staff as they are unable to provide job security or invest in training and development.

▸ Service providers cite short turn-around times and limited ability to collaboratively plan services as key challenges they faced working with MCFD. Some agencies have opted to work with DAAs instead of MCFD as they feel the process and ability to collaboratively plan effective services is more efficient.

▸ Mobilization and demobilization of service takes time and resources and limits the service that can be appropriately planned for and delivered and the extent to which outcomes can be achieved.

▸ Providers commented that longer contracts and more timely renewals would give greater opportunity to focus on continuous service improvement and invest in innovation.

▸ Delays to contract renewals often result in late payment to service providers and at times have resulted in services being provided without a contract in place. In one instance, a service provider was required to use their personal line of credit to cover operational costs.

▸ Service providers do not feel they have an adequate opportunity to discuss changes or improvements required to contracts before they are renewed.
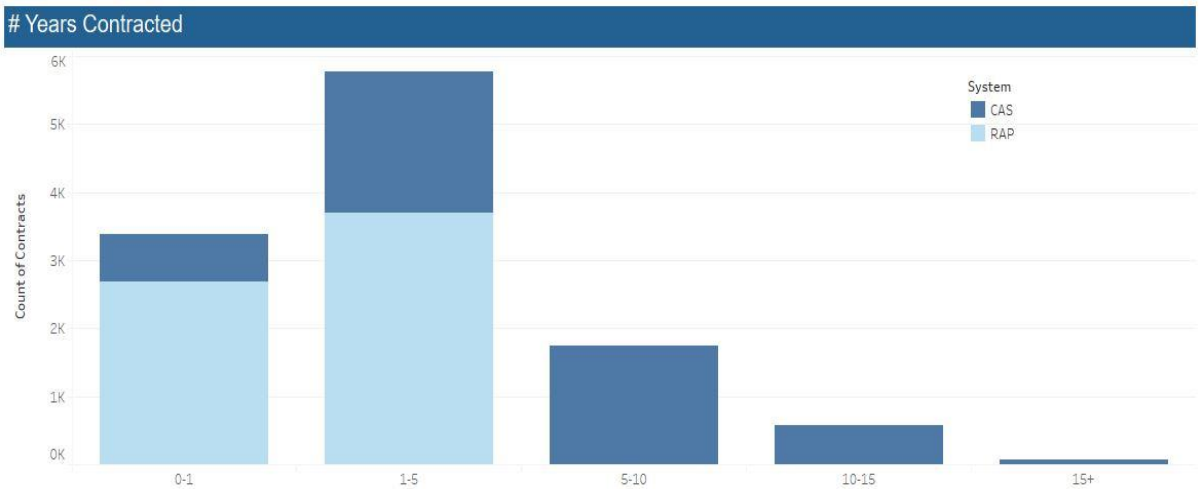
Example output of EY's spend analysis of MCFD's contract data, showing the number of STOB 80 contracts held during FY 17/18 at varying contract durations.

EY

Current state context (continued)

- Some service providers said they had multiple contracts with MCFD (up to 70) that they believe would be easier to manage if they were consolidated into agreements for similar services, where it made sense to do so.
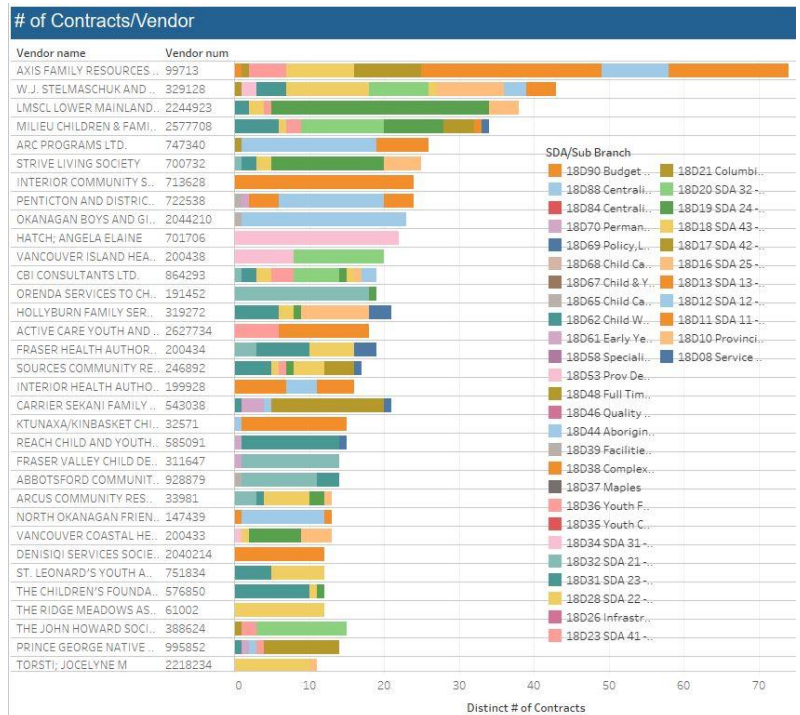
Example output of EY's spend analysis of MCFD's data, showing number of contracts and span across multiple SDAs for a sample of STOB 80 vendors

Current state impact

- Focus is on new social services initiatives rather than actively managing the existing social services that account for the majority of expenditure.
- Limited ability to effectively plan for the delivery of services reduces operational effectiveness.
- Service providers are reluctant to expand their capacity or offerings due to uncertainty in future MCFD needs, limiting capacity and new market participants within the sector.
- Short-term contracts limit providers' ability to refine and improve service offerings over time while also reducing the ability for staff, clients and providers to build more stable relationships that enhance service quality and risk management.
- Limited consolidation of contracts and short contract terms create a significant administrative workload for MCFD and service providers, which is inflated by annual contracts.

EY

MA3 The current procurement process is time consuming and could be better tailored to the social services market

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. The formal procurement process is time consuming and tends to favour larger organizations who have internal procurement capability, capacity and competency.
2. The procurement evaluation process does not consistently consider "unintended consequences" in communities, past provider performance or accreditations.

Current state context

▸ The majority of service providers feel that the tendering process is overly complex and cumbersome considering the limited capacity and capability that exists within the social services sector.

▸ Some providers question whether the existing RFP process is effective in selecting the provider best placed to successfully deliver services and instead feel cost is unfairly weighted.

▸ Agencies feel the current procurement process favours larger agencies who have the ability and administrative overhead to successfully complete proposals, rather than creating an equal opportunity for local agencies who could deliver more effective community-based services. This can be particularly challenging for smaller agencies as MCFD provides a set percentage that provides limited funding for administrative positions.

▸ Some agencies said they do not bother responding to RFPs but welcome the opportunity for training or coaching so they would feel more confident in their ability to effectively respond to RFPs.

▸ Multiple stakeholders feel the procurement evaluation process does not adequately consider the additional value and social benefits not-for-profits and local agencies bring to the community, such as investment in community buildings and peripheral prevention/support programs.

▸ Stakeholders additionally feel the impact on communities is not adequately considered when a contract is removed or re-procured within a community and suggest wider consequences and relevant mitigation strategies should be examined as part of the tendering process.

▸ In some instances, accreditation is included as part of the evaluation criteria; service providers feel the value of accreditation should be applied more broadly due to the significant cost and effort required to be accredited (at the expense of MCFD).

▸ Agencies feel MCFD should prioritize the use of NOIs and direct awards over traditional procurement methods to reduce the administrative burden on service providers in limited markets.

> *Throughout current state engagement activities, multiple participants referenced a Work Place BC contract that had recently been awarded to a service provider based in the United States, for a service that was previously provided by a local agency in Abbotsford. Individuals spoken with felt the procurement process was not established to achieve the intended outcome. Instead, individuals felt the RFP process placed too much emphasis on the price as opposed to more important indicators of success such as community connections and past performance. Service providers felt the "unintended consequences" of awarding this service to a for-profit, international organization should also be taken into account as part of the procurement process, such as the impact on other services or non-for-profit reinvestment going into local services or assets in the community.*

Current state impact

▸ Service providers are hesitant to respond to RFPs, thereby limiting the ability for new market entrants.

▸ Peripheral programs or services offered within a community may be negatively impacted.

▸ Social benefits and/or impacts that extend beyond those experienced by the recipient of the service(s) are not being quantified and/or evaluated.

▸ Procurement processes may cost more and take more time than required in some markets.

▸ The cost and value of accreditation are not appropriately measured or endorsed.

▸ Community agencies may be forced to close, resulting in no services being provided in a community, affecting the government's ability to deliver on their mandates.

EY

MA4 Client needs are becoming increasingly complex and require increasing levels of collaboration, flexibility and innovation

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

1. Service providers want more flexibility to deliver services to better meet clients' needs but are restricted through current contracts and service delivery mechanisms.
2. Limited collaboration and fragmented local relationships restrict the ability for agencies to work alongside MCFD to innovate and be creative to meet dynamic client needs.
3. Limited capacity exists within the sector to meet increasingly complex needs.

Current state context

‣ The majority of service providers said clients' needs are becoming increasingly complex and require greater flexibility to adapt their services to the specific needs of their clients and to better address changes emerging within their communities.

‣ Stakeholders feel the ability to tailor services to the complex needs of clients is constrained by outdated contracts and/or market capacity and express frustration in the inflexibility of current funding structures to transfer money between programs to provide services that meet client needs.

MCFD provides respite services for eligible CYSN parents; however, with increasing complexity of needs, finding a regular family home to provide respite relief is becoming increasingly challenging. Waitlists are increasing and at times have resulted in children having to come into the care of the state. To address this, a Kamloops LSA has created a staffed respite home to rotate CYSN clients through. While this is an expensive resource, it has prevented five clients from coming into full-time Ministry care, which is significantly more expensive, and provides the families with a greater chance at family preservation.

‣ Service providers express a desire to consolidate/bundle services (where possible) to achieve greater value for money and have a greater ability to shift funding as client needs or employee capacity change.

‣ Service providers and DAAs feel current contracts encourage funding to be spent on expensive resources such as CRAs that do not achieve the best outcomes for clients. Agencies desire more flexibility with funding to shift funds to support preventative and kinship care where appropriate.

‣ Some agencies spoke positively about collaboratively working with MCFD DOOs to reallocate funding when unearned revenue occurs; however, the ability to collaborate, innovate and reallocate funds to better meet client needs varies significantly across the province and appears to be largely impacted by the ability to form strong relationships with local MCFD staff.

‣ Relationships with MCFD staff differ significantly within LSAs and across the province. Agencies feel it is important that MCFD is well connected at the local community level, and numerous agencies spoke positively about the positive impact of the prior Community Services Manager role.

‣ Agencies are facing the same challenges as MCFD in recruiting and retaining staff and foster parents qualified to care for clients with increasingly complex needs as they are unable to offer comparative job stability or remuneration as other sectors such as caring for overseas exchange students.

In Creston, a local service provider is working with Doctors of BC, local schools, police and First Nation communities to create a collaborative community offering. To resolve transportation challenges created from being located in a small/rural area, services are provided at the local high school. No one agency took the lead; instead, each agency brought their own funds to provide a holistic service offering. Data is collected through participant surveys and proactively used to identify improvements and benefits, resulting in improved services and quality service award from Interior Health.

Current state impact

‣ Inconsistent process and execution result in fluctuations in value for money and effectiveness of service.
‣ Missed opportunities to collectively address the increasing complexity of client needs.
‣ Funding is unable to be shifted from low-value to high-value/demand services.
‣ Market has limited capacity of adequately qualified staff to deliver increasing complexities of service.
‣ Increasing the use of CRAs for clients who would be better placed in foster homes/communities.

EY

MA5 Service provider reporting is not consistent and is perceived to not be of valuable use to MCFD

Contracting Strategy	Contract Creation	Contract Implementation	In-Life Contract Management	Contract Reviews	Renew and Exit

Current state observations

While it is acknowledged that new reporting requirements are much easier to complete and less time-consuming than previous obligations, there is general consensus from both providers and MCFD employees that:

1. It is unclear what MCFD is using contractual reporting for. Service providers feel reporting is requested as an exercise of compliance, rather than to effectively monitor or manage services.
2. The frequency, format and delivery mechanism of reporting are inconsistent both within MCFD and across government.
3. A shift from output-based reporting towards a greater emphasis on reporting that adds value, such as reporting on outcomes, is desired and required.

Current state context

- Agencies generally see value in providing reporting and want to be held accountable for delivering quality services. They do, however, see it as a significant administrative burden and, to justify the effort, would like requested reporting to be useful and meaningful.
- Some agencies feel the reports they provide are purely a compliance exercise to meet their contractual obligations.
- It was not clear to agencies if or who at MCFD is reviewing the reports they provide or how the reporting is being used to inform procurement or service delivery.
- Providers observed that reporting requirements differ within MCFD by service line and by region (e.g., service units versus service hours) and across government (both provincially and federal). Agencies said this creates additional work to manually create reports to meet unique requirements for individual contracts within MCFD and for multiple arms of government.
- Providers generally want more alignment of reporting requirements across MCFD and other government contracts, as well as alignment with accreditation requirements to simplify their reporting processes and reduce administrative burdens so they can focus on service delivery.
- Reporting is being provided through multiple points of contact and sources that include fax, email, hard copies delivered in person and through a SharePoint site (only available for some services).
- Some service providers said they do not provide reporting as they were unclear who within MCFD they should be providing their reporting to.
- Some providers are surprised that MCFD did not take more interest in internal reporting and performance information they collect such as the achievement of outcomes.
- Some service providers have begun to develop their own outcomes in isolation from the Ministry.

> " *It is unclear if the ministry is reading the reporting as we never receive feedback on this. It seems like they are reporting more for compliance or in the case of an audit rather than for an actual review.* "
>
> Service provider - Dawson Creek

Current state impact

- Inconsistent reporting requirements limit MCFD's ability to compare performance across providers.
- Creating unnecessary reports and/or compiling multiple reports for different contracts and government departments creates an unnecessary administrative burden, is a cost to the government and diverts service providers' focus from service delivery.
- MCFD is missing out on valuable and insightful information collected by service providers, such as the achievement of outcomes, which could be used to inform future procurement and/or service delivery.

EY

> " MCFD would like to leverage agency tools, as they are better than MCFD at reporting on what is actually making a difference. "
>
> - Participant in Vancouver LSA visit

Current State Assessment
Maturity

Maturity Assessment Overview

An EY maturity model was used to measure MCFD procurement and contracting practices against a five-level rating scale to rank the Ministry development and standardization of key processes and activities in consideration of best practices. This allows us to establish a baseline of the current state, relative to best practice. This will be a key input to identify the dimensions that require change in the future state and to complete a gap assessment to inform the shift from the current to future state in the next phase of the project.

Leading
The organization would be considered a leader when benchmarked against its peer group. There is a focus on proactive continuous improvement.
Key words include: benchmarking, continuous improvement, adaptive to change

Advanced
The capability described in the dimension is integrated throughout the organization, with regular performance measurement against established KPI measures.
Key words include: proactive, cross-functional, integration, key performance indicators

Established
The dimension is formalized, with an established structure around management and measurement. It is now well integrated into key areas.
Key words include: integrated, measured, managed, clarity, consistent

Developing
There exists some basic documentation around the dimension, with plans for improvement and/or execution. Some basic metrics may be defined for measurement.
Key words include: documented, planned, repeatable, metrics, scalable

Basic
The capability described in the dimension is either not yet in place or exists in a limited ad-hoc and uncoordinated fashion.
Key words include: ad-hoc, reactionary, functional siloes, standalone

A high-level explanation as to the level of maturity that has been assigned to each dimension is included in the slides below; however, greater detail on the maturity of key activities within each dimension is provided in the contract management lifecycle section of this report (Section 5).

EY

Maturity Assessment Overview

Contextual Information

The history of social services in BC, the complexity of the social services market and the current structure of procurement and contract management within the Ministry has resulted in significant inconsistency of contract management practices across MCFD. As a result, some areas of the Ministry are significantly more mature in some dimensions of procurement and/or contract management than other areas. The maturity assessment completed as part of the current state assessment does not look at the maturity by geography or by services line and instead looks across MCFD, to provide a rating for the Ministry as a whole.

Analysis

To determine the current state maturity of procurement and contract management across MCFD, a survey was created and distributed to approximately 150 individuals involved in procurement and contract management. The survey asked participants to rank MCFD's current level of maturity, based on the descriptions of the maturity levels provided (included in the dimension summaries below). The ranking for each dimension was determined by the highest number of responses on the rating scale.

In addition to understanding how MCFD ranked the maturity of their procurement and contract management dimensions, EY also ranked MCFD's maturity against the same descriptions, based on evidence collected across the organization as part of the current state assessment. The following slides provide an overview of the maturity ranking from the perspective of both MCFD and EY, which can be observed using the following key:

| MCFD Current State | –○– |
| EY Current State | ─○─ |

Outcome

Overall, MCFD was found to be averaging across the dimensions assessed as part of the current state assessment at a "Developing" level, in most cases slightly lower or equal to what MCFD rated themselves. This suggests that the expected processes, documents and key activities exist within MCFD but may not be fully adopted or may be highly manual and/or inconsistent when benchmarked across the Ministry.

It is, however, important to note that it is not expected that organizations be at the leading level across all dimensions. In most cases, organizations will generally aim to be at the "Established" level at a minimum, which MCFD is already meeting or close to meeting in some instances.

As part of the target future state and continuous improvement initiatives, MCFD can make an informed decision as to what level of maturity it would like to achieve against each of the dimensions and the timeline in which it would like to achieve this. For example, MCFD may decide it would like to be at "Established" across all areas or be "Advanced" or "Leading" in dimensions where it sees value, in comparison to its peers.

Note: The following section of this report provides an individual assessment and greater detail on the maturity of each key activity within each phase of the contract management lifecycle.

EY

	The extent to which…	Basic	Developing	Established	Advanced	Leading	Comments
Governance	Strategic goals for procurement and contract management are defined, understood, and deployed		●	○			EY: No document exists to link procurement and contracting to MCFD strategic goals. Contracts are generally expected to be rolled over, but limited planning and demand forecasting exists to support procurement of new services for changing needs. MCFD: Goals are known and sometimes used in procurement and contract decisions.
	Procurement and contract management is used to its full potential as a function to deliver strategic value for the organization		●	○			EY: PCMB is involved as requested by SDAs, predominantly for non-residential activities at the start or end of the contract lifecycle. With inconsistent involvement, PCMB and contract managers have limited ability to focus on strategic value-add activities due to the abundance of manual processes and competing priorities. MCFD: Procurement is engaged in most new contract decisions.
People	Roles, responsibilities, and decision-making authorities are defined		○●				EY: Expense authorities are defined and manually executed. Roles and responsibilities are not well defined or understood. There is varied awareness of PCMB roles/capability across MCFD, resulting in groups being underutilized. MCFD: There is a formal contract group of administrators, but it is not always utilized. Contracting decisions are sometimes coordinated by business unit, but not consistently.
	Procurement collaborates with internal stakeholders to meet the needs of the final client			○●			EY: Areas within MCFD that utilize PCMB services work collaboratively with PCMB to procure and establish contracted services and highly value the support of PCMB. PCMB is, however, limited in the scope and breadth of its services. MCFD: Procurement is consulted but not fully integrated in the process.
Process	Procurement and contracting processes are standardized		○●				EY: Current and future state processes exist in pockets across MCFD; however, processes are not formally defined and vary significantly geographically and/or by service line. MCFD: Some standardization locally, but not across the business. Some compliance management procedures exist.
	Formalized purchase-to-pay-processes (P2P) are documented and executed		●	○			EY: Processes are inconsistent, largely manual, paper-based and not supported by an integrated tool. Current systems require workarounds, which causes variation and increases risk. MCFD: End-to-end P2P processes are in place, but they are quite labour intensive.

EY

	The extent to which...	Basic	Developing	Established	Advanced	Leading	Comments
Tools and Technology	The IT environment is automated and/or integrated	●					**EY:** Tools do not meet business needs. Limited integration or automation exists. High reliance on Excel and other manual tools increases administrative burden on staff and reduces capacity. **MCFD:** Mix of manual and electronic processes.
	Technology support the functions of managing and monitoring a contract		●	○			**EY:** No single view of contract documentation is available to required users. It is challenging to understand contract burndown, compliance or performance. Manual Excel spreadsheets are largely used to track and manage contracts. **MCFD:** Word processing tool with some system integration. Compliance and analysis by spreadsheet and/or database.
Knowledge	Required users can centrally store and access contracts			●	○		**EY:** Majority of non-residential contracts are largely electronic and stored centrally; however, supporting documentation is not. Residential contracts are stored locally, in paper form. **MCFD:** All contracts stored in central file room, some in electronic format on shared drive. Ability to locate hard copy contracts. Some ability to track contract milestones and compliance.
Outputs and Indicators	Contracted parties are evaluated for performance		●	○			**EY:** Metrics are inconsistent and not linked to measurable outcomes/benefits. Largely limited to financial/output measurements and are not seen as valuable performance indicators by suppliers. **MCFD:** Formal measurements used inconsistently. Some supplier collaboration.
	Compliance of a contractor is measured to their contractual obligations	● ○					**EY:** Metrics and reporting is inconsistent, limiting the ability to measure contract compliance, compare providers or understand value for money. **MCFD:** Compliance and performance measured as contract is up for expiration/renewal. KPIs exist, but not often monitored.
Market	Procurement collaborates with contract parties to meet the needs of the final client		●	○			**EY:** Limited formal collaboration occurs with service providers in procurement, contract management or contract renewals. Changing needs of clients are not always understood and/or incorporated. **MCFD:** Work with suppliers/service providers to streamline processes in key categories or services.

EY

> "Residential Resources especially has struggled for so long to manage the contracting work flow in relative isolation. We look forward to a different way of doing that work in the future."
>
> - Director from Service System Workshop

Contract Management Lifecycle
Key Activity Findings

Contract Management Lifecycle Overview

EY's best practice contract management lifecycle consists of six phases, each with key objectives, activities, outputs and deliverables. The following lifecycle has been used as a framework to guide the current state assessment of MCFD's current state day-to-day contract management activity.

6 **Renew and Exit** is a decision point determined by current performance of the supplier and contract with reference to both business requirements and applicable strategy.

1 **Contracting Strategy** underpins the creation and management of an effective contract. This phase summarizes the approach to acquiring goods/services to meet business objectives. Initial approvals and governance are also set out at this stage. Lessons learned from past experiences should also be considered here.

5 **Contract Reviews** are periodic reviews that focus on compliance, risks, relationships, opportunities, cost recovery, performance improvement or any combination of these. The frequency of reviews depends on the size and complexity of the contract.

2 **Contract Creation** involves creating a legally binding document that accurately and clearly reflects the Contracting Strategy and details the commercial, operational and legal mechanisms required for effective contract management.

4 **In-Life Contract Management** is the process of effectively governing and managing contracts to ensure compliance, improve supplier relationships, monitor scope/cost and mitigate service delivery risk over the life of the contract.

3 **Contract Implementation** involves setting up the contract management infrastructure to support the transition and go-live of the new contract.

EY
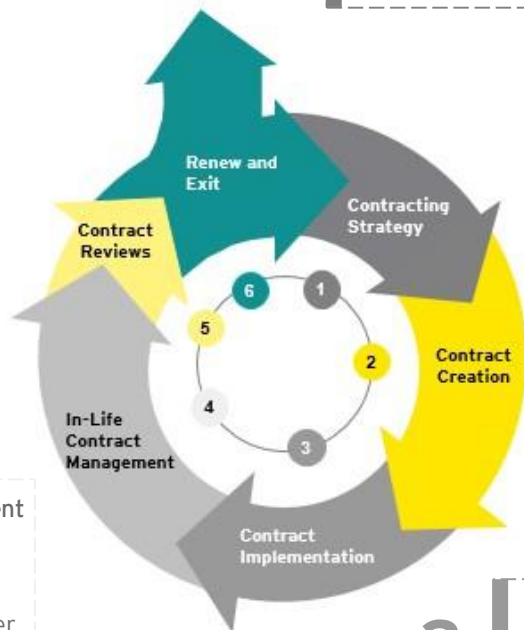
Contract Management Lifecycle Assessment

The contract management lifecycle has been used as a frame of reference throughout the current state assessment to allow comparison to expected practice, and to demonstrate how the value drivers of contract management are impacted within different phases of contract management practices at MCFD. It provides a consistent approach to identify which areas of MCFD's current contract management practice are satisfactory and which areas are less effective and assists in identifying opportunities for improvement.

In the following section, the contract management lifecycle is broken down into key activities expected to be carried out in each phase of the contract management lifecycle. However, the extent, consistency and efficiency with which each key activity is completed can vary significantly, depending on the organization and the relative development and progress it has achieved.

For each key activity, MCFD's current state was evaluated on a five-point scale ranging from basic to leading, as outlined in the previous section:

Basic	Developing	Established	Advanced	Leading
◯	◔	◑	◕	⬤
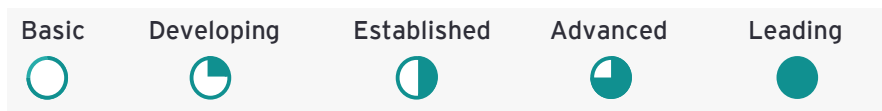
Contract Management Lifecycle Findings

MCFD performs key activities within the contract management lifecycle with varying alignment to leading practices. The ratings and key findings in this report are intended to represent the average current state of MCFD's contract management activities, across all in-scope areas of the Ministry (e.g., residential and non-residential services). There are, however, many unique examples that illustrate exceptional performance in pockets of the organization that may contradict the broader ratings and findings discussed in this report.

In reviewing the Ministry's current practices against expected contract management activities, on average, MCFD was found to be at the "Developing" level with the following key gaps:

1 **Contracting Strategy:** Limited early engagement with key stakeholders and users to gain early consensus on needs and requirements, and lack of regular, formal market analysis to understand current conditions and any new innovations in the provider market

2 **Contract Creation:** Inadequate development of a performance measurement regime that equips MCFD with the information it needs to understand if the services it's purchasing are delivering the desired results, and application of inconsistent, outdated methods for storing contracts and supporting documents

3 **Contract Implementation:** No consistent approach to transitioning contracts from contract creators to contract managers to ensure all parties are aligned on contract contents, key processes, and what role each will play during in-life management

4 **In-Life Contract Management:** Unclear definition and execution of roles and responsibilities, informal/inconsistent performance review meetings and no clear accountabilities for contract monitoring

5 **Contract Reviews:** Limited application of existing post-contract evaluation procedures and documentation of lessons learned

6 **Renew and Exit:** Information gained from post-contract evaluations is not used systemically to support the decision to renew or exit

EY

The following table provides an overview of how MCFD's current state contract management practices rank against the key activities typically carried out in a best practice contract management lifecycle.

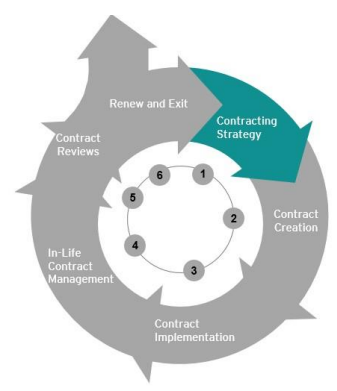| Key Activities	Rating
Identify and engage with key stakeholders and users	◕
Define requirements and specifications for services	◕
Understand the budget – present and future	◕
Conduct market analysis	○
Identify and respond to potential issues and risks	◕
Agree high-level on charging and other commercial mechanisms	◕
Consider contract terms and optimal form of contract	◑
Check if the contract strategy has changed and incorporate any changes	◕
Establish an appropriate performance measurement regime	◕
Agree governance processes between Ministry and supplier	◕
Draft the contract with legal input as required	◑
Save in a centralized database accessible to relevant stakeholders	◕
Agree and implement a transition plan	◕
Set up governance and key processes for the contract	◕
Manage communication both externally and internally before the contract goes live	◕
Hold periodic performance meetings with supplier to discuss performance targets, risks, issues, disputes and scope changes	◑
Ensure governance procedures and approval methods are adhered to	◕
Ensure timely and accurate reporting	◕
Baseline performance, actuals vs. forecasts during the course of the contract	◑
Manage disputes in a timely basis	◑
Agree end-to-end contract review process	◔
Carry out fundamentals assessment – review current state and identify issues with current contract	◕
Generate hypothesis, gather data, test hypothesis	◕
Validate and prioritize findings	○
Document an action plan and work with stakeholders to action opportunities	◕
Using inputs from the contract review, decide whether to renew on the same or re-negotiated terms, or terminate	◕
Inform the existing supplier in accordance with the agreed governance process	◕
Execute contract renewal	◑
Contract exit will mean termination clauses are adhered to and transition to the next contract is in place	◑

EY

While some key gaps exist in MCFD's current contract management lifecycle, noticeable strengths were also found within MCFD's current contracting practices, including:

- The development of approved contract templates and standard terms and conditions.
- Where SDD staff are aware of PCMB and its service offerings, there are strong relationships formed where staff are leveraging each other's expertise during the lifecycle.
- Positive working relationships exist between MCFD and many of its service providers.
- There are several examples of technically strong policy and guidelines, for example the *Post-Contract Evaluation*.
- The ability and willingness to work together to execute a process despite facing challenges outside of MCFD's control, such as the restrictive timing of Treasury Board decisions with contract renewals.
- Some guides have been created, are available on the MCFD intranet, are frequently used and are considered useful by staff.
- Some guides specific to various roles, such as the Provincial Administrative Guide, have been created and made available to staff on the MCFD intranet. These guides provide simple job aids and access to information such as legislation and policy to help guide more effective work across the contract management lifecycle.

Phase 1: Contracting Strategy

A Contracting Strategy underpins the creation and management of an effective contract. While MCFD's current state displays some of the activity expected within this phase, significant gaps are observed in key activities such as engaging early with key stakeholders and users to understand needs and conducting market analyses to comprehend current conditions and identify any new innovations.

Key Activities	MCFD Current State	Rank
1. Identify and engage with key stakeholders and users	Limited formal engagement with service providers, representative groups and service users occurs during this phase, restricting MCFD's ability to gain early consensus on needs, outcomes, requirements and governance of the end-to-end contract management process.	◔
2. Define requirements and specifications for services	MCFD's requirements and specifications for services are defined in different ways, for example by legislation, government-approved processes, or by the program area. Requirements and specifications are not co-developed with the sector, and it is unclear how procurement is used to meet strategic priorities.	◔
3. Understand the budget – present and future	Present budgets are well defined by Treasury Board. Future budgets are expected to be consistent with previous year's funding; however, the timing for providing future budgets is a challenge. Budget decisions are often communicated in the last few weeks leading into a new fiscal year, providing little opportunity for proactive planning internally or externally with service providers.	◔
4. Conduct market analysis	Procurement and contracting is carried out without formal market analyses. Contracts are generally created based on each SDA's experience, with most of the same service providers and funding as contracted from the previous year.	○
5. Identify and respond to potential issues and risks	MCFD and service providers have over time become good at responding to common risks and issues at a micro-level, such as retention of staff, waitlists, limited vacancies and other emergency situations. However, at a macro-level, it can be difficult to implement structural changes to address issues and risks across all contracts.	◔
6. Agree high-level on charging and other commercial mechanisms	MCFD agrees to pay for the majority of its services in partial forward payments and partial arrears payments, in order to meet the needs of its service providers with minimal capital. Some payments are based on invoice. MCFD is a price-taker in the current market and staff feel they do not have much negotiating power; there is limited room to redesign commercial mechanisms to suit the contract at hand.	◔
7. Consider contract terms and optimal form of contract	Limited guidance is available on selecting the most appropriate procurement vehicle and contract term; however, MCFD has approved, established and centrally made available contract templates and service agreement terms and conditions for staff to use. Individual payments that do not require oversight should be considered for transitioning to entitlements.	◑

Impact

▸ Without a formal procurement strategy, there may be redundant/unnecessary spending or misaligned investment.

▸ No ability to understand emerging problems or changing client needs.

▸ Untimely budgeting decisions can create a chaotic procurement environment, potentially resulting in paying more for services, awarding to the same provider regardless of the quality of their services, or missing opportunities for collaboration and innovation.

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Phase 2: Contract Creation
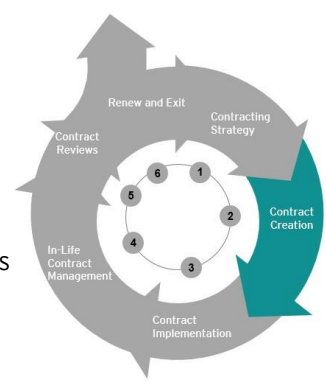
Contract Creation involves creating a legally binding document that accurately reflects the contracting strategy. The absence of a formal contracting strategy has had some clear impacts on this phase, predominantly in the lack of creating consistent contracts and establishing an appropriate performance measurement regime; however, evidence to some extent of each activity was found.

Key Activities	MCFD Current State	Rank
1. Check if the Contract Strategy has changed and incorporate any changes	Staff are unable to formally complete this activity without a strategy in place but have the ability to identify and incorporate changes in other ways. For example, efforts are made to build or match residential resources to meet the needs of a child or youth where possible by implementing care plans into contracts.	◔
2. Establish an appropriate performance measurement regime	Output indicators are valuable for measuring activity levels (hours) and for determining unearned revenue; however, they provide limited insight into the performance of a contract or service provider, for example if the users of the service are positively benefiting from their services.	◔
3. Agree governance processes between Ministry and supplier	The Ministry has been contracting with many of the same service providers for years and has an established relationship with most. While long-standing relationships have served the Ministry well, it has also led to high levels of trust preceding formal agreements on governance. Contracts reviewed did not include RASCIs or other responsibility/accountability schedules. In many cases, neither MCFD nor the service provider had a clear view of the other's role. The relationship between the service provider and MCFD varied greatly across offices visited.	◔
4. Draft the contract with legal input as required	Approved templates are available for staff to use in creating both residential and non-residential contracts, and standard terms and conditions are available for both. SDD or PCMB can customize some schedules (usually scope, payment, reporting), which are not typically reviewed by legal prior to contract execution. Residential contracts include greater risk in this area as those customizing schedules often do not have procurement experience.	◑
5. Save in a centralized database accessible to relevant stakeholders	Non-residential contracts are centrally saved on a LAN, while residential contracts are saved in draft format in RAP and in final format within hardcopy filing systems. Supporting documents for all contracts (e.g., insurance, reporting) are not always centrally saved.	◔

Key Impacts and Considerations

‣ Value can be lost at this stage if changes to a strategy are not accurately or completely captured.

‣ Lack of agreed performance measures precludes MCFD from understanding the impact or quality of services purchased — the result can be a fragmented picture of service performance and decision-makers not having the information required for sound decision-making.

‣ Without agreed governance processes between the Ministry and suppliers, contracting decisions can be made at a site or functional level and may not be aligned with Ministry-wide processes or decisions.

EY

Phase 3: Contract Implementation
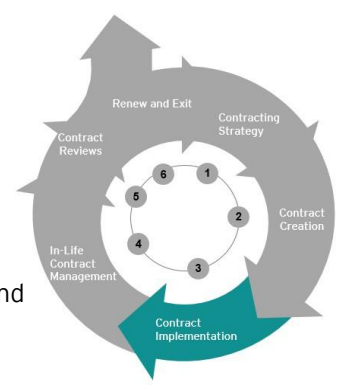
Contract Implementation involves setting up the contract management infrastructure to support the transition and go-live of the new contract. In the current state, MCFD does not have a formal transition process between creator and manager. Stronger implementation would help to make sure that all parties are familiar with the contract contents, key processes and what role(s) they will play.

| Key Activities	MCFD Current State	Rank
1. Agree and implement a transition plan	Non-residential contracts are created by PCMB, in collaboration with SDD, then passed to SDD to manage. Residential contracts are usually created and managed by SDD staff, not necessarily by the same individual. No formal transition planning exists between contract creator and contract manager.	
2. Set up governance and key processes for the contract	Roles and responsibilities between PCMB and SDD can be unclear once a contract is created. SDD is predominantly responsible for managing contracts; however, some support is available if/when contractual issues arise. Staff frequently expressed uncertainty around roles and responsibilities relating to receiving and reviewing reporting. It was heard that qualified receivers often do not have the right information to attest invoices and do not have a copy of the contract, and so are unable to perform their due diligence to sufficient quality.	
3. Manage communication both externally and internally before the contract goes live	Obtaining signatures by all relevant parties on the contract can be very challenging for MCFD staff. Current practice involves mailing or emailing a copy of the contract across the province (without the use of electronic signature), causing significant delays with contract execution. Other challenges include waiting for a project code from Finance (e.g., for youth agreements) and waiting for the Centralized Screening Hub to complete screening. These processes can result in miscommunication or untimely communication both internally and externally, causing the service start date to be impacted or causing workarounds with service delivery beginning without a formally executed contract.	

Key Impacts and Considerations

▸ While formal handover or a transition process may not be required for all contracts, absence of this process can have negative impacts throughout the contract management lifecycle, including disputes over scope, roles/responsibilities, performance management, invoicing and payments.

▸ Adequate implementation provides the opportunity for all parties to be aligned on expectations so that deviations from the plan can be systematically rather than reactively managed.

The following are implementation challenges that are currently prevalent in MCFD:

▸ EFT set-up – Requires a long lead time of up to five months to set up and emergency same-day cheques need to be issued in some instances.

▸ Background screening completed through the HUB – Used for central screening and has created significant delays in executing contracts, restricting the ability to recruit and retain qualified staff, and may result in service providers being unable to meet their original contractual obligations.

▸ Authorizing payment without contract signing – MCFD management in some instances will authorize a payment without a signed contract if there are delays in the contract creation or renewal to prevent financial hardship to contractors, exposing MCFD to potential third-party risk.

▸ Electronic signatures – With no current process to support electronic signatures, contracts have to be sent around the province for signature, delaying the initiation of services delivery.
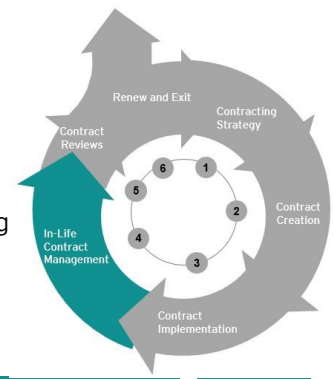
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Phase 4: In-Life Contract Management

In-Life Contract Management is the process of effectively governing and managing contracts to ensure compliance, improve supplier relationships, monitor scope/cost and mitigate risk over the life of the contract. Contracts varying in value, complexity or risk may require a scaled approach to in-life management. MCFD's current state exhibited many variations within this phase.

| Key Activities	MCFD Current State	Rank
1. Hold periodic performance meetings with supplier to discuss performance targets, risks, issues, disputes and scope changes	The meeting frequency between MCFD and its service providers varies; however, it was frequently said that meetings occur once or twice a year, or as issues arise. In many cases, MCFD has built strong relationships with service providers, which has served the Ministry well, especially in emergency situations. However, a formalized relationship in which contractual issues are routinely discussed would provide more opportunities for proactive management and better oversight.	◐
2. Ensure governance procedures and approval methods are adhered to	Some governance processes are well established and routinely followed; for example, only certain individuals have expense authority. Other governance processes are not well established during Contract Creation, making it difficult to ascertain whether MCFD is adhering to its processes during In-Life Management. Roles and responsibilities flex from contract to contract, and there is often more than one point of contact for a service provider, or their contact is from SDD for one contract and from PCMB for the other. It can be difficult to create and maintain systematic governance across all contracts due to the development of individualized, regional or otherwise unique processes.	◕
3. Ensure timely and accurate reporting	MCFD has made great efforts to streamline reporting (e.g., CRSP); however, this area remains a key pain point for the Ministry. Roles and responsibilities relating to receiving, monitoring and reviewing contract submissions including reporting are not clear. Financial or utilization reports are sometimes received by procurement, whereas progress or incident reporting goes to front-line staff. There is no single function unit or system responsible for monitoring receipt of all reporting on a contract.	◕
4. Baseline performance, actuals vs. forecasts during the course of the contract	As reporting is received inconsistently, it makes it difficult for MCFD to get a baseline for comparison. The nature of social services also makes it challenging to track and measure progress compared to what was expected (timelines are not linear and cannot be scheduled). Using service provider reporting, MCFD can compute actual hours of service provided to clients against hours purchased and reconcile and recoup funds through an unearned revenue process. MCFD does not currently have the capability to track and measure non-financial terms against a baseline (e.g., progress towards outcomes). The Ministry also does not have the tools to support aggregating and analyzing data.	◑
5. Manage disputes on a timely basis	The *Terms and Conditions of the Service Agreement* reference a Conflict Resolution Protocol on MCFD's website to be used in the case of disputes, although the use of this protocol was not directly investigated. During the Cranbrook LSA visit, it was heard from MCFD staff of an outdated contract that was no longer meeting client needs being delivered by a service provider with quality concerns and it took approximately five years to exit and retender the contract.	◑

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Phase 4: In-Life Contract Management Cont.

In-Life Contract Management is the process of effectively governing and managing contracts to ensure compliance, improve supplier relationships, monitor scope/cost and mitigate risk over the life of the contract. Contracts varying in value, complexity, or risk may require a scaled approach to in-life management. MCFD's current state exhibited many variations within this phase.
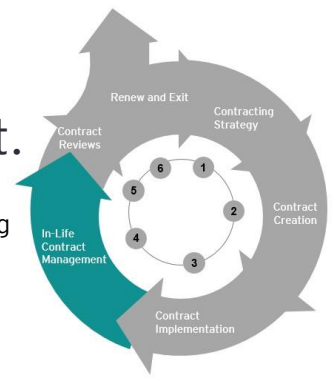
Key Impacts and Considerations

- Unclear roles and responsibilities often result in a lack of accountability or management of the contract or ineffective/non-existent contract monitoring, oversight and review; unclear roles and responsibilities can also result in individualized processes being developed that are misaligned with the wider Ministry approaches.
- Insufficient tools provide limited ability to analyze and document performance management.
- Fragmented communication and collaboration can result in application of inconsistent or ad-hoc processes, presenting a disparate front either within MCFD or externally to the market, and can be a detriment to relationships and impact confidence in the Ministry.
- Underdeveloped processes may be highly manual and include redundant or duplicate steps and touchpoints, inconsistent application of policies and guidelines can make it difficult to "baseline" and measure performance, and individualized processes/tools can cause inconsistencies in practice.
- Limited ability to monitor and act on issues or risks can lead to unintended consequences for users of MCFD's services if the Ministry does not know the quality of services it is purchasing, loss of money, or its exposure to other risks.

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Phase 5: Contract Review
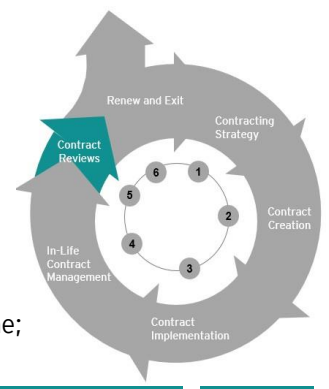
Contract Reviews are periodic reviews that focus on compliance, risks, relationships, opportunities, cost recovery, performance improvement or any combination of these. The frequency of the review should depend on the size and complexity of the contract. MCFD has a strong contract review policy and guideline; however, it is limited in its application.

Key Activities	MCFD Current State	Rank
1. Agree end-to-end contract review process	MCFD has clear guiding documentation referencing a post-contract evaluation (e.g., *Procurement and Contract Management Process Documentation Checklist, Contract Management Manual)* as well as a corresponding evaluation template (*Contract Evaluation Report)* centrally available on iConnect. According to this documentation, MCFD requires a post-contract evaluation on all contracts over $50,000, even if a new contract is being awarded to the same supplier. For reference, in FY 17/18, approximately 20% of MCFD's STOB 80 contracts met this criterion.	◔
2. Carry out fundamentals assessment – review current state and identify issues with current contract	In practice, there is little evidence to suggest that post-contract evaluation is being performed. It was commonly heard that contract or service reviews, if occurring, are informal. When undertaking contract sampling, evidence of a Global Contract Review was provided for a contract with a large residential contracting agency, although in a different format, and the review focused primarily on utilization (bed-days used versus available) rather than evaluation of the contract performance (benefits, risks, issues, compliance).	◔
3. Generate hypothesis, gather data, test hypothesis	MCFD's post-contract evaluation guidance encourages basing any observations on facts; however, the *Contract Evaluation Report* prompts a series of questions with yes/no or a three-point scale answer. The use of data and metrics does not appear to be included. The report does not necessarily include the generation and testing of a specific hypothesis (e.g., "there have been changes in the scope since the contract was signed and they been properly documented"), but aims to cover a variety of topics (including compliance, risks, benefits), which may be more appropriate for the social services sector.	◔
4. Validate and prioritize findings	With limited formal review of contracts in practice, there was no ability to find evidence of a formal validation and prioritization process.	○
5. Document an action plan and work with stakeholders to action opportunities	Although no documented action plans for resolving issues or actioning opportunities through our LSA visits were identified, staff provided examples of how MCFD has worked with its service providers to resolve performance issues.	◔

Key Impacts and Considerations

‣ MCFD's Contract Management Manual is an excellent source of information on contract reviews; however, staff may need help to operationalize. Impacts of forgoing contract reviews (or informally conducting without documenting) mean that the information resulting from the review will not be available to inform the decision of renewing and exiting.

‣ Lessons learned may not be captured and therefore shared.

‣ Service providers may continue to be awarded with contracts regardless of the quality or impact of their services.

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Phase 6: Renew and Exit
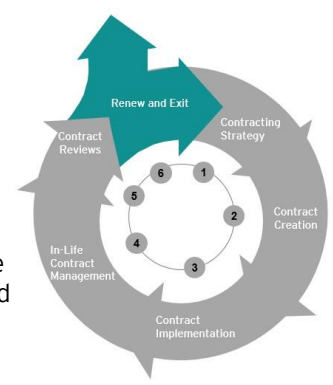
Renew and Exit is a decision point determined by current performance of the supplier and contract with reference to both business requirements and applicable strategy. Most of MCFD's contracts for reoccurring services or programs are rolled over annually with limited formal review, while other contracts are terminated or exited for other reasons. The timing of this phase is a challenge for MCFD.

Key Activities	MCFD Current State	Rank
1. Using inputs from the contract review, decide whether to renew on the same or re-negotiated terms, or terminate	Contract reviews are informally occurring in practice. Any information retained from informal conversations may be used in the decision to renew, renegotiate or terminate a contract, but it is not usually a direct, formal input to that decision. Contracts automatically end if they are for a specific child who has transitioned out or a time frame that has reached completion; however, the majority of contracts for reoccurring services continue to be rolled over with limited formal evaluation.	◔
2. Inform the existing supplier in accordance with the agreed governance process	There is often insufficient time built into the renewal process to provide appropriate notice to service providers of the decision on their reoccurring contracts. Sometimes renewals are received close to (or past) the expiry date, limiting the ability for service providers and MCFD to negotiate or make amendments.	◔
3. Execute contract renewal	The process of renewing contracts varies across areas and contract types. Some areas have attempted to stagger contracts, so that renewal can occur at different times throughout the year, allowing for more time to review and strategically plan. Residential contracts are tracked by Service Delivery while non-residential are tracked by PCMB; other contract types could be tracked differently (e.g., sessional contracts by office manager). In Dawson Creek, a more strategic approach to renewals is being taken, with MCFD resources meeting with various PCMB roles to collaboratively review contracts that may be renewed and/or exited.	◑
4. Contract exit will mean termination clauses are adhered to and transition to the next contract is in place	Contracts at MCFD are exited for a number of reasons – if a foster family contract hasn't taken a child in some time, if there have been protocol investigations, if there are changes in funding allocation or need, or because agencies have to give them up due to staffing challenges. Contracts can be terminated due to performance or compliance issues if required with the support of PCMB, but this is infrequently done, as the political will is limited and there are few providers in the market. Service Delivery staff often said they weren't familiar with the termination clause of a contract and would enlist the help of Procurement if deciding to do so.	◑

Key Impacts and Considerations

- There are many legitimate reasons for rolling contracts over year over year; however, without an informed and documented reason for doing so, it is possible that underperforming contracts and service providers remain in circulation.
- Insufficient time at contract renewal to inform the existing supplier may be detrimental to the relationship, as the service provider feels they have limited time or room to negotiate or amend the contract.
- Contracts maybe outdated and not indicative of actual services being delivered.

EY

"
Thank you so much for coming out and listening to how we do our business.
"

- Participant in Dawson Creek LSA visit

Current State Assessment
Next Steps

Next Steps

The Current State Assessment provides a comprehensive overview of the challenges and variation that exist within MCFD's current contract management practices. In doing so, it highlights numerous strengths that can be leveraged, and opportunities that exist, to improve procurement, contract management and payment practices within MCFD.

The next steps for the Project include:

1 **Future State Development:** The next phase of the project will focus on developing for MCFD a future contract management framework. The framework will present design principles and incorporate all components relating to the procurement, contracting, contract management and payments for all third-party-delivered services, as well as payments to individuals.

  ‣ **Design Principles:** The current state findings feed directly into the development of the design principles. These principles articulate how things should look, feel and operate in MCFD's future state. Defined by MCFD leadership, they are the "guardrails" used to ensure the strategic alignment and integrity of the overall journey and the end outcome.

  ‣ **Design Future State:** Leveraging current state findings, best practices and insight/lessons learned from similar jurisdictions, iterative design sessions will be facilitated to collaboratively design key components of the desired future state – guided by the agreed Design Principles.

  ‣ **Develop Future State Contract Management Framework:** The future state framework will detail recommended contract management practices to support a shift towards best practice, while taking into account the unique needs and flexibility required in a social services setting. The framework will include core elements such as governance activities, process flows, RASCIs, templates and guidance.

2 **Gap Assessment:** Upon agreement of the desired future state, a gap analysis between the current and future states will be completed. The Gap Assessment will include recommended actions to close gaps and highlight risks and issues associated with the maturity/key activity analysis.

3 **Implementation Plan/Roadmap:** With an understanding of the key gaps and improvement opportunities, a roadmap and key activities to bridge the gaps will be completed. The implementation plan will include multiple time horizons for work, including what needs to be implemented immediately to mitigate risk/enable quick improvement and what needs to be undertaken over a longer time frame to build capability/capacity and organizational maturity.

EY

" Thanks so much for providing the opportunity to come together and focus on contracting processes. **"**

- Director from Service System Workshop

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Current State Assessment
Appendices

Appendices

| Appendix 1 – Current State Assessment Framework |
| Appendix 2 – Actioning the Financial and Internal Control Review |
| Appendix 3 – Policy and Process Review |
| Appendix 4 – Service System Overview and Journey Maps |
| Appendix 5 – Vendor and Contract Data Analysis |
| Appendix 6 – Stakeholder Engagement Log |
| Appendix 7 – Contract Sampling Review |
| Appendix 8 – One-Pagers Process Variations Summary |
| Appendix 9 – Document Review |

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