



# Evaluation of the Risk-Based Approach to Contract Approval for Defence Procurement (Phase II)

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## Introduction

The Risk-based Approach to Contract Approval for Defence Procurement (RBA)—Phase II is the five-year extension (until March 31, 2025) of exceptional contracting authorities granted to Public Services and Procurement Canada (PSPC) for lower risk, lower complexity defence procurements. The objective of the RBA (Risk-Based Approach) is to enable Treasury Board (TB) to focus its approval on higher risk contracts and support procurement modernization efforts by streamlining Department of National Defence (DND) procurements undertaken by PSPC (Public Services and Procurement Canada).

## **PSPC (Public Services and Procurement Canada) support to defence and marine procurement**

Defence and marine procurement in the Government of Canada (GC) is undertaken by PSPC (Public Services and Procurement Canada) as mandated by the *Department of Public Works and Government Services Act* that requires PSPC (Public Services and Procurement Canada) to provide acquisition services to federal departments and agencies, including the Canadian Armed Forces (CAF) and the Canadian Coast Guard (CCG). This

mandate requires acquiring defence goods and services, including ships, aircrafts, construction services, and supporting services as set out in the *Defence Production Act*.

As stipulated in the TB *Directive on the Management of Procurement*, DND (Department of National Defence) requires TB approval to enter into competitive goods and services contracts with an estimated value above \$7.5 million<sup>1 2</sup>. Similarly, PSPC (Public Services and Procurement Canada) requires TB approval to enter into competitive goods and services contracts above \$75 million and \$37.5 million respectively. There are also limits for non-competitive contracts and for contractual arrangements, the latter of which are not contracts. Finally, there are higher exceptional limits for specific goods and services. The RBA (Risk-Based Approach) provides a temporary, exceptional limit under which PSPC (Public Services and Procurement Canada) can enter into a low-risk, low or medium complexity defence contract or contractual arrangement above these thresholds without needing to first seek TB approval.

## Overview of the risk-based approach to defence procurement

In the fall of 2018, TB approved an 18-month pilot project (from November 2018 to April 2020), known as the Risk-Based Defence Procurement Pilot (Phase I), to amend the TB *Contracting Policy*, the predecessor of the *Directive on the Management of Procurement*, to enable the Minister of Public Services and Procurement<sup>3</sup> to enter into and amend contracts and contractual arrangements with low risk and low to medium complexity for defence procurements (goods and/or services, and construction) that exceeded PSPC (Public Services and Procurement Canada)'s contracting limits mentioned above without TB approval. In June 2020, the pilot received TB approval for a five-year extension, known as the Risk-based Approach to Contract Approval for Defence Procurement Phase II (RBA) for the period of July 2020 through March 2025.

The RBA (Risk-Based Approach) is a component of PSPC (Public Services and Procurement Canada)'s Procurement Program (comprising the Procurement Branch [PB] and Defence Marine Procurement Branch [DMPB]), which is included in PSPC (Public Services and Procurement Canada)'s Program Inventory. PB (Procurement Branch) is the business process owner and program manager for the RBA (Risk-Based Approach). RBA (Risk-Based Approach) procurements are prepared by contracting officers within DMPB (Defence and Marine Procurement Branch) and PB (Procurement Branch), with other areas engaged in defence procurement such as the Atlantic Region and PB (Procurement Branch) operational

sectors, where applicable. While contracting materials can be prepared in either DMPB (Defence and Marine Procurement Branch) or PB (Procurement Branch), review, guidance and other support functions (including Treasury Board of Canada Secretariat (TBS) liaison) are undertaken only within PB (Procurement Branch). TBS (Treasury Board of Canada Secretariat) is responsible for reviewing the RBA (Risk-Based Approach) package and makes a decision regarding concurrence (that is, does TBS (Treasury Board of Canada Secretariat) agree with PSPC (Public Services and Procurement Canada)'s assessment that the procurement is low-risk and low to medium complexity, and thus eligible to be approved by PSPC (Public Services and Procurement Canada)).

For the period of July 1 2020 through May 31, 2024, 37 defence procurement requests were approved under the RBA (Risk-Based Approach). No new funding was identified to support implementation of the RBA (Risk-Based Approach) Phase II and PSPC (Public Services and Procurement Canada) has used its existing funding and human resources to execute the approach. The estimated actual and planned spending to implement the RBA (Risk-Based Approach) Phase II (July 1 2020 through March 31 2025) is \$7.8 million, representing an average spending of \$1.56M per year with support from an average of 15.8 PSPC (Public Services and Procurement Canada) full time equivalent positions per year.

Between RBA (Risk-Based Approach) Phase II years 1 to 4, 55% (51) of defence procurements sought by PSPC (Public Services and Procurement Canada) on behalf of DND (Department of National Defence) underwent or are currently undergoing the RBA (Risk-Based Approach) process compared to 45% (42) through the TB submission process. The RBA (Risk-Based Approach) Phase II has been used to procure several types of goods and services. Goods procured on behalf of DND (Department of National Defence) include equipment, ammunition, training systems and system upgrades. Services procured on behalf of DND (Department of National Defence) include equipment and fleet maintenance, logistics, and project management as well as training, health and communication services.

## About this evaluation

The evaluation of RBA (Risk-Based Approach) Phase II was conducted by PSPC (Public Services and Procurement Canada) Evaluation Services Directorate (ESD) between May and June 2024 under the authority of the Head of Evaluation for PSPC (Public Services and Procurement Canada) with guidance from the PSPC (Public Services and Procurement Canada) Evaluation Advisory Committee.

This discretionary evaluation was included in PSPC (Public Services and Procurement Canada)'s Departmental Evaluation Plan 2023 to 2024 to 2028 to 2029 and fulfills a commitment to provide information in support of decision making regarding the future of the initiative.

PSPC (Public Services and Procurement Canada)'s management action plan in response to the findings of this evaluation is presented in Annex 1 of this report.

## Evaluation objective

The purpose of the evaluation was to assess the delivery and impact of PSPC (Public Services and Procurement Canada) activities conducted in support of the RBA (Risk-Based Approach) Phase II.

## Evaluation approach

The evaluation undertook targeted examinations of delivery and impact.

**Delivery:** the evaluation focused on the implementation of the RBA (Risk-Based Approach) Phase II, particularly the recently introduced streamlining of conduct of the 50-Day Challenge, to assess if efficiencies are being achieved in various process phases of the RBA (Risk-Based Approach).

**Impact:** the evaluation focused on the extent to which risks identified for projects approved under the RBA (Risk-Based Approach) Pilot and RBA (Risk-Based Approach) Phase II have manifested as issues and the extent to which mitigation measures applied were successful.

A previous evaluation of the RBA (Risk-Based Approach) (2020) assessed the objectives set for the pilot.

The current evaluation was conducted using the following lines of evidence:

- **document review**—program documentation, program annual performance reports, procurement eligibility and milestone documents, and risk manifestation documents were reviewed
- **interviews**—interviews were conducted with 33 RBA (Risk-Based Approach) stakeholders from PSPC (Public Services and Procurement Canada) senior management (PB (Procurement Branch) and DMPB (Defence and Marine Procurement Branch)), PSPC (Public Services and Procurement Canada) working level (PB (Procurement Branch) and DMPB (Defence and Marine Procurement Branch)), TBS (Treasury Board of Canada Secretariat) (senior management and working level) and DND (Department of National Defence) (senior management and working level)

- **quantitative data analysis**—procurement data was extracted from various program performance tracking tools

Limitations stemming from the data collection methods were mitigated to the extent possible by the fact that the findings were, and are presented here, from multiple lines of evidence. A discussion of the specific limitations that impacted the evaluation and the mitigation measures taken to address them can be found in [Annex 2](#).

## Evaluation scope

### Delivery

The evaluation examined activities of RBA (Risk-Based Approach) Phase II during the period of July 1, 2020 to May 31, 2024.

### Impact

The evaluation examined contracts established under the RBA (Risk-Based Approach) Pilot and Phase II during the period of November 2018 to May 2024.

## Key findings

The findings from this evaluation are presented under the issues of Delivery and Impact.

### Delivery summary

While having encountered issues in the first 2 years of implementation, the RBA (Risk-Based Approach) Phase II has seen its delivery time improve significantly with the introduction of new processes and performance measures in Year 4 of the 5 year extension. External delays are often impediments to full achievement of current service standards. While the program has encountered minor issues in its documentation of RBA (Risk-Based Approach) procurement eligibility, the evaluation did not find evidence of procurements proceeding through the RBA (Risk-Based Approach) inappropriately. Safeguards established for the initiative have functioned as intended with approximately a quarter of RBA (Risk-Based Approach) candidate procurements discontinued through the process.

## Performance

Performance for the RBA (Risk-Based Approach) is measured in terms of the number of business days between milestones that track how long it takes to achieve specific tasks. Performance is measured both in terms of achievement of each process phase (see [Annex 3](#) for breakdown of RBA (Risk-Based Approach) phases) as well as overall completion of the process. Milestone tracking begins when a potential RBA (Risk-Based Approach) candidate is identified and is in a state of readiness for the engagement and drafting processes to begin. The first (Planning) and last (Contract Award) phases are considered outside the scope of the RBA (Risk-Based Approach). They are processes completed by and subject to parties external to the RBA (Risk-Based Approach) process. The second phase of the RBA (Risk-Based Approach) process (Engagement and Drafting) involves assembling the first version of the contracting package. This package contains the documents and information necessary for TBS (Treasury Board of Canada Secretariat) to indicate concurrence or non-concurrence. Once the package has been assembled, it is reviewed internally by PSPC (Public Services and Procurement Canada) managers, directors, and directors general in RBA (Risk-Based Approach) process phase 3 (PSPC (Public Services and Procurement Canada) Review). The package can be revised at this stage, including addition of necessary documentation, and when all approvals are received, it is sent to TBS (Treasury Board of Canada Secretariat) for review. RBA (Risk-Based Approach) process phase 4 (Concurrence) can consist of several rounds of TBS (Treasury Board of Canada Secretariat) review and PSPC (Public Services and Procurement Canada) responses. If the package is denied concurrence, it is discontinued as a candidate for the RBA (Risk-Based Approach) and redirected towards another procurement approach. If it receives concurrence, the package is routed to PSPC (Public Services and Procurement Canada) ADMs for final approval in RBA (Risk-Based Approach) phase 5. Multiple factors can influence the timing of these phases such as changes and delays to the procurement process.

In Years 1 and 2, the service standard set for overall completion of the process was 100 business days. However, only 3 out of 13 (23%) of Year 1 and 1 out of 4 (25%) of Year 2 procurements met the service standard. This led to target timelines being extended for Year 3 from 100 to 110 business days and an achievement rate of 4 out of 7 (57%). In February 2023, PSPC (Public Services and Procurement Canada) and TBS (Treasury Board of Canada Secretariat) officials met to identify ways to streamline the RBA (Risk-Based Approach) process further. As a result, the 50-Day Challenge was developed which focused on achieving a 50-day timeframe between 2

milestones: TBS (Treasury Board of Canada Secretariat) Kick-off meeting and TBS (Treasury Board of Canada Secretariat) Decision on concurrence. See Annex 3 for a detailed description of the 50-Day Challenge.

As part of the implementation of the 50-Day Challenge, service standards for Year 4 were shortened and coupled with improvements to streamline the process including:

- early engagement with the legal team
- formalized early engagement with the TBS (Treasury Board of Canada Secretariat) analyst through the introduction of a new TBS (Treasury Board of Canada Secretariat) Kick-off meeting
- elimination of the need for the ADM to review the first draft of the RBA (Risk-Based Approach) package
- a commitment from management and analysts in all departments for faster approvals (including new service standards presented in Annex 3)
- a refined Concurrence Briefing Note (that replaced the Early Engagement note) for conciseness included in the RBA (Risk-Based Approach) package

After the introduction of the 50-Day Challenge in RBA (Risk-Based Approach) Year 4, 13 procurements were approved. Out of these, 12 were subject to the 50-Day Challenge <sup>4</sup>, with 8 (67%) of these procurements completed within the 50-Day Challenge parameters, and an average number of 44 business days between 50-Day Challenge milestones. This is especially significant given that target timeframes were made shorter for all milestones. As a result, the average number of days for each milestone and overall completion for each file fell significantly due to these improvements (from 107 days in Year 3 to 51 days in Year 4) over the course of the RBA (Risk-Based Approach) Phase II.

The review of service standards and milestones show that the overall process, which measures the timeframe between the Early Engagement Meeting to ADM approval, has seen an improvement in timeliness from Year 1 to Year 4. Table 1 provides the service standard results of the RBA (Risk-Based Approach) for Years 1 through 4.

Overall performance of the RBA (Risk-Based Approach) process by year

RBA (Risk-Based Approach) Phase II	Service standard (number of days)	Number and percentage of procurements meeting service standard	Average number of days
Year 1	100	3/13 (23%)	164
Year 2	100	1/4 (25%)	113
Year 3	110	4/7 (57%)	107

Year 4	50	8/13 (62%)	51
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In addition to the process changes introduced by the 50-Day Challenge, several interviewees commented on the importance of having had experienced analysts facilitating the process. Analysts from PSPC (Public Services and Procurement Canada), TBS (Treasury Board of Canada Secretariat), and DND (Department of National Defence) who have experience with procurement processes in general and the RBA (Risk-Based Approach) specifically have been credited with enabling a smooth process, gathering information, collaborating, and communicating well. Several respondents mentioned the importance of the early engagement meeting (recently changed to stakeholder engagement meeting) being an important component in creating effective collaboration in the engagement and drafting phase. Respondents from all departments also stated that the Defence Procurement Weekly meetings have been a valuable asset for managing contracts. Interviewees, however, also noted that there remains an opportunity for closer alignment of information needs between DND (Department of National Defence), PSPC (Public Services and Procurement Canada) and TBS (Treasury Board of Canada Secretariat) as differences in information needs; language used in documents; and perception of risk levels in the different departments may be slowing down the process. Although interviewees noted recent refinements to documentation improving the process, with document review corroborating these refinements, interviewees noted that documents could be further enhanced to include simpler language, less jargon and more relevant information. Another area of potential improvement highlighted by interviewees is that initial candidate assessments could be conducted more quickly to avoid the possibility that a procurement would be discontinued under the RBA (Risk-Based Approach).

The evaluation’s document review noted that the 50-Day Challenge increases demand on the staff supporting procurements and has required a redistribution of resources and effort. Interview respondents across all departments agreed that the RBA (Risk-Based Approach) process leads to overall faster approvals than the TB submission process but were not unanimous in stating that the RBA (Risk-Based Approach) process has reduced the workload or level of effort required.



## Factors affecting efficiency

External factors can affect the efficiency of both the RBA (Risk-Based Approach) process and the TB Submission process. The evaluation found that external delays were often the cause of RBA (Risk-Based Approach) procurements not meeting their performance measures, before and after the introduction of the 50-Day Challenge. RBA (Risk-Based Approach) process Phases 2 (Engagement and Drafting) and 3 (PSPC (Public Services and Procurement Canada) Review) are done in tandem with earlier phases of the procurement life-cycle, meaning that some external factors can delay the RBA (Risk-Based Approach) process and can impact more than one process phase. The Engagement and Drafting phase faced the highest number of external delays, outside the control of the RBA (Risk-Based Approach), mainly due to gathering procurement information (for example negotiation with suppliers) and waiting for input on legal risks (given the nature of the work, there are no service standards for legal review of the procurement). Receiving finalized contracting information (such as cost negotiations) has also created some final contract approval delays. Less frequently, certain situational delays (such as the election in Canada or congressional delays in the United States) have also temporarily paused certain procurements.

## Eligibility documentation

In order to ensure that the RBA (Risk-Based Approach) facilitates the approval of lower risk, lower complexity defence procurements, the initiative includes a set of criteria (3 mandatory criteria and 2 optimal conditions) to aid in supporting a structured decision-making process for RBA (Risk-Based Approach) candidates. As part of early consultation on individual procurement candidates for the RBA (Risk-Based Approach), instances where there is uncertainty on whether a potential procurement meets a specific criteria are discussed between PSPC (Public Services and Procurement Canada), DND (Department of National Defence) and TBS (Treasury Board of Canada Secretariat) stakeholders so as to determine whether the procurement can continue through the RBA (Risk-Based Approach) process.

Interviewees generally agreed that the eligibility criteria are well calibrated for the needs of the RBA (Risk-Based Approach) with a few questioning the value of the optimal conditions criteria if they do not preclude the candidacy of a procurement. Interviewees noted that a proposed procurement's alignment with the initiative's risk threshold can change over the duration of the process, and as a result, whether something remains eligible for the

RBA (Risk-Based Approach) can change over the course of PSPC (Public Services and Procurement Canada)'s preparation of contracting materials. Senior Management interviewees noted that risk appetite is diminishing across the GC due to increased media attention and public scrutiny of defence spending, and that this will need to be taken into consideration should the RBA (Risk-Based Approach) initiative continue. In addition, interviewees at both the senior management and working levels noted that PSPC (Public Services and Procurement Canada), DND (Department of National Defence) and TBS (Treasury Board of Canada Secretariat) each encounter different risks from contracting and thus can hold different risk appetites. Interviewees noted that there is the possibility to improve alignment of risk perception and tolerance between the 3 organizations.

While the evaluation found a few instances of incomplete, missing or conflicting information within the documentation, it did not find evidence of procurements proceeding through the RBA (Risk-Based Approach) inappropriately. Furthermore, the document review covering the 37 completed contracts from RBA (Risk-Based Approach) Phase II Year 1 to Year 4 has shown that there have been refinements in guidance and procurement documentation (for example: Procurement Proposal Form; Assistant Deputy Minister Checklist; Early Engagement note/Concurrence Briefing Note), notably in their conciseness and specificity. This has resulted in an improvement in clarity of documentation, as well as a reduction over time in instances of missing, incomplete and conflicting information. Interviewees also supported this finding, displaying a strong consensus that there have been significant improvements in RBA (Risk-Based Approach) guidance and procurement tools since the launch of the program.

## **RBA (Risk-Based Approach) completion rate**

"Off-ramping", or the discontinuation of a candidate consideration under the RBA (Risk-Based Approach), is a key function of the initiative, which ensures the efficiency and effectiveness of the process. Document and data review found that 13 of 51 RBA (Risk-Based Approach) (25%) procurements which began the RBA (Risk-Based Approach) process as candidates were off-ramped from the RBA (Risk-Based Approach) process between RBA (Risk-Based Approach) years 1-4. 8 of 13 (62%) were directed to the TB Submission process as the risk was determined to exceed the RBA (Risk-Based Approach) tolerance and 5 of 13 (38%) were directed to other PSPC (Public Services and Procurement Canada) procurement processes, most (4) proceeding within the regular contracting authorities of the department. Interviewees referenced legal risk as the most common factor in a procurement exceeding RBA (Risk-Based Approach) risk tolerance.

Interviewees reported that the off-ramping of a procurement within the RBA (Risk-Based Approach) process should not be considered a failure but rather a demonstration that the screening, quality assurance and evidence-based decision-making procedures are functioning as intended. While interviewees remarked that off-ramping is an important feature of the RBA (Risk-Based Approach), they also noted that doing so late in the process can cost time and effort for procurement teams at DND (Department of National Defence) and PSPC (Public Services and Procurement Canada), as the administrative burden of off-ramping a procurement was described as being very high, particularly should the procurement be routed to a TB submission. However, interviewees reported this occurs infrequently and document review noted only one incidence of a Phase 4 (Concurrence) off-ramping (denial of concurrence) during the RBA (Risk-Based Approach) Phase II.

## Impact summary

Since the launch of the RBA (Risk-Based Approach) Pilot in 2018, 12 of 68 (18%) completed or active RBA (Risk-Based Approach) contracts have encountered issues over the course of their delivery (see Table 2 below) with 1 contract out of 68 (1.5%) terminated as a result of issues encountered. Of the issues identified by PSPC (Public Services and Procurement Canada)'s Acquisitions Program and reported by the business owner, the evaluation notes that 8 of the 15 issues (53%) encountered by 12 contracts were forecasted as risks in the assessments prepared at the time of contracting, such as delays due to supply chain disruption. However, some issues encountered by contracts did not appear to directly align with the inventory of possible risks contained in the standardized risk assessment tool used by the RBA (Risk-Based Approach). Program documentation supporting the tracking, monitoring and reporting of issues encountered post-contract establishment is not as mature as the tools and processes used in the consideration of RBA (Risk-Based Approach) candidates.

## Risk manifestation

Risk manifestation analysis assessed risks which emerged as issues requiring action on the part of RBA (Risk-Based Approach) stakeholders during the period of time in which an established contract was fulfilled by a supplier. There have been 68 completed or active RBA (Risk-Based Approach) procurements since the introduction of the approach in 2018 which were reviewed by the evaluation to determine the extent to which

issues were encountered and if those issues were previously identified as possible risks. Of these, materials provided by the business owner note that 12 (18%) have encountered issues post-contract establishment as tracked by PSPC (Public Services and Procurement Canada). Of these procurements for which risks have manifested, 6 (50%) procurements were from the RBA (Risk-Based Approach) Pilot and 6 (50%) from RBA (Risk-Based Approach) Phase II. Table 2 provides analysis on the type of issues emerging from RBA (Risk-Based Approach) procurements, with most (40%) being due to delays in receipt of goods or services as well as due to labour shortages/inflation encountered in the years following 2020 (20%) <sup>5</sup>.

**Type and Frequency of issue encountered over contracts established between November 2018 to May 31, 2024 (Pilot and Phase II)**

Delay	Labour shortage/inflation	Lack of key information	Complaint	Capability gaps	Inability to fulfill contracts in agreed timeframes	Change in ownership	Product quality
6	3	1	1	1	1	1	1

Interviewees noted delays as the most common reasons for a risk identified in the procurement phase materializing as an issue during contract delivery. Common causes of the delay issues were attributed by interviewees to supply chain disruptions; obsolescence of key supplies or raw materials; and manufacturing complexities. Interviewees at both the senior management and working levels identified the following as the most effective general risk mitigation measures employed as part of the RBA (Risk-Based Approach):

- early engagement and clear communication with industry and suppliers
- early engagement and clear communication with TBS (Treasury Board of Canada Secretariat), risk, and Centre of Expertise analysts
- the Defence Procurement Strategy (DPS) governance structure
- economic price adjustments to protect against price fluctuations

Of the issues identified by PSPC (Public Services and Procurement Canada)'s Acquisitions Program and reported by the business owner, the evaluation notes that 8 of the 15 issues (53%) encountered with the contracts were forecasted as risks in the assessments prepared at the time of contracting. However, the evaluation found that while references to potential risks such as lack of key information and change in supplier ownership were mentioned in risk assessment tools, these items did not directly align with the inventory of possible risks contained in the standardized risk

assessment tool used by the RBA (Risk-Based Approach). Furthermore, for the issue of inflation, the evaluation did not find this possibility captured by a relevant risk category in the risk assessment tool. In response to this finding, the program area notes that even if some risks do not directly align with the standardized categories included in their assessment tool, they are captured to provide a comprehensive consideration of applicable risks. There is, however, a potential risk that if the risk assessment tools currently in place for the RBA (Risk-Based Approach) do not reflect new and emerging areas, that PSPC (Public Services and Procurement Canada) may not be positioned to effectively mitigate these risks.

**Recommendation 1:** It is recommended that PSPC (Public Services and Procurement Canada) undertake a review of the risk assessment tools supporting RBA (Risk-Based Approach) procurements to ensure that new and emerging risk areas are effectively reflected and addressed in planning for future procurements considered under the approach.

## Issue management

A review of documentation provided by the RBA (Risk-Based Approach) business owner found that actions were taken to mitigate those issues (as described in the previous section of this report) which emerged in the delivery of established RBA (Risk-Based Approach) contracts. These actions were tailored to the issue encountered and often included briefing relevant PSPC (Public Services and Procurement Canada) and DND (Department of National Defence) senior management, continued tracking and monitoring of the issue and engagement with contractors/suppliers to minimize the impact of the issue on the good or service procured. The document review noted that the issues encountered were not generally significant enough to require the cancellation of the contract with there being one instance where the impact of an issue (a delay) led to the cancellation of a contract.

While the business owner was able to provide timely information on the type of issues encountered in the administration of RBA (Risk-Based Approach) contracts, the evaluation found information regarding the magnitude of impact as well as actions taken to address issues were less well documented. The evaluation document review noted that there was less detail available in the documentation provided on the tracking and management of issues as compared to the tracking of risk and risk mitigation strategies. There is a potential risk that as current RBA (Risk-Based Approach) contracts continue to mature, new issues will continue to

emerge, which require that the initiative have in place a systematic and rigorous approach for tracking, monitoring and reporting of issues and how the department is addressing them.

**Recommendation 2:** It is recommended that PSPC (Public Services and Procurement Canada) establish a more robust process and tools for the tracking, monitoring and reporting of issues emerging from the administration of RBA (Risk-Based Approach) contracts.

## Evaluation summary

This report presents an overview of an evaluation of the delivery and impact of Phase II of the Risk-Based Approach to Defense Procurement. The evaluation was conducted in-house under the oversight of the PSPC (Public Services and Procurement Canada) Head of Evaluation. Methods used for this evaluation were document review, interviews, and quantitative data analysis.

While having encountered issues in the first 2 years of implementation, the RBA (Risk-Based Approach) Phase II has seen its delivery time improve significantly with the introduction of new processes and performance measures in Year 4 of the 5 year extension. External delays are often impediments to full achievement of current service standards. While the program has encountered minor issues in its documentation of RBA (Risk-Based Approach) procurement eligibility, the evaluation did not find evidence of procurements proceeding through the RBA (Risk-Based Approach) inappropriately. Safeguards established for the initiative have functioned as intended with approximately a quarter of RBA (Risk-Based Approach) candidate procurements discontinued through the process.

Since the launch of the RBA (Risk-Based Approach) Pilot in 2018, 12 of 68 (18%) completed or active RBA (Risk-Based Approach) contracts have encountered issues over the course of their delivery with 1 contract out of 68 (1.5%) terminated as a result of issues encountered. Of the issues identified by PSPC (Public Services and Procurement Canada)'s Acquisitions Program and reported by the business owner, the evaluation notes that 8 of the 15 issues (53%) encountered by 12 contracts were forecasted as risks in the assessments prepared at the time of contracting, such as delays due to supply chain disruption. However, the issues of inflation, lack of key information and change in supplier ownership did not appear to directly align with the inventory of possible risks contained in the standardized risk assessment tool used by the RBA. Program documentation supporting the

tracking, monitoring and reporting of issues encountered post-contract establishment is not as mature as the tools and processes used in the consideration of RBA (Risk-Based Approach) candidates.

**Recommendation 1:** It is recommended that PSPC (Public Services and Procurement Canada) undertake a review of the risk assessment tools supporting RBA (Risk-Based Approach) procurements to ensure that new and emerging risk areas are effectively reflected and addressed in planning for future procurements considered under the approach.

**Recommendation 2:** It is recommended that PSPC (Public Services and Procurement Canada) establish a more robust process and tools for the tracking, monitoring and reporting of issues emerging from the administration of RBA (Risk-Based Approach) contracts.

Annex 1: Management action plan

Recommendations	Management action plan	Deliverables	Targeted implementation date	Offices of primary interest (OPI)
1. It is recommended that PSPC (Public Services and Procurement Canada) undertake a review of the risk assessment tools supporting RBA (Risk-Based Approach) procurements to ensure that new and emerging risk areas are effectively reflected and addressed in planning for future procurements considered under the approach.	1.1 PSPC (Public Services and Procurement Canada) will undertake a systematic review of the risk assessment tools supporting RBA (Risk-Based Approach) procurements, and make adjustments as required to ensure alignment with current and emerging risk landscapes, and any new risk manifestations identified in RBA (Risk-Based Approach) files.	1.1 Enhanced risk assessment toolkit for proactive identification of potential risks in RBA (Risk-Based Approach) procurements, supporting early prevention of risk manifestation.	1.1 July 2025	Senior Assistant Deputy Minister, Procurement Branch

2. It is recommended that PSPC (Public Services and Procurement Canada) establish a more robust process and tools for the tracking, monitoring and reporting of issues emerging from the administration of RBA (Risk-Based Approach) contracts.	2.1 PSPC (Public Services and Procurement Canada) will implement a routine and more robust tracker with increased guidance to RBA (Risk-Based Approach) OPI (Offices of primary interest)s to support effective oversight of risks emerging post-contract award under the RBA (Risk-Based Approach) framework. This will further help support improvement of the RBA (Risk-Based Approach) risk assessment tool.	2.1 More structured tracking and reporting mechanisms for risk monitoring related to RBA (Risk-Based Approach) files.  2.2 Increased guidance to support effective oversight of risks emerging post contract award.	2.1 July 2025  2.2 July 2025	Senior Assistant Deputy Minister, Procurement Branch
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Annex 2: Evaluation methodology, limitations and mitigations

Lines of evidence	Interviews	Document review	Quantitative data analysis
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<b>Methodology</b>	<b>33 interviewed RBA (Risk-Based Approach) stakeholders:</b> <ul style="list-style-type: none"> <li>• PSPC (Public Services and Procurement Canada) senior management (PB (Procurement Branch) and DMPB (Defence and Marine Procurement Branch)): 5</li> <li>• PSPC (Public Services and Procurement Canada) working level (PB (Procurement Branch) and DMPB (Defence and Marine Procurement Branch)): 11</li> <li>• TBS (Treasury Board of Canada Secretariat) (senior management and working level): 7</li> <li>• DND (Department of National Defence) (senior management and working level) : 10</li> </ul>	<b>approximately 170 documents reviewed</b> <ul style="list-style-type: none"> <li>• 3 annual RBA (Risk-Based Approach) Performance Reports</li> <li>• approximately 150 RBA (Risk-Based Approach) procurement eligibility and milestone documents</li> <li>• approximately 4 Risk manifestation documents</li> <li>• approximately 15 RBA (Risk-Based Approach) related program documents</li> </ul>	<b>12 RBA (Risk-Based Approach) performance tracking tools:</b> <ul style="list-style-type: none"> <li>• SPS performance tracking tools</li> <li>• Centre of Expertise (COE) performance tracking tools</li> </ul>
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<b>Limitations</b>	Due to staff turn-over there were limitations in interviewing all key departmental officials within DND (Department of National Defence).	Close collaboration with PB (Procurement Branch) and DMPB (Defence and Marine Procurement Branch) allowed for all available documentation to be reviewed, presenting no limitation to data collection. Documentation received was reasonably complete and sufficient to formulate findings.	Milestone and delay tracking in early years of the RBA (Risk-Based Approach) were inconsistent, leading to some instances of missing data. However, tracking and consistency have improved significantly over the years, and provided sufficient quality data for analysis.
<b>Mitigation</b>	Limitations were taken into consideration when establishing findings. In collaboration with a DND (Department of National Defence) liaison, Evaluation Services Directorate was able to identify appropriate DND (Department of National Defence) staff to collect sufficient information.	n/a	Limitations were taken into consideration when establishing findings.

## Annex 3: 50-day challenge

The 50-day challenge is a TBS (Treasury Board of Canada Secretariat) and PSPC (Public Services and Procurement Canada) initiative aimed at optimizing and improving the RBA (Risk-Based Approach) process. PSPC (Public Services and Procurement Canada), DND (Department of National Defence) and TBS (Treasury Board of Canada Secretariat) officials held a workshop on February 6, 2023, to discuss how to achieve a shortened and streamlined approval process. The proposal was successfully reviewed and approved during the March 17, 2023, Assistant Deputy Minister Committee meeting. The 50-day challenge applies to procurements in RBA (Risk-Based Approach) Year 4 (beginning July 2023) and later.

Officials at the workshop identified ways to improve efficiency and streamline the RBA (Risk-Based Approach) process through strengthening collaboration between stakeholders; aligning legal services to better

support the process; improve documentation; eliminate redundancy; expand the RBA (Risk-Based Approach) to better meet the needs of DND (Department of National Defence); and reduce time at each phase by eliminating approvals where possible and shortening target service standards.

The RBA (Risk-Based Approach) process is divided into 6 phases. The 50-day challenge applies to milestones in RBA (Risk-Based Approach) process phases 2 to 4: *TBS (Treasury Board of Canada Secretariat) Kick-off meeting* to *TBS (Treasury Board of Canada Secretariat) Decision on Concurrence*.

### 50-day challenge milestones

<b>Phase 1: Planning</b>	1st funded requisition or requisition amendment from DND (Department of National Defence) to PSPC (Public Services and Procurement Canada)
<b>Phase 2: Engagement and drafting</b> <b>Target: 27 days</b>	<ul style="list-style-type: none"> <li>Initial meeting</li> <li><b>TBS (Treasury Board of Canada Secretariat) Kick-off meeting (start of 50-day challenge)</b></li> <li>Early Engagement (EE) meeting</li> </ul>
<b>Phase 3: PSPC (Public Services and Procurement Canada) review</b> <b>Target: 8 days</b>	<ul style="list-style-type: none"> <li>OPI (Offices of primary interest), COE (Centre of Expertise), Risk Management and Insurance Advisory Services (RMIA) Managers review</li> <li>COE (Centre of Expertise) senior director/OPI (Offices of primary interest) director review</li> </ul>
<b>Phase 4: Concurrence</b> <b>Target: 15 days</b>	<ul style="list-style-type: none"> <li>TBS (Treasury Board of Canada Secretariat) review</li> <li><b>TBS (Treasury Board of Canada Secretariat) Decision on Concurrence (end of 50-day challenge)</b></li> </ul>
<b>Phase 5: Final approvals</b> <b>Target: 15 days</b>	<ol style="list-style-type: none"> <li>Final approval and signature OPI (Offices of primary interest), COE (Centre of Expertise), RMIA managers</li> <li>COE (Centre of Expertise) senior director and OPI (Offices of primary interest) director</li> <li>OPI (Offices of primary interest) DG</li> <li>ADM Contract Request Approval</li> </ol>
<b>Phase 6: Contract award</b>	<ul style="list-style-type: none"> <li>Contract award</li> <li>Receipt of goods and/or services</li> </ul>

- 1 DND (Department of National Defence)'s authorization for construction is up to \$750,000: Directive on the Management of Procurement—Appendix A: Contracting Approvals.
- 2 Competitive contract limits are \$7,500,000 and basic contracting limits for non-competitive contracts pertaining to Goods and Services are set at \$375,000: Directive on the Management of Procurement—Appendix A: Contracting Approvals.
- 3 Formerly the Minister of Public Services, Procurement and Accessibility.
- 4 One RBA (Risk-Based Approach) Year 4 procurement was not subject to the 50-Day Challenge as it began the RBA (Risk-Based Approach) process before the implementation of the 50-Day Challenge in July 2023.
- 5 A single procurement can have one or more issues manifest.

**Date modified:**

2025-04-04