

Philadelphia Professional Services Contracting Series

To examine Philadelphia's procurement process, The Pew Charitable Trusts entered into an agreement with the city to access records from the Automated Contract Information System (ACIS), Philadelphia's contracting routing software. An agreement goes through multiple steps until it is "conformed," or signed and executed. Each year, the city signs 2,300 professional services contracts, which total \$3.8 billion and fund services for children, mental health, community justice, and more.

Pew contracted with civic consulting firm Bennett Midland LLC to analyze Philadelphia's procurement system—to understand each step of the process for conforming professional services contracts and to make recommendations to improve conformance and payment timelines.

This analysis uses a multimethod approach to understand the city's professional contracting system and make recommendations centered on delays in conformance.

Glossary

This glossary covers the following contracting terms presented in the analysis:

Contracting mechanisms: Mechanisms that contracting staff use to advance a contract through the conformance process.

- **Advertised:** Contracts that are competitively bid.
- **Department draft:** A contract type in which the department that initiated the contract drafts the terms of the contract, which is then reviewed and approved by the city's Law Department.
- **Exempt:** Contracts that did not go through the standard competitive bidding process, usually due to statutory or policy exemptions.
- **Expedited Amendment Agreement (XAA):** A process created in 2018 to speed up routine renewals and amendments of existing contracts. Compared with the Standard Amendment Agreement (SAA) process, this method removed the contract drafting, internal negotiation, external negotiation, and initial certification steps. Additionally, the final certification step is merged with the finance review step.
- **Law draft:** Contract type in which Law Department staff compile and write the formal professional services contract.
- **Micro purchases (MP):** A streamlined process for vendors with the lowest-value contracts (less than \$41,000), set by city statute. It follows the same conformance process as small order purchases (SOPs).
- **Standard Amendment Agreement (SAA):** The traditional process for a contract renewal or amendment of an existing contract. This method follows the same steps used to process a new contract. And as of June 2025, it has largely been replaced by the Expedited Amendment

METHODOLOGY

Agreement (XAA) process.

- **Small order purchases (SOPs):** A contracting process for contracts below a certain dollar threshold (e.g., \$94,000 for nonlocal vendors and \$124,999 for local vendors in July 2025). This process removed the budget verification, law contract assignment, law draft, internal negotiation, “approve as to form,” initial certification, final certification, and the Office of the Chief Administrative Officer (CAO) review steps. Additionally, this procedure merges Finance, Law, and Procurement department reviews into one step. The dollar amount is subject to change.

Contracting terminology

- **“1+4” model:** A contracting practice in which vendors are awarded a one-year contract with four one-year renewal options.
- **Conformance process:** The full procurement process by which the contract gets drafted and routed to being fully executed, with approvals from both the city and the vendor. Once conformed, the city then pays the invoiced amount to the vendor.
- **Local business entity:** A certification given to vendors that meet local bidding qualifications. These vendors are eligible for a reduced price on some city contracts, as per Section 17-109 of the Philadelphia Code.
- **Minority-, woman-, or disabled-owned business entity (M/W/DSBE):** The city of Philadelphia planned to fulfill 35% of all contracts through businesses with 51% ownership by women, people with disabilities, or members of a recognized minority ethnic or racial group. However, Executive Order No. 6-25—which passed on Nov. 18, 2025, and took effect immediately—will now give preference to local and small business vendors.

City governance and systems

- **Automated Contract Information System (ACIS):** The city’s legacy system used by conformance staff and department heads to advance and track a contract through the conformance process.
- **City Charter/Home Rule Charter:** The Philadelphia constitution that defines powers and limitations of the city’s government. It sets rules on procurement, budgeting, ethics, and term limits. Amendments to the charter are approved by City Council and then by voters via referendum.
- **City Code:** The collection of all laws and ordinances passed by City Council and approved by the mayor. Title 17 of the city’s code sets rules for Philadelphia’s procurement process.
- **eContract Philly:** The city’s online public interface, which supports its efforts for noncompetitively bid contracts. It details publicly nonbid contract activities, opportunities, and intent to contract. Vendors can use it to apply for contract opportunities.
- **Financial Accounting Management Information System (FAMIS):** The legacy system that the city uses as the accounting system of records. Fiscal-focused staff and department heads use it to encumber funds and process payments.
- **Optimizing Procurement and Accounting Logistics (OPAL):** Set for release in 2026, this is the city’s upcoming integrated procurement and financial management system. It will replace both ACIS and FAMIS, allowing for a single system to report and analyze contracts, budgets, and payments.

METHODOLOGY

Conformance process: This is the order of the steps that professional contracts go through to be conformed.

- **Contract initiation:** Conformance managers from their respective departments upload the required document into ACIS to prepare for conformance.
- **Routing:** The first formal step in the conformance process, during which the conformance manager marks the contract for routing in ACIS.
- **Office of Economic Opportunity (OEO) review:** This review process ensures that the department tried to meet the range of minority-, woman-, or disabled-owned business entity (M/W/DSBE) criteria and submitted the required disclosures when identifying vendors. Nonprofit vendors bypass this step. On Nov. 18, 2025, the city passed Executive Order No. 6-25, giving preference instead to small and local businesses.
- **Department review:** Department heads review and approve the terms of the contract— many rely on an authorized signatory to complete this step.
- **Contract award:** The conformance manager notifies selected vendors of their award and conditions of the contract. Additionally, the conformance manager and the Procurement Department post a notice of intent to contract on eContract Philly.
- **Post-exempt approval:** This process is to ensure that the exemption used for the contract is applicable. Depending on the exemption, a review (Law, Finance, or Contracting department) approves or rejects the bypass of the formal RFP (request for proposal) process.
- **Procurement review:** The Procurement Department reviews to ensure that the contract complies with city law, regulations, and policy.
- **Law contract assignment (law draft contract only):** An attorney assigns the contract to the legal assistant.
- **Law draft (law draft contract only):** The legal assistant drafts the contract language.
- **Law contract review (department draft contract only):** An attorney reviews the department-drafted contract and waivers from the general provisions (if applicable).
- **Internal negotiation (law draft contract only):** Conformance managers, within their respective departments, work with the Law Department to ensure that the contract is legally sound, that it includes all necessary information, and that the terms and conditions meet their departments' needs.
- **Contract package assembly:** The conformance manager (department draft) or legal assistant (law draft) assembles a legal contract document on Docusign, which aligns with information from the ACIS records.
- **External negotiation and signatures:** The conformance manager from the initiating department, along with support from the Law and Finance departments, reaches out to vendors to notify them of the Docusign contract to review/sign and ensure that they are aware of required disclosures prior to conformance. The vendor then reviews, provides any additional documents, and returns the contract.
- **Budget verification:** Finance analysts review the contract amount and make sure that it is within the respective departments' budgets.
- **Approve as to form:** An attorney makes sure that the contract has no unauthorized changes.

METHODOLOGY

- **Initiation certification:** A fiscal assistant reviews and confirms that the funds from the encumbrance in the Financial Accounting and Management Information System (FAMIS) matches the contract amount in ACIS.
- **Final certification:** Once fiscal assistants or finance staff members check the initial certification, they upload the endorsement sheet into Docusign.
- **CAO review:** Compliance managers check the contract's language and term length. Additionally, they ensure that the amount allocated to the contract does not exceed the available funds.
- **Department signatures:** The respective department signs the contract.
- **Conformance:** The conformance manager (for department drafts) or legal assistant (for law drafts) reviews and confirms that all conformance steps have been completed.

Methodology: Qualitative Analysis

Interviews

Bennett Midland conducted 1:1 interviews, small group discussions, and external stakeholder interviews to understand the city's professional contract services system.

Before interviewing city stakeholders, in spring 2024 Bennett Midland conducted interviews with 35 external stakeholders with experience dealing with the city's procurement system. Each interviewee, prior to being interviewed, signed an informed consent agreement explaining the purpose of the research and a commitment from Pew and Bennett Midland to not attribute any quote to the person without review or consent from the interviewee.

External stakeholders included:

- Nonprofit leaders
- Philadelphia-based philanthropic leaders
- Procurement leaders with expertise and experience with procurement reform efforts in the U.S.

Among those in the city, Bennett Midland interviewed 39 stakeholders from 17 city departments. The interviewees included:

- City contracting staff and fiscal staff
- Oversight department leadership and staff
- Members of the Optimizing Procurement and Accounting Logistics (OPAL) team

Each interview was tailored for the type of stakeholder and was conducted by two Bennett Midland staffers.

The interviews explored different city departments' capacity to handle the volume of professional contracts, observe departmental and citywide differences in processes, and hear suggestions on improvements.

Additionally, Bennett Midland, along with the CAO, issued a survey to city staff in May 2025 to determine if staffing gaps were key determinants for contracting delays. The survey did acknowledge limitations, such as selection bias, since it relies on respondents' perceived departmental capacity for conformance.

METHODOLOGY

Methodology: Quantitative Analysis

Data

The data used for the quantitative portion of this analysis was received from the city of Philadelphia's Procurement Department. The data comes from the city's internal contract management system, ACIS.

Raw data from two primary reports from the city's ACIS system were used: the Conformance Item History Report and the Conformance Performance Report, both from the period of fiscal year 2020 to fiscal 2025 (January 2025, representing six months of the fiscal year).

The Conformance Performance Report provided data on the share of professional contracts that were conformed on time and conformed late. Additional information included which fiscal quarter the professional contract started in, as well as the dates when the contracts were effective, routed, and conformed. A total of 12,889 professional contracts were analyzed from this report.

The Conformance Item History Report was used to analyze the median number of days each step took in the conformance process. Additional information from this report included details on the itemized and total amounts of professional contracts as well as the contract agreement types. A total of 12,481 professional contracts were analyzed from this report.

The reports did not include agreement timelines prior to routing.

The reports were merged based on the item identifications of the professional contract to provide a more concrete picture of the procurement system. There were 408 contracts where the Conformance Performance Report did not match the item ID within the Conformance Item History Report. Additionally, there were six professional contracts from the Conformance Item History Report that matched within the Conformance Performance Report, but with missing information—meaning that, while information such as item amount, total amount, and department was included, information such as contract effective date and fiscal quarter in which the contract was started was marked as NA (not available), or blank.

The merged dataset had a total of 12,481 professional contracts, meaning that most of this analysis relied on professional contracts within the Conformance Item History Report since it details key information such as the dollar amount of the contracts and the number of days spent on each step of the conformance process. From this, we were able to determine key metrics, such as the value of late contracts between fiscal 2020 and January 2025.

The 12,889 professional contracts from the Conformance Performance Report were solely used to determine the total number of contracts that were routed on or after the contract's start date. For more information on this analysis, see "Analysis: Contracts routed on or after the contract's start date" below.

Analysis: Trends in timely vs. late conformance from fiscal 2020 to January 2025

For vendors to be paid on time, a contract must be conformed or executed prior to the contract's start date. According to the column "Conformed on Time" from the procurement performance report, 1,295 contracts were conformed on time (10% of all of the city's professional contracts), and 11,180 contracts

METHODOLOGY

were conformed late.

The 11,180 contracts that were late were put into different categories of lateness: 1-30 days after start date, 31-60 days after start date, 61-90 days after start date, 91-120 days after start date, 121-150 days after start date, and 151+ days after start date.

The categories were based upon late contracts and the number of days between the contract effective date and the conformance date.

Analysis: Renewal, amendments, and new contracts

Pew classified potential renewal contracts as all contracts that were either Standard Amendment Agreement (SAA) or Expedited Amendment Agreement (XAA) and had a contract end date longer than a year from when the contract was effective (measured by the number of days between the contract end date and the contract effective date). Renewals totaled 7,459 contracts—meaning that of the 12,481 contracts analyzed from fiscal 2020 to January 2025, 60% were renewals.

SAA and XAA amendments that had less than a year between the contract end date and the contract effective date were classified as nonrenewal amendments. This type of amendment accounted for 1,108 contracts—9% of all contracts.

New contracts were agreements with no hyphens within their item IDs. The number of contracts that were new totaled 3,906—31% of contracts.

Analysis: Contracts routed on or after the contract's start date

Based on the Conformance Performance Report, 8,336 of the 12,889 contracts were routed on or after the contract start date. This was measured by examining the number of days between when the contract was effective and when the contract was first routed.

Analysis: Process timeline, fiscal 2020 to January 2025

The “initiated but not routed” step, which is the column labeled “ttl_not_routed” in the Conformance Item History Report, was subtracted from the “all steps” column (which details the total number of days the professional contract took across all steps). This “initiated but not routed” step does not represent the start of the formal contracting process, which is when the contract gets put into ACIS; instead, the step indicates the number of days that the professional contract had been initiated but not entered into the system.

The following steps were observed (in order):

- Office of Economic Opportunity (OEO) review
- Department review
- Post-exempt approval
- Budget verification

METHODOLOGY

- Procurement review
- Law contract review
- Law assignment
- Law draft
- Small contract approval
- Contract assembly
- External negotiations and signatures
- Internal negotiations
- Approve as to form
- Initial certification
- Final certification
- Finance review
- Department signatures
- Conformance

The median number of days spent on each step was observed and reported.

Small order purchases (SOPs) and micro purchase (MP) utilization

Small order purchases (SOPs) and micro purchases (MPs) streamline the conformance process for lower-value contracts. Both processes take a shorter amount of time than standard advertised contracts and standard advertised amendments.

To observe the use of SOPs and MPs, filters were created within the conformance history data to find contracts that were SOP- and MP-eligible based upon the following dollar threshold amounts:

SOP thresholds:

Dollar thresholds	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Philadelphia vendors	\$34,000	\$100,000	\$109,000	\$116,000	\$119,000	\$124,999
Non-Philadelphia vendors	\$34,000	\$75,000	\$82,000	\$87,000	\$89,000	\$94,000

MP thresholds:

Dollar thresholds	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
All vendors (Philadelphia & non-Philadelphia)	\$34,000	\$34,000	\$36,000	\$38,000	\$40,000	\$41,000

Underutilization of SOP contracts

Pew first observed the number of contracts that were conformed through the SOP mechanism, as well as those that were SOP-eligible but did not use this mechanism (e.g., for fiscal 2025, that would be all

METHODOLOGY

contracts that had an item amount of \$124,999 or less for Philadelphia vendors and \$94,000 or less for non-Philadelphia vendors).

Of the 1,973 contracts that were SOP-eligible, only 425 (22%) used the SOP mechanism.

Of the 425 that went through the SOP mechanism, 78 (18%) were found to be eligible for MPs.

Underutilization of MP contracts

The same process was used for micro purchases. The number of contracts conformed through the MP mechanism, as well as those that were MP-eligible but not used as such was observed (e.g., for fiscal 2025, that would be all vendors [Philadelphia or non-Philadelphia] that had an item amount of \$41,000 or less).

MPs had a higher utilization rate, with 62% of contracts used as such (516 MP-processed contracts/829 MP-eligible contracts = 62%).

Measuring the impact of number of days saved if contracts that were SOP-/MP-eligible but not used as such went through the process

To measure the number of days saved if SOP-/MP-eligible contracts were used as SOPs/MPs, the difference was taken between the median number of days SOP/MP contracts take to conform and the median number of days SOP-/MP-eligible contracts that weren't used as such took to conform.

For SOP contracts

SOP contracts took a median of 33 days to conform. SOP-eligible contracts that weren't used as such took a median of 56 days to conform. The median number of days that would have been saved had those contracts gone through the SOP process is 23 days (33 subtracted from 56).

For MP contracts

MP contracts took 29 days to conform, and MP-eligible contracts that did not go through this mechanism took 57 days to conform. The median number of days that would have been saved had those eligible contracts been conformed through the MP method is 28.

Strengthening the conformance process by removing steps

A main recommendation from this analysis is that the city should remove the following steps from the existing standard conformance process: OEO review, finance director/CAO approval, initial certification, and conformance.

The median timeline across all contracts within the current conformance process was 52 days, and the median with these steps removed was 36 days.

METHODOLOGY

Analysis: Ratio of conformance staff to the number of professional services contracts

Our report looks at departments with the lowest and highest ratio of conformance staff to professional services contracts.

The number of staff was based on a point-in-time capture of staffing capacity from the CAO survey as of May 2025.

The number of professional services contracts was the average per fiscal year of professional contracts per department from an analysis of the Conformance Item History Report.

For example, respondents from the survey said that there were two conformance staff members in the Law Department. The Conformance Item History Report shows that there were 581 professional services contracts from fiscal 2019 to January 2025, an average of 106 professional contracts over the 5½-year period.

Therefore, the ratio of conformance staff to professional services contracts for the Law Department is 1:53.