

Subject: Competitive Procurement Audit Action Plan – Fourth Quarter 2018 Update**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the Competitive Procurement Audit Action Plan – Fourth Quarter 2018 Update, Attachment 1, be accepted as information.

Summary:

Based on the Competitive Procurement Audit Recommendations presented to Council by MNP LLP (MNP) on June 12, 2018 and, in an effort, to close the gap to leading practice, Administration developed an Action Plan to address improvements to the process with proposed completion dates ranging from Q2 2018 through Q2 2019. The Action Plan was also approved by Council at the June 12, 2018 meeting. The Fourth Quarter 2018 Update represents the second update to Council since presentation of the audit results and approval of the Action Plan. Significant progress has been made since the last update. Of the 38 recommendations, 28 have been implemented/completed, 3 are in progress, and 7 have portions of a recommendation completed with the remaining in progress. In some cases, a completed recommendation has become part of an ongoing or annual process. For the purposes of tracking, it is considered complete. All recommendations in progress have a target date for completion of Q1 2019.

Background:

MNP was contracted to conduct internal audits of the competitive procurement evaluation process as well as capital projects and single source (non-competitive) procurements. In addition, MNP assessed the Municipality's processes against leading practice criteria for each phase of the audit.

As a public-sector entity, the Municipality must adhere to applicable legislation, including the New West Partnership Trade Agreement (NWPTA), the Canadian Free Trade Agreement (CFTA) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) when conducting procurement activities. Although the procurement thresholds may differ, the similarities remain in requiring open, transparent and non-discriminatory treatment to all suppliers.

The four key findings that became a theme throughout the audit included:

- Standard operating procedures (SOP) and training
- Mandatory requirements and evaluation criteria
- Increased transparency with contractors
- Capital project management processes

Although MNP concluded that the Municipality currently has leading practice standard operating procedures, those procedures are not consistently being followed. Training of all employees involved in procurement processes along with annual refresher training would close the current gap. Public Sector Procurement Program training was commenced in October 2018 and completed in November 2018. With finalization of updated Standard Operating Procedures (SOPs), staff training was completed in November 2018. A draft amended Procurement Policy is currently proceeding through final internal review and will be presented to Council within the first quarter of 2019.

Increased transparency with contractors can be fostered by providing enhanced information and resources regarding procurement opportunities and municipal processes. This can be achieved with a coordinated effort to provide training to contractors to ensure their bids include sufficient information to compete for municipal contracts, enhanced municipal website resources, and dialogue with the Fort McMurray Construction Association, Fort McMurray Chamber of Commerce and the Northeastern Alberta Aboriginal Business Association. In addition, planning is underway for tri-party workshops involving consultants, contractors and municipal staff. It is expected that the event will take place at the end of January.

The Action Plan also includes improvements to capital project management processes. The project management manual was updated to serve as a resource for project managers. There is a focus on improving documentation and record keeping. Training for project managers was held to ensure that capital project management processes focus on safety, quality and documentation. Additional training provided included a legal overview and project management software training. The Engineering department also held a lessons-learned retreat in October 2018.

Rationale for Recommendation:

The Competitive Procurement Audit Action Plan - Fourth Quarter 2018 Update, Attachment 1, identifies the progress made in the last quarter to bridge the gap between existing municipal procurement processes and execution to leading practice.

Strategic Priorities:

Regional Economic Development

Attachments:

1. Competitive Procurement Audit Action Plan- Fourth Quarter 2018 Update

**Competitive Procurement Internal Audit Action Plan Fourth Quarter 2018 Update
Presentation**