

Subject: Competitive Procurement Audit Action Plan – First Quarter 2019 Update**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT the Competitive Procurement Audit Action Plan – First Quarter 2019 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 First Quarter 2019 Update represents the third update to Council since presentation of the audit results and approval of the Action Plan. Of the 38 recommendations, 33 have been implemented/completed, 1 is in progress, and 4 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.

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 (PSPP 101 - 203) training commenced in October 2018 and completed in November 2018. PSPP 301 will be offered in the fall as it builds on the skills and knowledge gained in previous levels through participation in threaded discussions and assignments. With the approval of Procurement Policy FIN-100 in February, social procurement has been added as a guiding principle. To support advancing social procurement and to re-emphasize public sector procurement legislation, training to elected officials and to vendors through their associations will be provided in May 2019.

The phased implementation of E-Procurement software will address a number of gaps to leading practice. Based on software demonstrations held in January, the contract has been awarded. Implementation of the first phase is anticipated to be completed by the end of April 2019. A communications strategy will be developed to inform the vendor community of upcoming changes and to ensure readiness as future phases are implemented.

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. Information sessions were held during the week of January 28th.

Rationale for Recommendation:

The Competitive Procurement Audit Action Plan - First Quarter 2019 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:

Responsible Government

Attachments:

1. Competitive Procurement Audit Action Plan - First Quarter 2019 Update

**Competitive Procurement Audit Action Plan First Quarter 2019 Update
Presentation**