

To: Chair & Committee Members, Audit Committee

Date: April 3, 2019

Areas Responsible: Derek Coffey, DCM – Finance & Administration

There were no recommendations due to be implemented since the last reporting period; therefore, the following information is unchanged.

The table below summarizes the pending issues from the Internal Audit of eTendering assignment #17-02.

Recommendation	Status Update	Date
<b>1.1</b> Management should develop and implement a procurement plan for the City. Management should ensure that the plan addresses peak workload periods by prioritizing projects and taking into consideration the budget approval process and short construction season.	The first meeting of the Provincial Advisory Council was held on Oct. 2, 2018. I am a member and the issue of a procurement plan was discussed and we are developing the requirements and purpose of the plan. Once this has been determined I will have a better understanding on how this will benefit the City and whether or not additional criteria will need to be included for our internal use.	Apr 2019  <u>Previous Date:</u> Sep 2018
<b>2.1(i)</b> Management should research cycle time benchmarks from other municipalities for annual comparisons.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments in	TBD  <u>Previous Date:</u> Jul 2018

Recommendation	Status Update	Date
<b>2.1(i) Cont'd</b>	the first quarter of 2019 and should have usable data as projects are completed.	
<b>2.1(ii)</b> Management should begin collecting data to be able to measure the cycle time of the City's tendering process and create internal benchmarks.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments by year-end and will have usable data by June 2019.	Jun 2019  <u>Previous Date:</u>  Jul 2018
<b>2.1(iii)</b> Management should compare the cycle times to internal benchmarks on an annual basis especially if no external benchmarks can be readily found.	We are working our way through the implementation process for the software identified in the original management comments. Buyers have been familiarized with the product and we have used it to create some purchasing documents. During the initial stages we are working with individual end users to create the required documents. The metrics provided at this point would not be accurate in determining cycle time. I expect we will roll out the software to the majority of departments in the first quarter of 2019 and should have usable data as projects are completed.	TBD  <u>Previous Date:</u>  Jul 2018

Recommendation	Status Update	Date
<b>2.2 (ii)</b> Management should create internal benchmarks for addenda by comparing the City's experience from year to year, especially if industry benchmarks cannot be obtained.	We intend on performing internal benchmarking by category.	TBD  <u>Previous Date:</u>  Aug 2018
<b>2.2 (iii)</b> Management should consider benchmarking addenda by purchasing category which may provide more useful information.	We intend on performing internal benchmarking by category.	TBD  <u>Previous Date:</u>  Aug 2018

The following table summarizes the current status of all issues identified in the Internal Audit of eTendering assignment #17-02.

Total Recommendations	Closed	Pending
11	5 (45%)	6 (55%)

The Table below summarizes the closed issues from the Internal Audit of eTendering assignment #17-02.

Recommendation	Status Update	Date
<p><b>2.1(iv)</b> Management should identify areas where improvements can be made to reduce the cycle time. This is an area where the City's new continuous improvement program could be of benefit to help streamline the process.</p>	<p>Purchasing was a part of a CI project regarding AP Process Improvement and are in the beginning stages of a CI project regarding the requisitioning process both of which have an impact on the cycle time. Another CI project relating to contract documentation is scheduled for April 2019. These along with the new software mentioned in the original management comments should help us with identifying areas of improvement to reduce cycle time.</p>	<p>Ongoing  Closed</p>
<p><b>2.2 (i)</b> In an effort to determine if the City's percentage of addenda is reasonable, management should research industry addendum benchmarks for comparisons with the City.</p>	<p>I have done an internet search and could only find one other reference to a review of the number of addendums. It was for the City of Edmonton and of the 86 tender files they reviewed 83% had addenda. I contacted the Province of NL and they do not track numbers of addenda. From January 1, 2018 until October 15, 2018 we had 236 bid documents and 41% had addenda.</p>	<p>Implemented  Closed</p>

Recommendation	Status Update	Date
<p><b>2.2 (iv)</b> Management should investigate areas of improvement if it is found that the City's percentage of addenda is not reasonable.</p>	<p>I have done an internet search and could only find one other reference to a review of the number of addendums. It was for the City of Edmonton and of the 86 tender files they reviewed 83% had addenda. I contacted the Province of NL and they do not track numbers of addenda. From January 1, 2018 until October 15, 2018 we had 236 bid documents and 41% had addenda.</p>	<p>Implemented Closed</p>
<p><b>3.1</b> Management should review the "Tender Filing Tracking" report on a monthly basis and ensure that the status of each tender is recorded and up-to-date, all documentation is on file and outstanding issues are followed-up with staff, if needed.</p>	<p>Implemented.</p>	<p>Implemented Closed</p>
<p><b>4.1</b> In order to improve accountability, management should sign the request for approval for tenders.</p>	<p>Implemented. In addition to my original comments, Departmental Council Approval Request forms have been created. These are used when departments obtain the pricing, or the RFP process has been used, and the contract value is above \$50,000.</p>	<p>Implemented Closed</p>