

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE
AS OF SEPTEMBER 30, 2012**

Chief Financial Officer			
<i>Audit of Contracting</i>			
APPROVAL DATE: 11/25/2011			
PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Chief Financial Officer should ensure that all contracts are retained and tracked appropriately for retrieval purposes such that they can be retrieved when required, particularly for those contracts that are current. The CFO should task the Director of MAMD with investigating the four contract files that could not be located during the audit in order to determine the reasons that they are missing.</p>	<p>Two of the missing files have been found. The Director of Materiel and Asset Management Division (MAMD) will further investigate and look for the other 2 missing contract files, which were requested for the audit. Processes for file management and storage will be updated: files for all contracts valued over \$10K in the NCR will be maintained centrally beginning with FY 2011-12. Similar procedures will be instituted in the regions. File standards for contracts valued at \$10K or less will be communicated to RCMS. In addition, MAMD has begun to clean up its files and archive them to make more room for current contracting files. MAMD identified these types of issues and included remediation measures as one of the action items in the Procurement Renewal Strategy presented to Departmental Operations Committee in November 2010.</p> <p>It is important to note that in prior fiscal years, managers processed and maintained departmental procurement files for all call-ups. Therefore, MAMD had to rely on the managers to obtain the missing files, two of which were found.</p>	<p>April 2012</p>	<p>PROGRAM RESPONSE : Status : Request to close (Completed) Update/Rationale: As of 07/11/2012:</p> <p>Remaining files were found. Contract file clean up and archiving of old files has been completed. The NCR contract file room is now being maintained by a contracting file clerk. The clerk is responsible for pulling files, checking them out and also re-filing once officers are finished with them.</p> <p>Contract file standards have been established and implemented in both the NCR and the Regions. Guidelines have been posted on the Intranet outlining what should be included in all contract files as well as the organization of the file itself.</p> <p>AES: Fully implemented. Closed.</p>

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<p>guidance to ensure standardization of monitoring activities and that appropriate documentation to support the monitoring activity is retained.</p>	<p>c) Departmental RCMs will be advised on the quality control framework requirements, their accountability and responsibility regarding contracts, and consequences.</p> <p>RCMs whose LDV practices are identified as problematic will be required to undertake additional training or awareness session(s) within 6 months of the review or risk losing their contracting delegation. Where feasible, training material will be focused to respond to RCMs needs. An effort will also be made to link procurement training to financial authorities by making training for RCMs mandatory via an on-line course.</p>	<p>April 1, 2012</p>	<p>b) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 07/11/2012:</p> <p>Quality Assurance function was completed. Identified recommendations, such as additional training, will be communicated to the affected RCMs.</p> <p>c) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 21/09/2012:</p> <p>CFO has informed ADMs of re-instatement of the quality control function. Reviews of random files have been done and are now completed.</p> <p>AES: Fully implemented. Closed.</p>

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<p>3. The Chief Financial Officer should consider reconvening the Contracting and Procurement Board to ensure that there is adequate monitoring of procurement and contracting activities across the department, with full regional representation. This should be undertaken following an initial review of the Board's purpose and terms of reference to determine whether the Board can remain useful with a well understood purpose and that it can provide strategic oversight and direction.</p>	<p>MAMD identified this issue prior to the audit and included it as one of the action items in the Procurement Renewal Strategy presented to Departmental Operations Committee in November 2010. The Director of MAMD will undertake a review of the role and function of a Procurement Review Board and will make recommendations to the CFO.</p>	<p>June 2012</p>	<p>PROGRAM RESPONSE: Status: Request to Close (completed) Update/Rationale: As of 07/11/2012:</p> <p>Terms of reference have been approved for a Procurement Review Committee. Members of the Committee have been identified and will be contacted. Target for the first initial meeting is Q4.</p> <p>AES: Fully implemented. Closed.</p>
<p>4. The Chief Financial Officer should: a) ensure that all staff are made aware of and apply the correct method of contracting to safeguard AANDC's contracting interests and to ensure compliance with procurement policies and procedures;</p>	<p>a) In addition to its existing training offerings in HQ and Regions, MAMD will develop mandatory training in procurement for all administrative staff (on-line course). MAMD will continue to review current on-line procurement documentation with a</p>	<p>April 2012</p>	<p>A) PROGRAM RESPONSE : Status : Request to Close (Completed) Update/Rationale: As of 07/11/2012:</p> <p>On-line course has been developed. The Procurement and Contracting Desk Guide is now</p>

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<p>b) clearly communicate contract documentation requirements to RCM's and Procurement Officers and ensure that the following documentation are retained on file:</p> <ol style="list-style-type: none"> 1) sole source justification where required; 2) an appropriate statement of work or requirements description; 3) appropriate evidence to support FAA S32 requirements; and 4) Appropriate evidence of security clearance verification. 	<p>goal of streamlining the information and making it more accessible to RCMs. In addition, a Procurement and Contracting Desk Guide will be introduced. This condensed document will prove to be an easy to read and short reference tool, which will provide an overview and the basics of contracting procedures within the department.</p> <p>b) In the NCR MAMD has introduced the use of a mandatory Procurement and Contracting Checklist to accompany all contracting requests and files. This will be rolled-out to the regions in the next few months. Through the use of the checklist the RCMs are confirming that these four items are accompanying or are part of the file.</p>	<p>April 2012</p>	<p>posted on Intranet.</p> <p>B) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 07/11/2012:</p> <p>The Procurement and Contracting Checklist has been implemented in both NCR and regions.</p>

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<p>c) ensure that the contracting process cannot proceed until all required documentation is retained on file;</p>	<p>by filling out a Security Requirement Checklist (SRCL), ensure that a complete package is sent to MAMD and Security Services, allow enough time for Procurement and Security to conduct appropriate review and prepare contract clauses, and take immediate action if and when security violations or breaches are detected.</p> <p>c) All requests for contracts that are now sent to HQ Contracts are reviewed by our triage officer to ensure that all documentation is received before being assigned. Additionally, the quality control review of LDV contracts will provide feedback and highlight any discrepancies to RCMs regarding their contracts.</p> <p>Instructions on the "perfect file" have been given to MAMD procurement officers. These guidelines will provide clear direction as to what documents must be retained in the contract file, and where they should be located within the file. This will also be rolled out to the regions and RCMs in the future.</p>	<p>April 2012</p>	<p>C) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 07/11/2012:</p> <p>HQ contracts allocation (triage) clerk position was filled and all requests are reviewed to make sure all documentation is received before processing a request. The Quality Assurance of the Low dollar value contracts is now complete. Documents such as cheat sheets for contracting, perfect file documents, and presentation on how to plan your procurement have been posted on Intranet to help RCMs.</p>

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<p>d) Take action to quickly resolve the contract negotiations with the vendor in the regional office and follow-up on any potential contract splitting.</p>	<p>d) Regional procurement officers will be encouraged to contact the Procurement Services section as soon as they become aware of any perceived conflict with a contractor. RCMs are encouraged to do the same. MAMD will continue to run periodic reports on sole source contracts in order identify potential problems vis à vis the Government Contracting Regulations. Problematic issues, depending on their nature, frequency and materiality, will be highlighted to Senior Management.</p>	<p>December 2011</p>	<p>D) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 07/11/2012:</p> <p>The Procurement and Contracting Desk has been amended to include a section on how to resolve issues with suppliers and what is required from the RCMs and Regional Procurement Services. This section also explains what recourse a supplier has when it feels that it is not treated fairly.</p> <p>AES: Fully implemented. Closed.</p>
<p>5. The Chief Financial Officer should ensure that all contract files retain appropriate evidence to support FAA signatory requirements and appropriate segregation of duties.</p>	<p>a) MAMD will work with CFO partners to obtain access to Specimen Signature Cards. HQ Contracts will, on risk-based approach, review signatures on requests valued over</p>	<p>April 2012</p>	<p>A) PROGRAM RESPONSE : Status : Request to Close (completed) Update/Rationale: As of 07/11/2012:</p>

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<p>This entails:</p> <p>a) FAA requires that approvals are made in accordance with delegated authority limits, and that there is an effective process for identifying and rejecting those that are non-compliant</p> <p>b) If the process or other circumstances do not allow adequate segregation of duties, alternate control measures should be implemented and documented.</p>	<p>\$10k, to ensure compliance with delegated authorities. No compliant requests will be returned to RCMs.</p> <p>b) MAMD will advise Regional Procurement people and managers through a combination of teleconferences and bulletins of the requirement for segregation of duties and will also monitor the compliance.</p>	<p>April 2012</p>	<p>New section 32 verification function has been assigned to specific officers to check procurement requests against specimen signature cards. MAMD started to review all contract requests that are coming in before assigning them to officer to ensure that the RCMs signing the requisition have the delegated authority. Each request is checked using the specimen cards and if RCM does not have the delegated authority the requisition is sent back and the procurement is on hold until the RCM that has the delegated authority signs the request.</p> <p>B) PROGRAM RESPONSE : Status : Request to close (completed) Update/Rationale: As of 07/11/2012:</p> <p>Tools have been developed, such as the Procurement and Contracting Desk guide for Managers, in order to assist RCMs with their procurement needs. Several sections of the guide outline the "Pitfalls" to avoid when involved in a contract process, as well as "Best Practices", all aimed at assisting RCMs to better create their contracts and ensure the best possible outcome. RCMs are also encouraged in the guide to contact HQ's Procurement Services Section when advice is needed, or the applicable regional procurement officer.</p> <p>AES: Fully implemented. Closed.</p>

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tracking that is required for reporting purposes.	to increase the use of Aboriginal Supplies and to communicate AANDC's targets to both RCMs and procurement staff. Coding and reporting options will be explored in order to better capture reporting information for aboriginal procurement targets. AANDC routinely posts set-aside RFP processes on the government electronic bidding system and MAMD staff, as a normal practice, challenge managers to determine if their requirements can be met by an aboriginal supplier. Also, MAMD uses aboriginal standing offers wherever feasible.		<p>MAMD meets regularly with Departmental PSAB coordinators to discuss Aboriginal participation on specific requirements.</p> <p>MAMD Procurement Officers have completed PSAB training/refreshers course in Q2.</p> <p>On-going discussion with PSAB. Continue to post set aside requirements.</p> <p>AES: Fully implemented. Closed.</p>