

Response to Directed Audit - Management of HP/Compaq Contracts - Final Report - December 16, 2003

RECOMMENDATIONS	RESPONSE	ACTION
<p>1. PWGSC, in collaboration with its procurement clients, should clarify and rebalance its procurement (service delivery) and contract management and oversight (control) roles and responsibilities, and establish a vigorous risk-based contract management process</p>	<p>PWGSC has begun a program of clarifying and rebalancing its procurement (service delivery) and contract management and oversight (control) roles and responsibilities. Further, PWGSC is actively pursuing the establishment of a vigorous risk-based contract management process.</p>	<p>In its organizational realignment in December 2003 the Department created a new Director position, with responsibility for "Contract Management". A significant part of the new Director's role is expected to be the clarifying and rebalancing of its procurement (service delivery) and contract management and oversight (control) roles and responsibilities. Work is underway to establish a contract management framework as well as a monitoring and reporting regime. Contracts will be built around the framework which will provide for early detection and resolution of contract problems.</p> <p>Quality Assurance (QA) section in the Policy, Program Integrity and Strategic Management (PRISM) sector intends to have risk-based contract management as one of the important features in the overall QA of procurement. QA has already met with the two Contract Management (CM) personnel to exchange ideas with respect to contract management implementation. To strengthen support for the CM role the Acquisition Program Integrity Secretariat (APIS) in PRISM sector has, in January, 2004, appointed a person to the Vendor Performance position. The purpose of this role will be to strengthen the Department's vendor performance policy and to ensure that it becomes a dynamic and usable policy to assist in improving quality performance by vendors.</p>

<p>2. PWGSC should assess its current contract management capacity and, if necessary, enhance this capacity through the application of additional contract management resources and appropriate training. Consideration should be given to developing a case study based on the situation addressed by this report.</p>	<p>PWGSC agrees in all respects with this recommendation.</p>	<p>As noted in the response to (1) above the department has and will be appointing personnel to perform Contract Management roles in the newly aligned Acquisitions Branch. The CM personnel have already included in their plans for FY 2004/05 the requirement for additional resources and will be recommending that plans be developed for training of procurement officers in the techniques of contract management. Additionally the Professional Development and Change Management (PDCM) directorate in the PRISM sector has begun to develop a CM training program for presentation to applicable employees in PWGSC and other government departments as well as to vendors. APIS will pursue with PDCM the development of a case study based on the situation addressed in the HP audit report.</p>
<p>3. PWGSC should improve the sharing of vendor and cost audit information within PWGSC's procurement and contract management community, and reassess the use of the Vendor Information Management System as a viable method for sharing information.</p>	<p>PWGSC agrees that it should improve the sharing of vendor information within PWGSC's procurement and contract management community, and reassess the use of the Vendor Information Management System as a viable method for sharing information. With respect to the sharing of cost audit information, PWGSC has a process in place and feels the challenge is to ensure that line procurement personnel make effective use of the information that is being made available.</p>	<p>As a strategic measure the cost audit function was organizationally relocated from a procurement sector to APIS in October, 2003. APIS intends to work with the CM directorates to ensure that procurement officers are committed to making effective use of the available cost audit information. In addition APIS will also work with CM to ensure that vendor information is shared with and effectively used by PWGSC procurement officers. With the revitalization of the Vendor Performance function in APIS (see (1) above), cost audit and VP will be well positioned to share vendor and cost audit information with PWGSC's procurement and contract management community.</p> <p>The VIM will be reassessed by PRISM in FY 2004/05 to determine if it is a viable tool to use in sharing information with the contract management and procurement communities.</p>

<p>4. PWGSC should capitalize on the benefits available from its cost audit function: by identifying and assessing, in collaboration with CAC, potential improvements to the cost audit delivery process; by effectively integrating cost audit information into contract management, risk management and decision making; and by determining whether the resource levels currently devoted to the cost audit function are appropriate.</p>	<p>PWGSC agrees that it should capitalize on the benefits available from its cost audit function: by identifying and assessing, in collaboration with CAC, potential improvements to the cost audit delivery process; by effectively integrating cost audit information into contract management, risk management and decision making; and by determining whether the resource levels currently devoted to the cost audit function are appropriate.</p>	<p>The cost audit group in PRISM sector will continue to look at ways to improve the cost audit delivery process, for example by looking at having audits start before contract completion in multi-year contracts. This would require collaboration with CAC.</p> <p>The cost audit group will continue its ongoing work with procurement sectors to ensure that timely cost audit information is made available to the sectors. This will continue to allow the procurement sectors to integrate cost audit information into contract management, risk management and decision making.</p> <p>PRISM on an ongoing basis will assess whether current cost audit resource levels are appropriate.</p>