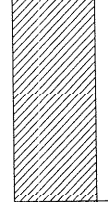
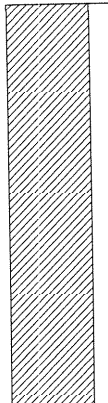


RESPONSE TO FOLLOW UP REVIEW OF ADVERTISING 2000/01 THROUGH 2002/03

RECOMMENDATIONS	RESPONSE	ACTION
<p>Acknowledging that the changes the GOC's advertising practices will impact PWGSC and may necessitate further internal changes, PWGSC's advertising MCF should be improved in the following key areas:</p> <p>Although some progress was noted with information management practices and systems, these practices and systems have not yet fully matured and should therefore be improved to ensure PWGSC has more reliable management and operation level advertising information.</p>	<p>PWGSC-CPD now uses standard PWGSC procurement IM systems, principally ABE, to record procurement activity (originating department, dates, type of solicitation, contracting instrument, value, supplier, etc.). All other advertising data is managed centrally by Communication Canada, and individually by client OGDs. Communication Canada is implementing a planning/reporting system to collect planned advertising activities from OGD. This system can be used to support PCO in the review of advertising campaigns. It is intended to implement this system this fiscal year (2003/04).</p>	<p>Actions Taken To-Date:</p> <p>PWGSC-CPD now uses, as of January, 2002, standard PWGSC procurement IM systems, principally ABE, to record procurement activity. CPD's position within the GoC's main procurement organization will facilitate business practices and operations that are consistent with those across Acquisitions Branch.</p> <p>PWGSC-CPD will continue to align advertising procurement processes and procedures with PWGSC's acquisitions framework in order to ensure consistency and cohesion with Acquisitions Branch policies and practices (ongoing).</p>

<p>PWGSC's advertising policy and related internal processes and procedures should be updated to reflect the September 2001 realignment of advertising responsibilities and revised TBS policies.</p>	<p>Communications Branch concurs.</p>	<p>Communications Sector will review, by fiscal year end, the departmental policy on advertising so that it will be reflected in the new departmental organization and will conform to the Treasury Board communications policy.</p> <p>Communications Sector will publicize the new departmental policy on advertising to employees in PWGSC.</p>
<p>Given shared advertising accountabilities exist, PWGSC should seek to clarify and make more transparent its advertising roles and responsibilities versus those OGDs.</p>	<p>Government-wide Advertising User Guide being prepared by Communication Canada in consultation with PWGSC-CPD and PCO. The guide, expected to be completed in June 2004, will clearly define roles and responsibilities of all stakeholder organizations. Information sessions are held regularly with OGD stakeholder groups at which PWGSC, Communication Canada and PCO provide updates. Advertising Guidelines prepared by Communication Canada are in approvals at Treasury Board. These Guidelines will be appended to the Government Communications Policy in the fall of 2004. The OPI for this work is Communication Canada with TBS.</p> <p>Further, PWGSC in its lead role in the current Government Wide Review of Procurement project will be reviewing, in general, the respective procurement roles and responsibilities of PWGSC versus the OGD's. Specifically, the project will review PWGSC and OGD roles and responsibilities under Section 34, and related sections 32 and 33, of the FAA. The OPI for the Government Wide Review is the Government Wide Procurement Review Sector in PWGSC. Completion date for the review, which will be in FY 2004/05, will be determined in mid-February, 2004.</p>	<p><b>Actions Taken To-Date:</b>          PWGSC-CPD has participated in info sessions with stakeholders/Advertising Community of Practice. PWGSC-CPD will continue to support and maintain effective working relationships with advertising program authority and central agencies.</p> <p>PWGSC-CPD will continue to provide input to Communication Canada and to work with Communication Canada officials through the disbandment process and the move to new organizational structures and interrelationships</p> <p>As part of strengthening the departments contract management activities PWGSC PRISM sector has prepared a draft MOU which when completed will be used to clarify with OGD's the division of contracting responsibilities.</p>

<p>To better position government officials to exercise due diligence under s34 of the FAA, PWGSC should (to the extent it is responsible) improve the processes used to clarify advertising contract requirements/deliverables as well as the processes to ensure advertising invoices are adequately supported by appropriate documentation.</p> <p>Further, PWGSC should ensure managers understand their responsibilities under the FAA and exercise due diligence in discharging these responsibilities.</p>	<p>OGDs are responsible for inspection of contract deliverables to determine if they meet contract requirements. OGDs are responsible for signing Section 34 on invoices.</p>	<p><b>Actions Taken To-Date:</b> PWGSC-CPD, as OPI, is ensuring that new contracts (as of FY 2003-2004) have clear deliverables and payment milestones and also that contract copies, once executed, are distributed to client OGDs.</p> <p>PWGSC-CPD pursues discussions, on an ongoing basis, with GoC stakeholders in order to continue to improve contracts.</p> <p><b>Action Plan:</b> -Training to all administrative personnel supporting RC managers on Section 34 accounts verification. It is expected that most of this training will be completed in 2003-04 for the NCA while the regions are scheduled for 2004-05</p> <p>-A learning strategy has been developed to support managers as they carry out their day-to-day responsibilities related to Section 34. The availability of funds will dictate timing of the development and implementation of this strategy.</p> <p>-Finance Sector to perform special post audit on FAA section 34 compliance for Advertising and Public Opinion Research payments. The report will comprise payment transactions made by NCA for the first two quarters of 2003-04 and will be completed by March 2004.</p>
--	---	---

<p>Included below is related information on advertising which addresses the main issues raised relevant to advertising in the upcoming Auditor General's Report.</p>		
<p><b>OBSERVATIONS</b></p>	<p><b>RESPONSE</b></p>	<p><b>ACTION</b></p>
<p>A competitive process was not used in the selection of several advertising agencies. A competitive process that was used broke the contracting rules.</p>		<p>Changes to advertising practices including advertising contracting practices, announced in April 2003, create greater competition for government advertising business, improve the value the government receives for its investments in advertising, and increase transparency in the management of the activities. These changes follow extensive consultations with representatives of the advertising industry. Key changes include: the 100% Canadian ownership being replaced by an 80% Canadian ownership requirement to increase number of firms eligible to compete; a new contracting process (including Standing Offers, Supply Arrangements and Request for Proposals). Changes are guided by the objectives of transparency, accountability, value-for-money and increased competition. The new contracting process has been designed and is being implemented. PWGSC-CPD is the OPI and implementation began in APRIL, 2003, and is expected to take 18 to 24 months to complete. An RFP was issued to select a new Agency of Record (ACR) for government advertising. Bids have been received and are currently under evaluation. Under the new contracting process Standing Offers for work up to \$75,000 will be put in place and used on a rotational basis. Supply arrangements for work between \$75,000 and \$750,000 will also be established, and a mini competition will be used to select an agency. For requirements over \$750K an RFP will be issued and published on GETS. Also under the new contracting</p>

<p>Failure to fulfil contractual obligations and ensure appropriate oversight of the agency of record.</p>	<p>process, there is a requirement for disclosure of specific information, mandatory and rated criteria, selection process and passing score. The period for which the services are required is part of the RFPs.</p> <p>The selection process for a new Agency Of Record for media placement is currently in the bid evaluation phase. PWGSC-CPD is the OPI for the procurement and is anticipating a contract award in Q1 FY 2004/05. The advertising procedures, which support the mandatory requirements of the Government of Canada Communications Policy, are being revised. The new procedures will further clarify the roles and responsibilities of all institutions in the management of the advertising function, as well as detail the necessary steps, processes and requirements to be followed by government institutions. Communication Canada has reviewed the procedures and plans a meeting for early February. 2004 with PCO , PWGSC, and TB to address this issue.</p> <p>More specific details concerning action to be taken with respect to the AG's observation on oversight of the AOR follow:</p> <p>AOR MANAGEMENT:</p> <p>How will the GOC ensure that government expenditures in media placement will be better monitored, managed and with appropriate oversight:</p> <ul style="list-style-type: none"> <li>-The requirements and scope of work of the new AOR were developed with the assistance of advertising industry experts (Association of Canadians Advertisers)</li> <li>-A procedure manual is being developed for the management of the AOR, defining</li> </ul>
--	--

roles/responsibilities and procedures, to ensure all services/deliverables from the AOR are fulfilled and terms and conditions of the contract are met.

-A performance audit of the new AOR will be conducted after 2 years.

-Ad hoc audits will be performed of advertising campaigns value for money of the media and evaluation of the effectiveness and service of the AOR.

-An invoice model will be developed to include certification clause and necessary back-up documentation.

#### DOCUMENTATION STANDARD/FAA:

This standard is to support the advertising renewal initiative by building internal capacity. The standard, developed by Communication Canada, will assist employees of OGD through the government advertising process. It provides an overview of the GOC advertising process and is to be used as a reference tool. It has been developed to guide the GOC communications community in advertising related record keeping, file management and the maintenance of proper audit trails. This standard should be used by institutions responsible and accountable for ensuring proper project administration, financial, contract and payment documentation, as well as the file management and quality control of the products and deliverables, in accordance with the FAA. This standard should be used in accordance with National Archives Canada Government Records Disposition Program, the TB Secretariat's policy on the management of

	<p>government information and the individual institutions records management directives.</p> <p>This standard is being developed to address the AG concerns re lack of documentation in advertising files. It has been shared with PCO/Comm. and with the OAG. Comments from the DAG are expected in early February, 2004. Following the review of the comments Communication Canada will share the standard with all departmental Directors General of Communications.)</p>
<p>No challenge of commissions on work subcontracted to affiliated companies.</p> <p>Departments approved payment of invoices with incomplete or no supporting documentation. Obligations under the Financial Administration Act were not always met.</p>	<p>Commissions on subcontracted work have been eliminated. All work will be paid at an hourly rate.</p> <p>(This issue to be addressed individually by OGDs)</p> <p>In Communication Canada a comprehensive checklist is now attached to all invoices when received. The checklist requires project managers to verify contract requirements have been met (incl. subcontracting clauses, project meets FAA, TBS requirements). No invoice will be signed without a completed checklist. Periodic training on the FAA has been completed in 2003 for all Communication Canada employees who plan and implement advertising campaigns.</p> <p>Communication Canada intends to promulgate its checklist once the new communication sector is officially announced.</p>