

**Management Response and Action Plan  
Internal Audit of Contracting and Procurement Practices  
May 2005**

Transportation Safety Board of Canada (TSB) management accepts the findings of this audit and generally agrees with the recommendations made by auditors. The detailed management response and action plan is described in the following table.

<b>Recommendation</b>	<b>Response</b>	<b>Action</b>	<b>Office of Primary Interest</b>	<b>Timeline</b>
<p>1. The Director of Corporate Services should ensure that roles and responsibilities are understood by those with contracting responsibilities and that the Procurement Specialist be involved in the planning stages of procurement once the Responsibility Centre Manager identifies a need to contract services. This control regime will enhance TSB's ability to be compliant with Treasury Board Contracting Policy and with the <i>Financial Administration Act</i> (FAA).</p>	<p>Management agrees on the importance of the Procurement Specialist being involved in the early planning stages of procurement in order to enhance the TSB's ability to be compliant with Treasury Board Contracting Policy.</p>	<p>The Chief, Finance and Administration, will develop a set of procedures that will be posted on the Intranet to highlight the roles and responsibilities of employees with contracting responsibilities and of the Procurement Specialist. A one-page summary chart of roles and responsibilities will also be developed as a quick reference tool.</p>	<p>Chief, Finance and Administration</p>	<p>Implementation of the new procedures by December 1, 2005.</p>
<p>2. The Director of Corporate Services should ensure that funds have been committed on all requests for contracts prior to preparing contracts for signature to sustain compliance with Section 32 of the FAA through tools</p>	<p>Verification by management revealed that all contracts were effectively committed in the departmental financial system. However, contract files did not reflect these commitments of funds.</p>	<p>The Chief, Finance and Administration, will develop a set of procedures that clearly state the requirement to confirm commitment of funds under Section 32 of the FAA on the Request for Contract form.</p>	<p>Chief, Finance and Administration</p>	<p>Implementation of the new procedures by October 1, 2005.</p>

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such as contract requisition forms and supporting procedures.	<p>The Request for Contract form currently in use includes space to record the commitment of funds under Section 32 of the FAA.</p> <p>Management agrees with the recommendation that commitment documentation should be on the contract files.</p>	<p>In addition, a checklist will be created for the Procurement Specialist to ensure that all required documentation is obtained and placed on contract files. This checklist will be attached to each contract file.</p>		<p>Use of the new checklist to start by July 1, 2005.</p>
<p>3. The Director of Corporate Services should ensure that fairness and due regard for economy is occurring on all contracts to reflect the intentions of the Treasury Board Contracting Policy through documented procurement procedures and appropriate training.</p>	<p>Management agrees that better record-keeping is required.</p>	<p>The Chief, Finance and Administration, will develop a set of procedures that clearly state the requirement for good record-keeping in contract files.</p> <p>In addition, a checklist will be created for the Procurement Specialist to ensure that all required documentation is obtained and placed on contract files. This checklist will be attached to each contract file.</p> <p>See item 5 for the response on training aspects.</p>	<p>Chief, Finance and Administration</p>	<p>Implementation of the new procedures by October 1, 2005.</p> <p>Use of the new checklist to start by July 1, 2005.</p>
<p>4. The Director of Corporate Services should ensure that TSB expenditure and contracting procedures reflecting Treasury Board Contracting Policy and FAA implementation</p>	<p>Management agrees that contracting procedures need to be properly documented.</p>	<p>The Chief, Finance and Administration, will develop a set of procedures that clearly define roles and responsibilities, record-keeping requirements, forms to be used and monitoring practices.</p>	<p>Chief, Finance and Administration</p>	<p>Implementation of the new procedures by December 1, 2005.</p>

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requirements be documented.		These procedures will be posted on the Intranet.		
<p>5. The Director of Corporate Services should continue current efforts related to training on contracting and Treasury Board Contracting Policy to ensure that those with contracting responsibilities receive an adequate level of training to sustain compliance with the Treasury Board Contracting Policy and FAA requirements for the expenditure process.</p>	<p>Management had identified the need for increased training prior to the start of the audit and had taken steps in that regard. Management agrees with the recommendation to continue to provide increased training to employees who have contracting responsibilities.</p> <p>Financial delegation training has been provided to all delegated managers and employees over the past 18 months. Basic procurement training was offered in March 2005 to all managers and project leaders. About half of the managers have been trained on procurement to date.</p>	<p>Treasury Board Secretariat has developed a Professional Development and Certification Program for Procurement and Materiel Management Specialists. All employees in the Materiel Management Unit will be required to enroll in this program through the Canada School of Public Service.</p> <p>Financial delegation training and basic procurement training will continue to be provided to managers and selected employees. A minimum of one training session on financial delegations and one training session on procurement will be provided each year. More frequent sessions may be provided as required.</p>	Chief, Finance and Administration	<p>Enrollment of all specialists in the Professional Development and Certification Program by October 1, 2005.</p> <p>At least one training session on financial delegations and one training session on procurement will be provided before March 1, 2006.</p>
<p>6. The Director of Corporate Services should ensure that an amendment template be developed that sustains compliance to the Treasury Board Contracting Policy requirements for contracts and amendments to adequately protect the TSB and the vendor.</p>	Management agrees with the recommendation to develop a formal amendment template.	The Procurement Specialist will develop a formal amendment template for review and approval by the Director of Corporate Services.	Procurement Specialist	Use of the new amendment template to start by July 1, 2005.

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<p>7. The Director of Corporate Services should consider the development of a reporting mechanism and an appropriate reporting schedule to monitor compliance and to provide management with a level of assurance that compliance to Treasury Board Contracting Policy is occurring.</p>	<p>Management agrees with the recommendation to implement a reporting mechanism to ensure that all contracting is in compliance with Treasury Board Policy. However, given the small volume of contracting activity, management believes that reporting and monitoring should be kept simple.</p> <p>The Material Management Unit currently produces a quarterly contracting report to comply with the Treasury Board policy on proactive disclosure. This report is reviewed and approved by the Director, Corporate Services.</p>	<p>The quarterly proactive disclosure report on contracting will be expanded to capture additional information. This report will be reviewed and approved by the Chief, Finance and Administration, as well as by the Director, Corporate Services.</p> <p>The Chief, Finance and Administration, will also conduct occasional reviews of contract files to ensure compliance with departmental procedures.</p>	<p>Chief, Finance and Administration</p>	<p>The first expanded quarterly report will be completed by July 15, 2005, with subsequent reports done every three months thereafter.</p>