

**TSB Management Response and Action Plan
Internal Audit of Internal Controls – Section 32 of FAA
November 2006**

TSB management accepts the findings of this audit and generally agrees with the recommendations made by auditors. The detailed management responses and action plans are described in the following tables.

Recommendation #1	The Director General Corporate Services should ensure that appropriate training and instructions be given to personnel regarding the procurement process and file keeping.
Management Response	Management agrees with the importance of training and clear instructions. Management also recognizes this is an area in need of improvement.
Actions Planned	1 - This topic will be addressed with administrative officers at the Annual Admin Officers Conference. A reminder of the procedural requirements will be provided at that time. 2 - New written procedures will be developed and implemented in conjunction with the implementation of the Government of Canada Marketplace System.
OPI	Coordinator Materiel Management and Accommodation
Timeline	1 - Completed by November 2006 2 - Completed by February 2007

Recommendation #2	The Director General Corporate Services should reinforce the importance of the requisition documentation in the procurement process to procurement personnel.
Management Response	Management agrees with the importance of good recordkeeping.
Actions Planned	1 - This topic will be addressed with administrative officers at the Annual Admin Officers Conference. A reminder of the documentation requirements will be provided at that time and a checklist will be provided to them. 2 - The Contracting and Procurement Specialist will be asked to develop desk procedures to be followed for all centralized procurement transactions.
OPI	Coordinator Materiel Management and Accommodation
Timeline	1 - Completed by November 2006 2 - Completed by January 2007

Recommendation #3	The Director General Corporate Services should reinforce monitoring procedures to ensure that contracts are signed before the contract start date.
Management Response	Management agrees with the recommendation of the auditors with respect to reinforced monitoring.
Actions Planned	<p>1 – All managers will be reminded of policy requirements.</p> <p>2 - The Coordinator Materiel Management and Accommodation will conduct periodic reviews of transactions initiated by administrative officers to ensure compliance to policy requirements.</p> <p>3 – The Manager Finance and Administration will conduct periodic reviews of transactions initiated centrally by the Contracting and Procurement Specialist to ensure compliance to policy requirements.</p>
OPI	<p>1 – Manager Finance and Administration</p> <p>2 - Coordinator Materiel Management and Accommodation</p> <p>3 - Manager Finance and Administration</p>
Timeline	Start in December 2006 and on-going afterwards

Recommendation #4	Files should be established to provide a complete audit trail and clear responsibilities for file keeping should be developed between divisions.
Management Response	Management agrees with the concept of good recordkeeping. Files currently exist for procurement activities. However, the real problem lies in the lack of clear responsibilities and overlapping accountabilities, particularly for the transactions of the Informatics Division and the TIIMS project.
Actions Planned	Responsibilities for procurement and contracting (as well as related recordkeeping) will be clarified between the Informatics Division, the TIIMS project team, the Materiel Management Group and the respective administrative officers.
OPI	Director General Corporate Services
Timeline	Completed by December 2006

Recommendation #5	All supplier files should contain justification for sole sourcing when applicable. Also, the supplier file should contain a reference to the original RFP file to provide a proper audit trail and to meet Treasury Board Contracting Policy.
Management Response	Management agrees with the recommendation of the auditors.
Actions Planned	<p>1 - All managers will be reminded of policy requirements.</p> <p>2 - This topic will be addressed with administrative officers at the Annual Admin Officers Conference. A reminder of the sole source documentation requirements will be provided at that time.</p> <p>3 - Wherever possible RFP files will be eliminated and incorporated into supplier files. Where consolidation is not possible, appropriate file cross-references will be put in place.</p>
OPI	<p>1 - Manager Finance and Administration</p> <p>2 + 3 - Coordinator Materiel Management and Accommodation</p>
Timeline	Completed by December 2006

Recommendation #6	We recommend that the Director General Corporate Services reinforce the importance of the fund commitment process regarding traveling expenditures and credit card transactions to employees with commitment authority.
Management Response	Management agrees on the importance of fund commitments, however practical solutions must be found for low dollar value transactions.
Actions Planned	<p>1 - This topic will be addressed with administrative officers at the Annual Admin Officers Conference. A reminder of the rules for the commitment of funds will be provided at that time.</p> <p>2 - Finance will review and update the threshold amount above which commitments are required with a view to facilitate operational activities and minimize the administrative burden for low dollar value transactions.</p>
OPI	Manager Finance and Administration
Timeline	Completed by November 2006

Recommendation #7	The Director General Corporate Services should ensure that the Administrative Procedures Manual be updated to reflect current practices and directives and be accessible to TSB managers and staff. Also, the effectiveness and efficiency in the contracting and acquisition activities could be improved by standardizing a part of the process such as the file identification and file keeping by establishing a common log so information could be easily retraceable.
Management Response	Management agrees with the need to update the procedures manual. A centralized corporate filing system is already in place and in use for official records. Management does not agree with imposing a common standard for people's individual working files and does not see the need for a common log. Flexibility must be allowed to suit the local needs of each division and/or region.
Actions Planned	<p>1 - Policies and procedures pertaining to the commitment of funds will be reviewed and updated.</p> <p>2 - Policies and procedures pertaining to procurement and contracting will be reviewed and updated in conjunction with the implementation of the Government of Canada Marketplace System.</p> <p>3 – All financial and administrative policies and procedures will be made readily available in the TSB Reference Centre.</p>
OPI	Manager Finance and Administration
Timeline	<p>1 - Completed by November 2006</p> <p>2 - Completed by March 2007</p> <p>3 - On-going, to be done as policies and procedures are updated</p>