Minutes – Executive Policy Committee – March 17, 2021

AUDIT COMMITTEE

Item No. 2 Contract/Vendor Management Audit

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Contract/Vendor Management Audit Report be received as information.

DECISION MAKING HISTORY:

Moved by Councillor Browaty,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

ADMINISTRATIVE REPORT

Title: Contract/Vendor Management Audit

Critical Path: Audit Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Mansky City Auditor	B. Mansky City Auditor		

EXECUTIVE SUMMARY

The purpose of this audit was to review processes and ensure contracts contain adequate provisions for oversight; that contractors are held accountable for compliance with requirements; and that City contract administrators are fulfilling their required roles. The focus of this audit was limited to post-award contract management of contracts for good and/or services.

The City enters into hundreds of contracts for goods and/or services on an annual basis. These contracts vary significantly in the type of contract and dollar value, as they range from $500 to $8 million. The total estimated dollar value for expense related goods and/or service contracts was approximately $270.6 million in 2019.

A summary of the key observations include:

- There is currently no corporate group designated to provide oversight of the management of goods and/or services contracts, however, the Materials Management Division is considered the City's in-house expert. The lack of corporate-wide standards results in inconsistencies and the absence of oversight fails to ensure consistency in the performance of contract administration duties. Additionally, there are no defined and/or documented roles and responsibilities for contract administrators related to post-award contracts for goods and/or services.
- The City's Procurement and Contract Administration course and Project Management Manual do provide some guidance for contract administration, but their primary focus is on capital contracts and/or pre-award activities. 69% of City contract administrators that participated in our survey identified that additional training would be beneficial to support their role.
- Monitoring of vendor performance was occurring for the majority of the contracts tested, but it was informal, inconsistent and not guided by defined and documented processes. We found limited guidance for contract administration at the corporate-wide level and/or within the bid opportunity.
- Oversight of the contract administrators' performance was taking place informally and on an inconsistent basis for the contracts tested. We observed that the supervisors tended to rely on the contract administrators' understanding of how to manage contracts and ensure objectives were achieved.

- All of the contracts tested had payment processes in place, however, only half of the contract administrators monitored the payments for compliance with the actual supply of goods and/or services received.

RECOMMENDATIONS

1. That the Contract/Vendor Management Audit Report be received as information.

REASON FOR THE REPORT

The report is being submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee."

IMPLICATIONS OF THE RECOMMENDATIONS

The most important component of an audit recommendation is its implementation. The Public Service is responsible for providing a management response to the report; their responses have been included in the attached report.

The Public Service has agreed to implement all 9 of the recommendations over the next two years.

HISTORY/DISCUSSION

The Contract/Vendor Management Audit was added as a new project to the 2015 – 2018 Audit Plan. The audit was postponed in 2016 due to other commitments and resumed in 2018.

FINANCIAL IMPACT

Financial Impact Statement

Date: December 23, 2020

Project Name:

Contract/Vendor Management Audit

Comments:
There are no financial implications associated with receiving this report as information.

electronically signed by T. Yanchishyn
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Corporate Finance
Human Resources Department

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity - Direction 1 - Provide Efficient and Focused Civic Administration and Governance

This report supports the demonstration of accountability through reporting and to continuously pursue innovative, streamlined service delivery and decision-making processes.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

The City of Winnipeg Audit Department provides assurance on the efficiency, effectiveness and economy of City programs and activities, thus enabling an organizational operating environment that promotes support of the vision and targets of the Winnipeg Climate Action Plan.

SUBMITTED BY

Department: Audit Department
Prepared by: Bryan Mansky, City Auditor
Date: January 2021

Attachments: