

**Management Response to the Auditor General's Review of  
Process for Non-Competitive Procurement (Sole Sourcing) Needs Improvement**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> (Comments are required only for Rec where there is disagreement.)	<u>Action Plan/ Time Frame</u>
1.	The Treasurer report annually to Government Management Committee a summary of all sole source purchases including divisional purchase orders, as well as sole source purchases reported to the Standing Committees and Council.	X			In the annual sole source purchase report to Committee and Council, PMMD will provide details of the sole source purchases made between \$50,000 and \$500,000 and provide a summary of the sole source purchases previously approved by Standing Committees and a summary of sole source purchases under \$50,000 made directly by Divisions.  Projected Completion Date – 2 <sup>nd</sup> Quarter, 2010.
2.	The Treasurer require that staff in the Purchasing and Materials Management Division report significant inappropriate sole source activity to senior divisional staff in order to address performance and training issues of divisional staff.	X			PMMD will track inappropriate sole source purchasing activity. The Director of PMMD will report to and meet with senior divisional staff to review any significant inappropriate sole source activity as well as identify any training issues.  Projected Completion Date – 3 <sup>rd</sup> Quarter, 2009.
3.	The Treasurer require that the reasons for all sole source purchases, including those purchases approved in Standing Committee and Council reports, are recorded in the financial information system on a consistent basis.	X			PMMD will ensure that reports for sole source purchases approved by Standing Committee and Council include the reason for the sole source request. The reason for the sole source will also be recorded in the financial information system so that the high volume sole source purchases can be readily identified and included in the annual sole source report.  Projected Completion Date – 3 <sup>rd</sup> Quarter, 2009.

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4.	The Treasurer ensure policies and procedures to control and monitor the new \$50,000 limit on divisional purchase orders are finalized and issued to divisional staff as soon as possible. Such procedures should address the justification and documentation requirements for sole source purchases.	X			PMMD will finalize procedures for monitoring and controlling DPO's. PMMD will also review existing policies and procedures related to DPO's and sole source and update them as required in accordance with this recommendation.  Projected Completion Date – 3rd Quarter, 2009.
5.	The Treasurer ensure that sole source procedures clearly state that solicitation of informal bids is not permitted. Similarly, for non emergency situations, vendors should not start work before purchase orders are approved and wherever possible, the first phase of multi-phased projects should undergo a competitive procurement process.	X			The procedure for sole source purchases will be revised to clearly state that solicitation of informal bids is not permitted.  However, there may be situations where informal bidding within the sole source process may be appropriate, provided it is done in consultation with PMMD.  Projected Completion Date – 4 <sup>th</sup> Quarter, 2009.

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6.	<b>The Treasurer re-emphasize to divisional management the importance of identifying procurement requirements and ensure that this information is communicated to the Purchasing and Materials Management Division and City Legal on a timely basis. This process would allow for sufficient lead time, such that both the Purchasing and Materials Management Division and City Legal can schedule their respective resources to meet divisional timelines.</b>	X			The Treasurer will issue a reminder and meet with Division Heads to re-emphasize the importance of reviewing their procurement plans to ensure that sufficient lead time is provided so divisional timelines can be met.  Projected Completion Date – 3 <sup>rd</sup> Quarter, 2009
7.	<b>The Treasurer develop and communicate guidelines to assist divisional staff in identifying contractual relationships where the potential exists that the contractor could be deemed an employee by the Canada Revenue Agency.</b>	X			The Treasurer, in consultation with the City Solicitor's office and based on information available on the Canada Revenue Agency's (CRA) website, will develop and communicate guidelines with respect to contractual relationships where the potential exists that a contractor could be deemed an employee by the CRA.  Projected Completion Date – 3 <sup>rd</sup> Quarter, 2009

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8.	The City Manager direct City divisions to report back to the Treasurer on any consulting/contractor arrangements that may pose a significant risk of being deemed City employees by the Canada Revenue Agency.	X			<p>Once the aforementioned guidelines referenced in Recommendation 7 (above) are developed, the Treasurer's office will work with the City Manager's office on issuing a communication to Division Heads requesting that they use the guidelines provided to identify any consulting / contractor arrangements that may pose a significant risk of being deemed a City employee by CRA.</p> <p>Projected Completion Date – 3<sup>rd</sup> Quarter, 2009</p>