



OFFICE OF THE  
**City Auditor**

---

# **Professional Services Agreements, Sole-Source Review Follow-up**

April 22, 2008

---

The Office of the City Auditor conducted  
this project in accordance with the  
*International Standards for the  
Professional Practice of Internal Auditing*

# Professional Services Agreements, Sole-Source Review Follow-up

## 1. Introduction

The Office of the City Auditor (OCA) performed a follow-up review to determine the current status of seven recommendations contained in the Professional Services Agreements, Sole-Source Review report which was issued on March 1, 2005. We limited our review to actions taken by Materials Management, a section within the Finance Branch to address these recommendations.

We believe that the original intent of our recommendations as stated in our earlier review have been substantially realized.

## 2. Background

### 2.1. Summary of Original Report

The purpose of the original review was to provide assurance that sole-source procurement of professional services is being used appropriately, in compliance with the established guidelines, and in the best interests of the City.

The City of Edmonton uses sole-source procurement to obtain a variety of professional services, ranging from small projects to complex engineering projects. Sole-source procurement of goods, services or construction occurs when one party enters into an agreement with another without a tender call or request for proposal. This type of agreement is justifiable and legitimate in several specific circumstances. There is however, a risk to the City that inappropriate use of sole-source procurement can violate the City's procurement principles of openness, transparency and best value.

The City's governing documents for the procurement of professional services include the inter-provincial Agreement on Internal Trade (AIT), City Administration Bylaw 12005 (CAB), the procedures outlined in the Professional Services Agreement (PSA) Toolbox, and Administrative Directive A1439 (A1439) (Purchasing of Goods, Services, and Construction).

The OCA's original report identified some variability among the four documents governing the procurement of professional services in terms of what guidance applies to whom and under what circumstances. We believed that compliance could be enhanced by updating the PSA Toolbox, the City Manager's delegations to General Managers as outlined in CAB and the A1439 to reflect the Agreement on Internal Trade. We also found that the City also needed to provide clear guidance concerning acceptable procurement methods for AIT-exempt professional services.

Our original report also stated that by decentralizing the procurement of professional services to the departments, the City had increased the risk of inconsistent practices across the corporation and that additional controls were required to mitigate this risk. Our analysis revealed that departments' compliance to established guidelines for creating professional service agreements less than \$100,000 was not consistent.

Finally, we also found that SAP data needed to be improved to enhance the quality of data available for decision making. More meaningful contract award codes will allow the Administration to better monitor trends in the use of departmentally-managed competitions and sole-source contract awards. Further, more effective monitoring of the application of cost element codes will provide better information for departments' use when making their make/buy decisions for procuring professional services.

### 3. Scope and Methodology

The OCA limited this follow-up to reviewing the actions taken by Materials Management to address the recommendations contained in our original report. The review included discussions with Materials Management, reviewing the PSA Toolbox and where required, validating the information provided. We also contacted key business areas who are frequent users of PSA sole-source agreements.

### 4. Current State

The City has deemed Materials Management process owner for the PSA process which includes maintaining the PSA Toolbox that is located on the City's internal website. Materials Management is responsible for providing guidance, support and clarity to departments on procurement requirements related to professional services. Additionally, Materials Management, as the City's tendering authority, manages the tendering process for all open tender calls for professional services and issues all purchase orders to facilitate payments associated with all PSAs. Materials Management does *not* have controllership authority to review and approve (or block the approval of) PSAs. The City Administrative Bylaw sets out controllership authorities and approval thresholds for the City Manager, with further delegation to department General Managers. With respect to sole source procurement of professional services, department General Managers can approve agreements under \$100,000 and the City Manager can approve agreements between \$100,000 to \$250,000. It is the departments' responsibility to ensure that they conduct their selection and approval processes in accordance with the governing documents for the procurement of professional services.

Materials Management assumed primary responsibility for completing the management response and action plans to our original recommendations. Most of these action plans specified additions of charts and/or matrices in the PSA Toolbox followed up with training sessions to key City staff. Our follow-up testing revealed that Materials Management has made significant efforts to renew and enhance the PSA Toolbox. There are now additional documents and links included throughout the PSA Toolbox. In

addition, they have delivered PSA specific training sessions to several business areas over the last two years.

Further details regarding the status of the action plans are included in Appendix A and B of this report.

## 5. Summary of Results

The following table summarizes our assessment of the implementation status of each recommendation contained in our original report:

| Appendix | Status                       | Number   |
|----------|------------------------------|----------|
| A        | Complete                     | 3        |
| B        | In progress                  | 4        |
|          | Not implemented              | 0        |
|          | No longer applicable         | 0        |
|          | <b>Total recommendations</b> | <b>7</b> |

## 6. Conclusion

The OCA's original recommendations were intended to minimize the City's risk exposure to any perceived unfair contract issuance and strengthen the City's adherence to the Agreement on Internal Trade. Management's original action plans stated that they would address our recommendations by December 31, 2005. Unfortunately the original action plans supplied by management were too broad and did not provide clear direction for improvements. Materials Management has now recommitted itself to several new action plans which better address the original spirit and intent of our 2005 recommendations. Based on these new action plans, and the progress made to date, we have concluded that three recommendations are fully complete and four recommendations are substantially complete. The renewed action plans for these four recommendations are in progress and scheduled to be completed by June 30, 2008. In accordance with this timeline, once Materials Management completes the remaining action plans, we will conduct another follow-up review.

The OCA would like to thank all City staff who participated in this follow up review for their support, cooperation and feedback.

## Appendix A – Completed Recommendations

### Background

In our original review, we deemed that the decentralization of professional services contracted to the departments has increased the risk of inconsistent practice across the corporation.

| Original Recommendation 5  | Management Response & Action Plan  |
|--|--|
| <p>That City departments institute controls to ensure that PSA forms and contracts are completed consistently and in compliance with applicable guidelines, directives, and legislation.</p> | <p>Management response: <b><i>Accepted</i></b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management to provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> </ul> <p>This will be directed towards Branch Managers and will explain their responsibilities in ensuring that the objectives of this recommendation are achieved. As well there will be the development of a semi-annual “report card” for Departmental General Managers’ attention.</p> <ul style="list-style-type: none"> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management will deliver training to operational areas.</li> </ul> |

### Follow-up Review – Implementation Status:

Complete     In progress     Not implemented     No longer applicable

**Status:**

To ensure a consistent approach to the PSA procurement process, Materials Management made concerted efforts following our 2005 review to revamp and broaden the contents of the guidance included in the PSA Toolbox. There is now a page for “PSA Documents and Instructions,” which provides information on how to complete the various documents required in a PSA process. There is also a link in the PSA Toolbox called “PSA Process – From Start to Finish,” which highlights the 13 important steps involved in executing a PSA agreement. Included in this document are embedded links to definitions, process documents, the PSA checklist, the cost element codes listing, contract templates, etc. Collectively, Materials Management has created these new documents to provide additional guidance and clarity to business areas who are executing PSA agreements.

The City’s current procurement model for professional services is primarily decentralized. Departments have control with respect to the completion of the PSA checklist, with whom they contract, and the procurement method they choose for professional services less than \$100,000. When considering the city’s current procurement model and closer review of this original recommendation, we believe that each department and business area needs to be reminded that it is responsible for establishing controls that ensure guidelines, directives, and legislation are being met. We also believe that Materials Management has made reasonable efforts to ensure consistency and compliance based on their current scope and influence. Further, with respect to Materials Management’s original commitment to developing semi-annual report cards for Department General Managers as a means of communicating areas of importance, clarity and improvement in the PSA process, we believe that since Materials Management is not directly reviewing *all* documentation for PSA sole-source contracts, it is unrealistic that they be responsible for preparing “report cards” to the business areas indicating their adherence to applicable guidelines, directives and legislation.

**Background**

Our original review of key documents and approvals highlighted that, in addition to enhanced departmental controls, corporate monitoring and enforcement with the focus being on consistency and completeness at the corporate level was needed.

| Original Recommendation 6   | Management Response & Action Plan  |
|---|--|
| <p>That, as part of the Shared Services governance structure review, the Administration assign responsibility for monitoring and reporting on the corporation's overall compliance with applicable procurement guidelines, directives, and legislation.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2006</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with the assistance of the Law branch and with representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2006, subject to the completion of the Shared Services governance structure review:</u></p> <ul style="list-style-type: none"> <li>• Materials Management to provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2006, subject to the completion of the Shared Services governance structure review:</u></p> <p>Materials Management will deliver training to operational areas.</p> |

**Follow-up Review – Implementation Status:**

Complete     In progress     Not implemented     No longer applicable

**Status:**

Under the Shared Services model, Materials Management is responsible for monitoring and reporting on the corporation's overall compliance with applicable procurement guidelines, directives, and legislation. The responsibility for ensuring compliance rests with the departments.

Materials Management presently produces a semi-annual report to Council listing all contracts greater than \$100,000, including Professional Services Agreements. Department Managers can use this report to assist them in monitoring their compliance of PSA contracts to applicable legislation and procurement guidelines.

Based on improved categorization of agreements in the City's financial system (SAP), Materials Management will develop a semi-annual report listing all Professional Services Agreements greater than \$100,000 which includes identifying each as open tender, AIT (trade agreement) exempt, department-run RFP process or sole-source agreements. This report will be forwarded to the City Manager and General Managers and can be used to ensure compliance with applicable procurement guidelines, directives, and legislation.

**Background**

In our initial review, we identified issues with SAP purchasing data that impacted the data's usability and reliability. The problems concerned contract award codes and cost element codes.

| Original Recommendation 7   | Management Response & Action Plan  |
|---|--|
| <p>That the Administration evaluate means of improving the accuracy and quality of data captured in SAP for both contract award codes and cost element codes.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with the assistance of the Branch Manager of the Strategic Services Branch and representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management will review the contract award in order to improve the accuracy and quality of data captured in SAP and will provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <p>Materials Management will deliver training to operational areas.</p> |

**Follow-up Review – Implementation Status:**

Complete     In progress     Not implemented     No longer applicable

**Status:**

Materials Management has taken several steps following our 2005 review to improve the accuracy and quality of data entered into SAP. Old cost element codes are now blocked and will no longer be accepted by the system. Further, new SAP award codes went into production in January 2008, with the old award codes no longer available for selection. Materials Management was hopeful that Business Support Systems (BSS) could develop a drop down menu of specific award codes for projects however, this is

not possible at this time due to a technical limitation. As a result, departments must select award codes by entering the appropriate code. Materials Management has explained that as a safeguard, this data field will only accept the new codes.

## Appendix B – Recommendations in Progress

### Background

In our initial review, it was determined that in part due to the evolution of the City's procurement guidance, the governing documents provide different information with regard to exemptions based on dollar thresholds, types of professional services procured and situational demands.

| Original Recommendation 1   | Management Response & Action Plan   |
|---|---|
| <p>That the Administration review the Professional Services Agreement Process Toolbox, terms of the City Manager's delegation to General Managers, the City Administration Bylaw and Administrative Directive A1439 to ensure they reinforce and are synchronized with the Agreement on Internal Trade.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management to provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management will deliver the training to operational areas.</li> </ul> |

### Follow-up Review – Implementation Status:

Complete     In progress     Not implemented     No longer applicable

### Status:

As previously mentioned, there are 4 guidance documents which guide the City with respect to their procurement practices – the Agreement on Internal Trade (AIT), Administrative Directive A1439 (A1439), City Administration Bylaw (CAB) and the PSA Toolbox. Our original recommendation led Administration to establish and provide asymmetry and clear synchronization of these guidance documents to the spirit of the AIT. We felt it was important to ensure that users of PSA sole-source agreements know and understand what legislation they must follow and what requirements they should

adhere to when executing these type of arrangements so that they are in accordance to the AIT. Our original review found three variances between these guidance documents – exemptions to tender call based on dollar threshold amounts, type of professional service rendered, and situational demands.

### Dollar Threshold Amounts

#### *AIT and A1439*

Synchronization does presently exist between the Administrative Directive A1439 and the Agreement on Internal Trade. A1439 makes clear reference to the AIT and to categories that are exempt from its open competition requirements.

#### *AIT and CAB*

While CAB makes no reference to the AIT, the City Manager's delegation to General Managers for Professional Services (\$100,000 threshold), is consistent with the AIT's \$100,000 value threshold requirement for open competitive procurement.

The City Manager is responsible for approving all agreements with values between \$100,000 and \$250,000, and committees of council must approve any agreements exceeding \$250,000. Deviations from trade agreement requirements must be justified according to Appendix III of A1439 as part of these approvals.

The Law branch has indicated that sole-source contracts approved by the appropriate authority over the \$100,000 AIT threshold (\$100,000 - \$250,000 by the City Manager, and over \$250,000 by a committee of Council) are the only contracts that may not comply with the AIT requirement for tendering. Given the nature of the types of Consultants that are typically retained by the City within these thresholds, the Law branch has stated that they believe most of these contracts may be exempt based on the type of services (i.e. Engineering or Architectural appointments).

### Type of Professional Service Rendered

Our original review found that sole-source users procuring services from professionals may be unclear whether the professional being contracted fell under an open-tender exemption or not. Professionals such as management consultants, computing personnel and actuarial services faced the biggest risk of being sole-sourced versus open tendered as per the AIT and A1439. Since the City deals with large volumes of IT consultants and the risk of non-compliance with the AIT in procuring these professionals is relatively high, Materials Management has been proactive since our 2005 review and managed several RFP processes to retain IT Consultants. Law Branch has also worked with Materials Management to prepare a standard template to facilitate these RFPs. In 2006 Materials Management issued and awarded a RFP for IT Staff Augmentation Services which provides for IT Resources on an ongoing basis. This RFP was an open competition in compliance with AIT and reduced the risk of future PSAs not complying with AIT and allowing for the retention of the necessary IT resources for the Information Technology Branch.

### Situational Demands

There is clear alignment between the AIT and the A1439 with respect to the reasons stated for exemptions to tender call. It was noted in our former review and follow-up

analysis that there was general business reasons for open tender exemption included within the “PSA Process – From Start to Finish” document located in the PSA Toolbox which were not specifically stated in the AIT or A1439. Materials Management has recently removed these general business reasons for open tender exemptions from the “PSA Process – From Start to Finish” document and has made many references in the PSA Toolbox and PSA checklist to guide sole-source users to adhere with the AIT and A1439 when stating their reasons for entering into sole-source agreements.

#### Additional Comments

During our follow-up, we determined that it was not within Materials Management’s scope and control to make *changes* and *updates* to the City’s governing procurement legislation with respect to streamlining dollar thresholds and exemptions. Materials Management however, in their role as guidance provider, should clearly state the expectations of the various procurement legislations within the PSA Toolbox to enhance clarity and consistency for sole-source users.

Since our original 2005 review Materials Management has made numerous upgrades and additions to the PSA Toolbox. There is now clear direction to sole-source users regarding the City’s applicable procurement legislation as well as numerous direct links to these documents. There is also context provided to sole-source users under the “Trades Agreements” link of the Frequently Asked Questions (FAQs) tab of the PSA Toolbox regarding how the AIT, A1439, and dollar value thresholds factor into a users selection when procuring consultants. Further, there is a new detailed link in the PSA Toolbox which provides step-by-step information and guidance on informal RFPs. This document includes text around the impact of trade agreements on the contracting authority and ensuring that users refer to and clearly state the AIT exemptions which apply when executing their sole-source contracts.

Further, there are lots of precursors and bolded text in the PSA Toolbox that lead users to reading and understanding that the City is guided by the procurement guidance provided by the AIT and A1439.

Materials Management has stated that it is expected that the Alberta/BC Trade, Investment and Labour Mobility Agreement (TILMA) MASH sector provisions, which include municipal organizations, will seek to reduce the value threshold for open competition and remove many existing exempt categories for professional services. TILMA is currently being negotiated and planned to take effect April 2009.

#### **Revised Action Plan:**

Materials Management will provide training to all managers who have been granted delegated authority to approve Professional Services Agreements to communicate AIT requirements and other governing documents.

**Revised Implementation Date:** June 30, 2008

**Responsible Party:** Materials Management; Procurement Coordinator - Contracts

**Background**

Our original review found that while the Agreement on Internal Trade and Administrative Directive A1439 provide guidance to departments regarding circumstances when open competition should be used, guidance for procuring professional services that are exempt from open competition is also needed.

| Original Recommendation 2   | Management Response & Action Plan   |
|---|---|
| <p>That the Administration provide clear direction regarding acceptable procurement practices for the retention of professional services that are exempt from the open competition requirement and then incorporate such guidance into the Toolbox.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management to provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management will deliver training to operational areas.</li> </ul> |

**Follow-up Review – Implementation Status:**

Complete     In progress     Not implemented     No longer applicable

**Status:**

The AIT encourages municipalities to purchase goods and services over \$100,000 by open competition unless the purchase falls under a specified exemption. For goods and services which are exempt, no specific AIT direction or guidance is provided regarding a particular procurement method. A1439 encourages goods and services over \$5000 to be open tendered but like the AIT, does not specify a particular procurement approach for exempt items. Our original 2005 review noted this gap and recommended that Administration adopt clear guidance regarding the procurement method for AIT exempt goods and services.

Carefully considering Materials Management scope and authority, we feel that Materials Management should provide ongoing direction to departments regarding the various acceptable procurement practices for sole-source agreements, however, due to the current decentralized procurement model, it may be difficult to synthesize these into standardized practices beyond outlining methods that ensure fairness and transparency are demonstrated in the selection of professional services.

Recent updates to the PSA Toolbox include a guidance document developed by Materials Management regarding acceptable procurement practices for the retention of professional services that are exempt from the open competition requirement.

Materials Management in conjunction with the Law Branch, have also delivered PSA training sessions which have included outlining the various methods (sole-source, informal RFP and formal RFP) of retaining a consultant (exempt service provider).

**Revised Action Plan:**

Materials Management has committed that in addition to continuing to offer and deliver *ad hoc* PSA training to individual business areas, they will work together with the Law Branch and the Human Resources training section to develop a formal PSA preparation course as a standing corporate in-house training seminar. This training will include coverage of acceptable procurement practices for the retention of professional services that are exempt from the open competition requirement.

**Revised Implementation Date:** June 30, 2008 (for initial corporate in-house training seminar)

**Responsible Party:** Materials Management; Procurement Coordinator - Contracts

**Background**

In our original recommendation, the OCA recommended that departments must be encouraged to justify their procurement decisions based on the exemptions provided in the Administrative Directive A1439 rather than guidance provided in the PSA Toolbox. This change would assist the corporation in demonstrating its compliance with the Agreement on Internal Trade.

| Original Recommendation 3  | Management Response & Action Plan   |
|--|---|
| <p>That, as part of the business case justification for sole-sourcing professional services that departments provide on the Professional Services Appointment form, departments formally identify how the contract award qualifies for exemption under Appendix III of Administrative Directive A1439.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Materials Management will revise the Professional Services Appointment Form.</li> <li>• Materials Management will develop a training plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <p>Materials Management will deliver training to operational areas.</p> |

**Follow-up Review – Implementation Status:**

Complete     In progress     Not implemented     No longer applicable

**Status:**

Since our 2005 review, Materials Management has made efforts to place additional emphasis and clarity around PSA-related documentation as well as encourage and direct sole-source users to qualify their exemption as per the AIT and/or A1439. The following documents have been updated accordingly:

PSA Toolbox

- The PSA Checklist is now strategically placed at the top of the PSA “Documents and Instruction” tab of the PSA Toolbox.

PSA Process – From Start to Finish

- During this follow-up, we met with various departments and tested their use of the new PSA checklist, primarily focusing on the business case justification section. Our results from this testing indicated that business areas are providing different levels of detail in their justification and are not always providing AIT or A1439-specific reasons for their exemptions as originally intended by our recommendation. To provide further clarity, Materials Management recently updated Step 5 of the “PSA Process - From Start to Finish” document to include specific instructions which direct users of sole-source contracts to include details of the AIT exemption(s) applicable to their contract. While Materials Management has expressed a willingness to provide additional training to ensure that business case justifications include AIT-specific reasons for exemption from open competition requirements, it is the ultimately the Department’s responsibility to provide this information.
- Materials Management recently removed all non-AIT exemptions which allowed for sole-source contracts.
- Materials Management has updated the document with additional information under the “Guidelines for Informal RFP’s for Professional Services” link which specifies and places additional emphasis on users to disclose on the PSA checklist, the reason for their exemption as per the AIT.

#### PSA Checklist

- In January 2006, Materials Management updated the former PSA form to the new and presently used PSA checklist.
- To comply with our recommendation, the new checklist includes a hyperlink to Administrative Directive A1439, in the “Business Case Justification” area.
- Materials Management has updated the PSA checklist area for the business case justification by enlarging the text area within the checklist to encourage business areas to utilize this additional space and provide more detail and clarity regarding their reasons for sole sourcing professional service contracts.

#### **Revised Action Plan:**

##### Training

The OCA and Materials Management believe that additional training must be done for staff members at senior levels who authorize these PSA sole-source contracts. Materials Management has committed that, in addition to continuing to offer and deliver *ad hoc* PSA training to individual business areas, they will deliver training to all Department management teams and will work together with the Law Branch and the Human Resources training section to develop a formal PSA preparation course as a standing corporate in-house training seminar. Training should adequately explain the importance of each of the PSA documents so that all business areas demonstrate better adherence with requirements.

**Revised Implementation Date:** June 30, 2008

**Responsible Party:** Materials Management; Procurement Coordinator - Contracts

**Background**

During our initial review, we noted that procurement methods including phased projects, contract renewals, open orders and strategic sourcing allow for continuity of work but that there must be parameters established around each of these methods to allow for greater transparency and competition.

| Original Recommendation 4   | Management Response & Action Plan   |
|---|---|
| <p>That the Administration creates guidelines for the procurement of professional services for phased or similar projects, which may include contract renewals, open orders and strategic sourcing.</p> | <p>Management response: <b>Accepted</b></p> <p>Target implementation date: December 2005</p> <p>Party responsible: The Materials Management Project Team will be lead by the Procurement Coordinator of Contracts with assistance from the Program Manager, Design and Construction of Drainage Services and from representatives from various departments.</p> <p>Proposed action plan:</p> <p><u>By end of the third quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Drainage Services to provide flow chart matrix and supportive text in the Professional Services Agreement Toolbox.</li> <li>• Drainage Services will develop training plan for inclusion in the overall Corporate Training Plan.</li> </ul> <p><u>By end of fourth quarter, 2005:</u></p> <ul style="list-style-type: none"> <li>• Drainage Services in co-ordination with Materials Management will deliver training to operational areas.</li> </ul> |

**Follow-up Review – Implementation Status:**

Complete     In progress     Not implemented     No longer applicable

**Status:**

Materials Management recently met with the Program Manager for Design and Construction with Drainage Services to review a draft guideline document created by Drainage Services regarding procurement of open orders, phased projects and strategic sourcing. Materials Management reviewed this draft document and further developed it into a guidance document which is now included in the PSA Toolbox. This document

contains details regarding acceptable practices for the procurement of open ordered, phased, or strategically sourced professional services.

While PSA training has been offered to some business areas, the contents of the presentation has not included coverage or focus in this subject area.

**Revised Action Plan:**

Materials Management has committed that, in addition to continuing to offer and deliver *ad hoc* PSA training to individual business areas, they will work together with the Law Branch and the Human Resources training section to develop a formal PSA preparation course as a standing corporate in-house training seminar. This training should provide guidance for procurement of professional services for phased or similar projects.

**Revised Implementation Date:** June 30, 2008 (for initial corporate in-house training seminar)

**Responsible Party:** Materials Management; Procurement Coordinator - Contracts