

# Administration Response - Consulting Services Review

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## Recommendation

That the November 9, 2018, Financial and Corporate Services report CR\_6454, be received for information.

## Executive Summary

This report highlights the City's enhancements to corporate oversight that were implemented in 2016. These changes have improved compliance and value for money delivered as part of the procurement and contract management process.

In addition, this report outlines specific actions to be taken by Administration to address the recommendations highlighted in the Consulting Services Review Audit.

## Report

Administration worked closely with the Office of the City Auditor on the Consulting Services Review audit report and supports the Auditor's recommendations.

The Auditor's report concludes that, overall, the City manages consultant services effectively; however, opportunities to improve the process exist. The final audit report outlines Administration's responses to the two recommendations identified by the Auditor and provides defined timelines for each action.

## Improvements to Procurement and Contract Management Practices

The Procure to Pay (P2P) Transformation initiated in 2016 has altered the structure, governance, processes, and people dimensions of the Corporate Procurement and Supply Services (CPSS) Branch operations. Specifically, CPSS is responding to increasing demands for the City to deliver better service and stronger oversight over compliance in the procurement and contract management processes. An initiative to modernize procurement and contract management through an eProcurement system is currently underway. The eProcurement system will automate and consistently deliver many of the processes performed manually today. The new eProcurement system is expected to be implemented in 2019.

To date, the Procure to Pay Transformation has:

- Strengthened controls through documented administrative directives and procedures for procurement and contract management;
- Increased transparency through a Procure to Pay Performance Management Framework;
- Established a Procure to Pay Control Framework to improve process compliance;
- Developed conflict of interest procedures to monitor, manage and resolve potential conflicts of interest during the procurement process;
- Documented procedures and guidelines to improve the consistency of procurement processes;
- Updated templates to reflect requirements and standards as mandated by new trade agreements;
- Trained procurement staff to ensure that business partners receive consistent services;
- Developed a procurement account management function to better plan for upcoming procurement activity and increase user satisfaction; and
- Developed a comprehensive business case and secured funding to modernize City procurement and contracting practices.

### Addressing Recommendations from the Consulting Services Review Audit

The Auditor made two recommendations in the Consulting Services Review Audit report, which will be implemented by Administration over the coming months:

- **Recommendation 1 - Training and Quality Assurance** - Develop and implement a training program for staff engaged in classifying transactions and that regular quality assurance reviews are conducted.
- **Recommendation 2 - Reducing Unplanned Change Orders** - Work with business areas to improve scope of work preparation and estimation relating to consulting services in order to reduce volume and value of unplanned change orders.

Both recommendations will be implemented by Administration prior to June 30, 2019.

### Corporate Outcomes and Performance Management

Corporate Outcome(s): The City of Edmonton has a resilient financial position			
Outcome(s)	Measure(s)	Result(s)	Target(s)
The City of Edmonton has a resilient financial position	Average Number of Change Orders per Purchase Order	TBD (2019)	Reduced unplanned change orders per consulting services contract

### **Others Reviewing this Report**

- C. Owen, Deputy City Manager, Communications and Engagement
- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- K. Armstrong, Deputy City Manager, Employee Services
- R. Smyth, Deputy City Manager, Citizen Services
- P. Ross, Acting Deputy City Manager, Urban Form and Corporate Strategic Development