

## ELECTRICAL SERVICES CONTRACT MANAGEMENT AUDIT

### RECOMMENDATION

That the December 3, 2021, Office of the City Auditor report OCA00861, be received for information.

#### Report Purpose

**Information only**

### Executive Summary

This report presents the results of the Electrical Services Contract Management audit.

### REPORT

In 2019, the City entered into five electrical services contracts with a total value of up to \$351 million - one single sourced agreement with Contractor A (the Electrical Services Agreement) and four competitive standing agreements with Contractor A and three other contractors. The scope of the contracts include the construction, operations and maintenance related work for street lights, traffic signals, and LRT assets.

The results of this audit indicate that there are opportunities to improve management of the electrical services contracts. We made the following four recommendations:

1. Clearly define, document, and communicate the roles and responsibilities of each business area for management of the electrical services contracts, including, who enforces the terms and conditions of the contracts and who is responsible for monitoring contractor performance.
2. Consistently apply processes to ensure that payments made to electrical services contractors have all the supporting documentation required in the contracts.
3. Use formalized benchmarking and ensure all contract monitoring reports are received and reviewed to compare contractor performance against the contracts and other contractors and factor the results into the assignment of work.

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4. Apply formal contract controls to help enforce the terms and conditions of the electrical services contracts including:
  - Using a mitigation strategy/written notice to inform contractors of issues with performance of contractual obligations.
  - Re-evaluating and amending key performance indicators to align with the goals of the contract.

### **POLICY**

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, "The Committee will review all reports from the City Auditor dealing with completed audit projects."

### **ATTACHMENT**

1. Electrical Services Contract Management Audit Report