



Health Canada and the Public  
Health Agency of Canada

Santé Canada et l'Agence  
de la santé publique du Canada

**Management Response and Action Plan**

**Audit of Procurement and Contracting**

**March 2015**

**Canada**<sup>ca</sup>

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Recommendations	Management Response and Planned Management Action	Deliverables	Expected Completion Date	Responsibility
<p><b>Recommendation 1</b></p> <p><i>It is recommended that the Chief Financial Officers of Health Canada and the Public Health Agency of Canada revise the terms of reference of the Shared Services Portfolio Contract Review Committee to align with the Contracting Guide and to establish the accountability and reporting relationship to the Partnership Executive Committee.</i></p>	<p>Management agrees with this recommendation.</p>			
	<p>The Chief Financial Officers (CFO) of Health Canada (HC) and the Public Health Agency of Canada (PHAC) will revise the terms of reference of the Shared Services Portfolio Contract Review Committee (SSP-CRC).</p> <p>The reporting relationship to the Partnership Executive Committee (PEC) will be established when PEC's new governance structure has been confirmed by the HC and PHAC Deputy Heads.</p>	<p>Revised Terms of Reference for the SSP-CRC to be presented for approval at the Financial Operations Co-Management Table.</p>	<p>March 31, 2016</p>	<p>Director, Materiel and Assets Management (MAMD),            Financial Operations Directorate (FOD)</p>

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<p><b>Recommendation 2</b></p> <p><i>It is recommended that the Chief Financial Officers of Health Canada and the Public Health Agency of Canada strengthen procurement and contracting documentation to ensure that all required documents are maintained in the central repository and that there is an audit trail in the contract approval process to demonstrate best value, competition, fairness and transparency.</i></p>	Management agrees with this recommendation.			
	<p>Effective April 1, 2014, FOD implemented new delegations for contracting authorities under Section 41 of the <i>Financial Administration Act</i> (FAA) to Procurement Specialists (PGs) that apply to both HC and PHAC. As a result, the procurement and contracting practices and processes have been strengthened.</p>	<p>MAMD has addressed the issues identified by PAAB. The P2P process and implementation of FAA Section 41 will mitigate these issues going forward. The enhancements of the internal controls for procurement and contracting have been implemented in 2014-15 and will be tested on a periodic basis.</p>	<p>Completed - as at April 1, 2014, as a result of the change in processing and the associated improvements to the maintenance of documents in the central repository with an audit trail in the contract approval process.</p>	<p>Director, MAMD, FOD</p>
		<p>Review of the internal controls for procurement and contracting by the Internal Controls Division to ensure that key controls are working effectively and results presented to the SSP-CRC.</p>	<p>December 31, 2015</p>	<p>Executive Director, Policy, Internal Controls, Corporate Accounting Division</p>

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	CFOB will formalize a business process that will enhance current communication of risk concerns from past non-compliance transactions appropriately by developing a business process and tools for PG-5 Managers and other MAMD managers.	Tier I review of business process and supporting tools implemented. Findings to be reported at the SSP-CRC meeting.	October 31, 2015	Director, MAMD, FOD
<p><b>Recommendation 3</b></p> <p><i>It is recommended that the Chief Financial Officers of Health Canada and the Public Health Agency of Canada ensure that the current monitoring and reporting regime, including monitoring of risks and mitigation strategies for both organizations, are endorsed by the Partnership Executive Committee, to ensure that the regime responds to the information needs of both organizations.</i></p>	Management agrees with the recommendation.			
	MAMD will provide the HC and the Agency CFOs with the current monitoring and reporting regime to confirm that it responds to the information needs of each organization.	Performance Management Framework updated and presented to the SSP-CRC meeting.	July 31, 2015	Director, MAMD, FOD

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Recommendations	Management Response and Planned Management Action	Deliverables	Expected Completion Date	Responsibility
<p><b>Recommendation 4</b></p> <p><i>It is recommended that the Chief Financial Officers of Health Canada and the Public Health Agency of Canada implement a performance measurement framework for procurement and contracting that:</i></p> <ul style="list-style-type: none"> <li>• <i>Ensures that the reporting of procurement and contracting service standards is comparable, comprehensive and reflects actual total processing times; and</i></li> <li>• <i>Incorporates remedial actions to address unmet performance measures that have a risk impact.</i></li> </ul>	<p>Management agrees with the recommendation.</p>			
	<p>MAMD will provide the CFOs of HC and the Agency with an updated PMF for procurement and contracting that does the following:</p>			
	<p>Ensures that the reporting of procurement and contracting services standards is comparable, comprehensive and reflects actual total processing times by enhancing SAP reporting capabilities to meet the requirements.</p>	<p>Enhanced SAP reporting capability on service standards</p>	<p>February 28, 2015</p>	<p>Director, MAMD, FOD</p>
<p>Incorporates remedial actions to address unmet performance measures that have a risk impact through the addition of an action plan component to the performance measurement report.</p>	<p>Performance Measurement Report enhanced to include action plan and presented to the SSP-CRC.</p>	<p>July 31, 2015</p>	<p>Director, MAMD, FOD</p>	