



## Departmental Action Plan in response to the Procurement Ombudsman May 2010 Procurement Practices Review: Chapter 2 - Departmental Verification of Suppliers' Records to Validate Contract Payments

The Cost Audit Program is one of the principal tools available to the Acquisitions Branch of PWGSC to ensure that prices paid pertaining to cost-reimbursable contracts are in accordance with contract terms and conditions. The Cost Audit Program has undergone a review and an updated action plan for the renewal of the program has been implemented. The action plan has been shared with the Office of the Procurement Ombudsman and is being endorsed by OPO in its latest report. The renewed Cost Audit Program fully addresses the concerns and observations raised in the Procurement Ombudsman's review.

In the Procurement Ombudsman's words: *"PWGSC's Cost Audit Program for cost-reimbursable contracts represents a good practice with clear financial benefits (...) We are encouraged by PWGSC's Acquisition Branch's approval of an updated action plan for the renewal of the CAP (Cost Audit Program)."*

The following Management Action Plan addresses the recommendations directed at *Acquisition Branch's Action Plan for the Renewal of the Cost Audit Program*.

Recommendations	PWGSC Action	Status
2.66 As part of their account verification risk mitigation strategies, departments and agencies should include a guideline as to how and when to use the audit provision for contracts that do not fall under the auspices of the Cost Audit Group (CAG) at	Establish an internal working group with representation from Corporate Services, Policy and Communications Branch, Real Property Branch, Finance Branch, Acquisitions Branch, the Regions,	OPI: Corporate Services, Policy and Communications Branch – Corporate Services  Timeline: July 30, 2010



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Recommendations	PWGSC Action	Status
<p>PWGSC and are of a cost-reimbursable nature taking into consideration the expectations of suppliers' record keeping and the principle of openness regarding audit suppliers.</p>	<p>Translation Bureau, and the Departmental Oversight Branch.</p>	<p>OPI: Corporate Services, Policy and Communications Branch – Corporate Services &amp; Working Group</p> <p>Timeline: October 29, 2010</p>
	<p>The working group will review the new Cost Audit Program Framework developed by the Cost Audit Group (CAG) within the Acquisitions Branch to determine which practices can be incorporated into the internal departmental procurement activities conducted under the Department-Wide (Schedule 1) and Real Property (Schedule 2) delegated authorities.</p>	
	<p>Develop and issue guidelines concerning when to use the provision to audit contracts that do not fall under the auspices of the Acquisitions Branch's Cost Audit Program and are of a cost</p>	<p>OPI: Corporate Services, Policy and Communications Branch – Corporate Services</p> <p>Timeline: December 31, 2010</p>



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Recommendations	PWGSC Action	Status
	reimbursable nature.	
2.108 We are encouraged by PWGSC Acquisition Branch's approval of an updated action plan for the renewal of the CAP. The DG Council in the AB of PWGSC should monitor implementation of the updated action plan and report progress to senior management on a frequent basis.	Assistant Deputy Minister Communiqué (November 2009) assigned responsibility for oversight and client accountability for the results of the Cost Audit Program (CAP) to the Directors General Council in Acquisitions Branch.	Status: Completed-November 2009  OPI: Acquisitions Branch -Cost Audit Group
	The action plan calls for quarterly reporting to the Council by the Cost Audit Group on its actions, including implementation of the CAP Action Plan.	Status: Completed-March 2010  OPI: Acquisitions Branch -Cost Audit Group
	Terms of Reference for the Directors General Council approved by the Assistant Deputy Minister, Policy Program Acquisitions Branch.	Status: Completed-March 2010  OPI: Acquisitions Branch -Cost Audit Group



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Recommendations	PWGSC Action	Status
2.109 In order to strengthen transparency and enhance the deterrent effect of cost audits, summary level reporting of the CAP results should be prepared and made available to the public.	Cost Audit Group will prepare quarterly reports on program activity to the Directors General Council and an annual report will summarize results achieved and lessons learned. Final content and dissemination will be determined by the Council.	Status: Ongoing  Target Date: September 2010 (Council decision)  OPI: Acquisitions Branch -Cost Audit Group