

Section 4

Update on the implementation of
recommendations from:

An Audit of Joint Solutions Procurement and the Revenue Management Project

April 2008

April 2009



File: 0280-30

Ref: 53665

March 2, 2009

Mr. Bill Gilhooly
Assistant Auditor General
Office of the Auditor General
8 Bastion Square
Victoria, BC V8V 1X4

Dear Mr. Gilhooly:

Further to your letter dated January 29, 2009 regarding the follow-up review of your report on An Audit of Joint Solution Procurement and the Revenue Management Project, attached is the updated progress reports.

If you require any additional information, please do not hesitate to contact me.

Sincerely,

Lori Wanamaker, CA
Deputy Minister

Attachments

cc: Mr. John Bethel, Assistant Deputy Minister, Alternative Service Delivery
Mr. Richard Poutney, Assistant Deputy Minister, Common Business Services
Mr. John Powell, Assistant Deputy Minister, Ministry of Finance
Mr. Craig James, Clerk Assistant and Clerk of Committees
Ms. Tara Faganello, Assistant Deputy Minister and Executive Financial Officer,
Corporate and Ministry Support Services, MLCS

Ministry of Labour
and Citizens' Services

Office of the Deputy Minister

Mailing Address:
Box 9440 Stn Prov Govt
Victoria BC V8W 9V3

Telephone: 250 387-8842
Facsimile: 250 387-8561

RECOMMENDATION STATUS SUMMARY
An Audit of Joint Solution Procurement and the Revenue Management Project
As at January 31, 2009

(Please tick implementation status for each recommendation)

Auditor General's Recommendations	Implementation Status				
	Fully	Substantially	Partially	Alternative Action	No Action
<p>1. With regard to the Joint Solution Procurement process, we recommend that:</p> <ul style="list-style-type: none"> a. the Joint Solution Procurement in a Box process guide be updated regularly; b. guidance to project teams include a risk assessment of baseline information that they can use to both prepare business cases and develop contractual financial models; and c. a detailed business case be prepared for all Alternative Service Delivery (ASD) projects, whether or not Treasury Board approval is required for any one project, and that the business case include an estimate of the full cost of the outsourcing project and of ongoing ministry costs once the contract has been signed. 	X				
	X				
	X				
<p>2. With regard to staff, we recommend that:</p> <ul style="list-style-type: none"> a. a succession plan for key support roles be put into place; b. all ministry staff and contractors involved in ASD projects sign an independence declaration confirming they have no conflicts of interest in any of the projects, and that they update these declarations as circumstances change; and c. all ASD projects ensure continuity of staffing, from the outsourcing team through to the contract management team, and plan for sufficient staff numbers and skills to manage the contract. 	X				
	X				
	X				

Auditor General's Recommendations	Implementation Status				
	Fully	Substantially	Partially	Alternative Action	No Action
<p>3. With regard to independence, we recommend that:</p> <ul style="list-style-type: none"> a. a non-solicitation clause be included in every new ASD contract to prevent vendors from employing or offering another benefit to, without the Province's consent, any government staff member who has had a key role in the project; and b. this clause apply for a period of no less than two years after the contract is signed. 			X	X	
			X		

**PROGRESS IN IMPLEMENTING RECOMMENDATIONS FROM
An Audit of Joint Solution Procurement and the Revenue Management Project
As at January 31, 2009**

General comments

Please provide an introductory statement summarizing progress since the Public Accounts Committee last discussed the report.

Progress by recommendation

For each recommendation, provide your assessment of implementation status as per the legend at the bottom of the page, and information on actions taken and results to support the status reported. Also include a work plan schedule for any recommendations not yet implemented.

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation)
Recommendation 1	<p>With regard to the Joint Solution Procurement process, we recommend that:</p> <ol style="list-style-type: none"> the Joint Solution Procurement in a Box process guide be updated regularly; guidance to project teams include a risk assessment of baseline information that they can use to both prepare business cases and develop contractual financial models; and a detailed business case be prepared for all Alternative Service Delivery (ASD) projects, whether or not Treasury Board approval is required for any one project, and that the business case include an estimate of the full cost of the outsourcing project and of ongoing ministry costs once the contract has been signed. 	
Presentation to Public Accounts Committee:		
	<ul style="list-style-type: none"> The ASDS has developed an extensive repository of knowledge and templates that are provided to deal teams and ministries and is updated regularly Formal process for regularly updating the JSP in a box has been initiated. Updates will be made after each JSP process is completed. The next update of the JSP in a box will begin once the STMS JSP process is complete (early 2009). ASDS will continue to incorporate risk management practices in all phases of the JSP process, including the base-lining component. The new Opportunity Assessment toolkit has an extensive section on risk identification based on materials provided by risk management branch. The ASD deal review process now incorporates several check-point reviews into the JSP process, which includes assessment of the risks associated with the baseline data. ASD has developed a complete set of policies, processes and templates to support business case development as it relates to the ASD initiative. Business cases for ASD opportunities are assessed on the total cost of ownership over the life of the arrangement which includes ongoing alliance Management. The ASDS offers support for financial modelling, risk valuation and public sector comparator to Ministries assessing ASD Opportunities. 	

Status

- F or S – Recommendation has been fully or substantially implemented
- P – Recommendation has been partially implemented
- AA – Alternative action has been undertaken, general intent of alternative action will address OAG finding
- NA – No substantial action has been taken to address this recommendation

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation)
F	<p>The update of the JSP product is now part of regular administrative process in the secretariat; at the end of any major procurement, the new information learned over the course of the project is summarized and fed into the JSP tool for future reference. The JSP is also updated more on an as required basis for any new relevant information or changes to the process that may have evolved.</p> <p>As part of the business case development tool kit developed in 2008, risk assessment of data is incorporated into the risk assessment portion of the tool kit.</p> <p>Given the adaptive nature of the JSP process, initial business proposals are kept, the outcome of the JSP process documented (usually through a Treasury Board or executive approval document) and at the end of the process, both products combined to complete the “business case”.</p>	<p>ASDS will continue to maintain the JSP and Capital Review in a box products to ensure their relevance and value as reliable tools for future assessment and procurement processes.</p>

Status

- F or S – Recommendation has been fully or substantially implemented
- P – Recommendation has been partially implemented
- AA – Alternative action has been undertaken, general intent of alternative action will address OAG finding
- NA – No substantial action has been taken to address this recommendation

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation)
<p>Recommendation 2: With regard to staff, we recommend that:</p> <ul style="list-style-type: none"> a. a succession plan for key support roles be put into place; b. all ministry staff and contractors involved in ASD projects sign an independence declaration confirming they have no conflicts of interest in any of the projects, and that they update these declarations as circumstances change; and c. all ASD projects ensure continuity of staffing, from the outsourcing team through to the contract management team, and plan for sufficient staff numbers and skills to manage the contract. 	<p>Recommendation 2: With regard to staff, we recommend that:</p> <ul style="list-style-type: none"> a. a succession plan for key support roles be put into place; b. all ministry staff and contractors involved in ASD projects sign an independence declaration confirming they have no conflicts of interest in any of the projects, and that they update these declarations as circumstances change; and c. all ASD projects ensure continuity of staffing, from the outsourcing team through to the contract management team, and plan for sufficient staff numbers and skills to manage the contract. 	<p>Recommendation 2: With regard to staff, we recommend that:</p> <ul style="list-style-type: none"> a. a succession plan for key support roles be put into place; b. all ministry staff and contractors involved in ASD projects sign an independence declaration confirming they have no conflicts of interest in any of the projects, and that they update these declarations as circumstances change; and c. all ASD projects ensure continuity of staffing, from the outsourcing team through to the contract management team, and plan for sufficient staff numbers and skills to manage the contract.
<p>Presentation to Public Accounts Committee:</p> <ul style="list-style-type: none"> • Several government wide programs are underway to address the HR challenges facing ASD operations, including training, leadership development and recruitment & retention initiatives. • Exchange program with ministry Alliance Management Offices (AMOs) has been implemented to develop skills sharable between AMO and ASDS. • Ministry staff are covered by the Oath and standards of conduct, as well as signing project specific non-disclosure and conflict of interest undertakings. • When staff and/or consultants are assigned to new projects, project specific non-disclosure and conflict of interest undertakings are required. • For each deal, the province will continue to plan the assignment of key resources from the JSP team through to the AMO. • AMO development and staffing levels and skill set have been integrated into the JSP process. 	<p>Presentation to Public Accounts Committee:</p> <ul style="list-style-type: none"> • Several government wide programs are underway to address the HR challenges facing ASD operations, including training, leadership development and recruitment & retention initiatives. • Exchange program with ministry Alliance Management Offices (AMOs) has been implemented to develop skills sharable between AMO and ASDS. • Ministry staff are covered by the Oath and standards of conduct, as well as signing project specific non-disclosure and conflict of interest undertakings. • When staff and/or consultants are assigned to new projects, project specific non-disclosure and conflict of interest undertakings are required. • For each deal, the province will continue to plan the assignment of key resources from the JSP team through to the AMO. • AMO development and staffing levels and skill set have been integrated into the JSP process. 	<p>Presentation to Public Accounts Committee:</p> <ul style="list-style-type: none"> • Several government wide programs are underway to address the HR challenges facing ASD operations, including training, leadership development and recruitment & retention initiatives. • Exchange program with ministry Alliance Management Offices (AMOs) has been implemented to develop skills sharable between AMO and ASDS. • Ministry staff are covered by the Oath and standards of conduct, as well as signing project specific non-disclosure and conflict of interest undertakings. • When staff and/or consultants are assigned to new projects, project specific non-disclosure and conflict of interest undertakings are required. • For each deal, the province will continue to plan the assignment of key resources from the JSP team through to the AMO. • AMO development and staffing levels and skill set have been integrated into the JSP process.
<p>F</p> <ul style="list-style-type: none"> • The initial response to PAC covered all recommendations. • Two staff exchanges have taken place with great success, and this model will continue to be used in the future. • COI and non-disclosure agreements are signed by all participants in the project. • The JSP in a box is being updated to reflect the transition to the alliance management office 	<ul style="list-style-type: none"> • The initial response to PAC covered all recommendations. • Two staff exchanges have taken place with great success, and this model will continue to be used in the future. • COI and non-disclosure agreements are signed by all participants in the project. • The JSP in a box is being updated to reflect the transition to the alliance management office 	<p>Formal succession plans will be addressed in the AMO community through the ASDS office supporting the development of plans for each AMO. NDA and COI documentation is now part of all project undertakings.</p>

Status

- F or S – Recommendation has been fully or substantially implemented
- P – Recommendation has been partially implemented
- AA – Alternative action has been undertaken, general intent of alternative action will address OAG finding
- NA – No substantial action has been taken to address this recommendation

Self-Assessed Status	Actions Taken Since Report Issued	Results of Actions and/or Actions Planned (with information on implementation)
<p>Recommendation 3: With regard to independence, we recommend that:</p> <ul style="list-style-type: none"> a. a non-solicitation clause be included in every new ASD contract to prevent vendors from employing or offering another benefit to, without the Province's consent, any government staff member who has had a key role in the project; and b. this clause apply for a period of no less than two years after the contract is signed <ul style="list-style-type: none"> • <i>ASD is working with the province's legal counsel to address the recommendation in a way that balances the rights of the province, the individual and the vendor to achieve a workable solution. The solution will be incorporated into the next JSP agreement.</i> 		
AA	<p>Anyone wishing to participate in a JSP on the provincial side must sign a form of non-disclosure agreement or acknowledgement (both contractor and employees have to sign but excluding legal counsel who have significantly more stringent obligations respecting confidentiality and conflicts). The chief goal of the documents is to impose or reinforce the obligation on the part of the recipient not to use any information they acquire through work on a project except for the benefit of the Province.</p> <p>Several issues arise with regards to implementing a further and longer non-solicitation clause in the ASD contract. One key constraint is the enforceability of changing an employee's terms of employment through a contract with an outside provider; the contract cannot change or supersede the terms of employment.</p> <p>We are confident that current protections through our process, contracts and Province's employee obligations mitigate risks related to disclosure of confidential information and succession planning for key roles. The province believes that the wording and processes in place strike the correct balance between the interests of the province and the rights of the individual.</p>	

Status

F or S – Recommendation has been fully or substantially implemented
P – Recommendation has been partially implemented
AA – Alternative action has been undertaken, general intent of alternative action will address OAG finding
NA – No substantial action has been taken to address this recommendation

