

ANNEX 1

RESPONSE AND IMPLEMENTATION OF RECOMMENDATIONS

Assignment No. 2011/514/01 – Audit of CMP procurement and contract management including change orders

Para. no.	Recommendation	Risk category	Risk rating	Accepted (Yes/No)	Implementation date	Client Comments
52	The Office of CMP should review and approve bidders lists without delay to prevent situations when bidding has reached advanced stages before bidders' lists are approved.	Compliance	Moderate			
53	The Procurement Division should instruct Skanska to (i) maintain proof of transmission of invitations to bid; (ii) document and maintain leveling summaries; (iii) document reasons for dropping or adding a trade contractor in the next round of bidding; (iv) file written approvals of the Procurement Division to solicit best and final offers from a list of trade contractors to promote transparency in the bidding process.	Compliance	Moderate	Yes	31 July 2011	This recommendation follows a prior recommendation made by OIOS in its report AC2009/514/02 dated 27 August 2009. In response to this earlier recommendation, PD wrote to Skanska on 24 November 2009 with regards to a number of requirements for the subcontractor bid and award process. Skanska would appear to be not fully compliant with these requirements. In recognition of this, PD will write to Skanska reinforcing these earlier requirements and advising of any further requirements recommended under this report.
54	The Procurement Division should improve oversight of the procurement of trade contracts process and ensure that (i) trade contractors that did not return bids actually received invitations to bid for contracts over a threshold amount to be established in	Compliance	High	Yes	31 July 2011	As noted above under the recommendation for Para 53, Skanska would appear to be not fully compliant with requirements for the subcontractor bid and award process. PD will include the recommendations from para 54 in its written advice to Skanska following this report.

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	consultation with the Office of CMP; (ii) all qualified bidders are invited to next rounds of bidding; (iii) no qualified bidder is eliminated from the competition without a valid documented reason.					
69	The Assistant Secretary-General, Office of Central Support Services should ensure consistency between the terms of reference of the Post Award Review Committee which establishes that all change orders and contract amendments greater than \$500,000 will be reviewed, and the delegation of authority to the Executive Director of CMP which sets the financial threshold at \$200,000.	Compliance	Low	Yes	31 July 2011	The delegation of authority to the Executive Director of CMP will be revised to provide that all change orders authorized by the Executive Director of the CMP exceeding \$500,000 shall be reviewed by PARC.
73	The Assistant Secretary-General, Office of Central Support Services should review current arrangements pertaining to PARC and its work plan in light of the large backlog of cases and lack of adequate resources to support PARC.	Operational	Moderate	Yes	31 July 2011	ASG/OCCSS shares the concern on the backlog of cases. In order to improve Procurement Division's ability to support PARC in view of its planned increased frequency of meetings, the CMP will be approached to obtain resources that will support Procurement Division's assistance to PARC.
89	The Office of CMP should ensure that change orders are justified and their origins identified clearly before they are approved. The Office of CMP	Operational	High			

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	<p>should also keep a summary of all change orders and the reasons for them in order to provide management information and enable appropriate actions in cases where changes are caused by user departments, delays in designs, mistakes by architects and engineers, or field conditions.</p>					
92	<p>The Office of CMP should instruct Skanska to provide an analysis of unit and time and material rates (Exhibit C of the trade contract) at the time of recommendation for award of trade contracts to ensure the agreed rates for change orders were competitive.</p>	Operational	Moderate			
96	<p>The Procurement Division should review recommendations for the award of all new trade contracts to ensure best value for money in accordance with the 'Special Procedures for the procurement of goods and services required to complete CMP' irrespective of whether they are processed as an allowance usage or change orders.</p>	Compliance	Low	Yes	31 July 2011	<p>From a review of the relevant documents, it appears that trade contract award recommendations which are made as part of the Allowance Request or Contingency Request processes are not referred to the Procurement Division for review. Procurement Division will work with CMP and Skanska to ensure that project processes are modified such that all trade contract awards are submitted to Procurement Division for review.</p>

