



4.8.

SUPPLIER AND CONTRACTOR PERFORMANCE ASSESSMENT

MARCH 15, 2019

SUMMARY OF THE AUDIT

OBJECTIVES

Ensure that supplier and contractor performance assessments are conducted in accordance with the provisions of the Act and the performance assessment administrative guideline and that relevant information is sent to decision-makers to enable them to make informed decisions.

RESULTS

In December 2012, the Government of Quebec adopted *Bill 8*¹, which amended section 573 of the *Cities and Towns Act*² (hereinafter CTA). Pursuant to the amended section, under certain conditions, municipalities may reject any tender from a contractor having received an unsatisfactory performance assessment in respect of a previous contract. In September 2013, the Ville de Montréal city council adopted a resolution calling for contractor and supplier work quality assessments. Finally, in November 2015, a “Supplier performance assessment guideline³” was developed to guide these assessments and ensure that all business units follow it.

Although efforts were made to comply with all provisions of this guideline, we believe that the following key aspects should be improved:

- Some provisions of the Performance assessment guideline contain significant ambiguities, which makes the guideline difficult to interpret and implement;
- Several provisions of the Performance assessment guideline are not followed;
- Contracts covered by the Performance assessment guideline do not all undergo performance assessments;
- Audited business units did not all have a comprehensive tool for monitoring performance assessments;
- Unsatisfactory performance assessment files do not all contain a schedule that includes deadlines to be met, as described in the CTA and the guideline, as well as dates related to important aspects of the file;
- The Service du greffe has no specific guideline for maintaining and updating the list of firms whose performance is unsatisfactory;
- The information provided to help decision-makers make decisions do not meet all requirements outlined in the guideline and the “Guide – Developing decision-making records (contract awards)”;
- The “Guide – Developing decision-making records” has not been updated to reflect amendments to the guideline made in September 2018;
- The information accompanying the list of firms whose performance is unsatisfactory provided to decision-makers, which is subsequently posted on the assessment record website, is not consistent.

In addition to these results, we have formulated various recommendations for business units.

The details of these recommendations and our conclusion are outlined in our audit report, presented in the following pages.

Note that the business units have had the opportunity to formulate their comments, which appear after the audit report recommendations.

¹ *An Act to amend various legislative provisions respecting municipal affairs*, CQLR, 2012, chapter 30.

² *Cities and Towns Act*, CQLR, c. C-19, sec. 573, subsection 2.0.1.

³ November 4, 2015 guideline: C-RM-APP-D-15-002.

TABLE OF CONTENTS

1. BACKGROUND	345
2. PURPOSE AND SCOPE OF THE AUDIT	347
3. AUDIT RESULTS	349
3.1. Implementation of the guideline	349
3.1.1. Review of the guideline	349
3.1.2. Implementation of the guideline's provisions	353
3.1.2.1. Performance assessment	353
3.1.2.2. Control mechanisms	357
3.1.2.3. Maintaining and updating the list of firms whose performance is unsatisfactory	362
3.2. Information provided as part of the decision-making process and on the website	364
3.2.1. Suppliers or contractors who were awarded a contract, but who are not on the list of firms whose performance is unsatisfactory	364
3.2.2. Suppliers or contractors who were awarded a contract and are on the list of firms whose performance is unsatisfactory	367
3.2.3. Information accompanying the list of firms whose performance is unsatisfactory	370
4. CONCLUSION	373
5. APPENDIX	374
5.1. Objectives and evaluation Criteria	374



LIST OF ACRONYMS

CTA

Cities and Towns Act

GDD

Decision-making record management

LCB

lowest compliant bidder

RDP-PAT

Rivière-des-Prairies–Pointe-aux-Trembles
borough

SIVT

Service des infrastructures, de la voirie
et des transports (Infrastructure, roads
and transport department)

1. BACKGROUND

In December 2012, the Government of Quebec adopted *Bill 8*⁴, which amended section 573 of the *Cities and Towns Act* (hereinafter CTA). Pursuant to the amended section, under certain conditions, municipalities may reject any tender from a contractor having received an unsatisfactory performance assessment in respect of a previous contract. This provision came into force by government decree in June 2013. Under the CTA, municipalities may conduct supplier and contractor performance assessments. Before this provision came into force, cities could not reject tenders from firms that had not performed previous contracts satisfactorily.

In September 2013, the Ville de Montréal (hereinafter the City) city council adopted a resolution calling for contractor and supplier work quality assessments. Specifically, city council requested that the *Performance assessment system* be put in place as soon as possible to properly assess performance and the quality of work and goods provided.

Pursuant to these new provisions, in September 2015⁵, city council declared that it had competent jurisdiction, for a period of five years, to exercise the powers related to supplier and contractor performance assessments. To exercise this power, city council delegated competent jurisdiction to the executive committee for these assessments in October 2015⁶. The urban agglomeration council therefore adopted a bylaw⁷ on the delegation of powers to the executive committee in order to enable the committee to exercise jurisdiction over supplier and contract performance assessments in respect of contracts concerning the agglomeration.

Although city council has declared that it has jurisdiction over performance assessments for a five-year period, this declaration of jurisdiction provides that each authority retains jurisdiction over the decision to award the contract.

In November 2015, a “Supplier performance assessment guideline⁸” was developed to guide these assessments. All business units must follow this guideline. For example, units must include specific clauses in the performance assessment in tender documents, develop a monitoring plan for each contract, monitor the contract and assess the firm. The guideline also specifies the roles and responsibilities of the various stakeholders involved in assessing the performance of firms and describes the process and steps to be followed to conduct performance assessments. It clearly states that the Service de l’approvisionnement is responsible for contract files it has signed and for the content of the guideline.

⁴ Adopted in December 2012.

⁵ Pursuant to section 85.5 of the *Charter of Ville de Montréal*, CQLR, c-11.4. City council resolution CM15 1107, dated September 21, 2015.

⁶ *By-law concerning the delegation of city council powers to the executive committee*, city council, by-law No. 03-009, adopted on January 27, 2003.

⁷ *Urban agglomeration council internal management by-law concerning the delegation of urban agglomeration council powers to the executive committee regarding performance evaluation*, urban agglomeration council, by-law No. RCG 15-075, adopted on October 29, 2015.

⁸ November 4, 2015 guideline: C-RM-APP-D-15-002.

It also states that the Service du greffe is responsible for maintaining and updating the list of firms whose performance is unsatisfactory.

The Direction générale relied on section 57.1 of the *Charter of Ville de Montréal* to decree that the guideline is part of a strategic issue. As a result, the guideline applies to all City departments and boroughs.

The guideline gives business units the option to recommend to the authorities the choice of the lowest compliant bidder, even if that bidder is on the list of firms whose performance is unsatisfactory. However, business units must justify this choice by providing various kinds of information, the content of which is indicated in the guideline. The guideline was amended in 2017 and 2018. Since September 2018, a business unit can now consider the type of contract or contracts for which the firm received an unsatisfactory performance assessment, the type of contract to be awarded, as well as the number of unsatisfactory and satisfactory performance assessments that the firm received in the last two years. This amendment is important because, although the firm is on the list of firms whose performance is unsatisfactory, a business unit can award it the contract on the basis that it is a different type of contract from the one the firm had previously performed and for which it had obtained an unsatisfactory performance assessment.

In January 2016, the Service de l'approvisionnement created a PowerPoint presentation to show business units the performance assessment process and the authorities' responsibilities. In November 2016, this department also produced a performance assessment guide.

In summary, the executive committee is responsible for assessing performance for all contract files of all authorities (e.g., the urban agglomeration council, city council, executive committee and borough council). The files must therefore be forwarded to the Service de l'approvisionnement in order for it to review each performance assessment and decide whether to endorse or reject the assessor's ruling that the firm's performance was unsatisfactory. However, each body retains its authority to award contracts, i.e., the power to reject any tenders, or to award a contract under its jurisdiction to a contractor or supplier despite the fact that it is on the list of firms whose performance is unsatisfactory.

In the by-laws governing the delegation of powers to the executive committee, the city council and the urban agglomeration council have decreed that: "*...all performance assessments are carried out by the division head responsible for the management of the contract*". The guideline sets out the same rule. The division head has therefore been designated as the person responsible for conducting this assessment in the relevant business units as stipulated in subsection 2.0.1 of section 573 of the CTA. The division head must therefore send the executive committee a decision summary outlining his decision on a firm's unsatisfactory performance assessment for the committee's endorsement or rejection.

The performance assessment is conducted at the end of the contract and covers the entire contract, not only part of the contract.

The administrative framework stipulates that:

“...this guideline applies to all contracts awarded by all business units for the acquisition of goods and general services, professional services and the execution of works following a public call for tenders process. It also applies to architectural and design competitions involving a subsidy of \$100,000 or more or to any other contract that the executive committee may identify.”

Since the Direction générale adopted the guideline, more than 10 or so unsatisfactory performance assessment files have been sent to the executive committee for approval.

When the executive committee approves an unsatisfactory performance assessment file regarding a firm, the firm is then placed on the list of firms whose performance is unsatisfactory. It is commonly known as the “Grey list.” To date, nearly 10 or so firms have been put on this list. The list is posted on the City’s Internet portal, which is can be accessed by the public.

2. PURPOSE AND SCOPE OF THE AUDIT

Pursuant to the provisions of the CTA, we conducted a performance audit mission on supplier and contractor performance assessments. We performed this mission in accordance with the Canadian Standard on Assurance Engagement (CSAE) 3001 described in the CPA Canada Handbook – Assurance, and other Canadian public sector certification standards issued by the CPA Canada Auditing and Assurance Standards Board.

The purpose of this audit was to ensure that supplier and contractor performance assessments are conducted in accordance with the provisions of the CTA and the performance assessment administrative guideline and that relevant information is sent to decision-makers to enable them to make informed decisions.

The role of the Auditor General of the Ville de Montréal is to provide a conclusion regarding the objectives of the audit. To do so, we collected a sufficient amount of relevant evidence on which to base our conclusion and to obtain a reasonable level of assurance. Our assessment is based on criteria we have deemed valid for the purposes of this audit. They are presented in Appendix 5.1.

The Auditor General of the Ville de Montréal applies the Canadian Standard on Quality Control (CSQC) 1 of the CPA Canada Handbook – Assurance and, consequently, maintains a comprehensive quality control system that includes documented policies and procedures with respect to compliance with ethical guidelines, professional standards and applicable legal and regulatory requirements. She also complies with the rules of independence and the other ethical rules of the Code of Ethics of Chartered Professional Accountants, which are based on the fundamental principles of integrity, professional competency and diligence, confidentiality and professional conduct.

Our audit work focused on the period from November 2015 to September 30, 2018. However, for some aspects, data prior to these years were also considered. It was primarily completed between June 2018 and February 2019. The files selected for review of the implementation of provisions in the Supplier performance assessment guideline have to do with construction contracts.

This work primarily involved the following business units:

- Service du greffe;
- Service de l’approvisionnement;
- Service des infrastructures, de la voirie et des transports (SIVT);
- Rivière-des-Prairies–Pointe-aux-Trembles borough (RDP-PAT);
- Verdun borough.

It is important to note that between completion of our audit work and publication of this report, the City reorganized some City departments. Given that our findings are limited to the period preceding this reorganization, the name of the department at that time is used in this report. However, our recommendations are intended for the department based on this reorganization. Table 1 shows the equivalence between the old and new departments involved in this audit. Other departments, directorates or divisions targeted by this audit, but not mentioned in this Table, were not reorganized as of January 1, 2019.

TABLE 1 – EQUIVALENCE BETWEEN THE 2018 ORGANIZATION AND THE 2019 ORGANIZATION

2018 ORGANIZATION	2019 ORGANIZATION
Service des infrastructures, de la voirie et des transports Direction des infrastructures Division de la réalisation des travaux	Service des infrastructures du réseau routier Direction des infrastructures Division de la réalisation des travaux
Service des infrastructures, de la voirie et des transports Division des grands projets 2	Service des infrastructures du réseau routier Direction des infrastructures Division des grands projets
Service des infrastructures, de la voirie et des transports Division des grands projets 4	Service de l’urbanisme et de la mobilité Direction de la mobilité Division de l’aménagement et des grands projets

Upon completing our audit work, we presented a draft audit report to the managers of each audited business unit for discussion purposes. The final report was then forwarded to the Direction générale and each business unit involved in the audit in order to obtain action plans and implementation timelines.

A copy of the final report was also submitted to the deputy director general of the Mobilité et à l'attractivité, the deputy director general of the Services institutionnels, the deputy director general of the Service aux citoyens, the director of the Service de la concertation des arrondissements, and the directors of the 17 other boroughs not directly targeted by our audit, so they could implement recommendations if appropriate.

3. AUDIT RESULTS

3.1. IMPLEMENTATION OF THE GUIDELINE

3.1.1. REVIEW OF THE GUIDELINE

3.1.1.A. BACKGROUND AND FINDINGS

As we mentioned earlier, the “Supplier performance assessment guideline” contains several provisions. Our audit work revealed an ambiguity and an interpretation problem that make it difficult to implement some of these provisions.

The following provision concerns the scope of the guideline, i.e., the categories of contracts and the value of contracts for which a performance assessment must be conducted.

“Company assessments

This guideline applies to all contracts awarded by all business units for the acquisition of goods and general services, professional services and the execution of works following a public call for tenders process. It also applies to architectural and design competitions involving a subsidy of \$100,000 or more or to any other contract that the executive committee may identify.”

According to the information obtained from the people interviewed at the Service de l'approvisionnement, contracts of \$100,000 or more are covered by the guideline.

However, a review of the list of firms whose performance is unsatisfactory reveals that a borough gave a contract worth less than \$100,000 an unsatisfactory performance assessment. In the two boroughs audited, staff members told us they were concerned because they were not sure whether performance assessments should be conducted for contracts under \$100,000 where a public call for tenders was issued. For its part, SIVT staff told us that performance assessments were conducted only for contracts of \$100,000 or more.

It appears that this provision is somewhat ambiguous, which makes it difficult to implement. Although it does specify that it applies to architectural and design competitions involving a contract of \$100,000 or more, it does not clearly specify the value of contracts for which a public call for tenders is issued.

The guideline includes another provision regarding its scope, i.e., contracts for which a performance assessment must be conducted. This provision reads as follows:

“Awarding new contracts, agreements or orders

This guideline applies to all new contracts, agreements or orders awarded by all business units to successful bidders on the list of firms whose performance is unsatisfactory pursuant to public invitations to tender or tenders by invitation or by negotiation.”

According to this provision, all contracts, agreements and orders awarded to a contractor on the list of firms whose performance is unsatisfactory must undergo a performance assessment.

In our opinion, when read with the first provision described above, this provision is also somewhat ambiguous because it does not specify the value of contracts for which a performance assessment must be conducted. It mentions firms on the list of firms whose performance is unsatisfactory pursuant to contracts awarded following public calls to tender or tenders by invitation or by negotiation.

Another provision also caught our attention because our audit work revealed that it contained significant interpretation and implementation problems. This provision reads as follows:

“Company assessments

Firms are assessed at the end of the contracts based on the checklist included in the call for tenders. The scores are explained in the comment section of the report. The final assessment is a synthesis of all monitoring activities from the beginning to the end of the contract [...].”

The guideline does not specify the concept of “end of the contracts”. Our audit work highlights the fact that business units interpret this notion differently. As a result, the performance assessment is not performed during the same period. This situation raises several ambiguities in implementing the guideline because the audited business units implement it differently and not consistently.

THE SERVICE DES INFRASTRUCTURES, DE LA VOIRIE ET DES TRANSPORTS

SIVT staff told us that the performance assessment is conducted at the provisional acceptance stage⁹ of the work. Specifications for contracts that have received an unsatisfactory performance assessment indicate that, for performance assessment purposes, provisional acceptance of the work is considered to be the end of the contract.

RIVIÈRE-DES-PRAIRIES–POINTE-AUX-TREMBLES BOROUGH

Some RDP-PAT borough staff members that we interviewed told us they were not sure about the period during which the performance assessment should be conducted. They had different interpretations. One staff member told us that the performance assessment was conducted upon final acceptance of the work¹⁰, while another said he preferred conducting the assessment upon provisional acceptance of the work, although a member from a different department had a different opinion. As a result, some assessments have still not been performed despite the fact that the work has been provisionally accepted.

VERDUN BOROUGH

Comments provided by staff interviewed in the Verdun borough were quite similar to those we received from the RDP-PAT borough. Staff indicated that the performance assessment must be conducted at the final acceptance stage, when everything has been completed, i.e., when the securities are released. However, after our interviews, staff mentioned that they were not sure about the period during which the assessment should be conducted. Performance assessments for some contracts were completed in December 2018 at the provisional acceptance stage. However, performance assessments were not conducted for some contracts despite the fact that the work had been provisionally accepted.

Thus, business units have different interpretations of the concept of “end of contract”, which is not inconsequential. Performance assessments are not completed at the same time. They are therefore not conducted consistently within the City. According to the information provided by the people interviewed in the business units, the date of final acceptance may extend to a few years after provisional acceptance. There may be an impact on the assessment due to various factors, including staff changes and time elapsed.

⁹ Provisional acceptance occurs when the work has been provisionally accepted. It is initiated when several specific conditions have been met (e.g., the work to be corrected and the work to be completed, including deferred work, does not prevent the work from being ready in every respect for its intended use). A provisional acceptance certificate is produced. A provisional acceptance letter is sent to the contractor (accepting the work).

¹⁰ If all the construction work has been performed and found to be acceptable at the time of the first inspection, or if it is completed after defects have been corrected, the designated construction professional (the supervisor) will recommend final acceptance of the construction work. A final work acceptance certificate is produced. A letter of final acceptance is sent to the contractor.

This provision is therefore very difficult to interpret and apply. Such a situation is not devoid of risk, because the calculation of deadlines for the process leading to the executive committee’s decision to approve or reject the assessment is based on the end date of the contract. An error in the end date of the work can have significant consequences and call into question the assessment itself in the case of unsatisfactory performance. The assessment may therefore be challenged by the firm.

In our opinion, it is crucial that the provisions of the guideline be reviewed to avoid any ambiguity and confusion in their interpretation and thus facilitate their application. It is also important that the guideline, approved by the Direction générale, be applied consistently throughout the City.

RECOMMENDATION

3.1.1.B. We recommend that the Direction générale ensure that the guideline is reviewed in order to clarify it, remove all ambiguity and any possibility of divergent interpretations to facilitate its compliant and consistent application throughout the City.

BUSINESS UNIT’S RESPONSE

3.1.1.B. *Direction générale*
[TRANSLATION] The Direction générale mandates the Service de l’approvisionnement, in conjunction with the Service des affaires juridiques, to revise the guideline. The “Supplier assessment” project committee, consisting of managers of several business units (corporate services and boroughs), has already started revising the guideline.

After the guideline has been updated and to ensure consistent, uniform implementation, the Service de l’approvisionnement will provide all units with training on the revised process. (Planned completion: October 2019)

3.1.2. IMPLEMENTATION OF THE GUIDELINE'S PROVISIONS

3.1.2.1. PERFORMANCE ASSESSMENT

3.1.2.1.A. BACKGROUND AND FINDINGS

At this stage of our work, we wanted to verify whether the audited business units implemented the key provisions of the guideline.

These key provisions primarily concern:

- conducting performance assessments for contracts covered by the guideline;
- using tender documents that include the performance assessment clauses and checklist;
- developing a monitoring plan for each contract: planning for the assessment takes into account the topics and criteria in the checklist, and includes the items to be verified, the frequency and periods of interventions, the people to be interviewed, places to be visited, and if necessary, the means to be used to perform these verifications;
- creating a register of follow-up interventions with a brief description of the items checked (this document is used for monitoring, follow-up meetings, communications and different opinions);
- sending the assessments to the Service de l'approvisionnement.

In order to perform this review, we gathered samples of tender documents at SIVT and in the boroughs of RDP-PAT and Verdun from the list of 2016 to 2018 contracts that these units sent us. We limited our review to construction contracts, because they account for a significant number of contracts awarded to suppliers or contractors by the boroughs and the City, and conducting performance assessments for these contracts is very challenging.

As a result, we did not select a contract from the Service de l'approvisionnement because this department does not conduct performance assessments in this category of contracts. For each business unit, we randomly selected five contract files that the business units deemed to be completed.

We also examined contracts that received unsatisfactory performance assessments from the two boroughs and SIVT. However, the RDP-PAT borough did not issue any unsatisfactory performance assessments. On the list of firms whose performance is unsatisfactory, we found an assessment file produced by the Verdun borough and two assessment files produced by SIVT.

REVIEW OF 15 SELECTED CONTRACT FILES

After having reviewed each contract file against the elements of the provisions mentioned above, our work highlighted the fact that some provisions are implemented in all cases while other provisions are not always implemented.

In the case of the three audited business units, we found that:

- clauses in tender documents are present in all files we examined relating to the selected contracts;
- the assessment checklist is also present in all tender documents.

However, our work also reveals that for these three business units:

- performance assessments are not conducted for some contracts when the contract is deemed to be ended or provisional or even final acceptance has been completed;
- a follow-up plan for each contract, as required by the guideline, was not developed for any of the selected contracts. This type of plan is important because a performance assessment must be prepared and planned from the outset of the contract and not only when the first failures of a supplier or contractor are noted. It is important to understand that the performance of a supplier or contractor who is awarded a contract must be assessed from the beginning to the end of the contract, not just during part of the contract;
- a record of follow-up interventions with a brief description of the items audited is not always developed or complete. Such a register is important because it is used for monitoring and is linked to the monitoring plan and the assessment checklist. It is used to standardize the documentation to be produced as well as performance assessments;
- assessments are not always sent to the Service de l'approvisionnement as required by the guideline.

REVIEW OF THE THREE CONTRACT FILES FOR WHICH AN UNSATISFACTORY PERFORMANCE ASSESSMENT WAS COMPLETED

For these files, our work reveals that the performance assessment clauses and checklist in the tender documents are present. However, we did not find any evidence in the three contract files that a follow-up plan and a record of comprehensive follow-up interventions had been developed.

The Service de l'approvisionnement recognized that not all contract-related assessments for which it is responsible were performed despite the fact that the contracts were completed. SIVT and the boroughs of RDP-PAT and Verdun also told us that performance assessments were not conducted for all contracts awarded.

On the one hand, it is important that all provisions of the guideline be followed. On the other hand, it is critical that all contract files covered by the guideline undergo

performance assessments in order to provide City decision-makers with the assurance that the work is being done by qualified firms. Also, under the recent September 2018 amendments to the guideline, all assessments, including positive ones, can be used to support decision-making when awarding a contract to a firm on the list of firms whose performance is unsatisfactory.

RECOMMENDATION

3.1.2.1.B. We recommend that the Service des infrastructures du réseau routier, the Service de l'urbanisme et de la mobilité, the Service de l'approvisionnement and the boroughs of Rivière-des-Prairies–Pointe-aux-Trembles and Verdun ensure that all the provisions of the “Supplier performance assessment guideline” are implemented to provide decision-makers with the assurance that the work is being done by qualified firms.

BUSINESS UNITS' RESPONSES

3.1.2.1.B. *Service des infrastructures du réseau routier*
[TRANSLATION] After the Supplier performance assessment guideline was issued in 2015, the Service des infrastructures du réseau routier prepared and implemented internal procedures to comply with the guideline.

*This audit report recommends that this guideline be revised; it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service des infrastructures du réseau routier requested in this audit report will be identified and implemented within three months of these revisions. We should point out that two Service des infrastructures du réseau routier resources are helping to revise the guideline. **(Planned completion: three months after the revised guideline is filed)***

Service de l'urbanisme et de la mobilité

[TRANSLATION] The Supplier performance assessment guideline issued in 2015 was implemented at the Service de l'urbanisme et de la mobilité and internal procedures were prepared to comply with the guideline.

*Given that this audit report recommends that this guideline be revised, it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service de l'urbanisme et de la mobilité requested in this audit report will be identified and implemented within three months of these revisions. **(Planned completion: October 2019)***

Service de l'approvisionnement

[TRANSLATION] Given the current situation (large number of files over \$100,000), business units do not have the capacity to complete all required assessments. At the Service de l'approvisionnement's initiative, the "Supplier assessment" project committee, consisting of managers of several business units (corporate services and boroughs), was convened. This committee is mandated to update the guideline in order to improve process performance and ensure that the guideline is consistent with the business units' operational practices.

Also, the Service de l'approvisionnement has set up a new unit that will be mandated to monitor Service de l'approvisionnement files.

(Planned completion: October 2019)

Rivière-des-Prairies–Pointe-aux-Trembles borough

[TRANSLATION] The Rivière-des-Prairies–Pointe-aux-Trembles borough will ensure compliance with all provisions of the guideline for all contracts that include supplier assessment clauses and the supplier assessment form.

*The concept of "end of contract" will have to be clarified to ensure consistent implementation of the guideline. **(Planned completion: May 2019)***

Verdun borough

[TRANSLATION] An email will be sent to all individuals whose work involves preparing tender documents and decision-making files for contract awards and performing job management duties. The Supplier performance assessment guideline, the "performance assessment report" file, and the "bid compliance analysis" file will be attached to the email.

The key points will then be raised:

- *Prior to the award of the contract, checking whether the bidder is on the list of suppliers whose performance is unsatisfactory;*
- *The obligation to perform positive or negative supplier assessments;*
- *The obligation to prepare a monitoring plan in order to properly document this assessment and to meet deadlines for sending the assessment. **(Planned completion: May 2019)***

3.1.2.2. CONTROL MECHANISMS

3.1.2.2.A. BACKGROUND AND FINDINGS

We also examined controls in place to ensure compliance with the provisions of the guideline.

Our audit work showed that SIVT and the boroughs of RDP-PAT and Verdun use contract list files that include various information, such as the call for tenders numbers, the purpose of the work and the award date. Although these files are very useful for the monitoring contracts, they appear to us incomplete for monitoring performance assessments. These tools do provide information on each contract indicating that:

- the assessment was completed, the date of the assessment, the stage at which the assessment was performed (e.g., provisional acceptance);
- the assessment was sent to the Service de l'approvisionnement, and that it was validated and signed by the division head.

We believe it is important that the division head be able to use such tools to monitor completion of performance assessments, including whether the assessment has been conducted and, once approved, sent to the Service de l'approvisionnement.

The guideline sets out deadlines (the same deadlines that are indicated in the CTA¹¹) in connection with the unsatisfactory performance assessment process:

- 1) the assessment report must be sent to the supplier or contractor within 60 days of the end of the contract;
- 2) the supplier or contractor has 30 days to respond to an unsatisfactory performance report;
- 3) the business unit has 60 days to review its assessment and reverse or uphold its decision and send it to the executive committee for approval or rejection. The deadline for this process is 150 days including the executive committee's decision.

However, although deadlines and dates were mentioned in the decision-making files, our examination of unsatisfactory performance assessment files prepared by the Verdun borough and SIVT did not show any evidence that these files are always accompanied by a schedule indicating the various deadlines to be met in accordance with the guideline and the CTA (e.g., delivery to the contractor, receipt of comments and delivery to the executive committee) including dates related to key aspects of the file (e.g., the end

¹¹ *Cities and Towns Act*, CQLR, c. C-19, sec. 573, subsection 2.0.1.

date of the contract, performance assessment date, date the assessment was sent to the Contractor, the date comments were received, the response date and the date of delivery to the executive committee). In our opinion, a deadline is an important tool, especially for unsatisfactory performance assessment files, because the assessment may be challenged and rejected if deadlines are not met.

The Service de l’approvisionnement has developed a computer-based application called the “Contract management tool” for conducting performance assessments of the files for which it is responsible. This tool provides various functionalities, such as monitoring planning, including actions taken. However, this application is in its developmental stage for construction contracts. It is currently used only by the Service de l’approvisionnement as a pilot project for certain supply contracts. The Service de l’approvisionnement wishes to extend use of this computerized tool to the other business units involved in performance assessments. We believe this is a good initiative.

Staff in this department told us that there are plans to report on performance assessments in 2020. However, for the time being, many performance assessment tasks are still done manually, which makes it difficult to prepare these reports. We also believe that, in order to facilitate and provide more comprehensive reports, the Service de l’approvisionnement should prepare a report on City business units’ compliance with the guideline. Such a report will provide a more comprehensive picture of the City’s compliance with the “Supplier performance assessment guideline.”

Our audit work also highlighted a lack of knowledge of the provisions of the guideline. In fact, staff interviewed at SIVT and in the two boroughs are not all familiar with all the provisions of the guideline. For example, provisions for developing a monitoring plan and a register of interventions are less well known. Because we have recommended that the Direction générale review the provisions of the guideline, we believe that, at the same time, once the review has been completed and changes have been made, the Service de l’approvisionnement should also examine the possibility of reinitiating its performance assessment training to focus on less well-known items and newly amended provisions.

RECOMMENDATIONS

3.1.2.2.B. We recommend that the Service des infrastructures du réseau routier, the Service de l’urbanisme et de la mobilité¹² and the boroughs of Rivière-des-Prairies–Pointe-aux-Trembles and Verdun develop a system for monitoring all supplier and contractor performance assessment activities.

¹² La Division des grands projets – 4, which reported to SIVT is now part of the Service de l’urbanisme et de la mobilité. Contract and performance assessment files, for which this division is responsible, were selected and reviewed as part of the audit. As part of its activities, this division continues to conduct firm performance assessments.

- 3.1.2.2.C.** We recommend that for each supplier’s or contractor’s unsatisfactory performance assessment file, the Service des infrastructures du réseau routier, the Service de l’urbanisme et de la mobilité¹³ and the boroughs of Rivière-des-Prairies–Pointe-aux-Trembles and Verdun prepare a schedule deadlines and assessment file milestone dates, to ensure compliance with deadlines set out in the guideline and the Act.
- 3.1.2.2.D.** We recommend that the Service de l’approvisionnement continue its “Contract management tool” initiative to make it available to all business units involved in supplier and contractor performance assessments and help standardize best practices.
- 3.1.2.2.E.** We recommend that the Service de l’approvisionnement prepare a report on the implementation of the “Supplier performance assessment guideline” throughout the City to provide a more comprehensive picture on reporting planned for 2020.
- 3.1.2.2.F.** We recommend that the Service de l’approvisionnement reinitiate its supplier and contractor performance assessment training for business units once the guideline has been revised so these units can update and expand their knowledge of certain provisions.

BUSINESS UNITS' RESPONSES

- 3.1.2.2.B.** *Service des infrastructures du réseau routier*
 [TRANSLATION] After the Supplier performance assessment guideline was issued in 2015, the Service des infrastructures du réseau routier prepared and implemented internal procedures to comply with the guideline.
- This audit report recommends that this guideline be revised; it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service des infrastructures du réseau routier requested in this audit report will be identified and implemented within three months of these revisions. We should point out that two Service des infrastructures du réseau routier resources are helping to revise the guideline.*

¹³ Idem.

At the very least, the Service des infrastructures du réseau routier will adapt its project management tool to document the number of assessments completed and the dates assessments are sent to the Service de l'approvisionnement. (Planned completion: three months after the revised guideline is filed)

Service de l'urbanisme et de la mobilité

[TRANSLATION] The Supplier performance assessment guideline issued in 2015 was implemented at the Service de l'urbanisme et de la mobilité, and internal procedures were prepared to comply with the guideline.

Given that this audit report recommends that this guideline be revised, it also recommends that the "Guide – Developing decision-making records" be updated. In this context, actions to be taken by the Service de l'urbanisme et de la mobilité requested in this audit report will be identified and implemented within three months of these revisions.

Notwithstanding the requested three-month deadline, for the time being, the Service de l'urbanisme et de la mobilité will adapt its project management tool to document the number of assessments completed and the dates assessments are sent to the Service de l'approvisionnement. (Planned completion: October 2019)

Rivière-des-Prairies–Pointe-aux-Trembles borough

[TRANSLATION] The Rivière-des-Prairies–Pointe-aux-Trembles borough will improve contract monitoring files by adding information on the performance assessment until a computerized application is implemented by the Service de l'approvisionnement.

(Planned completion: December 2019)

Verdun borough

[TRANSLATION] We added a tab in the "performance assessment report" file, used to assess suppliers during the work, in order to have a monitoring plan to validate items that must be verified against deadlines and/or required frequencies. Comments, opinions and notes may be added to properly document assessment monitoring.

(Planned completion: completed)

3.1.2.2.C. Service des infrastructures du réseau routier

[TRANSLATION] After the Supplier performance assessment guideline was issued in 2015, the Service des infrastructures du réseau routier prepared and implemented internal procedures to comply with the guideline.

This audit report recommends that this guideline be revised; it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service des infrastructures du réseau routier requested in this audit report will be identified and implemented within three months of these revisions. We should point out that two Service des infrastructures du réseau routier resources are helping to revise the guideline.

*At the very least, the Service des infrastructures du réseau routier will adapt its project management tool to document the number of assessments completed and the dates assessments are sent to the Service de l’approvisionnement. **(Planned completion: three months after the revised guideline is filed)***

Service de l’urbanisme et de la mobilité

[TRANSLATION] The Supplier performance assessment guideline issued in 2015 was implemented at the Service de l’urbanisme et de la mobilité, and internal procedures were prepared to comply with the guideline.

Given that this audit report recommends that this guideline be revised, it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service de l’urbanisme et de la mobilité requested in this audit report will be identified and implemented within three months of these revisions.

*Notwithstanding the requested three-month deadline, for the time being, the Service de l’urbanisme et de la mobilité will adapt its project management tool to document the number of assessments completed and the dates assessments are sent to the Service de l’approvisionnement. **(Planned completion: October 2019)***

Rivière-des-Prairies–Pointe-aux-Trembles borough

*[TRANSLATION] The Rivière-des-Prairies–Pointe-aux-Trembles borough will prepare a schedule for unsatisfactory performance assessment files to ensure compliance with deadlines set out in the guideline. **(Planned completion: June 2019)***

Verdun borough

*[TRANSLATION] In connection with 3.1.2.2.B., the file also contains the dates assessments are sent after works have been accepted **(Planned completion: completed)***

3.1.2.2.D. Service de l’approvisionnement

[TRANSLATION] Although the Service des technologies de l’information is responsible for further development of the application and its implementation, a proof-of-concept pilot test (based on the existing tool developed within the Service de l’approvisionnement) will be conducted with a business unit to confirm that the application works in a construction or general service file.

Following this test, the application will be validated by the Service des technologies de l’information to ensure the implementation of this application. (Planned completion: December 2019)

3.1.2.2.E. Service de l’approvisionnement

[TRANSLATION] The Service de l’approvisionnement will submit a formal request to all business units to obtain a copy of all satisfactory or unsatisfactory assessment files produced since the program was launched in October 2015. (Planned completion: June 2019)

Subsequently, these data will be consolidated in a global report. (Planned completion: March 2020)

3.1.2.2.F. Service de l’approvisionnement

[TRANSLATION] After the guideline is updated, the Service de l’approvisionnement will send business units an official memo advising them that further training will be provided on changes to the guideline. This new training will focus on the process and will specifically aim to update users on changes to the guideline and some aspects that have been less well understood by users. (Planned completion: January 2020)

3.1.2.3. MAINTAINING AND UPDATING THE LIST OF FIRMS WHOSE PERFORMANCE IS UNSATISFACTORY

3.1.2.3.1.A. BACKGROUND AND FINDINGS

The Service du greffe is responsible for maintaining and updating the list of firms whose performance is unsatisfactory. We therefore wanted to examine whether this department had a monitoring procedure to ensure that the list of firms whose performance is unsatisfactory is maintained and updated.

The guideline contains the following provision:

“The Service du greffe maintains the list of firms whose performance is unsatisfactory. It makes sure to add entries on the list following executive committee decisions. It also makes sure to remove names from the list after a period of two years. These entries must include the firm’s name, supplier number, registration resolution, GDD, start and end date of the two-year period.”

Because the City has chosen to use the performance assessment procedure set out in the CTA, it is important that listings be maintained and updated with utmost care. Firms that received unsatisfactory performance assessments must be removed from the list after a period of two years following the date of registration in accordance with the guideline and the CTA. Failure to remove affected companies from the list by the required date can have a significant impact on the City and the supplier or contractor. It is therefore imperative that a specific guideline exist and that those responsible and the steps to be taken according to the planned schedule be indicated in order to keep this list up to date.

Service du greffe staff interviewed recognized that they have not yet developed a procedure for maintaining and updating the list of firms whose performance is unsatisfactory, because listings are recent for the moment. However, staff indicated that it agreed to prepare such a procedure in the near future, which will enable users to identify those responsible more readily.

RECOMMENDATION

3.1.2.3.B. We recommend that the Service du greffe develop a guideline for maintaining and updating the list of firms whose performance is unsatisfactory in order to make it easier to monitor the list and ensure compliance with the provisions of the Act and the guideline.

BUSINESS UNIT'S RESPONSE

3.1.2.3.B. *Service du greffe*
[TRANSLATION] Currently, supplier removal dates are recorded in the agendas of the division head and the technician responsible for updating the website when the dates are entered on the list. To date, we have removed one supplier.

*We will draft an internal procedure at the Service du greffe to formalize our practices and, if possible, strengthen them.
 (Planned completion: April 2019)*

3.2. INFORMATION PROVIDED AS PART OF THE DECISION-MAKING PROCESS AND ON THE WEBSITE

3.2.1. SUPPLIERS OR CONTRACTORS WHO WERE AWARDED A CONTRACT, BUT WHO ARE NOT ON THE LIST OF FIRMS WHOSE PERFORMANCE IS UNSATISFACTORY

3.2.1.A. BACKGROUND AND FINDINGS

In order to assess the extent to which, decision-making records provide decision-makers with all the required information before contracts are awarded, the business units selected for this audit mission provided us with a list of contracts they awarded during the period covered by our work. We then randomly selected three contracts per business unit. We excluded from our sample contracts that were awarded to suppliers on the list of suppliers whose performance is unsatisfactory, if applicable.

We reviewed the decision-making summaries and records for the nine contracts selected and looked for evidence that verifications had been completed and documented to confirm whether or not the successful bidder was on the list of firms whose performance is unsatisfactory.

Following the review of selected decision-making summaries and records, we found the following results:

TABLE 2 – VERIFICATION OF WHETHER THE SUCCESSFUL BIDDER IS ON THE LIST OF FIRMS WHOSE PERFORMANCE IS UNSATISFACTORY

BUSINESS UNIT	DECISION-MAKING RECORDS	INFORMATION PROVIDED TO DECISION MAKERS IN THE DECISION-MAKING SUMMARY	INFORMATION ATTACHED TO THE DECISION-MAKING SUMMARY	VERIFICATION OF THE LIST OF SUPPLIERS WHOSE PERFORMANCE IS UNSATISFACTORY WAS PERFORMED
Service des infrastructures, de la voirie et des transports	A	No	No	No evidence
	B	Yes	No	Yes
	C	Yes	No	Yes
Rivière-des-Prairies-Pointe-aux-Trembles borough	D	Yes	Yes	Yes
	E	No	Yes	Yes
	F	No	Yes	Yes
Verdun borough	G	Yes	No	Yes
	H	Yes	No	Yes
	I	No	No	No evidence
TOTAL		YES: 5 ; NO: 4	YES: 3 ; NO: 6	YES: 7

In five out of nine cases, we found that the decision-making summary had been documented based on information confirming that the successful bidder was not on the list of firms whose performance is unsatisfactory.

In addition, the RDP-PAT borough has developed a bidders compliance assessment form in which an audit of the list of firms whose performance is unsatisfactory is planned. Although in two instances the audit information is not disclosed in the actual body of the decision-making summary, we were still able to obtain evidence that the verification was performed in all cases.

With respect to SIVT and the Verdun borough, we were unable to obtain evidence in two files that the list of firms whose performance is unsatisfactory had been checked to ensure that contract winners were not included, either through the decision-making summary or an attachment to the decision-making summary.

In our opinion, there is a need for a procedure to ensure that required audits are conducted and documented in the decision-making summary to ensure informed decision-making in order to avoid delays (should a decision-making file be postponed because it is incomplete), or to prevent a contract from being awarded to a firm on the list of firms whose performance is unsatisfactory that would have been rejected if the decision-making body had had this information.

RECOMMENDATION

3.2.1.B. We recommend that the Service des infrastructures du réseau routier, the Service de l'urbanisme et de la mobilité¹⁴ and the boroughs of Rivière-des-Prairies-Pointe-aux-Trembles and Verdun implement a procedure to ensure that required verifications have been completed and that they are documented in accordance with the "Guide – Developing decision-making records" in order to make informed decisions.

BUSINESS UNITS' RESPONSES

3.2.1.B. *Service des infrastructures du réseau routier*
[TRANSLATION] After the Supplier performance assessment guideline was issued in 2015, the Service des infrastructures du réseau routier prepared and implemented internal procedures to comply with the guideline.

¹⁴ La Division des grands projets – 4, which reported to SIVT is now part of the Service de l'urbanisme et de la mobilité. Contract and performance assessment files, for which this division is responsible, were selected and reviewed as part of the audit. As part of its activities, this division continues to conduct firm performance assessments.

This audit report recommends that this guideline be revised; it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service des infrastructures du réseau routier requested in this audit report will be identified and implemented within three months of these revisions. We should point out that two resources of the Service des infrastructures du réseau routier are helping to revise the guideline.

(Planned completion: three months after the revised guide is filed)

Service de l'urbanisme et de la mobilité

[TRANSLATION] The Supplier performance assessment guideline issued in 2015 was implemented at the Service de l'urbanisme et de la mobilité and internal procedures were prepared to comply with the guideline.

Given that this audit report recommends that this guideline be revised, it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service de l'urbanisme et de la mobilité requested in this audit report will be identified and implemented within three months of these revisions.

(Planned completion: October 2019)

Rivière-des-Prairies–Pointe-aux-Trembles borough

[TRANSLATION] The Rivière-des-Prairies–Pointe-aux-Trembles borough has already implemented a verification procedure.

Verifications are routinely performed after the opening of tenders, and a tender compliance analysis form is completed with all the information.

The form is attached to each decision-making summary.

(Planned completion: completed)

Verdun borough

[TRANSLATION] We have added a line to the “tender compliance analysis” table to confirm that the bidder is not on the list of suppliers whose performance is unsatisfactory.

Also in the justification section of decision-making records and after validation of the various compliance requirements, the following sentence will be added if the bidder is compliant.

All tenders were confirmed to be compliant (surety bond, letter of commitment, RBQ licence, attestation from Revenu Québec, certificate of attestation, not included in the register of persons excluded under the Contract management policy and the list of suppliers whose performance is unsatisfactory, and the conflict of interest statement).

If the bidder does not comply, we will follow the steps in the Supplier performance assessment guideline for the award of contract.

(Planned completion: completed)

3.2.2. SUPPLIERS OR CONTRACTORS WHO WERE AWARDED A CONTRACT AND ARE ON THE LIST OF FIRMS WHOSE PERFORMANCE IS UNSATISFACTORY

3.2.2.A. BACKGROUND AND FINDINGS

We performed the same exercise as in section 3.2.1., but this time targeting contracts valued at \$100,000 or more awarded to suppliers who were on the list of firms whose performance is unsatisfactory. We therefore wanted to determine the extent to which the guideline was implemented in these specific cases and whether enough information was provided in the decision-making file to allow decision-makers to make an informed decision before the contract was awarded.

The “Supplier performance assessment guideline” contains this provision:

“The business unit recommends that the lowest compliant bidder (LCB) be awarded the contract. If the LCB is on the list of firms whose performance is unsatisfactory, the business unit has the following alternatives:

- *Recommend to the authorities the LCB that is on the list of firms whose performance is unsatisfactory. Provide a rationale for this choice by performing a risk assessment and conducting an analysis of how rejecting this firm will impact the competition, the available expertise and market conditions. The type of contract(s) for which the firm received an unsatisfactory performance assessment and the type of contract to be awarded may also be taken into consideration, as well as the number of satisfactory or unsatisfactory performance assessments that the firm received in the last two years. In an exceptional case, if more than one LCB is on the list of firms whose performance is unsatisfactory, the business unit recommends the one it has identified as the best choice;*
- *Recommend to the authorities the next bidder who is not on the list of firms whose performance is unsatisfactory;*
- *Cancel the call for tenders. ”*

When a supplier or contractor is awarded a contract as the lowest compliant bidder and the firm is on the list of firms whose performance is unsatisfactory, the guideline requires that the choice be justified taking various factors into account.

We conducted a keyword search for these firms in the Decision-making record management system (GDD). We first identified eight firms that received at least one unsatisfactory performance assessment from the time the guideline came into effect until September 30, 2018.

We identified 16 contracts that were awarded to 3 of the 8 firms on this list. The total value of these contracts is about \$98 million. We then identified the clients and reviewed the decision-making files of the contracts that were awarded by the three business units selected for our audit work. The boroughs of RDP-PAT and Verdun did not award

any contracts to one of these suppliers, whereas SIVT awarded five, valued at almost \$53 million.

We reviewed the decision-making files for the contracts that SIVT awarded to firms on the list of firms whose performance is unsatisfactory and obtained evidence that this aspect had been taken into account in the decision and that the justifications were provided in the decision-making summary for four of the five contracts. With respect to the fifth contract, we did not identify any information that the lowest compliant bidder was on the list of firms whose performance is unsatisfactory or the reasons for recommending the firm. We read the resolution and found evidence that city council was aware of the firm's situation. However, the members of city council were unaware of the reasons for recommending the firm as a successful bidder despite the fact that it was on the list, because a motion had been proposed to suspend the decision until the required explanations were obtained. This shows us that the elected officials did not obtain all the information they needed to assess the validity of the managers' decision. In addition, it should be noted that this motion was defeated and the contract was awarded despite the lack of justification.

It is important that the rationale—in this case the information required by the guideline—accompany the decision-making documents to enable decision-makers to review it and make an informed decision before they award the contract.

RECOMMENDATION

3.2.2.B. We recommend that the Service des infrastructures du réseau routier establish procedures to ensure that the reasons outlined in the “Supplier performance assessment guideline” for awarding contracts to firms on the list of firms whose performance is unsatisfactory are documented in order to enable decision-makers to make an informed decision without undue delay.

BUSINESS UNIT'S RESPONSE

3.2.2.B. *Service des infrastructures du réseau routier*
[TRANSLATION] After the Supplier performance assessment guideline was issued in 2015, the Service des infrastructures du réseau routier prepared and implemented internal procedures to comply with the guideline.

This audit report recommends that this guideline be revised; it also recommends that the “Guide – Developing decision-making records” be updated. In this context, actions to be taken by the Service des infrastructures du réseau routier requested in this audit report will be identified and implemented within three months of these revisions. We should point out that two Service des infrastructures du réseau routier resources are helping to revise the guideline. (Planned completion: three months after the revised guideline is filed)

We examined these files during our audit work and noted a difference between the guideline and the “Guide – Developing decision-making summaries.” The city manager amended and approved the guideline on September 17, 2018.

However, the last version of the guide that we identified was dated October 2018. With respect to aspects related to performance assessments outlined in the “Awarding a contract” section of the guide, the guide essentially cites the following provision of the “Supplier performance assessment guideline”, which came into force on July 12, 2017:

“The business unit recommends that the lowest compliant bidder (LCB) be awarded the contract. If the LCB is on the list of firms whose performance is unsatisfactory (see section 5.3.), the business unit has the following alternatives:

- *Recommend to the authorities the LCB that is on the list of firms whose performance is unsatisfactory. Provide a rationale for this choice by performing a risk assessment and conducting an analysis of how rejecting this firm will impact the competition, the available expertise and market conditions. In an exceptional case, if more than one LCB is on the list of firms whose performance is unsatisfactory, the business unit recommends the one it has identified as the best choice;*
- *Recommend to the authorities the next bidder who is not on the list of firms whose performance is unsatisfactory;*
- *Cancel the call for tenders. ”*

It therefore does not include the September 2018 amendments to the guideline, which also concern the following aspects of the information to be provided to decision-makers:

“The type of contract(s) for which the firm received an unsatisfactory performance assessment and the type of contract to be awarded may also be taken into consideration, as well as the number of satisfactory or unsatisfactory performance assessments that the firm received in the last two years. ”

It is therefore important that the guide be updated to make it consistent with the “Supplier performance assessment guideline” in order to provide business units with a clear understanding of all justifications to be provided in decision summaries when awarding a contract to a firm on the list of firms whose performance is unsatisfactory. The Direction générale is responsible for the guide.

RECOMMENDATION

- 3.2.2.C. We recommend that the Direction générale update the “Guide – Developing decision-making records” (in the Awarding a Contract section), specifically with respect to wording regarding contracts with firms on the list of firms whose performance is unsatisfactory, to ensure it is consistent with the “Supplier performance assessment guideline”, as amended in September 2018.**

BUSINESS UNIT’S RESPONSE

- 3.2.2.C. *Direction générale***
[TRANSLATION] The Direction générale has mandated the division head – Soutien aux instances to update the Awarding a Contract section of the “Guide – Developing decision-making records”, more specifically, aspects relating to contracts with firms on the list of firms whose performance is unsatisfactory in order to ensure compliance with the “Supplier performance assessment guideline.” (Planned completion: October 2019)

3.2.3. INFORMATION ACCOMPANYING THE LIST OF FIRMS WHOSE PERFORMANCE IS UNSATISFACTORY

3.2.3.A. BACKGROUND AND FINDINGS

We also wanted to review the documents and information accompanying the list of firms whose performance is unsatisfactory to verify whether they are consistent and check some aspects of the content. We therefore reviewed the unsatisfactory performance assessment files prepared by the audited business units, this time including the Service de l’approvisionnement. The Service de l’approvisionnement had produced a file on a firm. SIVT produced two files while the Verdun borough produced one. These files and documents are all available on the City website, which is accessible to the public.

Our work reveals that there is no uniformity in the documents sent to elected officials for decisions on unsatisfactory performance assessment files. As mentioned above, these documents are posted on the website along with the list of firms whose performance is unsatisfactory. These documents include decision-making summaries, the assessment report and other documents related to the assessment process.

The types of documents provided with the decision-making summary therefore vary between assessment files. For one file, a considerable number of documents were provided with the decision-making summary. The file includes the assessment report, notes from a private firm that monitored the contract, a detailed table of answers from the firm that did the monitoring and answers from the firm that was assessed, letters from

the firm that was assessed, satisfaction assessments made by other companies with respect to the firm that was assessed, emails, newspaper articles, the cover letter for the assessment report sent to the firm that was assessed as well as other documents. Somewhat fewer documents were provided for the other files. The documents provided for another file included only the decision-making summary and the performance assessment report including comments related to weighting. Our work also indicates that not all performance assessment reports are signed and dated by the division head.

In our opinion, it is important that there be uniformity in documents submitted to elected officials because they use them to reach a decision during an executive committee meeting. It is also important that these documents be completed when required. For example, assessment reports must be signed and dated by the authorized person in accordance with the guideline.

In addition, we also reviewed the information provided in decision-making summaries as well as some aspects of performance appraisal reports. For example, we reviewed the information on deadlines outlined in the CTA (which are included in the guideline), as well as dates for these deadlines concerning the performance assessment process. That is, the end date of the contract, the date the assessment report is sent to the firm and the date its comments are received. Our audit work reveals that this information is not consistent. A single assessment file provides a more complete picture of these deadlines and dates. In the other files, some dates are not mentioned, for example, the end date of the contract and the date of the assessment report is sent to the supplier.

It is important that these dates regarding deadlines set out in the CTA (and the directive) be included, because decision-makers use this information to confirm that the deadlines have been met. These may be challenged and an unsatisfactory performance assessment due to noncompliance may be overturned. Without these reference dates, it is difficult for decision-makers to assess whether these deadlines were met.

In our opinion, the Direction générale needs to develop a procedure to ensure that consistent information is provided in unsatisfactory performance assessment files sent to decision-makers for approval, which are then posted on the City website along with the list of firms whose performance is unsatisfactory.

It is therefore important to standardize this information to the extent possible in order to ensure that suppliers and contractors are treated more fairly.

RECOMMENDATION

3.2.3.B. We recommend that the Direction générale develop a procedure to ensure that consistent information is provided in unsatisfactory performance assessment files sent to decision-makers for approval, in order to ensure that decision-makers have all the relevant information required to make a decision and to ensure that suppliers and contractors are treated more fairly.

RÉPONSE DE L'UNITÉ D'AFFAIRES

3.2.3.B.

Direction générale

[TRANSLATION] The Direction générale has mandated the division head – Soutien aux instances to update the “Guide – Developing decision-making records.” A specific new guide will be developed to ensure consistent information is provided in unsatisfactory performance assessment files, which are sent to decision-makers for approval and subsequently posted on the city’s website. This specific guide will ensure that decision-makers have all the information they need to make informed decisions and will promote greater fairness to suppliers and contractors.

(Planned completion: October 2019)

4. CONCLUSION

Our audit work reveals that the Service de l’approvisionnement, the Service des infrastructures, de la voirie et des transports (SIVT), the Service du greffe and the boroughs have made efforts to ensure compliance with the provisions of the “Supplier performance assessment guideline” and the *Cities and Towns Act* (CTA), including:

- the boroughs audited and SIVT have lists of the contracts for which they are responsible including various information for monitoring them;
- SIVT has developed a reference guide for supplier and contractor performance assessments in managing work contracts in order to provide a more detailed description of the process surrounding this assessment as well as the roles and responsibilities of its staff;
- unsatisfactory performance assessment records accompanying the list of firms whose performance is unsatisfactory include useful information for decision-makers;
- the Service de l’approvisionnement is currently developing a computer-based application to facilitate supplier and contractor performance assessments.

Despite these efforts, our audit work highlighted some provisions of the “Supplier performance assessment guideline” that were ambiguous, making them open to interpretation and difficult to implement. Our work also highlighted the fact that some provisions of the Performance assessment guideline were not implemented. Our work also reveals that performance assessments are not conducted for all firms that are awarded a contract. Finally, our work highlights the fact that all relevant information is not always communicated to decision-makers to enable them to make informed decisions. The City needs to refine its procedures and ensure that it fully documents the entire performance assessment process. The City must make every effort to ensure compliance with the Act, and more specifically, the deadlines set out in the CTA and the guideline concerning the stages of the unsatisfactory performance assessment process. Failure to comply could result in serious consequences for the organization, and suppliers and contractors.

Pursuant to these findings, we recommended corrective measures to improve management practices.

This performance assessment process therefore enables the City to legally consider excluding suppliers and contractors from the market if they have received an unsatisfactory performance assessment upon contract completion. Given that the City has chosen to use this performance assessment process pursuant to the CTA, it is important that all contracts covered by the guideline undergo a performance assessment to confirm compliance with its provisions, but also to provide decision-makers with reassurance on the qualification of firms that are awarded contracts for numerous work projects requested by the City. There is no doubt that in the long term, this performance assessment process will help the City select the best suppliers and contractors for its many work projects and activities.

5. APPENDIX

5.1. OBJECTIVES AND EVALUATION CRITERIA

OBJECTIVES

Ensure that supplier and contractor performance assessments are conducted in accordance with the provisions of the Act and the performance assessment administrative guideline and that relevant information is sent to decision-makers to enable them to make informed decisions.

EVALUATION CRITERIA

- Business units are familiar with all provisions of the guideline and the Act and ensure that contracts covered by the guideline and the Act are implemented.
- Summaries and decision-making records provide relevant managers and elected officials with all required information before a contract is awarded.