

Outstanding Recommendations

Assessment of Implementation Report

Service Alberta

Contract Management Processes

(November 2018)

Summary of Recommendations

In August 2021, we completed our assessment of implementation from our 2018 audit of Service Alberta's contract management processes. We assessed all three outstanding recommendations have been implemented.

IMPLEMENTED Recommendation:
Improve performance measurement processes

IMPLEMENTED Recommendation:
Improve compliance processes

IMPLEMENTED Recommendation:
Incorporate lessons learned

Introduction

In 2018, we audited whether the department had effective contract management processes to achieve desired results.

We found that:

- the department did not have processes to monitor and report on the performance of the SuperNet. For some operational goals in the SuperNet⁷³ contracts, the department did not define related performance measures.

⁷³ The Alberta SuperNet is a telecommunications network of fibre optic cables, wireless towers and other equipment and facilities that provide a high-capacity broadband “highway” to over 400 urban and rural communities throughout Alberta. The SuperNet provides the infrastructure to connect over 3,400 hospitals, schools, libraries, and provincial, municipal and Indigenous government offices to high-speed internet. The SuperNet is not the internet. It only provides the infrastructure to allow Internet Service Providers (ISPs) to purchase network services and deliver the internet to end-users.

- parties to the contracts were not interpreting terms and conditions consistently, so they disagreed about whether contract terms and conditions were being complied with
- the department extended the SuperNet operating agreement by three years despite identified deficiencies and unmitigated risks

At the conclusion of our 2018 audit, we recommended the department develop processes to improve its:

- measuring, monitoring, and reporting of the performance of its large and complex contracts
- monitoring and enforcement of contract compliance to ensure that the desired results of the contract are achieved
- evaluation of contracts and implement risk mitigation strategies and lessons learned where required

We have focused our work on the department's new SuperNet contract, signed in 2018, to replace the previous SuperNet operating agreement that was the subject of our 2018 audit. Our findings below are specific to the new SuperNet contract.

Recommendation: Improve performance measurement processes **IMPLEMENTED**

Context

During our 2018 audit, we found the SuperNet contracts did not adequately define metrics for the performance of the SuperNet. The department did not have adequate processes to monitor or report on network performance or other operational goals.

Our current findings

We examined the new SuperNet contract to assess whether performance metrics and reporting requirements are clearly defined. We also assessed the department's processes to monitor performance of network services to public sector customers.

We found the department:

- re-defined service level requirements in the new SuperNet contract, including clearly stated calculation and measurement methodologies and reporting requirements
- has processes to monitor performance of the network through review of monthly performance reporting from the operator and real-time access to the network, in part, to monitor incidents and outages

Recommendation: **Improve compliance processes**

IMPLEMENTED

Context

During our 2018 audit, we found terms and conditions of the SuperNet contracts were not being consistently interpreted or enforced. This included issues related to management of credits for service level defaults, management of a formal change order process, ensuring operator independence and receipt of financial and other reporting from the operator.

Our current findings

We examined the new SuperNet contract and identified various contractual requirements for the parties involved.

We found the department:

- re-defined the service level credit system in the contract and operator reporting requirements to allow the department to reconcile credits earned
- has processes to ensure other contract requirements and deliverables from the operator are received as required

Recommendation: **Incorporate lessons learned**

IMPLEMENTED

Context

During our 2018 audit, we found improvements needed to various aspects of the operating contract were not made when the contract was set to expire. Instead, the contract was extended for three years. The department did not have adequate processes to manage risks related to the SuperNet or track lessons learned and incorporate change where applicable.

Our current findings

We examined the new SuperNet contract and contract evaluation processes related to risk management and tracking lessons learned.

We found the department:

- sought external expertise and assessed various aspects of the previous SuperNet agreements, the results of which were incorporated into decision-making on the structure and components of the new SuperNet contract
- has processes to formally identify risks related to the SuperNet and regularly review mitigation strategies
- has processes to track lessons learned and mechanisms to request changes where needed based on current SuperNet operations