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## Memorandum

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**To:** **Honorable Board of Directors**

**From:** William Wolfson, Chief Administrative and Compliance Officer

**CC:** Sue McCormick, Chief Executive Officer; Nicolette Bateson, Chief Financial Officer

**Date:** February 6, 2019

**RE:** **Corrective Action Plan and Procedures for Implementation of Resolution 2019-003 “Board of Directors Policy on Implementation of The Procurement Policy with Regard to Retroactive Contracts on Which Work has been Performed Without Prior Authorization”**

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### Background

At its January 23, 2019 Meeting, the Great Lakes Water Authority (GLWA) Board of Directors (Board) adopted the above-referenced Policy regarding Retroactive Contracts on Which Work has been Performed Without Prior Authorization. That Policy provided that:

All Contracts shall be Authorized in accordance with the Procurement Policy. Except for Emergency Procurements, Services performed with notice pursuant to the Procurement Policy, Retroactive Contracts are not Authorized under the Procurement Policy. Unless approved in accordance with the Procurement Policy, GLWA shall not be liable financially or otherwise responsible to a Vendor for any Unauthorized Services performed pursuant to a Retroactive Contract.

The policy also required that Management provide the Board a corrective action plan to address and eliminate the Unauthorized performance of Services on Retroactive Contracts and plan to conform to the Procurement Policy in that regard. The following is submitted in response to that requirement.

### **Applicable Performance Standards**

1. When a Change Order to a Contract is required, the Change Order Process for a Contract should be completed, including required approvals and authorizations, within the term of the Contract.
2. When a Change Order to a Contract is required, the Change Order Process for a Contract should be completed before work is performed pursuant to that change order.
3. When a Change Order to a Contract represents an emergency procurement, that Change Order should be processed as provided in Section 3 of the *GLWA Procurement Policy*.
4. When a Change Order has not been timely processed additional costs associated with that delay, such as vendor demobilization, do not form the basis for an emergency procurement.
5. Approval of the Change Order is consistent with Procurement Policy section 10.3 *Approval Requirement Table*.

### **Corrective Actions**

#### 1. Expand Bonfire Utilization

A. Utilize Bonfire Software to generate a report of all GLWA contracts expiring within 90 days.

B. Area Chief to meet with assigned Project Manager Team Member to determine if any Change Orders are anticipated and, if so, ensure that they are put in process.

C. Utilize Bonfire feature that provides notice to project manager 90 days prior to expiration of contract term. As requested, provide additional copy of notifications to Area Chief along with analysis supporting that dollars and time remaining on the contract are sufficient to complete the task. If not, provide analysis to cure any shortfall of dollars or time.

D. To the extent that new, improved, or ancillary services are implemented that replace or supplement Bonfire, those systems will be utilized.

## 2. Training

A. Provide Bonfire Training for applicable Water Operations Group Team Members. (Initial rollout of Bonfire emphasized integration of Wastewater Operations Group Members.)

B. Provide Procurement Policy Overview training for GLWA Team Members.

## 3. Vendor Relations

A. Address liability and risk issues with vendors at outreach events.

B. Expand agenda for monthly vendor relations meetings with CFO to include change orders and related matters in addition to billed and unbilled receivables.

## 4. Analysis

A. Project Manager Team Member prepares explanatory report for all retroactive Change Orders on which work has been performed without appropriate authorization.

B. Implement appropriate response, including Board notification, as may be necessary based upon the report.

## 5. Review

A. Prepare, include, and review a Report on Contracts expiring within 90 days as a part of current internal weekly meeting regarding Operations & Resources meeting preparation.

B. Prepare, include, and review a Report on Contracts expiring within 90 days as a part of internal monthly capital project status meeting with Project Management leadership and executive leadership.

## 5. Timeframe

A. Immediate implementation. Completion on or before June 30, 2019.

B. Monthly updates of Corrective Action Plan progress to GLWA Board Operations and Resources Committee commencing in February 2019.