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Memorandum

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: March 6, 2019

RE: **Second Status Report on Implementation of Corrective Action Plan 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”**

Corrective Actions

1. Expand Bonfire Utilization

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

STATUS: Continuing. The Bonfire reports have been generated and updated versions of the report are provided to GLWA management on a monthly basis.

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.

STATUS: Continuing. See also responses in Section 4 “Analysis” and Section 5 “Review” below.

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.

STATUS: Continuing. See also responses in Section 4 “Analysis” and Section 5 “review” below.

2. Training

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

STATUS: Implemented. The initial training session has begun.

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

STATUS: Implemented. The initial training on GLWA procurement policy and procedures has begun.

3. Vendor Relations

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

STATUS: Preparation. This has been identified for inclusion on the Agenda as future vendor outreach events are scheduled.

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

STATUS: Continuing. This is continuing as previously implemented by CFO.

4. Analysis

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

STATUS: Continuing. Explanatory reports are being prepared and reviewed.

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

STATUS: Continuing. If the Board is requested approval of a retroactive contract, explanatory reports are included as a part of the materials submitted to the Board for that matter.

5. Review

A. Review contracts expiring within 90 days as a part of current internal weekly meeting regarding Operations & Resources meeting preparation.

STATUS: Continuing. See also response to Section 4, B “Analysis” above.

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.

STATUS: Implemented. The methodology used for this meeting has changed to highlight this issue. Contracts expiring within 30 days following the meeting are listed as “red” and contracts expiring within 90 days following the meeting are listed as “yellow” regardless of work status. Management is considering possible adjustments to this criterion to eliminate confusion and intends to share this information with the Board’s Capital Improvement Committee as part of its review of project on capital projects.

5. Timeframe

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

STATUS: Continuing.

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

STATUS: Continuing. Reports will identify the number of contracts, if any, submitted to the Board for approval that are subject to this Corrective Action Plan. In February two contracts were submitted that were subject to this Plan. As of this writing, no matters subject to this Plan are believed to be on the Agenda for the Board’s Operation and Resources Committee’s March meeting.