

# Internal Audit

## Audit of Procurement and Contracting

June 2011



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## Executive Summary

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### Background

Contracting is one of the key challenges across the federal government, and there is a need to have procurement and contracting policies and practices in place that are flexible enough to meet business needs and at the same time ensure fairness, openness and transparency. An important theme in procurement is that broad competition provides the best guarantee that the principles of best value and open access will be respected. Procurement is also a complex activity: it must comply with the requirements of a large number of central agency policies, laws and obligations under the various trade agreements, and it must undergo potential public scrutiny.

Elections Canada's expenditures totalled \$138 million in 2009–2010, with a workforce of approximately 400 indeterminate employees. Budget amount and procurement activities are significantly higher in years when there is a general election. Procurement and contracting are therefore essential to support the agency in achieving its objectives, and this high volume of procurement activity, from simple to very complex, as well as the contracts put in place, result in significant expenses. For example, the volume of contracts processed over a recent 20-month period (April 1, 2009, to December 7, 2010) was worth \$72.2 million; this represents an average of more than \$3.6 million per month.

In line with the Treasury Board's Policy on Internal Audit, the audit of procurement and contracting was conducted in accordance with the agency's approved Risk-Based Audit Plan for 2010–2011. Given the fact that no audit of procurement and contracting activities had been conducted in the past, we believed that an audit would provide valuable information that would enable the agency to improve the effectiveness of its procurement and contracting activities.

### Audit Objective

The objectives of the audit of procurement and contracting were to provide an independent assessment and assurance to senior management that:

- The management control framework that supports procurement and contracting activities is appropriate, complete and effective.
- Procurement and contracting activities comply with applicable policies, procedures, trade agreements, laws and regulations.
- Value for money is considered throughout the procurement process.

### Audit Scope

The scope of the audit included examining the agency's procurement and contracting framework for fiscal year 2010–2011 as well as examining procurement documents and contracts issued in 2010–2011 and 2009–2010. The audit was conducted from January to March 2011.

## Conclusion

The results of the audit indicate that management is being proactive by initiating a renewal of its procurement and contracting framework. A range of initiatives, activities and practices, once implemented, will provide an enhanced level of assurance that the agency is meeting the objectives of Treasury Board's Contracting Policy as well as its own business needs.

However, in order to meet the framework's objective of increasing effectiveness and efficiency, the agency must complete many activities and implement several more processes in support of the procurement and contracting framework.

Overall, our observations and recommendations indicate that there are no high-profile errors in procurement and contracting at Elections Canada. This is a very positive assessment.

Our recommendations can be grouped into five categories.

<b>Planning</b> R1 – Develop the Elections Canada Procurement Plan R2 – Develop an implementation plan	<b>Monitoring</b> R3 – Establish and implement the Contract Review Committee R7 – Perform quality assurance of contracting activities R8 – Monitor compliance against service delivery objectives R12 – Establish controls over performance and deliverables
<b>Guidance</b> R4 – Complete the Procurement and Contracting Guide R5 – Make the procurement and contracting framework available on the intranet	
<b>Process</b> R6 – Use the full potential of the FreeBalance system	<b>Documentation</b> R9 – Provide evidence of best value for a non-competitive process R10 – Enhance contract files R11 – Develop a quality control checklist

The conclusion for each audit objective is presented below.

## Procurement and Contracting Management Control Framework

A new management control framework for procurement and contracting was approved by the Elections Canada Executive Committee in January 2011. The enhanced framework addresses many issues with the framework currently in place. While the new framework is deemed appropriate, additional elements will be implemented in 2011–2012: preparing the agency-wide Procurement Plan, setting up the Contract Review Committee, carrying out the delegation of contracting authority pilot project, establishing roles and responsibilities, carrying out mandatory training and developing the instruments and tools required to support the new framework.

There is a risk that some elements of the framework will not be completed or implemented in a timely manner. While the framework is appropriate, as mentioned above, and improves the process, it is too early for the Internal Audit Directorate to conclude that the new procurement and contracting framework is effective.

### **Compliance with Policies, Procedures, Trade Agreements, Laws and Regulations**

Our review of a sample of Elections Canada procurement transactions reveals general compliance with government contracting policies, but the current situation does result in some specific risks in relation to the following:

- use of the proper and most efficient process for contracting
- documentation requirements that provide transparency and accountability

### **Value for Money throughout the Procurement Process**

The business cases and documentation in the files supporting the requirements and planning for contracts could be enhanced, as could evidence that deliverables are reviewed against the baseline for ensuring contractor delivery.

# 1. Introduction

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## 1.1 Background

Under the guidance of the Chief Electoral Officer (CEO), Elections Canada must ensure that it has the appropriate resources to carry out its mandate and strategic objectives. New legislative requirements, coupled with the minority government situation of the last few years, have placed demands on procurement that have increased significantly in volume, frequency and complexity.

Procurement and Contracting Services (PCS) at Elections Canada falls under the responsibility of the Chief Financial Officer (CFO). It manages the agency's contracting and procurement strategies; develops tools, training and guidelines for managers; and prepares all of the agency's contracts and purchase orders.

In 2010–2011, Elections Canada managed a budget of \$138 million with a workforce of approximately 400 indeterminate employees. Every year, a significant amount of procurement activities takes place, ranging from simple to very complex. Significant expenses result from the contracts put in place and from the high volume of procurement activity.

In June 2003, the Treasury Board (TB) issued a revised policy on contracting. It states that the objective of government procurement contracting is to acquire goods and services and to carry out construction in a manner that enhances access, competition and fairness, and results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people.

The policy identifies that government contracting shall be conducted in a manner that will:

- Stand the test of public scrutiny in matters of prudence and probity, facilitate access, encourage competition and reflect fairness in the spending of public funds.
- Ensure the pre-eminence of operational requirements.
- Support long-term industrial and regional development and other appropriate national objectives, including Aboriginal economic development.
- Comply with the government's obligations under the North American Free Trade Agreement, the World Trade Organization – Agreement on Government Procurement and Canada's Agreement on Internal Trade.

Also, in 2005, fundamental changes were introduced to the way the government of Canada purchases goods and services, in keeping with its commitment to deliver services smarter, faster and at reduced cost. Departments must now use a Public Works and Government Services Canada (PWGSC) standing offer to purchase a number of goods and services.

The *Government Contracts Regulations* set out the conditions for entering into contracts. Although competition is the norm, there are certain exceptions to this rule. One of these exceptions is that bids do not have to be solicited for goods and services whose estimated value is below \$25,000.



## 1.2 Objectives

In line with the TB Policy on Internal Audit, Elections Canada's approved three-year Risk-Based Audit Plan called for an assurance audit to be performed in 2010–2011 of procurement and contracting practices at the agency.

The objectives of the audit of procurement and contracting were to provide assurance that:

- The management control framework that supports procurement and contracting activities is appropriate, complete and effective.
- Procurement and contracting activities comply with applicable policies, procedures, trade agreements, laws and regulations.
- Value for money is considered throughout the procurement process.

## 1.3 Scope

The scope of the audit included examining the agency's procurement and contracting framework for fiscal year 2010–2011 as well as examining procurement documents and contracts issued in 2010–2011 and 2009–2010. The audit was conducted from January to March 2011.

## 1.4 Methodology and Approach

The methodology used was consistent with the *International Standards for the Professional Practice of Internal Auditing* developed by the Institute of Internal Auditors and aligned with the TB Policy on Internal Audit. The internal audit process had three main phases – planning, conducting and reporting – each of which was subject to a quality assurance review. The audit was planned and conducted in a manner that conformed with professional standards; this ensured that its findings and conclusions would be appropriate and consistent with the evidence collected.

Interviews were carried out with management and the process owners. In addition, key processes and controls were identified and documented, as were the control objectives for those activities, those responsible for performing the key controls and the risks related to those activities. The design of the controls and the compliance of contracts were evaluated by testing a sample of committed contracts selected from the FreeBalance corporate financial system. A total of 60 contracts from a population of 2,204 was selected. This sample had a value of \$9.4 million on a population of \$72.2 million, representing 13 percent of that dollar value. This sample represented a cross-section of the agency's contracting activity. The audit team also performed an analytical review of contracts under \$10,000 and found no issues. As well, other tests and analytical reviews were carried out to validate and substantiate other elements of the procurement and contracting framework.

## 2. Statement of Assurance

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In my professional judgment as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and included in this report. This opinion is based on a comparison of the conditions, as they existed at the time of the audit, against pre-established audit criteria that had been agreed upon with management. The audit opinion is applicable only to the entity examined, as described in the Scope section of this report.

### 3. Procurement and Contracting at Elections Canada

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On average, Elections Canada commits over \$3.6 million per month<sup>1</sup> to the procurement of goods and services. The process is managed by Procurement and Contracting Services (PCS) in the Chief Financial Officer (CFO) Sector. This unit is responsible for providing functional leadership, guidance, advice and support to program managers, and it is the delegated authority for approving contracts.

Responsibility for procurement and contracting activities is shared among program managers, PCS and Legal Services.

Program managers are the business owners, the project authorities and the fund centre managers within their individual areas of responsibility. They are responsible for planning and defining their requirements, evaluating and participating in the selection of vendors, managing their contracts and approving invoices for payment.

The involvement of Legal Services extends to reviewing contracts (i.e. those that are high-risk and complex) that will be issued and providing legal advice on all facets of procurement. The role of Finance is to process invoices for payment and account for expenses resulting from letting contracts.

In January 2011, the Elections Canada Executive Committee (EXCOM) approved a new procurement and contracting framework for the agency. This new framework is intended to improve the efficiency and effectiveness of the procurement process. It also provides an opportunity to advance contracting activities from a process orientation to a strategic model.

The procurement process is complex. It must meet its business objectives by conducting several activities that satisfy numerous policies, regulations and trade agreements; it must also be capable of withstanding public scrutiny.

In the 20 months between April 1, 2009, and December 7, 2010, Elections Canada committed over \$72.2 million in contracts. Of this amount, \$40.8 million, or 56.5 percent, was managed through the use of standing offers and supply arrangements.

Like other government departments and agencies, Elections Canada must proactively disclose all contracts over \$10,000 on its Web site each quarter. It must also submit other information from time to time to central agencies, PWGSC and Indian and Northern Affairs Canada (INAC).

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<sup>1</sup> This is based on a commitment of \$72.2 million in procurement over 20 months between April 1, 2009, and December 7, 2010.

## 4. Overall Assessment

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### 4.1 Audit Conclusion

The overall results of the audit indicate that management is being proactive by initiating a renewal of its procurement and contracting framework. Management is also carrying out a range of initiatives, activities and practices that, once implemented, will provide an enhanced level of assurance that the agency is meeting the objectives of the TB Contracting Policy as well as its own business needs. Our observations and recommendations provide clear recognition of an absence of high-profile errors in procurement and contracting. This is a very positive assessment.

However, to meet the framework's set objectives of increased effectiveness and efficiency, the agency needs to complete many activities and optimize several processes in support of the procurement and contracting framework.

The overall conclusion for each audit objective follows.

#### **Procurement and Contracting Management Control Framework**

The effectiveness of the new management control framework in support of procurement and contracting activities remains to be proven. While many improvements have been implemented over the years and are now reflected in the new framework, key processes and practices, such as setting up the Contract Review Committee (CRC), defining roles and responsibilities, establishing training and carrying out the delegation of contract authority pilot project, will be implemented during the 2011–2012 fiscal year.

There is a risk that lack of resources and the call for an election could prevent the full and timely implementation of important elements of the new procurement and contracting framework.

Other important elements also need to be addressed:

- There is currently no active or ongoing monitoring of procurement activities, and there is no defined plan that sets out how or when this would be implemented.
- Procurement is managed in the sectors using parallel systems and not the corporate FreeBalance financial system; this results in additional manual processes and duplicate data entry.
- PCS uses manual systems to manage work flow. This makes it difficult to handle the volume of work, monitor actual status, inform business owners and provide statistics for monitoring performance.
- Documentation in the procurement files needs to be improved. There are no quality standards or reviews of either the contracting or the business owners' files. As a result, transparency and accountability are being compromised.

## Compliance with Policies, Procedures, Trade Agreements, Laws and Regulations

Overall, the contracting activities meet the requirements of central agencies and are conducted in accordance with the policies of Elections Canada. There are, however, two risk areas that need to be monitored more closely:

- use of the proper and most efficient process for contracting
- file documentation requirements that provide transparency and accountability

## Value for Money throughout the Procurement Process

The contracting activities performed by the agency generally provide value for money. At the same time, however, four areas have the potential for improvement:

- contract requirements need to be more clearly defined
- a process needs to be developed that ensures equal opportunities for bidders
- a performance evaluation report needs to be produced at the end of every contract
- files lack evidence for the requirements planning and deliverables

## 4.2 Scorecard

The rating and supporting explanation summarize the current status of each audit criterion.

Criterion	Rating	Explanation	Recommendation
<b>Objective 1: Procurement and Contracting Management Control Framework</b>			
Business planning process	<b>Y</b>	<ul style="list-style-type: none"> <li>The business planning process is now taking into account each sector's planned procurement needs.</li> <li>The Elections Canada Procurement Plan (ECPP) is not yet available.</li> </ul>	R1 – Develop the ECPP
Procurement and contracting framework implementation plan	<b>B</b>	<ul style="list-style-type: none"> <li>EXCOM approved a new procurement and contracting framework in January 2011.</li> <li>No implementation plan exists yet for this new framework.</li> </ul>	R2 – Develop an implementation plan
Alignment with central agencies	<b>B</b>	<ul style="list-style-type: none"> <li>Elections Canada's procurement and contracting policy is generally aligned with central agencies.</li> <li>The new framework includes setting up the CRC, but this has not yet been done.</li> </ul>	R3 – Establish and implement the CRC
Roles, responsibilities and accountabilities	<b>B</b>	<ul style="list-style-type: none"> <li>Roles and responsibilities are generally established, but they need to be completed, documented and communicated.</li> </ul>	R4 – Complete the Procurement and Contracting Guide
Support for procurement and contracting activities	<b>Y</b>	<ul style="list-style-type: none"> <li>Accessibility and availability of the new procurement and contracting framework is not yet available on the intranet.</li> <li>The FreeBalance software could be used more efficiently to support the end-to-end procurement and contracting process.</li> </ul>	R5 – Make the framework available on the intranet R6 – Use the full potential of the FreeBalance system

Criterion	Rating	Explanation	Recommendation
Monitoring of compliance and performance	O	<ul style="list-style-type: none"> <li>A quality assurance program for procurement files is not in place.</li> <li>Compliance and PCS performance are not monitored.</li> </ul>	R7 – Perform quality assurance of contracting activities R8 – Monitor compliance against service delivery objectives
Communication of procurement information	Y	<ul style="list-style-type: none"> <li>External reporting requirements are being complied with.</li> <li>Better internal procurement reporting is needed.</li> </ul>	R7 – Perform quality assurance of contracting activities
<b>Objective 2: Compliance with Policies, Procedures, Trade Agreements, Laws and Regulations</b>			
Requirements of solicitation activities	B	<ul style="list-style-type: none"> <li>The processes selected for contracting are not always the most appropriate or the most efficient.</li> </ul>	R9 – Provide evidence of best value for a non-competitive process
Formal contracting processes	B	<ul style="list-style-type: none"> <li>Formal contracting processes are generally followed, but in 28% of cases audited, they could be challenged on some factors.</li> </ul>	R3 – Establish and implement the CRC R7 – Perform quality assurance of contracting activities
Appropriate delegations	G	<ul style="list-style-type: none"> <li>All contracts selected are compliant.</li> </ul>	No recommendation required
Adequate procurement files	O	<ul style="list-style-type: none"> <li>Improvements in the management of the end-to-end procurement and contracting files would provide substantial benefits to the organization.</li> </ul>	R10 – Enhance contract files R11 – Develop a quality control checklist
<b>Objective 3: Value for Money throughout the Procurement Process</b>			
Value for money	B	<ul style="list-style-type: none"> <li>Specific planning activities for contracting would provide ways to streamline the process.</li> </ul>	R7 – Perform quality assurance of contracting activities R10 – Enhance contract files
Clear identification of requirements	B	<ul style="list-style-type: none"> <li>Requirements of each contract should be clearly stated, documented in the file and be consistent with the nature of the work to be done.</li> </ul>	R10 – Enhance contract files
Equal procurement opportunity	G	<ul style="list-style-type: none"> <li>In general, the processes used by Elections Canada support the principle of equal opportunity.</li> </ul>	No recommendation required
Monitoring of contractor performance	O	<ul style="list-style-type: none"> <li>Controls over deliverables need to be increased and performance reports produced for each contract.</li> </ul>	R12 – Establish controls over performance and deliverables

<b>G</b>	<b>B</b>	<b>Y</b>	<b>O</b>	<b>R</b>	<b>Gr</b>
Satisfactory	Needs Minor Improvement	Needs Moderate Improvement	Needs Significant Improvement	Unsatisfactory	Unknown; Cannot Be Measured

## 5. Observations and Recommendations

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The details of each observation, conclusion and recommendation resulting from the audit are presented below.

### 5.1 Procurement and Contracting Management Control Framework

The management control framework for the agency's procurement and contracting activities has evolved over the years, and EXCOM approved a new procurement and contracting framework in January 2011. Already several good practices are in place, and some are under development, while others will be implemented in the near future.

#### 5.1.1 Business Planning Process

***Audit Criterion:** A formal business planning process exists that considers procurement objectives and requirements.*

The agency's business planning framework is now integrating procurement planning into the annual planning process. For 2010–2011, the sector operational plans (SOPs) had a requirement to identify planned procurement, but this information was not consolidated into an overall agency procurement plan. Again in 2011–2012, each sector is required to describe its planned procurement activities, and a procurement plan template has been supplied that requires more detail than in the previous fiscal year.

While management intends to prepare an Elections Canada Procurement Plan (ECPP), by the end of March 2011, it had not yet been produced. The purpose of the ECPP is to guide PCS as it determines its workload requirements and carries out the capacity planning needed to meet its objectives.

#### *Recommendation*

*1. It is recommended that a consolidated ECPP, one that addresses both procurement demand and the resources available within PCS, be produced and available by the beginning of each new fiscal year.*

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

The ECPP is part of the Elections Canada Procurement and Contracting Policy, which took effect on April 1, 2011. An ECPP template and instructions have been created and incorporated into the 2011–2012 SOPs. Most sectors have submitted initial ECPPs, which will be consolidated into one ECPP for the agency. We are following up with sectors that have yet to provide their initial ECPP so that the agency's consolidated plan can be completed; monitoring and quarterly updates will be carried out.

Estimated completion date: August 31, 2011

### ***5.1.2 Procurement and Contracting Framework Implementation Plan***

**Audit Criterion:** *An implementation plan is prepared that guides PCS in achieving its objectives.*

EXCOM approved the new procurement and contracting framework in January 2011. While several practices included in the framework are already in place, many of the instruments are still in development and will be implemented during 2011–2012.

The framework is addressing the renewal of procurement processes by:

- establishing an updated procurement and contracting process
- engaging business owners and strengthening planning
- improving the service levels provided by PCS
- defining roles and responsibilities

The new framework is made up of several instruments in the form of documents and initiatives: an updated Procurement and Contracting Policy (effective April 1, 2011), the Procurement and Contracting Guide, the CRC, the Legal Services protocol, the ECPP, the Procurement Operating Instructions (POI), mandatory training and the delegation of contract authority pilot project for contracts under \$10,000.

The Procurement and Contracting Guide, ECPP, POI, training and delegation of contract authority pilot project are all works in progress. The CRC is an important control that is set to be implemented effective April 1, 2011. The mandatory training and delegation of contract authority pilot project are to be carried out in 2011–2012.

There is currently no documented implementation plan that clarifies the implementation objectives, phases and deadlines, and monitors progress. There is a risk that the lack of available resources and/or the 41st general election may prevent the full or timely implementation of the new, approved framework.



*Recommendation*

2. *It is recommended that an implementation plan be prepared and monitored that describes how and when the procurement and contracting framework instruments will be completed.*

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

The approved “next steps” will be incorporated into an implementation plan.

Estimated completion date: June 30, 2011

### **5.1.3 Alignment with Central Agencies**

**Audit Criterion:** *Formal contracting policies provide direction and guidance, and they are aligned with the requirements of central agencies.*

Paragraph 5.1.1 of the TB Contracting Policy states: “It is the responsibility of departments and agencies to ensure that adequate control frameworks for due diligence and effective stewardship of public funds are in place and working.”

Overall, Elections Canada complies with applicable government policies, regulations and legislation relating to procurement and contracting. The agency has a procurement and contracting framework in place that ensures that there is compliance with the *Financial Administration Act* (FAA), the *Government Contracts Regulations* and the TB Contracting Policy. This framework is now being renewed by communicating procurement and contracting policies and procedures as well as the responsibilities of all parties involved; it will provide managers and staff with the appropriate training and management tools.

The TB Contracting Policy also encourages the establishment and maintenance of formal challenge mechanisms. This would make records of decisions available for subsequent audits or evaluations and provide regular summaries of the proceedings to the deputy head (i.e. the CEO). The CRC, which is planned to be implemented in 2011–2012, is such a review mechanism. Its mandate is to provide strategic guidance, monitoring and oversight of the agency’s Procurement and Contracting Policy. The agency’s current Contracting Policy (dated December 2005) also recommended establishing a CRC, but the recommendation was never implemented.

*Recommendation*

3. *It is recommended that the CFO ensure that the CRC is established in accordance with the new, approved Elections Canada Procurement and Contracting Policy.*

*Management Response***Responsible Position:** Chief Financial Officer

CFO agrees with this recommendation.

The CRC is part of the Elections Canada Procurement and Contracting Policy, which took effect on April 1, 2011. The Committee's terms of reference, membership and templates (Procurement Briefing Note and Contract Briefing Note) are currently being finalized. A regular CRC meeting schedule and workflow process will be presented at the inaugural CRC meeting (currently scheduled for June 2011).

Estimated completion date: June 30, 2011

**5.1.4 Roles, Responsibilities and Accountabilities**

***Audit Criterion:** Roles, responsibilities and accountabilities related to procurement and contracting are clearly defined, documented, communicated and consistent with policies and legislation.*

Overall, roles and responsibilities related to the procurement and contracting process are defined and documented. PCS provides procurement and contracting services to the sectors. The contracting authorities are formally delegated to PCS management and advisors by the CEO and are documented.

Elections Canada has recently taken steps to update its current policies and other instruments in order to enhance management oversight and control. The new Procurement and Contracting Guide outlines the roles and responsibilities of all stakeholders involved in procurement and contracting. The agency is also improving processes and procedures to ensure that policies are adhered to.

It was observed, however, that roles and responsibilities for the procurement and contracting function for administrative officers and the Procurement and Contracting Working Group have not yet been defined. It is expected that the mandatory training planned for 2011–2012 will clarify the roles, responsibilities and accountabilities of each of the stakeholders involved in procurement and contracting.

*Recommendation*

*4. It is recommended that PCS complete the Procurement and Contracting Guide so that all stakeholders' roles and responsibilities are clearly defined, documented and communicated to them.*

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

The Elections Canada Procurement and Contracting Guide is part of the Elections Canada Procurement and Contracting Policy, which took effect on April 1, 2011. This guide will clearly define and document stakeholders' roles and responsibilities.

Estimated completion date: July 31, 2011

### **5.1.5 Support for Procurement and Contracting Activities**

**Audit Criterion:** *The training, communications, tools, resources and information required to support procurement and contracting are available, sufficient and provided in a timely manner.*

Certain areas such as training, communications, tools, resources and information to support procurement and contracting may have been lacking in the past because of resource constraints or other priorities. The new procurement and contracting framework is addressing these areas. PCS is initiating training activities, preparing for a pilot project on the delegation of low-risk procurement, setting up the CRC and communicating the new procurement and contracting framework. It is expected that this new framework will soon replace the instruments currently found on the intranet and that it will be easily accessible by all stakeholders.

Elections Canada uses the FreeBalance Accountability Suite (version 6.2) as its integrated financial and materials management software. It also uses the FreeBalance Purchasing module, which integrates the entire procurement process and allows users to scan through on-line catalogues, create purchase requisitions and orders, handle multiple fiscal years, commit funds, record goods and services received and process payments. It also offers comprehensive reporting, including information on purchase order status, workload summary and supplier performance. A newer version will soon be available that includes several enhancements and makes the software easier to use; for example, it will be Web-enabled.

Our examination of the business process indicates that the FreeBalance implementation strategy is highly centralized and underused outside Finance. This has two ramifications. First, PCS tends to record purchase orders and contract data centrally, thereby carrying out a tactical role, when it wants to move into a more strategic advisory role. Second, other sectors have developed their own systems or tools for managing, controlling and reporting on their procurement activities. This duplication of record keeping, data entry, reconciliation of systems and preparation of reports increases workload pressure and is not efficient.

The audit also noted that Finance often needs to change the financial coding that other sectors have recorded on the initial purchase requisitions. This results in an abnormally high number of corrective journal entries in the agency's financial system. The implementation of the new Program Activity Architecture has also increased the miscoding of purchase transactions, and the resulting coding changes have an impact on tracking multi-year contracts since linkages are lost.

Streamlining the procurement process by maximizing the use of FreeBalance would create an opportunity to ensure that efficient processes are put in place that are in line with the objectives of the new procurement and contracting framework.

*Recommendation*

5. *It is recommended that PCS ensure that the new procurement and contracting framework instruments are communicated to all and published on the intranet for easy access by all stakeholders.*

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

PCS updated its section of the intranet in April 2011 to include the new Procurement and Contracting Framework and several finalized instruments. PCS will continue to enhance its intranet information by including other instruments as they are finalized and will advise stakeholders as instruments are posted.

Estimated completion date: September 30, 2011

*Recommendation*

6. *The CFO should review and analyze the FreeBalance corporate financial system and encourage sectors to use it to its full potential as the only financial system in the agency.*

*Management Response*

**Responsible Position:** Chief Financial Officer

CFO agrees with this recommendation.

A review and analysis of the agency's use of FreeBalance will be carried out. We will then make recommendations for improved use to ensure that it is being used to its full potential.

Estimated completion date: March 31, 2012

### **5.1.6 Monitoring of Compliance and Performance**

**Audit Criterion:** *Documented performance measures exist and are reported on. Management monitors compliance and performance against planned results and adjusts direction as needed.*

A key requirement for the effective administration of procurement and contracting requires that processes be put in place to ensure that procurement and contracting practices comply with policy requirements. During the period under audit, no monitoring process was in place. Any monitoring that occurred was done on an informal and ad hoc basis. PCS and Legal Services are the key business drivers, and their oversight ensures that matters related to procurement and contracting compliance are dealt with appropriately.

With the renewal of the procurement and contracting framework, the new CRC is mandated to review procurement and contracting activities and provide decisions and strategic guidance. The way that contracting administration and reporting processes are monitored needs to be improved to deal with this new mandate and to demonstrate that procurement and contracting activities are consistent with policies and requirements.

The current reporting process provides useful information for tracking the financial aspects of contracting activities, but there is a need for better monitoring of the ceiling prices of standing offers and supply arrangements. Also, there is a need to improve the reporting of contract characteristics, monitor contracting activity more closely to safeguard against situations such as contract splitting and employer-employee relationships and to justify contract amendments and their amounts. The lack of a quality assurance program within PCS to review its procurement and contracting files further compounds the risks of compliance problems. Implementing a quality assurance program would be an effective monitoring tool.

Currently, PCS performance is not measured, monitored or reported. The framework renewal sets service level objectives for PCS, but there is no awareness or evidence of any performance measurement system that will be used to actually and formally monitor these service levels and report on the results.

#### *Recommendation*

7. *It is recommended that PCS establish a quality assurance program to review its contracting activities and report on them to senior management.*

#### *Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

Procurement and Contracting Services will establish a quality assurance program to review and report on contracting activities to senior management.

Estimated completion date: September 30, 2012

#### *Recommendation*

8. *It is recommended that PCS implement a procedure to monitor its performance against its service delivery objectives.*

#### *Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation and will draft a procedure for consideration and approval.

Estimated completion date: March 31, 2012

### 5.1.7 Communication of Procurement Information

**Audit Criterion:** *Appropriate and timely financial and non-financial procurement information is reported and communicated internally and externally as required.*

The federal government has implemented a series of measures to strengthen public sector management by enhancing transparency and oversight of public resources. For example, on March 23, 2004, the government announced a new policy on the mandatory publication of contracts over \$10,000. Our review of the proactive disclosure process at Elections Canada indicates that overall, the process includes rigorous stages of verification and various levels of approvals. Other external reporting processes for INAC and annually to PWGSC and TB are also in place, and PCS is complying with them.

Internally, systematic reporting is required to assist in monitoring procurement and contracting activities. The sectors have taken steps to improve the quality, completeness and timeliness of their procurement information. However, the reports produced by their individual systems are a duplication of what PCS has or should have in place to monitor and report contracting activity.

Management requires quality information to effectively exercise its oversight role. If management is to monitor contracting activities, it must have access to accurate, periodic reports produced in an efficient manner. While external reporting is adequate, much needs to be done to improve the internal communication of procurement information.

*Recommendations (see recommendation 7 in Section 5.1.6)*

## 5.2 Compliance with Policies, Procedures, Trade Agreements, Laws and Regulations

The procurement and contracting activities examined in our sample generally comply with applicable policies, procedures, trade agreements, laws and regulations. However, three areas have been identified as posing potential risks to the agency and are worthy of improvement:

- The rationale for selecting a contractor is not always sufficiently documented in the procurement file.
- In 28 percent of the cases audited, the eligibility of the contracts can be challenged because certain elements are questionable or missing.
- The procurement files do not include all of the elements required to ensure transparency and accountability.

### 5.2.1 Requirements of Solicitation Activities

**Audit Criterion:** *Solicitation activities conform to relevant legislative and regulatory requirements and TB policies, and they are in line with Elections Canada values, ethics and codes of conduct.*

The *Government Contracts Regulations* require contracting authorities to solicit bids before entering into a contract. However, Section 6 provides exceptions to the requirement to solicit bids: when the need is a pressing emergency, the estimated expenditure does not exceed \$25,000, the nature of the work is such that it would not be in the public interest to solicit bids or only one person or firm is capable of performing the contract.

The audit identified five instances where sole source contracts under \$25,000 were properly approved, but each of these was followed by another contract under which the same resource performed the same duties. In two other cases, two consultants continued to work without a contract after their initial sole source contract expired.

In two other cases, the process appeared to be competitive, but the requirements favoured one company or one individual over the others. In one instance, the proposal was selected solely on the basis of a certification by the vendor that the proposed resource met the conditions of the requirements and on the agreement to price the contract according to the proposal.

There may be legitimate reasons for repeating a sole source contract to the same supplier or to limit the competitive process, but a lack of oversight can create uncertainty about the fairness of the selection process, lead to abuse, contravene rules and regulations, and result in not obtaining best value for money. While the competitive bidding process provides some assurance that the contracting authority is obtaining best value, this may not be the case when a non-competitive or less-than-competitive process is used. To mitigate some of the risk, one approach is to ascertain and document the current market rate for the services of a similarly qualified individual or firm and to use this information when negotiating with a contractor.

#### *Recommendation*

9. *To mitigate the risk of not obtaining the best value when a non-competitive process is used, steps need to be developed, formalized and documented as evidence that best value is obtained.*

#### *Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

We are currently developing templates to be used in a non-competitive process; these include the declaration of consideration to obtain a fair price and the certification of the contractor and the business owner.

Estimated completion date: September 30, 2011

### 5.2.2 Formal Contracting Processes

**Audit Criterion:** *Formal contracting processes exist and are followed.*

Overall, while formal contracting processes are generally followed, in 28 percent of the 60 files reviewed, the documentation in the files is incomplete or the contracting process did not fully comply with the policies and regulations that govern procurement and contracting.

The following observations result from our detailed testing:

- In a number of cases, certain elements of the contract were not legitimate. On December 7, 2009, for example, a contract was signed for services starting 10 days earlier. The contractor may not have started work before December 7, but there was no information in the file to provide that assurance. In another case, a contractor started a new contract to perform the same duties four days before the end of his current contract, resulting in four days overlapping.
- In a number of cases, two sole source contracts under \$25,000 were approved by the same manager for the same contractor without a perceptible break in service. There is no explanation in the file to justify the issuance of these contracts, and there is no indication that the contracting officer in PCS challenged it. If the formal contracting process had been followed, either the contract would have been awarded in accordance with sole source policies for amounts above \$25,000 and approved at the appropriate level or it would have been awarded following a competitive process.
- In reviewing invoices from the audit sample, the auditors came across one invoice for work in December 2010 in which the consultant charged and was paid for 33 days of work. Given that the month has 31 days – less than 20 working days when holidays are factored in – this number appears unusually high, and the project manager should have provided an explanation in the file.

The specific findings identified above are not considered high-risk. On the other hand, when all of the risks related to these findings are considered together, the continued non-compliance with Elections Canada policy may hinder the agency's ability to achieve its business objectives in a disciplined, sustainable and well-managed manner.

The new framework, the CRC and the development of a quality assurance process should minimize this risk.

*Recommendations (see recommendation 3 in Section 5.1.3 and recommendation 7 in Section 5.1.6)*

### 5.2.3 Appropriate Delegations

**Audit Criterion:** *Delegations of financial and contracting authorities are consistent with applicable laws and policies and are adequately documented, maintained and communicated.*



All contracts issued by Elections Canada must comply with the *FAA*, the TB Contracting Policy and the *Government Contracts Regulations* as well as the agency's own Contracting Policy and procedures; they must also be issued in accordance with the agency's delegation of authority. Authority to contract in the federal government has been delegated to ministers, who then delegate it to various levels of their department or agency. Officials to whom contracting authority has been delegated are, as stated in section 8.2.1 of the TB Contracting Policy, "to exercise it with prudence and probity so that the responsible minister is acting and is seen to be acting within the letter and the spirit of the *Government Contracts Regulations* and the TB's contracting directives."

Delegation of financial and contracting authorities at Elections Canada is generally consistent with applicable laws and policies. The information system provides on-line accessibility to the delegation matrix of financial and contracting authorities as well as to current specimen signature cards.

Managers with appropriate signing authority are to certify under section 34 of the *FAA* "that the work has been performed, the goods supplied or the service rendered, as the case may be, and that the price charged is according to the contract, or if not specified by the contract, is reasonable."

A random sample of 60 invoices extracted from the audit sample was used to determine whether section 34 had been signed off, the person signing had proper authority and the signature matched the signature card.

All contracts sampled were signed by a manager with appropriate signing authority in the course of valid periods of authorization.

#### **5.2.4 Adequate Procurement Files**

**Audit Criterion:** *Procurement files are well organized and contain all supporting documents.*

Responsibility for contracting is split among various sectors in the organization, and as a result, documentation is found in various locations – e.g., in Finance files, the PCS procurement and contracting files, the personnel files of the project authority and the administrative officer's files in each business owner's sector.

Section 12.3.1 of the TB Contracting Policy states, "Procurement files shall be established and structured to facilitate management oversight with a complete audit trail that contains contracting details related to relevant communications and decisions including the identification of involved officials and contracting approval authorities." According to this policy, it was expected that the requirements associated with the decision to contract would be clearly identified, documented and included in the PCS procurement and contracting files.

The PCS file is the main repository for contracting information, and its contents should provide sufficient assurance that the contract awarded complies with applicable policies and regulations and that it provides value for money. While file management in PCS is generally adequate, at the

agency level the procurement and contracting files require many improvements, which have the potential to provide substantial benefits.

Of the 60 samples selected, the audit identified 49 PCS procurement files that could be improved because they were not complete or not all forms had all the information expected. Examples of the main areas for improvement follow:

- In 11 cases, information related to the evaluation process was missing.
- In 10 cases, information related to the selection process was missing.
- In 11 cases, the information on the Contract Data Sheets (CDSs) was incomplete, pages were missing or the sheets were not completed properly because the signature and/or the date was missing or the information was mixed in with the standard instructions provided with each section.
- The vendor's performance was noted in only one instance, in which the project manager was unsatisfied with the performance of the resource.
- In two cases, the files were not organized to clearly demonstrate that the goods purchased had been delivered as per the terms of the agreement.
- In all cases, the files either failed to include a File Close Form or the form did not indicate whether the contracting officer had reviewed the file.

A review of the corresponding business owners' files indicated that the practices and requirements of each sector vary considerably: some of the 60 samples had no documentation, others had only a copy of the invoices and still others kept more comprehensive project management files.

The impact of not having adequate information on procurement is that corporate memory is lost because there is not sufficient information to guide future contract planning and renewals. For this reason, it is believed that the procurement files in PCS should be the main and final repository of all procurement and contracting information.

To improve the management of procurement files and provide better transparency and accountability, procurement files should include a complete account of the agency's procurement activities, including the planning activities of the procurement process, the solicitation and the contract award as well as PCS activities. For example, the following elements should be incorporated into the file management process:

- documenting each critical phase (planning activities, solicitation and contract award)
- completing forms and checklists by phase
- properly closing each file
- including an evaluation of the contractor as applicable
- incorporating a completed closing form

Guidance addressing the documentation deficiencies should be provided to all staff involved in procurement and contracting activities.

*Recommendation*

10. It is recommended that PCS develop a process to ensure that files contain adequate and consistent documentation, including details of such items as options, decisions, approvals, amendments and an identification of the officials involved. These details could be incorporated into the monitoring activities.

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation.

We are currently reviewing the contents and organization of procurement files. For procurement files documenting contracts in excess of \$25,000, we will establish a peer review process for reviewing the files.

Estimated completion date: December 31, 2011

*Recommendation*

11. It is recommended that PCS develop templates and checklists to inform business owners what is required in a file for each phase of the contracting process and in each section of the contract, such as the statement of work (SOW), evaluation criteria, intellectual property clauses, avoiding employer-employee relationships and sole source justification.

*Management Response*

**Responsible Position:** Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation and will develop these tools for the business owner.

Estimated completion date: December 31, 2011

## 5.3 Value for Money throughout the Procurement Process

### 5.3.1 Value for Money

**Audit Criterion:** The business planning process considers value for money when resourcing activities that will achieve objectives.

Planning the procurement activity is an important function, one that can be used to provide best value for money. At the planning stage, the contracting officer can identify and rationalize the organization's needs; in consultation with the procurement officer, determine whether contracting is the best option; identify the most appropriate instrument; and devise the most efficient and economical strategy to achieve organizational objectives.

Screening requests for contracts and adopting alternative solutions can provide opportunities for obtaining better value from contractors. The contracting files selected for review did not contain

much information about the planning conducted before the contracting process was initiated. In some cases, certain elements were evident by the number of CDSs that the project managers had completed at the beginning of each contract.

Managers interviewed stated that their budgets are discussed and negotiated at all levels of management as part of their business planning and budgeting processes. This allows them to discuss and make value-for-money decisions in contracting. Managers are also challenged on their proposed budgets and use of resources. However, the results of these discussions rationalizing the use of contract resources are not documented, thereby hampering the ability to determine whether contract decisions are taking value for money into consideration.

Again, it is important that files include all documentation, there is an appropriate quality assurance process and there is monitoring and reporting to senior management.

*Recommendations (see recommendation 7 in Section 5.1.6 and Recommendation 10 in Section 5.2.4)*

### **5.3.2 Clear Identification of Requirements**

**Audit Criterion:** *The requirements associated with the decision to contract have been clearly identified.*

One critical aspect of the contracting process is identifying and defining contract requirements.<sup>2</sup> This exercise should be conducted as soon as possible before initiating a contract. In the case of services, requirements should be directly linked to the work at hand and the skills to accomplish the task, but they should also be flexible enough to allow the project manager to select the best candidate under the circumstances.

In analyzing the audit sample, the auditors found several cases where more appropriate requirements would have avoided some serious issues. For example:

- A project manager failed to properly define the deliverables, and the cost of making the corrections amounted to \$61,190.
- A project manager prepared a contract to hire a resource to review and process files, deal with clients and perform audit reviews. The requirements, however, called for special skills that appear to be unnecessary for these tasks and more related to the duties of a financial auditor. The resource ultimately hired did not perform as expected, and the project manager had to terminate the contract before the end of the engagement.
- In one instance, a lack of clarity produced a series of misunderstandings that resulted in unnecessary delays.

At this early stage of the contracting process, there are several opportunities to design requirements that are likely to facilitate the selection of a suitable vendor while increasing the value for money. By identifying the key requirements of the work being contracted, the project

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<sup>2</sup> Stipulations defined in a contract's terms and conditions, SOW and other associated documents.

manager can shift the focus away from the content of the proposals and increase the weighting of the price component as the basis for selecting the vendor.

The review of contract files was complemented by interviews. Managers stated that the length of the staffing process forced them to rely on temporary help or contract resources to achieve their business objectives. The time taken to staff a position, the heavy reliance on pooled staffing processes, the difficulties in obtaining staffing priorities to meet operational needs and the difficulty of gaining acceptance for position-specific requirements were all highlighted as reasons for using higher-priced temporary help services and contract resources.

It is recognized that the use of temporary help services and contract resources for short-term activities that require unique skill sets, fill short-term staffing vacancies or complete specific projects is a value-based decision. However, the difficulties managers experience in staffing their vacant positions may force them to increase their use of such external resources.

Contracting officers should ensure that the requirements of each contract are clearly stated, documented in the procurement and contracting file and consistent with the nature of the work to be done.

*Recommendation (see recommendation 10 in Section 5.2.4)*

### **5.3.3 Equal Procurement Opportunity**

**Audit Criterion:** *The method of procurement used for a particular acquisition gave all qualified firms an equal opportunity to do business with the agency.*

The general rule for selecting a vendor or resource is to use a competitive process. This principle is reflected in section 10.1.1 of the TB Contracting Policy, which states, "... the contracting authority is to solicit bids before any contract is entered into."

In practice, it is not always possible, practical or cost-effective to solicit bids for a contract. The *Government Contracts Regulations* recognize this situation and, under its Section 6, permit non-competitive procurements under certain conditions, such as low-value contracts. In the case of Elections Canada, sole source contracting appears to be used most often for low-dollar-value contracts.

In general, the processes used by Elections Canada support the principle of equal opportunity. The audit identified one case in which the requirements appeared to have been designed to select one individual. In a number of instances, the technical requirements appeared to favour certain firms, but the nature of the assignments could justify these exceptions.

A review of all contracts processed between April 1, 2009, and December 7, 2010, indicates that 1,666 contracts below \$25,000 were committed during that period. This represents nearly 76 percent of the contracts awarded but only 14.3 percent of the value (see Table 1).

Committed Contracts		April 1, 2009 to December 7, 2010					
		Number of Contracts	Percentage (%)	Cumulative Percentage (%)	Value (\$)	Percentage (%)	Cumulative Percentage (%)
Under \$1,000		505	22.9%	22.9%	193,115	0.3%	0.3%
Between \$1,000 and \$4,999		545	24.7%	47.7%	1,435,999	2.0%	2.3%
Between \$5,000 and \$9,999		226	10.3%	57.9%	1,634,693	2.3%	4.5%
Between \$10,000 and \$24,999		390	17.7%	75.6%	7,085,036	9.8%	14.3%
Between \$25,000 and \$99,999		350	15.9%	91.5%	19,673,883	27.2%	41.6%
Between \$100,000 and \$999,999		183	8.3%	99.8%	36,040,065	49.9%	91.5%
Over \$1,000,000		4	0.2%	100.0%	6,137,656	8.5%	100.0%
<b>Total</b>		<b>2,203</b>			<b>\$ 72,200,447</b>		

**Table 1: Contracts Committed Between April 1, 2009, and December 7, 2010 (a 20-Month Period)**

Given the high number of contracts under \$25,000 and their relatively low dollar value, it seems appropriate for managers to apply the low-contract-value exception allowed by the *Government Contract Regulations* and use sole source contracting or some form of accelerated process. This approach, as long as it is properly justified and documented, appears to be appropriate and economical.

In such cases, it is important to include in the framework appropriate controls, such as quality assurance and monitoring and reporting activities.

### 5.3.4 Monitoring of Contractor Performance

**Audit Criterion:** A process exists to monitor and document contractor performance.

Value should not be confined to the actual procurement process. The analysis is expected to encompass the planning phase, the appraisal of alternatives and the definition of requirements, and it should include a post-contract evaluation.

Each contract should include a performance evaluation performed by competent officials. When judgmental comments are provided, they should be supported by complete and factual details. This point is particularly important when the evaluation is not favourable.

The audit of contracting files indicated that, as a rule, they did not include performance evaluations, even when performance was questionable. For example, in a separate instance the deliverables were expected to be completed by March 30, 2010, but the contract was extended twice to finally end on September 30, 2010, the expiry date of the standing offer. At the same time, the file provided no explanation of why the SOW had been changed, and there was no evidence that the deliverables had been produced or that they were satisfactory.

In our view, performance evaluations would provide useful information to the agency, information that would help determine whether a contractor should be retained on future contracts.

Contract performance should be monitored on an ongoing basis to provide timely feedback to managers. Monitoring provides a number of benefits: it ensures that deliverables are received and that they comply with the conditions outlined in the contract, it ensures that the work is progressing according to the timetable and the contracted budget, and it minimizes the possibility of cost overruns and the risks of receiving deliverables after the agreed date.

#### *Recommendation*

*12. It is recommended that PCS increase its monitoring of and controls over performance and deliverables and that evidence be included in contract files that deliverables have been received in accordance with the terms of a contract.*

#### *Management Response*

**Responsible Position:** Procurement advisors and the Assistant Director, Procurement and Contracting Services

Procurement and Contracting Services agrees with this recommendation. We are currently developing and updating forms and procedures regarding contract performance and deliverables in order to ensure that procurement documentation in contract files is complete.

Estimated completion date: September 30, 2011

## 6. Conclusion

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The audit of procurement and contracting was conducted in accordance with the approved Risk-Based Audit Plan for 2010–2011. We would like to thank the employees in charge of managing procurement and contracting services for their co-operation; it was invaluable in preparing an objective and useful audit report.

This audit provides management with the assurance that overall, the procurement and contracting framework is effective and complies with regulatory requirements. One of the intents of the new framework is to improve the effectiveness and efficiency of the procurement and contracting process.

Implementing the recommendations included in this report will facilitate the agency's overall procurement and contracting process and improve management oversight. As well, these recommendations provide value because, if implemented, they will ensure that:

- The new framework is appropriate, complete and effective.
- Procurement and contracting activities are conducted in accordance with policies, procedures, trade agreements, laws and regulations.
- Files contain the required documentation.
- Procurement and contracting activities are conducted with prudence and probity and consider value for money.
- Procurement and contracting activities meet the needs of business owners.



## Appendix A – Descriptions of Audit Criteria

Criterion	Description
<b>Objective 1: Procurement and Contracting Management Control Framework</b>	
Business planning process	A formal business planning process exists that considers procurement objectives and requirements.
Procurement and contracting framework implementation plan	An implementation plan is prepared that guides PCS in achieving its objectives.
Alignment with central agencies	Formal contracting policies provide direction and guidance, and they are aligned with the requirements of central agencies.
Roles, responsibilities and accountabilities	Roles, responsibilities and accountabilities related to procurement and contracting are clearly defined, documented, communicated and consistent with policies and legislation.
Support for procurement and contracting activities	The training, communications, tools, resources and information required to support procurement and contracting are available, sufficient and provided in a timely manner.
Monitoring of compliance and performance	Documented performance measures exist and are reported. Management monitors compliance and performance against planned results and adjusts direction as needed.
Communication of procurement information	Appropriate and timely financial and non-financial procurement information is reported and communicated internally and externally as required.
<b>Objective 2: Compliance with Policies, Procedures, Trade Agreements, Laws and Regulations</b>	
Requirements of solicitation activities	Solicitation activities conform to relevant legislative and regulatory requirements and TB policies, and they are in line with Elections Canada values, ethics and codes of conduct.
Formal contracting processes	Formal contracting processes exist and are followed.
Appropriate delegations	Delegations of financial and contracting authorities are consistent with applicable laws and policies and are adequately documented, maintained and communicated.
Adequate procurement files	Procurement files are well organized and contain all supporting documents.
<b>Objective 3: Value for Money throughout the Procurement Process</b>	
Value for money	The business planning process considers value for money when resourcing activities that will achieve objectives.
Clear identification of requirements	The requirements associated with the decision to contract have been clearly identified.
Equal procurement opportunity	The method of procurement used for a particular acquisition gives all qualified firms an equal opportunity to do business with the agency.
Monitoring of contractor performance	A process exists to monitor and document contractor performance.

## Appendix B – List of Acronyms

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Acronym	Full Form/Explanation
CDS	Contract Data Sheet
CEO	Chief Electoral Officer
CFO	Chief Financial Officer
CRC	Contract Review Committee
ECPP	Elections Canada Procurement Plan
EXCOM	Elections Canada Executive Committee
FAA	<i>Financial Administration Act</i>
PCS	Procurement and Contracting Services
POI	Procurement Operating Instructions
PWGSC	Public Works and Government Services Canada
SOP	Sector Operational Plan
SOW	Statement of Work
TB	Treasury Board