



Serving
GOVERNMENT,
Serving
CANADIANS.

Final Report

2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting - Combined Results from Phases 1 and 2

September 12, 2013

Office of Audit and Evaluation



**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

Table of Contents

EXECUTIVE SUMMARY	i
INTRODUCTION.....	1
BACKGROUND.....	1
OBJECTIVE.....	2
SCOPE	2
APPROACH AND METHODOLOGY	3
STATEMENT OF CONFORMANCE	4
DETAILED OBSERVATIONS.....	5
ADDITIONAL OBSERVATIONS.....	13
CONCLUSION	14
MANAGEMENT RESPONSE	15
RECOMMENDATIONS AND MANAGEMENT ACTION PLAN.....	15
APPENDIX A. SCOPE DETAILS (PHASES 1 AND 2)	17
APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM.....	19

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

EXECUTIVE SUMMARY

- i. The objectives of this review are to provide the Deputy Minister with independent, objective information on the extent of compliance, within Public Works and Government Services Canada, with contract management regulations, policies and guidelines as they apply to LDV contracts; and to provide Branch Heads and Regional Directors General with information they can use to improve LDV contract management practices within their organization.
- ii. The results of our review of 199 Low Dollar Value (LDV) files highlights that PWGSC has partial compliance with some LDV contracting requirements and low compliance with others.
- iii. **Full compliance was not observed for any of the assessment criteria.**
- iv. **Partial compliance (from 80% to 99%) was observed in the following areas:**
 - Proper authorization for commitment of funds under Section 32 of the FAA was found in 89% of the contracts reviewed.
 - Procurement objectives were specified in 97% of the files reviewed; and procurement deliverables were specified in 90% of the files reviewed.
 - Use of pre-competed procurement strategies and procedures partially complied with applicable requirements. The pricing and payment terms reflected the terms and conditions stipulated in the applicable Standing Offer or Supply Arrangement in 97% of the pre-competed contracts reviewed.
 - Contracts were on file and dated before the receipt of goods or the commencement of services in 84% of the files reviewed.
 - Contract deliverables were accepted and certified as received under Section 34 of the FAA in 99% of the files reviewed. In addition, the individual certifying Section 34 in these files was authorized to do so in 95% of the files reviewed.
 - The total value of invoices for each file was within the approved total contract value (including all amendments applicable to the contract) in 96% of the files reviewed. The additional value of invoices, for those files where the amounts paid were over the total approved contract value (including amendments), ranged from \$67.06 to \$2,389.40.
 - Segregation of duties between contracting and certification authorities was appropriate in 95% of the files reviewed.
 - Authorization for commitment of funds under Section 32 of the FAA was appropriate in 93% of the contract amendments reviewed.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

- The total value of non-competitive contracts, with amendments, remained below \$25,000 in 88% of the files reviewed.
- Proactive disclosure of contracts over \$10,000 occurred in 94% of the contracts reviewed.

v. Low compliance (less than 80%) was observed in the following areas:

- There was evidence of an initial assessment of security requirements in 42% of the files reviewed.
- Attestation form was documented in 19% of the files reviewed.
- Competitive procurement strategies and procedures had low compliance with applicable requirements. Although 89% of competitive contracts files had bid solicitation documents, there were compliance issues regarding bidder selection. As an example, 65% had evaluation criteria stated in the bid solicitation document. For the remaining competitive contracts, the basis of selection was not included in the contract and bid solicitation, and the evaluation criteria were not on file.
- Non-competitive procurement strategy and procedures had low compliance with applicable requirements. The price quoted by the vendor was justified as fair and reasonable, and documented as such in 9% of the files reviewed.
- Contract amendments occurred in 61 of the 199 the files reviewed. These amendments were dated before the expiry of the original contract or previous amendment in 57% of the files reviewed.

vi. In addition to the compliance observations noted above, indications of possible contract splitting were observed:

- We found three cases of procurements that could be perceived as instances of contract splitting as per Treasury Board's Contracting Policy. In one instance, up to 14 contracts were used to purchase similar goods from the same vendor at the same price (or approximately), creating a cumulative value greater than \$25,000, on the same day by the same contracting authority who also accepted the deliverables (for the three files reviewed). In another instance, four contracts were used to purchase four of the same goods at the same dollar amounts, creating a cumulative value greater than \$25,000, to be shipped to the same location on the same day. In the third case, two services with the same scope of work and value, creating a cumulative value greater than \$10,000, were purchased from the same vendor using two different contracts. The review team completed its analysis based on its review of the content of the documentation received and provided the files to the Departmental Oversight Branch Operational Integrity Sector for further analysis and appropriate steps as required. The Assistant Deputy Minister, Departmental Oversight Branch completed a procurement review, which confirmed that,

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

in all three cases, the contracts were valid. However, correctives actions were recommended, which are being implemented.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

INTRODUCTION

BACKGROUND

1. Public Works and Government Services Canada (PWGSC) developed a Contract Management Control Framework to ensure high quality and consistent contract administration practices across the Department in response to the 2008 Auditor General's Audit of Contracting for Professional Services. As part of the Framework, the Office of Audit and Evaluation implemented a Contract Monitoring Program to monitor the use of various methods of supply and to ensure compliance with key contract requirements and controls. This Contract Monitoring Program includes the review of Low Dollar Value (LDV) contracting at PWGSC, the observations of which are presented in this report
2. In PWGSC, the *PWGSC Policy on Procurement* (2010) defines LDV procurements in accordance with departmental delegation of contracting authorities. Specifically, LDV contracts are defined as "procurements at or below \$25,000 for goods for Materiel Management Directorate, and \$10,000 for goods and \$25,000 for services for Responsibility Centre Managers; these limitations are inclusive of all taxes".
3. The 2010 *Procurement Practices Review of Directed Contracts Under \$25,000 – a Risk-based Study*, carried out by the Office of the Procurement Ombudsman, noted that contracts below \$25,000 accounted for 91% of all government contracts in 2008. This review indicated that more than half of the government contracts undertaken by federal departments and agencies were awarded without competition, raising possible concerns about the transparency and fairness of the procurement process.
4. *PWGSC Policy on Procurement* states that the Corporate Services, Policy and Communications Branch (now Corporate Services and Strategic Policy Branch) is responsible for "...implementing and monitoring compliance... [and]....establishing corporate procurement practices that promote consistency across the Department" and the Director, Materiel Management is responsible for "*providing centralized corporate procurement and contracting services to PWGSC employees, including advice on procurement issues and on the application of procurement policies and tools...*". The Materiel Management Directorate, of the Corporate Services and Strategic Policy Branch issues LDV contracts for its own use and for other branches within its delegated authority, and provides expert advice, guidance and assistance to PWGSC employees in the area of contracting, under Schedule 1 of the Department's Delegation of Authorities. On January 30, 2014, the Materiel Management Directorate was transferred to the Finance and Administration Branch.
5. In addition, Responsibility Centre Managers in other branches and regions of PWGSC have delegated contracting authority to issue LDV contracts.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

OBJECTIVE

6. The objectives of this review are to provide the Deputy Minister with independent, objective information on the extent of compliance, within PWGSC, with contract management regulations, policies and guidelines as they apply to LDV contracts; and to provide Branch Heads and Regional Directors General with information they can use to improve LDV contract management practices within their organization.

SCOPE

7. We examined a sample of LDV contracts for goods and/or services entered into by PWGSC staff to meet PWGSC requirements in the National Capital Area and in the regions. These contracts were carried out by contracting officers and Responsibility Centre Managers who have delegated authority to procure goods and/or services on behalf of PWGSC.
8. The scope of this review included competitive and non-competitive LDV contracts, and the use of pre-competed procurement instruments for LDV contracts that were initially awarded at or below \$25,000, inclusive of all taxes, and that were procured by PWGSC officials under their own delegated authority or through Material Management to meet PWGSC requirements (or needs) in the branches and regions. This review was conducted in two phases where Phase 1 reviewed contracts awarded during the first quarter of fiscal year 2011/2012 and Phase 2 reviewed contracts awarded during the fourth quarter of fiscal year 2011/2012. The scope of the review included the following methods of supply: Professional Services Contracts, Purchase Orders, Job Orders, Work Orders, and the use of pre-competed procurement instruments (i.e. Standing Offers and Supply Arrangements).
9. The review's scope excluded acquisition cards as an internal audit of acquisition cards was conducted in 2009. Construction contracts were also excluded as they were examined during two reviews conducted in 2011 of project management and construction contracting under the Accelerated Infrastructure Program. Additionally, this review excluded LDV contracts awarded by PWGSC on behalf of other government departments and agencies.
10. PWGSC's financial and materiel management system (SIGMA) was used to identify the population of LDV contracts within the scope of the review periods. The total sample for both phases comprised 199 LDV contracts, and included 153 contracts for services and 46 contracts for goods. These selected contracts represented \$2,605,707 (8%) of the total value (\$32,365,715) of the contracts awarded between April and June 2011 and between January and March 2012 in the referenced population (5,422 contracts). Although all initial contract amounts in the sample were at or below \$25,000, final contract values, including amendments, ranged from \$1,006 to \$101,115. In 8% (15/199) of the files selected for review, the final contract value was over the \$25,000 threshold after amendments. In addition, 42% (84/199) of the files selected for review required proactive disclosure on PWGSC's website, as they exceeded the \$10,000 disclosure threshold. Finally, in 8% (15/199) of the files reviewed, Materiel Management Directorate was the contracting

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

authority and, in 92% (184/199) of the files reviewed, Responsibility Centre Managers exercised their contracting authorities.

11. The following table (Table 1) provides a breakdown of the selected sample by method of supply and region for both Phases. Overall, 65% (129/199) of the contracts were selected from the National Capital Area and 35% (70/199) of the contracts were selected from the five regional offices. A breakdown between Phases 1 and 2 is provided in Appendix A.

Table 1. LDV Review Sample, by method of supply (Phase 1 and 2 Combined).

Methods of supply	National Capital Area	Regional Offices	Total
Purchase Orders/Work Orders/Job Orders	47	36	83
Professional Services Contracts	51	6	57
Standing Offers/Supply Arrangements	31	28	59
Total	129	70	199

APPROACH AND METHODOLOGY

12. To conclude on the objectives of this review, assessment criteria, covering the entire life-cycle of the contracting process, were developed based on government policies, regulations and guidelines. These included the *Government Contracts Regulations*, the *Treasury Board Contracting Policy*, *PWGSC Policy on Procurement* and the *PWGSC Contract Management Control Framework*. In addition, we consulted with PWGSC procurement experts to identify key control points in the contracting process and developed a review checklist. As a result of the document reviews and consultations, 13 assessment criteria were developed:

Review Criteria: Contract Initiation and Award Phase (6)

- 1) Funds were authorized under Section 32 of the Financial Administration Act (FAA) by an individual with delegated authority;
- 2) Security requirements were assessed;
- 3) Attestation form was completed;
- 4) Procurement objectives and deliverables were specified;
- 5) Procurement strategy and procedures complied with applicable requirements; and
- 6) Contract was signed and dated prior to the receipt of goods and/or services.

Review Criteria: Contract Administration Phase (7)

- 1) Deliverables were accepted and certified under Section 34 of the FAA by an individual with delegated authority;
- 2) Total value of invoices was within the approved total contract value;
- 3) Certification and contracting authorities were segregated on the contract;
- 4) Funds for contract amendments were authorized under Section 32 of the FAA by an individual with delegated authority;

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

- 5) Contract amendments were signed and dated prior to the contract expiry date or prior to receipt of goods and/or services;
 - 6) Contract amendments for non-competitive contracts did not increase the total value of the contract over \$25,000, as per the *Government Contracts Regulations*' exceptions to bidding; and
 - 7) Contracts valued greater than or equal to \$10,000 were proactively disclosed.
13. We did not examine vendor performance. Furthermore, we did not examine the exercise of delegated payment authority by Financial Officers under Section 33 of the FAA, as this information is not contained in contract files. The examination of files for Phases 1 and 2 were conducted between March and May 2012, and March and May 2013 respectively. Following each file review, results were validated with respective branches and regions prior to finalization.
14. Although this review was derived from audit-based approaches and practices, it was not an audit and provides moderate assurance on the level of PWGSC's compliance and non-compliance with Government of Canada and PWGSC LDV contracting regulations and policies.

STATEMENT OF CONFORMANCE

15. The review conforms with the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program.
16. Sufficient and appropriate review procedures have been conducted and evidence gathered to support the accuracy of the observations and conclusions in this report and to provide a moderate level of assurance. The observations and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established assessment criteria that were agreed upon with management. The observations and conclusions are only applicable to the entities examined and for the scope and time period covered by the review.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

DETAILED OBSERVATIONS

17. Table 2 provides a summary of the level of compliance for each of the assessment criteria used to assess the files reviewed.

Table 2. Compliance Level with Review Criteria

	Full Compliance 100%	Partial Compliance 80% to 99%	Low Compliance < 80%
Criteria: Contract Initiation and Award Phase			
Funds were authorized under Section 32 of the FAA by an individual with delegated authority		√	
Security requirements were assessed			√
Attestation form was completed			√
Procurement objectives and deliverables were specified		√	
Procurement strategy and procedures complied with applicable requirements: <ul style="list-style-type: none"> Competitive contracts: 19 Use of pre-competed procurement instruments: 59 Non-competitive contracts: 121 		√ (pre-competed)	√ (competitive and non-competitive)
Contract was signed and dated prior to the receipt of goods and/or services		√	
Criteria: Contract Administration Phase			
Deliverables were accepted and certified under Section 34 of the FAA by an individual with delegated authority		√	
Total value of invoices was within the approved total contract value		√	
Certification and contracting authorities were segregated on the contract		√	
Funds for contract amendments were authorized under Section 32 of the FAA by an individual with delegated authority		√	
Contract amendments were signed and dated prior to the contract expiry date or prior to receipt of goods and/or services			√
Contract amendments for non-competitive contracts did not increase the total value of the contract over \$25,000, as per the <i>Government Contracts Regulations</i> ' exceptions to bidding		√	
Contracts valued greater than or equal to \$10,000 were proactively disclosed		√	

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

18. The following section provides detailed information on the observations summarized in the Executive Summary section, and each of the assessment criteria identified in Table 2 above. Detailed observations are also presented in Appendix B.

Contract Initiation and Award Phase

Funds were authorized under Section 32 of the FAA by an individual with delegated authority – Partial compliance

19. Once a decision is made to initiate a contract, an individual with commitment authority must certify that sufficient funds exist as per Section 32 of the FAA. The purpose of this control is to ensure effective expenditure initiation and financial resource commitment, and adherence to budgets. Further, Section 32 of the FAA provides an additional level of expenditure oversight by delegated individuals.
20. We found that in 89% (178/199) of files, a PWGSC employee with a valid delegation of authority under Section 32 of the FAA signed, dated and authorized the commitment of funds. There were a variety of irregularities found in the remaining 11% (21/199) of the files reviewed:
- Individual that certified Section 32 of the FAA did not have the delegation of authority at the time they signed Section 32;
 - Section 32 was not signed on the document;
 - Unable to determine who signed Section 32 and whether the individual had appropriate delegation of authority at the time he/she signed Section 32; or
 - Unable to obtain a copy of the original document where Section 32 needed to be signed.

Security requirements were assessed – Low compliance

21. The Treasury Board *Directive on Departmental Security Management* requires that security requirements are identified, addressed, formally documented, implemented and monitored in all procurement phases and throughout the life cycle of the contract. To support this requirement, PWGSC's *Contract Management Guide* specifies that managers must ensure that they carefully consider whether their requirements have potential security implications, and if so, complete the Security Requirements Check List. In complying with these requirements, managers and contracting authorities will assist in ensuring that government information, assets and services are protected.
22. We found that some contract initiation documents, such as Internal Requisition, Call-up against a Standing Offer, or Attestation forms include a field for identifying whether security requirements are applicable; however, others, such as Job Orders, Work Orders and Purchase Orders, do not. We found that an assessment of security requirements was completed and documented in 42% (84/199) of the files reviewed. Of those 84 files that had evidence of an assessment, 19 files had security requirements identified as applicable to the contract. Within these 19 files, 84% (16/19) contained a Security Requirements Check List. Further, 88%

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

(14/16) of the Security Requirements Check Lists included were properly completed; including all signatures on file, and identification of security level, type of access, and level of information to be provided to the vendor.

Attestation form was completed – Low compliance

23. An Attestation form requires Responsibility Centre Managers, with Section 32 delegated authority, to complete certain activities:
- Confirm whether security requirements apply to the contract;
 - Attest that the work requirement will be processed in accordance with the Government's *Code of Conduct for Procurement*;
 - Verify whether a Standing Offer or Supply Arrangement is available;
 - Specify whether work requirements are competitive or non-competitive; and
 - Provide a rationale for adopting a non-competitive procurement strategy.
24. The Attestation form is a key element to ensure that these requirements are complied with and to maintain accountability and an audit trail. As of April 2010, the *PWGSC Policy on Procurement* requires that an Attestation form (PWGSC Form 563) be completed and kept on file for all types of procurement. However, there are exemptions to this requirement for purchases made with an acquisition card, Job Order or Work Order, or authorized under PWGSC Schedule 3 of the Delegation of Authority, which includes Common Service Acquisition Authorities within Acquisitions Branch only.
25. There were 194 files reviewed that required an Attestation form. The remaining 5 files were issued under one of the four exemptions previously mentioned above. We found that of the files that required an Attestation form, 19% (37/194) had this form. Based on comments received from branches and regions during the file validation exercise of this review, there were indications that Responsibility Centre Managers were not aware that the Attestation form was required for Purchase Orders and in other cases a decision to not use it was made at the Sector level.

Procurement objectives and deliverables were specified – Partial compliance

26. Documented procurement objectives and deliverables clearly identify procurement goals and final goods and/or services expected by the project and contracting authorities involved. PWGSC's *Contract Management Guide* notes that defining procurement requirements provides one of the greatest contributions to achieving value for money. By documenting clear and concise expectations for objectives and deliverables, there is an increased likelihood of satisfaction by project authorities and a baseline from which they can assess vendor performance.
27. We found that procurement objectives were specified in 97% (193/199) of the files reviewed. We also found that procurement deliverables were specified in 90% (179/199) of the files

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

reviewed. In the remaining 20 files, the deliverables descriptions were not specific (i.e. contract deliverables described as “laundry services” or “general maintenance”).

Procurement strategies and procedures complied with applicable requirements (Competitive contracts) – Low compliance

28. A competitive contract is issued based on soliciting bids from potential vendors and selecting the winning bidder based on documented evaluation criteria. Competitive contracts represented 19 of the 199 the files reviewed. Bid solicitation documents identify the process that will be used to announce a procurement activity, what vendors are required to submit as part of their bid, and the details regarding how and when assessments of bidders will occur. In order to assess bid submissions, bid solicitation documents contain evaluation criteria, and a scoring guide or evaluation plan. As required by the *Government Contracts Regulations*, the contracting authority must solicit bids before any contract is entered into - unless otherwise exempted under one of the four *Regulations*’ exemptions:
- The need is one of pressing emergency in which delay would be injurious to the public interest;
 - The estimated expenditure does not exceed (i) \$25,000 (...ⁱ);
 - The nature of the work is such that it would not be in the public interest to solicit bids; or
 - Only one person is capable of performing the contract.
29. The solicitation of bids helps to ensure that the government receives best value-for-money, government resources are distributed equitably amongst vendors, and ensures transparency over the expenditure of public funds.
30. We found that bid solicitation documents were developed and on file for 89% (17/19) of competitive contracts reviewed. However, only 65% (11/17) of the bid solicitation documents contained evaluation criteria. For the remaining 6 files reviewed, the basis of selection was not included in the contract and bid solicitation, and the evaluation criteria were not on file. Moreover, a scoring guide or an evaluation plan was developed for 82% (9/11) of the competitive contracts reviewed to allow for the assessment of proposals against the stated evaluation criteria.
31. Although not all competitive contracts had bid solicitation documents developed and on file, contracting authorities did assess bidders in 58% (11/19) of the competitive contracts reviewed based on criteria identified in the bid solicitation documents or criteria established prior to the bid evaluation process. In 91% (10/11) of these assessments, the contract was awarded to the successful bidder based on the stated criteria. The one contract that was not awarded to the firm with the lowest bid, which was the only criteria for selection, was given to the winning vendor to ensure that security requirements, which were not part of the bid evaluation criteria, would be met.

ⁱ The *Government Contracts Regulations* section 6 b) ii) and iii) has two other values limit for contracts under \$100,000 that were outside the scope of this review as they are applicable to construction contracts, or contracts to be entered into by the member of the Queen’s Privy Council for Canada responsible for Canadian International Development Agency.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

Procurement strategies and procedures complied with applicable requirements (Use of pre-procurement instruments) – Partial compliance

32. Pre-competed procurement instruments, such as Standing Offers and Supply Arrangements, are offers from potential suppliers to provide goods and/or services at pre-negotiated prices, under set terms and conditions, when and if required. These types of procurements represented 59 of the 199 files reviewed. Standing Offers and Supply Arrangements are competitive in nature, demonstrating fairness and transparency, and allowing for a time-saving procurement process for pre-selected goods and/or services, thus assisting the government as a cost-savings tool.
33. All Standing Offers/Supply Arrangements reviewed were valid at the time the associated individual Call-ups or contracts were signed. We found that Call-ups or contracts complied with the pricing and payment terms stipulated in the procurement instrument in 97% (57/59) of the files reviewed.

Procurement strategies and procedures complied with applicable requirements (Non-competitive contracts) – Low compliance

34. A non-competitive contract is awarded without providing the opportunity for vendors to bid on a procurement process, or the requirements of a competitive contract are not met. These types of procurements represented 121 of the 199 files reviewed. Based on the Treasury Board *Contracting Policy*, it is expected that contracting authorities ensure that the fees to be paid by the Crown do not exceed market rates with respect to the goods and/or services provided. Further, PWGSC's *Contract Management Guide* contains a checklist of key considerations that should be taken into account by the Responsibility Centre Managers for non-competitive contracts, including ensuring that the price is fair and reasonable and documenting this on file.
35. Of the 121 non-competitive contracts, one contract was with a provincial licensing body that has a monopoly and charged a set rate. Thus, there was no expectation of a justification for fair and reasonable price for this file. Therefore, 120 of the 121 files were subject to the "fair and reasonable price" review criteria. We found that 9% (11/120) of the non-competitive contracts reviewed had documented justifications that demonstrated that the quoted price was fair and reasonable.

Contract was signed and dated prior to the receipt of goods and/or services – Partial compliance

36. A documented contract lays out a formal agreement between all parties involved in a transaction. This document avoids any potential or real conflicts relating to the delivery of a good and/or service or payment; as well as, for example other obligations concerning, security, intellectual property, and insurance.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

37. We found that 98% (195/199) of the files reviewed contained a contract document. Of these 195 files reviewed, 84% (164/195) had a contract that was dated before goods had been received or services had commenced.

Contract Administration Phase

Deliverables were accepted and certified under Section 34 of the FAA by an individual with delegated authority – Partial compliance

38. Section 34 of the FAA is a sign-off that confirms goods and/or services have been received and authorizes the release of funds for payment. Section 34 of the FAA represents the final level of due diligence by a Responsibility Centre Manager prior to payment, as it requires the signing authority to confirm that the services were completed or goods were received in accordance with contractual terms and conditions, and approve vendor invoices for payment.
39. We found that certification of vendor invoices under Section 34 was completed in 99% (196/198) of the files reviewed. This criterion was assessed on 198 files instead of 199 files as one contract was cancelled prior to the issuance of an invoice. In the two cases of non-compliance, the files did not contain copies of the invoices; further analysis found that payments were made against those two contracts. For those with vendor invoices certified under Section 34, 95% (187/196) of the files reviewed were certified by an individual with appropriate delegation of authority. In the remaining 5% (9/196) of the files reviewed, the individuals that certified the invoices did not have the appropriate delegation of authority at the time they signed Section 34.

Total value of invoices was within the approved total contract value – Partial compliance

40. When a fixed price contract is established, it is expected that the total value of invoices approved under Section 34 would be equal to or less than the amount committed under Section 32 and specified in the contract. This ensures that budgets are not exceeded, and demonstrates that procurement planning was appropriate.
41. In the sample, 196 of the 199 files reviewed were assessed against this criterion. As noted above, one contract was cancelled and two files did not contain copies of invoices. We found that the total amounts invoiced by vendors were within the approved contract value, including amendments, for 96% (189/196) of the files reviewed. The additional value of invoices, for those files where the amounts paid were over the total approved contract value (including amendments), ranged from \$67.06 to \$2,389.40.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

Certification and contracting authorities were segregated on the contract – Partial compliance

42. The Treasury Board's *Directive on Delegation of Financial Authorities for Disbursements* requires that the following functions are kept separate: authority to enter into a contract (contracting authority) and certification of the receipt of goods and/or services according to Section 34 of the FAA (certification authority). As noted above, one contract was cancelled and two files did not contain copies of invoices. Therefore, 196 of the 199 files reviewed were assessed against this criterion. This segregation of duties aids in deterring errors and fraud during the procurement process and was found in 95% (187/196) of the files reviewed that were certified under Section 34 of the FAA. In the remaining 5% (9/196) of the files reviewed, the same individuals signed both Section 34 and the contract.

Funds for contract amendments were authorized under Section 32 of the FAA by an individual with delegated authority – Partial compliance

43. After a contract is awarded, a number of issues can arise that results in changing one or more of the requirements therein. When these issues arise, a contract amendment is issued to address them, and may include, amongst other changes, an increase of contract cost or time required for delivery of goods and/or services. Contract amendments allow for the identification and mutual acceptance of changes to contractual requirements by all parties involved.
44. Once a decision is made to amend a contract, an individual with commitment authority must certify that sufficient funds exist as per Section 32 of the FAA. The purpose of this control is to ensure effective expenditure initiation and financial resource commitment, and adherence to budgets throughout the life-cycle of the contract. Further, exercising Section 32 of the FAA for amendments provides an additional level of expenditure oversight by delegated individuals.
45. Contract amendments occurred in 61 of the files reviewed. We found that 92% (56/61) of these contracts with amendments had all amendment forms on file. However, 55 of these files required Section 32 authorization on the amendments due to a change in costs. Finally, we found that, in 93% (51/55) of the files with all amendments on file, the individuals who authorized the contract amendment requests had proper delegated authority under Section 32 of the FAA.

Contract amendments were signed and dated prior to the contract expiry date or prior to receipt of goods and/or services – Low compliance

46. The Treasury Board *Contracting Policy* expects that a valid contract be in place before work is started or goods are delivered. While this *Policy* does not explicitly state that contract amendments be enacted prior to the contract expiry date, this is implied by the Treasury Board *Contracting Policy*. This issue has been highlighted in previous federal audits and recommendations were made to address it through internal training and guidance materials.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

The *Professional Services On-line Procurement Guidelines* states that “the date that an amendment goes into effect must be prior to the expiry date of the contract ... Contract amendments that have not been signed and dated by both parties before the contract has expired are not valid.” Also, the *Contract Management Guide* states that the terms and negotiations of the amendment “should be completed before the work affected by the change has been completed.”

47. As previously noted, we found that 61 files reviewed had contract amendments and 56 of these contracts had all amendment forms on file. The amendment forms on file were appropriately completed in 84% (47/56) of these files. Also, all required signatures were on the amendment forms in 96% (54/56) of these files. Finally, of those files with all amendments on file, 57% (32/56) were dated before the expiry date of the original contract, a previous contract amendment, or the receipt of goods and/or services.

Contract amendments for non-competitive contracts did not increase the total value of the contract over \$25,000, as per the Government Contracts Regulations’ exceptions to bidding – Partial compliance

48. The *Government Contracts Regulations* notes that contracts must be competitive, but may be non-competitive if they fall within one of the four previously identified exceptions - including that the total contract value does not exceed \$25,000. However, this exception no longer applies when contract amendments increase the total value of the non-competitive contract to more than \$25,000. The purpose of this requirement is to reach a balance between facilitating efficient government procurement while ensuring fairness and transparency in the procurement process.
49. As previously noted, there were 61 contracts that had amendments. Of these, 32 were non-competitive. From these 32 non-competitive contracts, 88% (28/32) remained below \$25,000. The additional value of the 4 non-competitive contracts that exceeded \$25,000 ranged from \$8,161 to \$12,645.

Contracts valued greater than or equal to \$10,000 were proactively disclosed – Partial compliance

50. The Treasury Board *Contracting Policy* and the *Guidelines on the Proactive Disclosure of Contracts* require that federal organizations proactively disclose, within one month after the close of each quarter, all contract activity valued at over \$10,000. This requirement is designed to enhance transparency and oversight of public resources and covers the following:
- A contract with a value over \$10,000;
 - An amendment with a value over \$10,000; and
 - An amendment when it modifies the initial value of a contract to an amended contract value that is greater than \$10,000.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

51. In compliance with the Treasury Board requirements, PWGSC provides quarterly disclosure of contracts on its departmental website. In the sample, 84 of the contracts reviewed, including amendments, were valued at or over \$10,000. We found that 94% (79/84) of the contracts valued at or over \$10,000 were proactively disclosed on the Department's website.

ADDITIONAL OBSERVATIONS

52. During Phase 2, we identified contract files of concern that indicated potential situations of contract splitting which could represent policy violations. *PWGSC Policy on Procurement* states that "Instances of willful abuse or blatant disregard for any of the requirements specified in this Departmental Policy [*PWGSC Policy on Procurement*] will be investigated and could lead to a reduction or removal of delegated authority."
53. The *PWGSC Policy on Procurement* states that "Contract splitting exists where a requirement is under-valued or split into separate procurements to avoid statutory, regulatory or policy requirements, in particular, obligations associated with the competition requirements of the trade agreements and the Government Contracts Regulations or seeking contract approval at a higher level." By splitting a requirement into multiple contracts, Responsibility Centre Managers can, for example, avoid cost justification, proactive disclosure, higher approval authorities, and competition. Therefore, splitting a requirement into multiple contracts contravenes Treasury Board and PWGSC policies. During the course of this review, the following three examples raised concerns of possible contract splitting.
54. In the first case, three similar goods were purchased using three different contracts at the same dollar value (\$9,989 each including GST). The procurement of these goods was approved by one individual on the same day. These goods were delivered to two locations and were accepted by the same individual. Additionally, two of the contracts were for the same program/project number. In addition to these three contracts, a review of SIGMA demonstrated that there were actually 14 contracts awarded to the same supplier and 13 of these contracts started on the same day.
55. In the second case, four of the exact same goods were purchased using four different contracts at the same dollar value (\$6,405 each including GST). These procurements were approved by one individual on the same day. They were all delivered to the same location on the same day and were accepted by the same individual. However, the contract files indicated that these goods were purchased with the intention of being used at four different locations.
56. In the third case, two services with the same scope of work were purchased from the same consultant for the same project using two different contracts valued at the same dollar value (\$9,856 each including GST).
57. The review team completed its analysis based on its review of the content of the documentation received and provided the files to the Departmental Oversight Branch Operational Integrity Sector for further analysis and appropriate steps as required.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

58. The Assistant Deputy Minister, Departmental Oversight Branch completed a procurement review. Correctives actions were recommended, which are being implemented. The Procurement Review confirmed that, in all three cases, the contracts were valid.

CONCLUSION

59. Based on the analysis of the 199 LDV contracts reviewed, PWGSC is not fully compliant with LDV contracting requirements as stipulated by government policies, regulations and guidelines. However, the review also highlighted a high level of compliance with the majority of the assessment criteria. Low compliance was identified for a limited number of assessment criteria.

60. Based on the observed low compliance levels in specific areas, there appear to be some issues regarding the level of knowledge and/or active adherence to LDV contracting requirements by employees undertaking procurement activities. Additionally, these results indicate that the tools available to employees for fulfilling their responsibilities may be misunderstood and/or inappropriately used.

61. The information contained in this report highlights few weaknesses in the LDV procurement process. Branch Heads and Regional Directors General can use this information to focus their efforts to improve compliance levels within their scope of responsibilities and accountabilities. Additionally, the criteria found herein can be used as a baseline for developing a monitoring process over contract management practices within all business lines of PWGSC.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

MANAGEMENT RESPONSE

Management has had the opportunity to review the Chief Audit and Evaluation Executive's Draft report, and agreed with the conclusions and recommendations found therein. Management also developed a Management Action Plan to address these recommendations.

Further, a Procurement Review has been completed by the Departmental Oversight Branch. Corrective actions to address recommendations stemming from this review are being implemented.

RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

Recommendation 1: The Chief Financial Officer, Finance and Administration Branch, in collaboration with other Branch Heads and Regional Director Generals, should take actions to ensure that all procurement personnel involved in Low Dollar Value contracting understand and actively comply with associated government and Departmental procurement acts, policies, regulations, procedures and guidelines.

Management Action Plan 1.1: Update of Departmental Policy 099 (Procurement Policy) to strengthen procedural obligations to ensure the Attestation Form is kept on procurement files and that proper contract terms and conditions are included in contracts. Also strengthen the accountability of the Branch Heads and Regional Directors General for those exercising contracting authority within their areas of responsibility; Obtain DM approval of revised policy.

Management Action Plan 1.2: Work with the Human Resources Branch to convert the following existing in-class course to an on-line course and make mandatory for any Responsibility Centre Manager that intends to exercise contracting authority: Course # 3498- *Contract Management Workshop: PWGSC's Contract Management Control Framework*.

Management Action Plan 1.3: Develop and implement a "pop-up" message that will appear in SIGMA reminding individuals to complete the Attestation Form when saving a contract document.

Recommendation 2: The Chief Financial Officer, Finance and Administration Branch, should establish a monitoring function for Low Dollar Value contracting based on this pilot methodology.

Management Action Plan 2.1: Conduct a feasibility assessment for the establishment of a monitoring function for Low Dollar Value contracting.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

Management Action Plan 2.2: Based on the results of the feasibility assessment, establish a monitoring function for Low Dollar Value contracting. Include planned elements covering learning, outreach and annual reporting.

Recommendation 3: The Chief Financial Officer, Finance and Administration Branch should, in collaboration with the Assistant Deputy Minister, Real Property Branch, expand the applicability of the Attestation Form to Work Orders and Job Orders to ensure that security requirements are identified, addressed and formally documented.

Management Action Plan 3.1: Finance and Administration Branch to convene a working group comprised of RPB stakeholders to explore ways to integrate the use of the Attestation Form (563) into their processes for Work Orders or Job Orders.

Management Action Plan 3.2: Development and application of the chosen approach.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX A. SCOPE DETAILS (PHASES 1 AND 2)

62. For Phase 1 of the review, a random sampling methodology was used to identify the sample of 88 LDV contracts. This included 72 contracts for services and 16 contracts for goods. These selected contracts represented 5% (\$629,898) of the total value (\$11,754,057) of the contracts awarded between April and June 2011 in the referenced population (2,203 contracts). Although all initial contract amounts in the sample were below \$25,000, final contract values, including amendments, ranged from \$1,006 to \$78,816. In 3% (3/88) of the files selected for review, the final contract value was over the \$25,000 threshold after amendments. In addition, 14% (12/88) of the files selected for review required proactive disclosure on PWGSC's website, as they exceeded the \$10,000 threshold.
63. The following table (Table A) provides a breakdown of the selected sample by method of supply and region for Phase 1. For the sample, 73% (64/88) of contracts were from the National Capital Area and 27% (24/88) of contracts were from the five regional offices.

Table A. Phase 1 LDV Review Sample, by method of supply

Methods of supply	National Capital Area	Regional Offices	Total
Purchase Orders/Work Orders/Job Orders	28	14	42
Professional Services Contracts	30	2	32
Standing Offers/Supply Arrangements	6	8	14
Total	64	24	88

64. For Phase 2 of the review, the Audit and Evaluation Committee and the Office of Primary Interest requested that changes be made to the sample size and selection methodology. These changes included ensuring that more contracts selected would meet the requirements of proactive disclosure, and that each branch and region were proportionally represented. Therefore, a judgmental sample of contracts from the review period was selected from SIGMA. Some of the criteria used in selecting the judgmental sample were contract dollar values and large percentage changes in the dollar value of contracts after amendments.
65. The sampling methodology resulted in a sample size of 111 LDV contracts. This included 81 contracts for services and 30 contracts for goods. These selected contracts represented 10% (\$1,975,809) of the total value (\$20,611,658) of the contracts awarded between January and March 2012 in the referenced population (3,219 contracts). Although all initial contract amounts in the sample were at or below \$25,000, final contract values, including amendments, ranged from \$1,183 to \$101,115. In 11% (12/111) of the files selected for review, the final contract value was over the \$25,000 threshold after amendments. In addition, 65% (72/111) of the files selected for review required proactive disclosure on PWGSC's website, as they exceeded the \$10,000 threshold.

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

66. The following table (Table B) provides a breakdown of the selected sample by method of supply and region for Phase 2. For the sample, 59% (65/111) of contracts were from the National Capital Area and 41% (46/111) of contracts were from the five regional offices.

Table B. Phase 2 LDV Review Sample, by method of supply

Methods of supply	National Capital Area	Regional Offices	Total
Purchase Orders/Work Orders/Job Orders	19	22	41
Professional Services Contracts	21	4	25
Standing Offers (SO)/Supply Arrangements (SA)	25	20	45
Total	65	46	111

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM

Review Criteria	Review Items	Total Review Results	Phase 1 Results	Phase 2 Results
Contract Initiation and Award Phase				
1.a. Funds were authorized under Section 32 of the FAA by an individual with delegated authority				
Person authorizing commitment of funds has authority under Section 32 of the FAA	Person authorizing S.32 of the FAA has delegated authority at the time of signature	178/199 (89%)	80/88 (91%)	98/111 (88%)
Added for Phase 2: 1. b. Contract was approved under contracting authority.				
Person approving contract has contracting authority.	Contracting authority (Approved for the Minister Signature) has delegated authority at the time of signature of the contract	98/109 (90%)	N/A (question added in Phase 2)	98/109 (90%)
2. Security requirements were assessed				
Applicability of security requirements to the contract are assessed	a) Initial assessment of need for Security Requirement Check List (SRCL) completed	SRCL requirement not assessed 115	Identified as not required 65	Identified as required 19
		69	14	5
	b) SRCL On file	16/19 (84%)	5/5 (100%)	11/14 (79%)
	c) SRCL Completed	14/16 (88%)	5/5 (100%)	9/11 (82%)
	d) All required signatures are on SRCL	14/16 (88%)	5/5 (100%)	9/11 (82%)
	e) SRCL dated before contract award date	16/16 (100%)	5/5 (100%)	11/11 (100%)
3. Attestation Form was completed				
Attestation Form is properly completed and is on file	a) On file	37/194 (19%)	11/85 (13%)	26/109 (24%)
	b) Completed	35/37 (95%)	11/11 (100%)	24/26 (92%)
	c) Required signatures are on form	36/37 (97%)	11/11 (100%)	25/26 (96%)
	d) Dated before contract award date	33/36 (92%)	11/11 (100%)	22/25 (88%)

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM

Review Criteria	Review Items	Total Review Results	Phase 1 Results	Phase 2 Results
Contract Initiation and Award Phase				
4. Procurement objectives and deliverables were specified				
Scope and deliverables are clearly specified	a) Objectives	193/199 (97%)	87/88 (99%)	106/111 (95%)
	b) Deliverables	179/199 (90%)	75/88 (85%)	104/111 (94%)
5. Procurement strategy and procedures complied with applicable requirements				
a) A justification for fair price is provided for non-competitive contracts	i) Number of files (non-competitive)	121/199 (61%)	69/88 (78%)	52/111 (47%)
	ii) A justification for fair price is provided for non-competitive contracts	11/120 (9%)	2/69 (3%)	9/51 (18%)
	iii) Added for Phase 2: Justification for sole-source contracting is provided	19/50 (38%)	N/A (question added in Phase 2)	19/50 (38%)
b) Competitive procurements are fair and transparent	i) Number of files (competitive)	19/199 (9%)	5/88 (6%)	14/111 (13%)
	ii) Bid solicitation document was developed and is on file (e.g., Request For Proposal)	17/19 (89%)	5/5 (100%)	12/14 (86%)
	iii) Evaluation criteria are stated in the bid solicitation document	11/17 (65%)	5/5 (100%)	6/12 (50%)
	iv) Phase 1 only: Evaluation criteria are objective, measurable and specific	5/5 (100%)	5/5 (100%)	N/A
	v) Phase 1 only: Evaluation criteria align with requirements in the SOW	5/5 (100%)	5/5 (100%)	N/A
	vi) Scoring guide or evaluation plan was developed to interpret evaluation criteria prior to assessing the bids and is on file	9/11 (82%)	5/5 (100%)	4/6 (67%)

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM

Review Criteria	Review Items	Total Review Results	Phase 1 Results	Phase 2 Results
Contract Initiation and Award Phase				
	vii) Assessment of bidders including technical evaluation is on file	11/19 (58 %)	5/5 (100%)	6/14 (43%)
	viii) Contract is awarded to successful bidder(s) based on the stated evaluation criteria	10/11 (91%)	5/5 (100%)	5/6 (83%)
c) Use of pre-competed procurement instruments	i) SO/SA/ Contract for Task Authorisation was valid at the time the call-up was signed	59/59 (100%)	14/14 (100%)	45/45 (100%)
	ii) Pricing and payment terms (not actual payment) agree with terms and conditions stipulated in the supply tool used	57/59 (97%)	14/14 (100%)	43/45 (96%)
6. Contract was signed and dated prior to the receipt of goods and/or services				
A method of supply (Purchase Order, Call-up against a Standing Offer, Professional Service Contract) has been used, is properly completed and is on file	a) A contract document (Purchase order, Call-up against a standing offer, Professional Service Contract) is on file	195/199 (98%)	87/88 (99%)	108/111 (97%)
	b) Added for Phase 2: The proper form is used for this type of procurement	102/108 (94%)	N/A (question added in Phase 2)	102/108 (94%)
	c) Section 32 signature is on file and dated before (or on) contract award date	164/195 (84 %)	72/87 (83%)	92/108 (85%)
	d) Added for Phase 2: Contracting authority signature is on file and dated before (or on) work started or Good received	88/108 (82 %)	N/A (question added in Phase 2)	88/108 (82%)

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM

Review Criteria	Review Items	Total Review Results	Phase 1 Results	Phase 2 Results
Contract Administration Phase				
1. Deliverables were accepted and certified under Section 34 of the FAA by an individual with delegated authority				
Deliverables are accepted / certified under Section 34 of the FAA	a) Deliverables are accepted (as per Section 34 Stamp) by PWGSC	196/198 (99%)	85/87 (98%)	111/111 (100%)
	b) Person certifying deliverables and approving invoices for payment has delegated authority under S.34 of the FAA	187/196 (95%)	84/85 (99%)	103/111 (93%)
2. Total value of invoices was within the approved total contract value				
Total value of invoices is within the approved total contract value	Total value of payments is within the approved total contract value	189/196 (96%)	83/85 (98%)	106/111 (95%)
3. Certification and contracting authorities were segregated on the contract				
Segregation of financial authorities is respected	Person certifying deliverables and approving invoices for payment (as per S.34 Stamp) is different than the Contracting/Transactional Authority (Approved for the Minister Signature)	187/196 (95%)	82/85 (96%)	105/111 (95%)
4.a. Funds for contract amendments were authorized under Section 32 of the FAA by an individual with delegated authority				
Funds were authorized under Section 32 of the FAA	Person authorizing amendment(s) has delegated authority under S.32 of the FAA	51/55 (93%)	22/23 (96%)	29/32 (91%)
Added for Phase 2: 4. b. Contract Amendments were approved under contracting authority.				
Contract amendments were authorized under contracting authority	Phase 2 only: Contracting authority (Approved for the Minister Signature) has delegated authority at the time of signature of the amendment(s)	31/33 (94%)	N/A (question added in Phase 2)	31/33 (94%)

**2011-803 and 2012-811 Review of PWGSC Low Dollar Value Contracting –
Combined Results from Phases 1 and 2
Final Report**

APPENDIX B. DETAILED ASSESSMENT BY REVIEW ITEM

Review Criteria	Review Items	Total Review Results	Phase 1 Results	Phase 2 Results
Contract Administration Phase				
5. Contract amendments were signed and dated prior to the contract expiry date or prior to receipt of goods and/or services				
Contract amendments are completed, signed and dated prior to the contract expiry date	a) All Amendments are on file	56/61 (92%)	23/25 (92%)	33/36 (92%)
	b) Amendment(s) on file are appropriately completed	47/56 (84%)	18/23 (78 %)	29/33 (88%)
	c) All required signatures are on form	54/56 (96%)	22/23 (96%)	32/33 (97%)
	d) Dated before original contract/previous amendment expiry or good/services received (if not end date)	32/56 (57%)	6/23 (26%)	26/33 (79%)
6. Contract amendments for non-competitive contracts did not increase the total value of the contract over \$25,000, as per the Government Contracts Regulations' exceptions to bidding				
Contract amendments for non-competitive contract do not exceed \$25k	With amendments, final contract value of non-competitive contracts does not exceed \$25,000	28/32 (88%)	17/17 (100%)	11/15 (73%)
7. Contracts valued greater than or equal to \$10,000 were proactively disclosed				
Contracts over \$10,000 are proactively disclosed	The contract is proactively disclosed within one month after the close of each quarter (If the contract or its amendments is over \$10,000).	79/84 (94%)	8/12 (67 %)	71/72 (99%)