



# **Horizontal Internal Audit of Contracting for Professional, Technical and Temporary Help Services in Small Departments and Agencies**

© Her Majesty the Queen in Right of Canada,  
represented by the President of the Treasury Board, 2010

Published by Treasury Board of Canada, Secretariat  
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT66-40/2010E-PDF  
ISBN: 978-0-660-25519-4

This document is available on the Government of Canada website, [Canada.ca](http://Canada.ca)

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Vérification interne horizontale de la passation de marchés de services professionnels et techniques et de services de travail temporaire dans les petits ministères et organismes



# Horizontal Internal Audit of Contracting for Professional, Technical and Temporary Help Services in Small Departments and Agencies

---

## Horizontal Internal Audit of Contracting for Professional, Technical and Temporary Help Services in Small Departments and Agencies

### Contents

[Executive Summary](#)

[Why This Is Important](#)

[Overall Assessment](#)

[Conclusion](#)

[Statement of Assurance](#)

[Background](#)

[Audit Objectives, Scope and Approach](#)

[Objectives and Scope](#)

[Audit Approach](#)

[Detailed Findings and Recommendations](#)

[Finding 1: Oversight Activities](#)

[Finding 2: Procurement Strategy](#)

[Finding 3: Contract Award](#)

[Finding 4: Contract Administration](#)

[Conclusion](#)

[Management Action Plans](#)

[Appendix 1: Departments and Agencies Included in the Audit Engagement](#)

[Appendix 2: Objectives and Related Criteria](#)

[Appendix 3: Management Action Plan](#)

[Appendix 4: Links to Applicable Legislation and Policies](#)

### Executive Summary

The objective of the audit was to determine whether contracting for professional, technical and temporary help services in small departments and agencies (SDAs) is being managed in a fair, transparent and competitive manner and whether the overall management and administration of contracting comply with the intent of the policies in place. We examined the management practices and controls over contracting activity including effective oversight, procurement strategy, contract award and contract administration.

### Why This Is Important

Contracting for services has traditionally been recognized as a high-risk area, given the complexity of the policies and regulations established by central agencies. This complexity is compounded in SDAs where there are fewer resources to complete the necessary tasks and where the effects of employee turnover can be

significant. It is therefore important that each SDA have an effective procurement strategy to meet its needs and that this strategy be governed by an appropriate level of management capable of challenging whether the activity will meet the organization's priorities. Additionally, given resource constraints in SDAs, effective oversight of contracting activity ensures that decisions are not made unilaterally and that policies and regulations are respected.

## **Overall Assessment**

Effective oversight, appropriate procurement strategies, and contract award and administration respecting the guiding principles of the applicable contracting policies and regulations ensure that contracting activity is accomplished in an open, fair and transparent manner. SDAs understand and respect the principles associated with contracting, but contracting activities could be carried out using more rigorous processes.

Oversight over contracting activity ensures that procurement requirements are in line with the strategies and priorities of departments and agencies, that a challenge function exists to ensure contracting alternatives are considered, and that policies and regulations are given sufficient due consideration. In many of the SDAs, we found that an appropriate level of management was assigned the responsibility of challenging contracting activity; in other SDAs, this challenge function was not being provided by someone with the appropriate level of authority. Nevertheless, all SDAs have the opportunity to improve the challenge function by increasing the levels of experience and awareness.

Procurement strategies implemented by departments and agencies should ensure that open and fair processes are followed. We found that contracts entered into through sole sourcing were not sufficiently justified by any of the SDAs in our audit. We also found that when standing offers were used, they were not used appropriately and therefore may not have resulted in best value to Canadians. However, we found one instance where an SDA had developed a standing offer to meet its unique recurring needs and to provide faster access to these services at best value to Canadians.

Although we found instances of sole sourcing in which the justifications had not been documented, contracts were generally being awarded in an open and fair manner. The requirements for professional, technical and temporary help services advertised in competitive requests for proposals were commensurate with the scope and timing of work agreed to in formal contracts. Evaluation criteria were objective and permitted an open and fair choice of the most successful supplier. Improvement is needed to ensure that contracts and contract amendments are signed prior to the start of agreed upon services, which will safeguard against work being completed outside of the agreed terms and conditions. In addition, SDAs should retain clearly documented results of the evaluation process to support the ranking of suppliers in an objective manner.

Adequate documentation to support contracting was generally lacking in SDAs. In each of the SDAs, we found at least one example of important missing documentation on file. On the other hand, SDAs have been providing Canadians with proactive disclosure of their contracting activity in a robust, timely and open manner.

## **Conclusion**

Overall, SDAs need to improve their management of contracting activity, which will ensure enhanced competition and fairness and transparency in the spending of public funds. Although there are some explicit weaknesses, SDAs recognize the need for governance and control in their contracting decisions and have put in place oversight functions to provide challenge to the acquisition of professional services. SDAs should address the need to ensure that appropriate documentation exists to support their contracting activity and that their files are complete. Greater rigour is also required to mitigate possible risks arising from improper use of sole sourcing and standing offers.

The Internal Audit Sector of the Office of the Comptroller General (OCG) has asked SDAs to prepare detailed action plans in response to this audit report. The audit results and recommendations encountered positive reactions from responsible officials within SDAs. There were good indications that improvements would be pursued. Furthermore, the OCG will facilitate the dissemination of information related to audit findings including sharing of best practices as requested.

## **Statement of Assurance**

In my professional judgment as Executive Director, Operational Auditing, sufficient and appropriate procedures and evidence gathering were performed to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed at the time of the audit, in the departments reviewed, against pre-established audit criteria. Further, the evidence was gathered in accordance with the Internal Auditing Standards for the Government of Canada and the International Standards for the Professional Practice of Internal Auditing.<sup>[1]</sup>

**Sylvain Michaud**  
**Executive Director, Operational Auditing**  
*Internal Audit Sector, Office of the Comptroller General of Canada*

## **Background**

The Treasury Board Policy on Internal Audit requires the Comptroller General to lead horizontal audits in small departments and agencies (SDAs). Horizontal audits are designed to address risks that transcend individual departments in order to report on the state of governance, controls and risk management across the Government of Canada. This report presents the results of the horizontal audit of Contracting for Professional, Technical and Temporary Help Services in small departments and agencies (SDAs).

The principal authoritative instruments governing contracting are the *Government Contracts Regulations* and the associated Contracting Policy. The intent of these instruments is to enhance access and competition and result in best value to the Crown and Canadians.

The *Government Contracts Regulations* provide the framework for contracting activity within the Government of Canada. They are supported by the Treasury Board Contracting Policy which provides further direction on contracting rules.

The Treasury Board Contracting Policy ensures that the procurement of goods and services is accomplished "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 Contracting Policy states 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."

In 2005, fundamental changes were introduced to the way the government acquires goods and services, in keeping with its commitment to deliver services smarter, faster and cheaper and thereby provide best value to Canadians. Public Works and Government Services Canada (PWGSC) established a number of standing offers for goods and services that departments and agencies procure on a recurring basis. Many of these standing offers are mandatory.

Included in the mandatory standing offers are a wide variety of professional, technical and temporary help services. These include, for example, Professional Services Online (PS Online) and temporary help services (THS). THS standing offers are intended to be used when a public service employee is absent for a period of time or when there is a requirement for additional staff during a workload increase and an insufficient number of public service employees are available to meet the requirement. All other professional services requirements should be procured through other PWGSC standing offers, supply arrangements or other procurement vehicles.

## **Audit Objectives, Scope and Approach**

### **Objectives and Scope**

The objective of the audit was to determine whether contracting for professional, technical and temporary help services in small departments and agencies (SDAs) is being managed in a fair, transparent and competitive manner and whether the overall management and administration of contracting comply with the policies in place.

For the 19 small departments and agencies (SDAs) included in our audit, we looked at whether effective oversight of contracting activity was in place, whether the processes for soliciting bids and awarding contracts were done in a fair, open and transparent manner, and whether contracts were managed and administered in a manner to ensure they are successfully executed in accordance with the agreed terms and conditions. We also examined whether adequate documentation existed to support all phases of the contracting activity.

### **Audit Approach**

The audit was conducted in two phases. Consultants were engaged to support the Office of the Comptroller General audit team in both phases.

#### **Phase 1**

To select the SDAs to be included in the audit, we performed a risk analysis of all SDAs to assess their potential risk exposure resulting from the volume of contracting conducted. Our review considered factors such as the

number and types of contracts awarded, management oversight, and controls. On the basis of this analysis, we chose the 19 LDAs listed in Appendix 1. These SDAs account for more than 50% of total SDA expenditures on professional and special services.

## Phase 2

For each of the 19 SDAs, we compared their practices with the criteria outlined in Appendix 2. Our methodology included interviews with managers, administrative officers, procurement and contracting employees, and finance staff directly involved in the contracting process. We also reviewed contracting procedures and practices. This included any additional policy or guidance issued by the SDA to help it achieve its contracting objectives.

We also reviewed a sample of contracting files to determine whether contracting activities had complied with the applicable policies and regulations and whether there was appropriate documentation to support critical decisions and actions taken for the contracted service. In total, we examined 222 contract files that were active during the period April 1, 2006, to March 31, 2007. Of these, 153 files were for contracts greater than \$10,000 and 69 files for contracts under \$10,000. The samples were chosen to ensure that contracts of varying sizes and risk exposure were considered for our audit conclusions.

## Detailed Findings and Recommendations

### Finding 1: Oversight Activities

**Oversight of contracting activities in SDAs should be strengthened to ensure these activities are conducted appropriately.**

Effective oversight of contracting activity in small departments and agencies (SDAs) should ensure that contracting requirements are met in an open, fair and transparent manner. Decisions for contracting and means of contracting for requirements should be challenged to ensure requirements such as the following: the needs are clearly defined, they could not be met by alternative methods, they are within the legislative mandate of the SDA, and the contracting procedures respect relevant policies and regulations.

In SDAs, we expected to see evidence of this challenge function taking place with respect to contracting decisions. This important function could be accomplished through a formal contracting review committee, a small group of functional leaders, including senior management, or typically within a small organization, a senior finance officer.

It is important that senior management, having a broad perspective of the needs and priorities of an SDA and knowledge of similar needs in like organizations, contribute to contracting decisions. Senior management can challenge whether alternatives to contracting have been considered, such as moving resources from another area of the department to fill temporary needs or sharing the services for similar needs with other organizations. It is also important that this challenge function ensure that the procurement strategy selected allows for an open, fair and transparent contracting process and that it respect contracting policies and regulations. Finally, it is important that what is discussed and the conclusions reached from this challenge function are documented in order to provide sufficient evidence of the existence of this oversight.

**Oversight responsibilities are assigned.** A contracting review committee or senior manager can ensure an appropriate level of governance over contracting activities, and we found that all SDAs recognized the importance of this challenge function. In fact, all SDAs included in our audit followed a process, whether formal or informal, for reviewing proposals before contracts were issued. However, these processes varied widely. In one of the SDAs, this function was done by a contract review committee that had formal terms of reference for its role, indicating the important elements that the challenge function was to consider. In ten of the SDAs, the challenge function was assigned to a senior corporate or financial officer who carried out his or her responsibilities appropriately. On the other hand, two SDAs had assigned the challenge function to more junior financial officers. Expecting junior level resources to challenge contracting decisions often made by senior management is not appropriate because the discrepancy in seniority levels often acts as a deterrent to the challenge role. The remaining six SDAs relied on the ongoing contract authority approvals to meet the requirements of their reviews. Although contracting authorities are expected to provide advice on whether contracting policies and regulations are being respected, they are not generally the same people who know the priorities of the organization and therefore cannot challenge other managers in their procurement decisions.

**The challenge provided by oversight is often incomplete.** Although oversight roles for contracting were assigned, in most SDAs there was limited guidance for those performing the challenge function, and

expectations of the role were not clearly defined. We found that many of the officials responsible for fulfilling this role were not familiar with the intent of many of the contracting policies and regulations or the risks associated with contracting activities. For instance, despite having contract review in place, we found particular weaknesses in the unjustified use of sole-source contracts and a lack of analysis to determine whether alternatives to contracting or to the choice of contracting vehicles had been considered.

The result of not having an appropriate challenge function in place over contracting activities is that contracting decisions could be made that do not consider the priority of resources within an SDA or whether alternatives to contracting would result in viable solutions. Not having effective oversight can also indicate that the governance function over contracting does not provide sufficient internal controls in the contracting process. Additionally, we were told that a specific risk to SDAs is the considerable difficulty they have in retaining contracting personnel. In fact, in several of the SDAs, the contracting authorities were contracted professionals. In these cases, it is even more relevant that effective oversight for this function is in place to ensure that the goals of the SDAs are achieved.

### Recommendation

1. Those providing the oversight and challenge function for contracting activity should be at an appropriate management level to ensure that their challenge is respected and adhered to. Additionally, those responsible for this oversight should be aware of the importance of their challenge function and should document their agreement with the contracting decisions made. This may be best accomplished by creating a checklist of key oversight elements.

### Finding 2: Procurement Strategy

**SDAs should apply more due diligence in their choice of procurement strategies.**

The procurement strategy used to meet contracting requirements has to be fair, open and transparent. This means that the process to procure services should enhance competition and result in the best value to Canadians and the Crown. To respect these principles, all contracting vehicles within the government should be known and understood by those with contracting requirements so that the most appropriate and effective vehicle can be used.

In particular, all contracts should be subject to open competition. Sole sourcing is only permitted in four specific circumstances, the most commonly justified requirement being that it will cost less than \$25,000. Additionally, the government has established standing offers and supply arrangements for the goods and services typically needed by departments. Many of these standing offers and supply arrangements are mandatory, as they have been designed to provide for both open and fair competition and best value to the Crown.

We expected that SDAs would use procurement strategies that respected the principles of contracting policies and would consider all the contracting vehicles that were available to them.

**Sole-source contracts are not sufficiently justified.** Of the contracts included in our sample, approximately 60% were sole-sourced contracts, of which 72% were below \$25,000 and the remaining 28% of greater value. For the sole-sourced contracts greater than \$25,000, we expected to find sufficient justification on file to support the use of sole sourcing commensurate with the allowable exceptions to open competition. We found that more than half of these contracts did not have documentation on file to support this choice.

**The use of contract vehicles does not comply with the requirements.** Approximately 20% of the contracts that we reviewed were entered into using standing offers or supply arrangements. Of particular value to SDAs is a mandatory standing offer to be used for temporary help services (THS). THS is designed to provide professional resources to help fill temporary staffing needs, which is a recurring need in the SDA environment. THS is not intended for solution-based contracted services but is rather meant to supplement (on a temporary basis) existing human resources capacity. In using THS, departments and agencies are required to define their requirements and retain services from the lowest cost pre-qualified resource.

Although THS and other standing offers were used at the right times and for appropriate services, in the majority of cases the standing offers, in particular THS, was not used properly by retaining services from the lowest cost resources. This problem was common to most of the SDAs in our sample. The result of only partially meeting the requirements is that best value for contracting needs may not always be achieved and that work could be denied to suppliers who have duly qualified. Since our audit, two of the SDAs have changed their internal processes and now comply with the requirements of these standing offers.

We noted good practices. One SDA has developed a creative solution for dealing with particular recurring needs: a standing offer has been developed to meet an ongoing requirement for short-term engineering requirements. Another SDA manages the purchase of some technical support by breaking requirements down into detailed

tasks and effectively establishing an open roster of qualified individuals, which ensures the most competitive price for these services.

### Recommendations

2. SDAs should ensure that there is appropriate documentation on file to justify sole source contracting.
3. SDAs should ensure that individuals involved in the contracting process understand contracting policy requirements and have access to the tools they need to do their work.
4. Training and guidance for contracting staff should be provided so that standing offers are used appropriately and effectively.

### Finding 3: Contract Award

**When using a competitive contracting strategy, contracts are generally awarded in an open, fair and transparent manner.**

Contracts should be awarded in an open, fair and transparent manner. Requests for proposals from suppliers to perform professional, technical and temporary help services should include a Statement of Work that outlines a department or agency's specific contracting requirements. The Statement of Work should detail, for example, background on the requirements, the services required, a timeline for the completion of services, and any client support to be provided. The Request for Proposal should include evaluation criteria that will enable objective selection of the best proposal received from suppliers. Criteria should be clear and logically relate to the requirements for professional services.

In evaluating proposals, SDAs should clearly document the quality of responses received in accordance with the evaluation criteria established in the Request for Proposal. These should be documented in sufficient detail to support the choice of the winning supplier. In awarding the contract, terms and conditions as well as the scope and budget of an engagement should be commensurate with the service requirements described in the Request for Proposal. Finally, having a contract in place before work begins is an important legal protection designed to help ensure agreement on the terms and conditions of the work.

We looked at whether the work as described in the Request for Proposal was clear and agreed with the terms and conditions of the resulting contract. We also looked at whether, when a competitive process was followed, the evaluation criteria had been followed and whether the evaluations of each bid had clear documentation to support the ranking of potential contractors in the bid award process. Finally, we looked at whether SDAs had established controls to ensure that a contract was issued before the delivery of professional services began.

**Contracts are awarded in an open and fair manner.** Generally, we found that the Statements of Work used to procure services were commensurate with the deliverables and outcomes required and the resulting contracts with suppliers. However, we found that in 1 out of every 10 contracts, work had begun prior to formal agreement of the contract, as evidenced by the dated signatures. This problem was similar to our findings for contract amendments. Of the 67 amendments to contracts in our sample, 20% were issued after the contracting period of the initial contract had lapsed. Carrying out contracting activity without a formal signed agreement exposes the Crown to work being done that is outside the agreed upon scope or price range required to meet SDA requirements. Furthermore, initiating work without signed agreements, or continuing work after such agreements have lapsed, indicates poor contract planning and management and leaves the government vulnerable to undue charges.

**Insufficient documentation exists to support transparency in the evaluation of bids.** We found that evaluation criteria were designed to be objective and clearly related to the professional service requirements. However, there was insufficient documentation to support how the evaluation criteria were used to rank the prospective suppliers. In over 35% of the files examined in which some form of competition was used, we found that the evaluation grids used to document the proposals of the potential suppliers were not completed in a sufficiently robust manner to support the actual selection of the winning supplier. In several cases, these were not signed or dated by officials involved in the evaluation process, which could indicate that the appropriate due diligence and objectivity in selecting the winning bidder were not observed.

### Finding 4: Contract Administration

**Except for some noteworthy exceptions, contracts are well administered in SDAs, but the documentation to support decisions made and actions taken is often incomplete.**



The Contracting Policy states that contracting authorities should manage and administer their contracts in a manner that ensures they are successfully executed in accordance with the agreed terms of time, cost and performance. Furthermore, contract documentation should be complete and support all relevant decisions and actions taken under the contract's administration. Documentation should also support the management oversight function.

In addition, proactive disclosure of all contracts issued over \$10,000 is an important element of contract administration, typically done after file close-out, to ensure that all material contracting done by departments and agencies is disclosed to Canadians in a transparent manner. Proactive disclosure also permits Canadians to understand what types of services departments and agencies are contracting to suppliers and which suppliers are conducting the work required.

We expected that all contract files would be complete and provide documentation to support decisions made on contracting strategy, that evidence would exist to support that payments were made in accordance with the agreed upon terms and conditions, that copies of signed contracts and contract amendments were maintained, and that evaluations of supplier performance had been done. This is important to ensure that transparency on contracting activity can be provided.

**Contract files lack adequate documentation.** Of the contract files we reviewed, 40% lacked adequate documentation to provide a complete audit trail and to support decisions taken during the contracting process. The lack of adequate documentation was concentrated in five of the SDAs included in our sample, representing 60% of this problem; however, there was missing documentation in at least one instance in all SDAs included in our sample. Typical examples of missing documentation included the following: justification for sole sourcing, support for the selection of a particular contracting strategy, documentation specifically required when using particular standing offers such as temporary help services, and rationale required for contract amendments. In a few of the files examined, a copy of the contract, including signatures of the SDA signing authorities and the contractor for the agreed upon work, could not be produced. Files that have insufficient documentation weaken the government's position in a contract dispute or challenge. It should be noted that these contracts were effected to address legitimate business needs and that the contract requirements themselves are not in dispute. The discrepancies detailed above are only administrative in nature.

**Proactive disclosure is provided in an open manner.** We examined the SDAs' proactive disclosures to ensure that contracts greater than \$10,000 had been disclosed in an open manner. The SDAs have generally complied with the Treasury Board Contracting Policy by proactively disclosing all their contracts over \$10,000, as required.

## **Recommendation**

5. SDAs should consider a formal process for ensuring contracting files contain all the appropriate documentation to support the contracting activities undertaken. This could be accomplished by the use of a checklist reminding contracting officers what key requirements must be considered for inclusion in each file.

## **Conclusion**

Overall, small departments and agencies (SDAs) need to improve their management of contracting activity, which will ensure enhanced competition and fairness and transparency in the spending of public funds. Although there are some explicit weaknesses, SDAs recognize the need for governance and control in their contracting decisions and have put in place oversight functions to provide challenge to the acquisition of professional services. SDAs should address the need to ensure that appropriate documentation exists to support their contracting activity and that their files are complete. Greater rigour is also required to mitigate possible risks arising from improper use of sole sourcing and standing offers.

## **Management Action Plans**

The findings and recommendations of this audit were presented to each department and agency included in the scope of the audit. They have reviewed the recommendations, provided responses and developed management action plans as required. A summary of the responses received from SDAs included in the scope of this audit is included in Appendix 3. The Small Department and Agency Audit Committee (SDAAC) has been briefed on the audit findings and the departmental responses. The SDAAC will periodically receive reports on the actions taken where Management Action Plans are in place.

Deputy heads of other SDAs will take into account the results of this horizontal internal audit and will ensure that Management Action Plans are developed as deemed necessary.

## Appendix 1: Departments and Agencies Included in the Audit Engagement

1. Canadian Centre for Occupational Health and Safety
2. Canadian Environmental Assessment Agency
3. Canadian Polar Commission
4. Canadian Radio-television and Telecommunications Commission
5. Canadian Transportation Agency
6. Commission for Public Complaints Against the RCMP
7. Hazardous Materials Information Review Commission
8. Military Police Complaints Commission
9. National Battlefields Commission, The
10. National Energy Board
11. National Parole Board
12. National Round Table on the Environment and the Economy
13. Office of the Registrar of Lobbyists
14. Office of the Registrar of the Supreme Court of Canada
15. Office of the Secretary to the Governor General, The
16. Patented Medicine Prices Review Board
17. Security Intelligence Review Committee
18. Status of Women Canada
19. Transportation Safety Board of Canada

## Appendix 2: Objectives and Related Criteria

The objective of the audit was to determine whether contracting for professional, technical and temporary help services in small departments and agencies (SDAs) is managed in a fair, transparent and competitive way and whether the overall management and administration of contracting is accomplished in accordance with the intent of the policies in place.

| Objectives  | Criteria   |
|---|--|
| To assess the extent of compliance with Treasury Board and Public Works and Government Services Canada (PWGSC) contracting regulations and related policies.  | <ul style="list-style-type: none"> <li>▪ SDAs comply with the relevant Treasury Board and PWGSC regulations and related policies.</li> </ul>   |
| To assess the extent to which management of contracting activities and processes are sound and conducted with due regard to efficiency, thereby ensuring that the government is receiving good value for money spent. | <ul style="list-style-type: none"> <li>▪ Adequate management practices and controls related to contracting have been put in place.</li> <li>▪ Management receives sufficient information in order to adequately monitor overall contracting activities.</li> <li>▪ Management practices and controls are regularly reviewed, and management takes advantage of lessons learned.</li> </ul> |
| To identify and promote best practices and innovative approaches in the procurement of professional and technical services within the SDA community.  | <ul style="list-style-type: none"> <li>▪ Managers effectively monitor and manage the procurement process.</li> </ul>   |

## Appendix 3: Management Action Plan

The following table presents the recommendations and a description of the actions being taken to address them. Each recommendation is assigned a risk ranking of high, medium or low, based on the relative priorities of the recommendations and the extent to which the recommendations indicate non-compliance with Treasury Board policies.

| Recommendations | Overall Risk Ranking | Management Action Plan |
|-----------------|----------------------|------------------------|
|                 |                      |                        |

|  |               |  |
|--|---------------|--|
| <p><b>1.</b> Those providing the oversight and challenge function for contracting activity should be at an appropriate level of management to ensure their challenge is respected and adhered to. Additionally, those responsible for this oversight should be aware of the importance of their challenge function and should document their agreement with the contracting decisions made. This may be best accomplished by creating a checklist of key oversight elements.</p> | <p>Medium</p> | <p>SDAs are or will be implementing a formal challenge function as oversight for contracting activity.</p> <p>SDAs will ensure that this challenge function includes formalized procedures outlining key oversight elements for the contract approval process</p> <p>Implementation is expected by January 31, 2010.</p> |
| <p><b>2.</b> SDAs should ensure that there is appropriate documentation on file to justify sole source contracting.</p>  | <p>High</p>   | <p>SDAs will ensure that sole source contracting is justified with appropriate supporting documentation.</p>   |
| <p><b>3.</b> SDAs should ensure that individuals involved in the contracting process understand contracting policy requirements and have access to the tools they need to do their work.</p>   | <p>High</p>   | <p>SDAs are or will be establishing internal contracting policies, including appropriate tools and training.</p> <p>SDAs will ensure that individuals are aware of these policies and make these accessible on their intranet sites.</p> <p>Implementation is expected by March 31, 2010.</p>                            |
| <p><b>4.</b> Training and guidance for contracting staff should be provided so that standing offers are used appropriately and effectively.</p>  | <p>Medium</p> | <p>SDAs are beginning to ensure that contracting staff receive the required training and that ongoing training renewal work plans are in place.</p>  |
| <p><b>5.</b> SDAs should consider a formal process for ensuring contracting files contain all the appropriate documentation to support the contracting activities undertaken. This could be accomplished by the use of a checklist reminding contracting officers what key requirements must be considered for inclusion in each file.</p>   | <p>High</p>   | <p>SDAs will improve current checklists or will establish quality assurance checklists to ensure that contracting files contain all appropriate documentation.</p> <p>Implementation is expected by March</p>  |

## Appendix 4: Links to Applicable Legislation and Policies

### Acts, Regulations and Policies (Links current as of September 3, 2009)

[Account Verification](#)

[Communications Policy of the Government of Canada](#)

[Contracting Policy](#)

[Financial Administration Act](#)

[Government Contracts Regulations](#)

[Policy on Active Monitoring](#)

[Policy on Decision Making in Limiting Contractor Liability in Crown Procurement Contracts](#)

[Policy on Delegation of Authorities](#)

[Policy on Internal Audit](#)

[Policy on Internal Control](#)

[Policy on Title to Intellectual Property Arising Under Crown Procurement Contracts](#)

[1] This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. However, the Office of the Comptroller General has not undergone an external assessment at least once in the past five years or been subject to ongoing monitoring or to periodic internal assessments of its horizontal internal audit activity that would confirm its compliance with the standards.