



Correctional Service
Canada

Service correctionnel
Canada



SAFETY, RESPECT
AND DIGNITY
FOR ALL

LA SÉCURITÉ,
LA DIGNITÉ
ET LE RESPECT
POUR TOUS

AUDIT OF CONTRACTING FOR GOODS & SERVICES

Internal Audit Branch

378-1-230

Approved by Audit Committee

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Canada

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EXECUTIVE SUMMARY

Contracting is a critical component of the procurement process within the federal government. Increased attention is being given to this area across the federal public service due in part to the impact of recent non-compliance with existing regulations and the fact that the operational requirements for timely delivery of goods and services and the need to comply with government contracting regulations can come in conflict.

There are many challenges to the establishment of sound yet flexible contracting practices. The practices must be flexible enough to meet business needs and be defensible. The practices should also demonstrate fairness, openness, and transparency in all phases of the process.

Contracting for goods and services represents a significant investment for Correctional Service Canada (CSC). CSC purchases a wide range of goods and services to secure its inmate population and to deliver services in specific fields such as health care, education, and informatics. In 2005, CSC awarded 70,847 contracts (68,976 goods and 1,871 services) totalling \$326 million. This represents 17% of all federal government contracts awarded and 2% of total government contract spending.

CSC uses various contracting methods, including:

- Electronic bidding - A method of contracting that promotes suppliers' access to, and transparency in, the contracting process and facilitates CSC's receipt of best value, by using various electronic means (e.g. Advanced Contract Award Notice (ACAN)).
- Standing offer – An offer from a potential supplier to supply goods, services or both, on the pricing basis and under the terms and conditions stated in the standing offer.
- Traditional competitive – A contract where the process used for the solicitation of bids enhances access, competition and fairness and assures that a reasonable and representative number of suppliers is given an opportunity to bid.
- Non-competitive – Any contract for which bids were not solicited or, if bids were solicited, the conditions of a competitive contract were not met.

CSC is seeking assurance that the management framework for contracting is functioning as intended and that controls are in place to ensure an appropriate level of compliance with policies and procedures. To that end, the audit of Contracting for Goods and Services was conducted in accordance with the internal audit plan for 2006-2007.

The objectives of the audit were to:

- Determine the extent to which CSC contracting activities and practices comply with Treasury Board (TB) and CSC requirements; and
- Assess the extent to which a management framework is in place, meets departmental and TB requirements, and is functioning as intended.

To conclude on these objectives, we reviewed the controls and supporting documentation in place at National Headquarters (NHQ) and in each of the five regions. We conducted interviews with staff, including budget managers, contract specialists, Contract Review Board (CRB) members, and finance representatives. The interviews covered the practices associated with the

management framework (policies and procedures, roles and responsibilities, monitoring and reporting, and communication and training). In addition, we examined a sample of 187 contracts in order to assess compliance.

Conclusions

The results of the audit have indicated that, in many of the key areas, CSC is managing its contracting program well. Basic components of the *management framework* have been established:

- there is a CRB in each region and at NHQ that is reviewing and approving requests for contracts as required;
- managers and employees feel that they generally understand contracting policies and guidelines as well as their roles and responsibilities in this regard;
- communication takes place between NHQ and the regions; and,
- training is available at the national and regional levels for all budget managers and contracting staff.

CSC's management framework together with its commitment to training, and implementation of the CRB's indicate *improved compliance* from previous reviews. In this audit we found that:

- contract requests are clearly defined, adequately justified, and appropriate contracting methods are selected;
- all applicable contracts are reviewed and approved by the CRB;
- the content of contract files meet requirements; and,
- there is a high level of compliance regarding sections 32 and 34 of the Financial Administration Act (FAA).

Nonetheless, we found there are still improvements that can and should be made to further enhance the overall effectiveness of contracting activities and to sustain a high level of compliance. They are as follows:

- monitoring of contracting practices continue to be enhanced at the national and regional levels;
- updating of some policies and procedures;
- establishing guidelines outlining the circumstances in which cost-benefit analyses should be carried out;
- proper application of the delegation of authorities (schedule 24) for contract signing authorities;
- standardization of processes for the certification and verification of section 33 of the FAA;
- ensuring a more consistent and value-added approach to the post-contract evaluation process; and,
- continue to provide direction and support to regions in order to ensure that all contracting and materiel services staff are able to pursue and obtain the required certification.

Senior management has reviewed, and agrees with, the findings contained in the report. The Management Action Plan which addresses the recommendations is included in Appendix C.

1.0 BACKGROUND

Contracting is a critical component of the procurement process within the federal government. Increased attention is being given to this area across the federal public service due in part to the impact of recent non-compliance with existing regulations and the fact that the operational requirements for timely delivery of goods and services and the need to comply with government contracting regulations can come in conflict.

The rules and principles governing government contracting are outlined in the Treasury Board (TB) Contracting Policy. Some of the other legislative and policy requirements impacting on the contracting function within CSC are as follows:

- Financial Administration Act;
- Commissioner's Directive 240, *Contracting*;
- Commissioner's Directive 350, *Materiel and Supply Management Services*; and,
- CSC National Standards, Procurement and Contracting Delegation Instrument.

Contracting for goods and services represents a significant investment for CSC. CSC purchases a wide range of goods and services to secure its inmate population and to deliver services in specific fields such as health care, education, and informatics. In 2005, CSC awarded 70,847 contracts (68,976 goods and 1,871 services) totalling \$326 million. This represented 17% of all federal government contracts awarded and 2% of total government contract spending (approximately \$16 billion). Table 1 provides an overview of the number and value of CSC contracts for 2004 and 2005.

Table 1 - CSC Purchasing Activity Report ¹				
	2004		2005	
Contract type:	# of contracts	\$ (000's)	# of contracts	\$ (000's)
Contracts awarded less than \$25K (includes amendments)	78,000	\$76,851	69,994	\$76,029
Contracts awarded greater than \$25K:				
Electronic bidding (standing offer agreements, supply arrangements, Merx, and ACAN)	707	\$141,518	574	\$140,816
Traditional competitive (includes amendments)	161	\$67,570	201	\$91,447
Non-competitive	79	\$14,516	78	\$18,195
Total greater than \$25K	947	\$223,604	853	\$250,458
Total contracts awarded	78,947	\$300,455	70,847	\$326,487
Government wide	421,717	\$19,063,453	410,548	\$15,944,061
CSC as % of total government	19%	2%	17%	2%

CSC uses various contracting methods, including:

- Electronic bidding - A method of contracting that promotes suppliers' access to, and transparency in, the contracting process and facilitates CSC's receipt of best value, by using various electronic means (e.g. Advanced Contract Award Notice (ACAN)).
- Standing offer – An offer from a potential supplier to supply goods, services or both, on the pricing basis and under the terms and conditions stated in the standing offer.

¹ 2004 and 2005 Purchasing Activity Reports – Departmental Details
http://www.tbsTB-sct.gc.ca/pubs_pol/dcgpubs/con_data/siglist_e.asp

- Traditional competitive – A contract where the process used for the solicitation of bids enhances access, competition and fairness and assures that a reasonable and representative number of suppliers is given an opportunity bid.
- Non-competitive – Any contract for which bids were not solicited or, if bids were solicited, the conditions of a competitive contract were not met. Section 6 of the Government Contracts Regulations contains four exceptions that permit the contracting authority to set aside the requirement to solicit bids. These are:
 - the need is one of pressing emergency in which delay would be injurious to the public interest;
 - the estimated expenditure does not exceed \$25,000,
 - the nature of the work is such that it would not be in the public interest to solicit bids; or
 - only one person or firm is capable of performing the contract.

At the national level, the overall responsibility for contracting for goods and services falls under the Comptroller's Branch of the Corporate Services Sector. Similarly, at the regional level the activities are overseen by the Regional Comptrollers who report to the Assistant Deputy Commissioners of Corporate Services (except in the Quebec region, where the Comptroller reports to the Regional Deputy Commissioner). Furthermore, Contract Review Boards (CRBs) were established in each region and at National Headquarters (NHQ) to respond to the TB Contracting Policy which suggests that a formal contract review mechanism be established to be responsible for considering and challenging all contractual proposals.

Overall, given the large volume of contracts, CSC has been subject to very few complaints from suppliers. Between 2002 and 2006, only seven contracting complaints against CSC and/or Public Works and Government Services Canada (PWGSC) were filed with the Canadian International Trade Tribunal (CITT), which is minimal considering the high volume of contracts awarded by CSC.² Five of these cases were upheld by the Tribunal based on one or more of the following conditions: that the procurement was improperly conducted, that the technical specifications were biased and that there was preferential treatment of a supplier, contrary to NAFTA.

2.0 AUDIT OBJECTIVES AND SCOPE

2.1 Audit Objectives

The objectives of the audit were to:

- Determine the extent to which CSC contracting activities and practices comply with TB policies and CSC requirements.
- Assess the extent to which a management control framework is in place, meets departmental and TB requirements, and is functioning as intended.

² The Canadian International Trade Tribunal (CITT) is the main quasi-judicial institution in Canada's trade remedy system with authority for suppliers to challenge federal government contracting decisions that they believe have not been made in accordance with the requirements of Chapter Ten of the North American Free Trade Agreement (NAFTA).

The specific criteria used for the audit can be found in Annex A.

2.2 Audit Scope

The audit included contracts issued by NHQ, the five regions and CORCAN. Site visits took place to each of the five regional headquarters, 12 institutions, one parole office, and three CORCAN sites (Annex B provides a detailed listing of the sites visited). The audit included contracts initiated and completed from April 2005 to September 2006, although a number of multi-year, large-value contracts were also reviewed that extended beyond this period.

Excluded from the scope were:

- exchange of service agreements with Provinces or Territories;
- section 81 agreements³;
- transfer payments; and
- construction contracts over \$1M (managed by Public Works and Government Services Canada).

3.0 APPROACH AND METHODOLOGY

We examined the management framework, policies, practices and administrative procedures relating to contracting for goods and services by reviewing previous audit⁴ results and recommendations; examining various documents and processes, conducting data analysis, interviewing staff at the local, regional and national levels, and observing CRB activities directly.

Detailed testing of a representative sample of contracts was conducted. The sample was selected from a listing of contracts produced by Contracting and Materiel Services. An initial random sample of 107 goods and services contracts was selected to determine compliance with standards. The sample was supplemented by an additional 80 goods and services contracts selected on the basis of higher risk activities, including:

- 20 contract amounts close to sole-sourcing dollar limits;
- 20 highest-dollar-value contracts;
- 20 contracts that were above \$25K; and
- 20 contracts that demonstrated signs of potential contract splitting.

Table 2 - Audit sample of contracts reviewed

	Goods	Services	Total
Less than \$25K:			
Electronic Bidding	1	2	3
Emergency		1	1
Competitive	7	4	11
Non-Competitive	45	41	86
Sub-total <\$25K	53	48	101
Greater than \$25K			
Electronic Bidding	10	18	28
Competitive	9	12	21
Non-Competitive	14	23	37
Sub-total >\$25K	33	53	86
Total	86	101	187

³ Refers to section 81 of the Corrections and Conditional Release Act - The Minister, or a person authorized by the Minister, may enter into an agreement with an aboriginal community for the provision of correctional services to aboriginal offenders and for payment by the Minister, or by a person authorized by the Minister, in respect of the provision of those services.

⁴ <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20061104ce.html>
http://www.csc-scc.gc.ca/text/PA/contracting_services_e.shtml

Table 2 provides a summary of the types of contracts examined. Of the total 187 contracts reviewed, 13 were contracts awarded by CORCAN.

Upon completing each regional visit, the team held exit meetings to debrief senior management on relevant findings. In addition, a debriefing was held at National Headquarters with the Departmental Comptroller, the Director of Financial Operations, and the Chief of Materiel Services.

4.0 AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Compliance with TB and CSC policies and directives

Objective 1: To determine the extent to which CSC contracting activities and practices comply with TB and CSC requirements.

CSC contracting follows a standard five phase process:

- contract planning - defining requirements, funds availability (section 32 of the FAA), selection of methods;
- contract approval - contracts are reviewed by the CRB and signed by authorized CSC staff;
- contract administration - invoices and related expenditures are verified and certified (sections 33 and 34 of the FAA), and supporting documentation is on file;
- evaluation - post-contract evaluations are completed; and,
- proactive disclosure - contracts greater than \$10K are posted on CSC's Web site.

We expected to find that the contracting activities reviewed were in compliance with TB and CSC policies in each of the above areas.

4.1.1 CONTRACT PLANNING

Government contract planning varies depending on the nature of the work or goods required. Contracts range from the simple determination of an appropriate method for satisfying a requirement in a manner that will result in value for money and responsible spending, to complex planning efforts that support provisioning goods and services on an ongoing basis.

4.1.1.1 Requirements definition

The objective of government contracting is to acquire goods and services in a manner that enhances access, competition and fairness and results in the best value for money. A clear identification of the requirements associated with the decision to contract is of primary importance. The analysis necessary to achieve best value for money should not be confined to the actual contracting process; it should begin in the planning and appraisal of alternatives and continue through the definition of requirements.

CSC form 286 "Request for Contract/Amendment/Extension" provides a summary for defining requirements. The form contains five main sections: basic contract data; justification for a

contract; contractor history; security requirements; and certification that employer/employee relationships in the contract requests will not develop.

Contract requirements are properly documented; however, improvements are needed to define the circumstances in which a cost benefit analysis is required.

Our review of 187 contracting files determined that requests for contracts contained sufficient documentation regarding:

- contracting requirements linked to program objectives and/or requirements;
- presence of clear requirements definitions and statements of work;
- compliance with contracting rules involving former public servants in receipt of a pension;
- clear and appropriate terms and conditions; and
- a clear justification for contract amendments, where an amendment was included.

TB Contracting Policy requires a cost-benefit analysis, where appropriate, to ensure that a contract is the most cost-effective method of obtaining required results. As part of our audit we examined the 20 highest-dollar-value contracts. As a minimum, we expected to find a cost-benefit analysis in these files; however, this was not the case.

Of the contract files examined, only brief reasons for contracting were stated (e.g. no internal resources were available). There was no documented cost-benefit analysis on file demonstrating how contracting provided best value, or value for money.

The issue was also raised in the CSC review of contracting for services conducted in 2004⁵. At that time, the management action plan indicated that the Chair of the National Contract Review Board would address this issue with all regions, requesting that the individual regional/institutional CRB's request that a cost-benefit analysis be conducted by managers where it is felt to be appropriate. Although guidelines for conducting cost-benefit/cost-effectiveness analyses were issued in April 2006, they did not clearly outline the circumstances in which they should be carried out.

Recommendation #1 - Assistant Commissioner Corporate Services should develop clearer guidelines to outline the circumstances in which cost-benefit analyses should be carried out to demonstrate that contracting is the most cost effective method of obtaining the required results.

Inherent risk continues to exist for employer-employee relationships; CSC has however taken steps to mitigate the risk.

The TB Contracting Policy requires contracting authorities to ensure that an employer-employee relationship will not occur when contracting for the services of individuals. According to the policy, "factors that may create an employer-employee relationship include the degree of supervision; provision of working space and equipment; type of work (i.e., is the contractor doing the same work as employees); and basis of payments and benefits". If it is deemed that an employer-employee relationship has resulted from a contract, CSC must pay both the employee's

^{5 5} http://www.csc-scc.gc.ca/text/PA/contracting_services_e.shtml

share of any Canada Pension Plan (CPP) contributions and Employment Insurance (EI) premiums owing, plus penalties and interest.

Our examination indicated that managers understood the risk of employer-employee relationships and certified on the request for contract that such a relationship would not evolve over the life of the contract. However, in some cases reviewed, the nature of CSC is such that contractors must be provided with a place to do their work within CSC premises and access to certain CSC files and equipment, and must perform their work within prescribed times (e.g. health care specialists). Since 2000, CSC has been subject to approximately 40 assessments by the Canada Revenue Agency (CRA). In each case, it was found that an employer-employee relationship existed.

In the past two years, to mitigate the risk of developing employer-employee relationships, CSC has taken steps such as:

- recommended an annual competitive process when this risk is prevalent (e.g. Chaplaincy service contracts);
- included a separate clause in the contract indicating that the contract does not constitute an employer-employee relationship;
- provided budget managers with information on the subject, specifically, recommendations for programs, native liaison officers, spiritual advisors, elder services and chaplaincy service contracts. The recommendations ranged from hiring indeterminate staff to recommendations on the contracting methodology;
- in collaboration with CRA, developed and implemented an information program for contractors, made available to contractors at the outset of their contracts; and,
- reiterated to managers the importance of considering the potential of developing this relationship when planning a service contract.

CRA is currently conducting an employer compliance audit for calendar years 2004 and 2005. As part of their audit, they will examine CSC contracting practices regarding employer-employee relationships. In the event that they determine the existence of such a relationship, they will forward their findings to CSC for resolution.

CSC must continue to reiterate the importance of considering the potential of creating an employer-employee relationship when considering a service contract.

4.1.1.2 Funds availability and commitment (FAA section 32)

Commitment control is an important management practice that is integral to sound budget control, forecasting, and allocation of program resources. The authority to commit funds is delegated by the Commissioner to designated CSC staff, to confirm as required under *FAA* section.32 (1), “prior to entering into a contract or other arrangement to acquire goods or services, that there is a sufficient unencumbered (free) balance in the appropriation or item included in the estimates, to discharge any debt that will be incurred during the fiscal year in which the contract or other arrangement is entered into”.

CSC's Financial Directive (Fops-2006-5) on Commitment Control indicates that "funds (excluding salaries) must be committed prior to all expenditures of \$500 or more".

We expected to find that section 32 was signed by individuals with the appropriate authority and that funds were committed prior to expenditure.

Appropriate section 32 approvals are in place and funds are committed prior to expenditure.

We found that appropriate pre-approvals (e.g. section 32 signatures) were in place for each of the 187 contracts reviewed, with few exceptions. We also noted that budget managers and/or contracting and material services staff are committing funds by creating a requisition or purchase order in Iprocurement or the Integrated Financial and Materiel Management System (IFMMS). Typically, funds are committed later than the contract start date, but prior to expenditure. This is primarily a result of CSC's budgetary process, whereby funds for "new year" contracts cannot be committed until individual budgets at the activity centre level are approved. We examined 37 "new year" contracts; funds for these contracts were typically committed by early May. In the other cases reviewed, where the contract started after the initial budget exercise, we noted that funds were committed one to two weeks after the contract start date.

4.1.1.3 Selection of contract method

The appropriate method for contracting is determined by considering the complexity of the requirement and the degree of certainty regarding the details of the requirement. This involves matching the characteristics of the requirement to the available method and establishing the best fit, or establishing a new method of supply consistent with government policy and regulations while meeting obligations under various trade agreements.

Appropriate contracting methods are being selected.

A number of contracting methods are widely used at CSC including competitive and non-competitive and electronic bidding (Advance Contract Award Notification (ACAN), MERX, etc.). Furthermore, for the most part, CSC makes use of vendors with whom standing offers and supply agreements are in place. We found that the contracting method was appropriate in the files reviewed with few exceptions.

4.1.2 CONTRACT APPROVAL

4.1.2.1 Contract review process

TB Contracting Policy suggests that a formal contract review mechanism be established in order to consider and challenge all contractual proposals. In meeting this requirement, CSC established a CRB in each region and at NHQ. The NHQ CRB also serves as the National Contract Review Board which is responsible for the review of issues that are national in scope such as employer-employee relationships.

The NHQ and regional CRB's review:

- all sole source service contracts over \$18K;
- tender service contracts over \$40K;
- all sole source service contracts with former public servants in receipt of a pension;
- all requests for service contracts with Public Servants;
- all requests for goods over \$25K; and
- all requests for printing over \$10K (excluding CORCAN).

The CRB process is a critical mechanism in the contracting process for control and oversight. At NHQ, the Senior Deputy Commissioner is the Chairperson of the CRB and full-time membership includes, Director of Financial Operations, Manager of Contracting and Materiel Services, as well as Legal Services representation. At the regional level, the CRB is chaired by the Assistant Deputy Commissioner, Corporate Services and membership includes the Regional Comptroller and the Regional Chief of Materiel Services. Contracting specialists also attend regional CRB's. Depending on the region, other members include Human Resources specialists and Assistant Wardens Management Services.

All contracts are reviewed and approved by the CRB as required.

Prior to the CRB review, Contracting and Materiel Services specialists undertake a pre-screening of all requests received for processing to ensure that the necessary documentation is accurate and complete. CRB meetings are scheduled in a way to ensure timely processing of contract requests (normally, once per week). The organization of each CRB meeting allowed for discussion of each contract request. Specifically, the discussions focused on basic contract data submitted, justification for the contract, and scope of proposed work. Subsequent to each meeting a record of decision is created.

Good practice – The Prairie region has implemented a quality assurance process (“3 strikes”) whereby budget managers are given two opportunities to provide the requisite information relating to their contract request. If the information is not received on the 3rd attempt, the case is escalated to senior management for action.

4.1.2.2 CSC financial signing authority

Regulations respecting conditions under which contracts are awarded are covered under sections 4 and 6 of the FAA, which allow the Commissioner to sub-delegate signing authority to persons under his jurisdiction. In this regard, CSC Financial Signing Authorities Schedule 24 establishes authority for CSC staff to enter into contracts for goods and services. The schedule identifies specific positions and provides a range of financial authorities. At NHQ, the Commissioner, the Departmental Comptroller, the Director of Operations, Comptroller's Branch, and procurement officers have full authority to sign contracts. In the regions, procurement officers are the only positions with full authority to sign contracts within the limits identified in Table 3.

Table 3 – CSC Financial Signing Authority - Schedule 24 (Full Authority)

Contracts		Electronic bidding	Competitive	Non-competitive
Service: Excluding: Architectural & Engineering:	Original	\$2,000,000	\$400,000	\$100,000
	Amendments	\$1,000,000	\$200,000	\$50,000
Architectural & Engineering:	Original		\$40,000	\$40,000
	Amendments		\$20,000	\$20,000
Service other:	Sole Source Service Contracts			\$25,000
	Ex Public Servant in receipt of pension	\$100,000	\$100,000	\$25,000
	Pressing Emergency			\$1,000,000
	Memorandum of Understanding			No limit
Goods:	Local Purchase Order			\$25,000
	Purchasing on behalf of Corcan:			
	Original		\$400,000	\$25,000
	Amendments		\$200,000	\$25,000
	Goods & Services - Standard PWGSC Delegation	Up to limits included in the Standing Offer Agreements		

In accordance with Table 3, most other positions identified in schedule 24 limit the ability of individuals to sign contracts to \$5K or \$10K.

We expected to find that all contracts are signed by CSC staff with an appropriate level of delegated financial signing authority.

At NHQ and in the Prairie and Atlantic regions, contracts greater than \$5K or \$10K issued by CSC are signed by individuals without the appropriate authority.

In the fall of 2005, NHQ Contracting and Materiel Services division directed regions to enable budget managers/project authorities to sign contracts for the contracting of goods and services on behalf of CSC. The objective of this change was to place additional emphasis on the accountability of budget managers and/or project authorities. The direction was not formalized in writing and schedule 24 was not amended. As a result, at NHQ, and in the two regions (Prairies and Atlantic) that adopted the new direction, there is non-compliance with respect to CSC's Financial Signing Authorities.

Furthermore, in reviewing schedule 24, we noted that certain key positions at NHQ were not included (e.g., Assistant Commissioners other than the ACCS, the Deputy Commissioner for Women, and the Director of Legal Services).

The risk is that if the contract is not signed by an "authorized" individual, it could call into question the validity of the contract, particularly if an adverse situation were to occur during the contract period.

Recommendation #2 – The Assistant Commissioner, Corporate Services should clarify and amend, as necessary, the content and application of schedule 24 of the Financial Signing Authorities to ensure delegated authorities are complied with.

4.1.3 CONTRACT ADMINISTRATION

4.1.3.1 Authorization and supporting documentation (FAA section 34)

We expected that invoices submitted for payment would meet the contract payment terms and conditions, provide sufficient information for certification of payment and be approved by an individual with section 34 authority.

No concerns were noted with respect to certification of invoices under section 34 of the FAA.

We examined corresponding invoices for the 187 contracts reviewed and found that all invoices were properly certified under section 34 of the FAA by individuals with the proper delegation of authority, with minor exceptions. In addition, invoices reviewed contained adequate supporting documentation to substantiate compliance with the terms of payment of the contract as well as reasonableness of expenditures claimed.

4.1.3.2 Approval of payment (FAA section 33)

We expected that the verification and certification of invoices under section 33 of the FAA would be in accordance with TB and CSC policy and directives.

Invoices are approved for payment (section 34) by the budget manager and then submitted to finance for the section 33 verification and subsequent payment. The TB Account Verification Policy requires that “account verification processes are to be designed and operated in a way that will maintain probity while taking into consideration the varying degrees of risk associated with each payment”.

There is an inconsistent approach to verification and certification of invoices under section 33 of the FAA; however, we noted no concerns or improper payments.

An invoice verification checklist has been prepared and is used by NHQ financial specialists when reviewing invoices. The checklist lists in detail the items that are to be verified when reviewing each claim. We noted that none of the regions were using this checklist. As a result, the verification process does not necessarily address a consistent set of steps and requirements; rather, financial specialists are reviewing claims using their own judgement. However, we noted no concerns or improper payments relative to the 187 contracts reviewed.

The certification process (signing to attest to the verification process) also varies from region to region. In some regions, invoices are processed simultaneously (i.e. in “batches”) with a stamp or signature meant to serve as section 33 certification for the entire batch. In other regions, each individual invoice is examined and contains some form of certification (i.e., a stamp and/or a signature) and/or using an IFMMS document reference number (electronic signature). At NHQ, the financial specialist signs the checklist (with no particular reference to section 33).

In the files examined, we confirmed that the signatures, initials and/or electronic signatures were of individuals who are authorized under section 33; however, it was not evident that the person

was complying with certification requirements under the FAA. Certification under section 33 provides evidence that the financial specialist has properly verified each invoice.

We noted that CSC has already taken steps to rectify this issue. As part of its “Audited Financial Statements Initiative Workplan”, CSC committed to develop standardized processes across all regions.

4.1.3.3 Supporting documentation

TB policy requires that contract files be documented in such a way that all options, decisions, approvals and justifications are documented.

We examined goods and service contract files to ensure that the necessary information was included, such as a clear statement of work/description of goods; specific timeframes and deliverables/delivery dates; and clear terms of payment. In addition, we expected to find that documents were on file in accordance with TB and CSC policy and directives (including the request for contract, evidence of CRB review, a completed security checklist, post-contract evaluation form, etc.).

Supporting documentation for contracts reviewed is in accordance with TB and CSC policies and directives.

Contracting files are established and structured to facilitate management oversight with a complete audit trail that contains contracting details related to relevant communications and decisions. No concerns were noted with respect to the content of the contract files reviewed.

Good practice – NHQ Contracting and Materiel Services created and implemented a national contract file checklist which identifies the required contract elements to be included and saved in the contracting files.

Good practice – The Quebec region has developed and is implementing both an electronic and paper based filing system for contract files. All contracts are scanned to facilitate automated searches. In addition, upon completion, each contract is filed by vendor to allow for historical analysis.

4.1.4 POST-CONTRACT EVALUATION

The TB Contracting Policy requires that, upon completion of a service contract, the contracting authority should evaluate the work performed by the consultant or professional. The evaluation should be undertaken by officials competent in the particular fields involved. If judgmental comments are provided, they should be supported by complete and factual detail. This is particularly important when the evaluation is not favourable. The consultant or professional should receive a performance critique and be allowed to respond for the record.

Similarly, post-contract evaluations are required as per CD 240 which states: “To ensure the evaluation of the effectiveness of work provided under the terms of reference, service contracts shall be evaluated by the project authority.”

CSC review of contracting for services conducted in 2004⁶ concluded that, “the management of post-contract evaluations was not consistent in all regions.”

We expected to find that post-contract evaluations were completed for each service contract file reviewed, that information contained in the evaluations was being used by managers to assess the contracts CSC entered into and that the form was consistent with TB requirements.

Post-contract evaluations are still not always completed as required. In addition, the content of CSC’s post-contract evaluation form does not meet all of the TB requirements.

Of the 101 service contracts reviewed, 29 did not have an evaluation on file. The 72 evaluations that were on file were complete. However, few contained additional comments or information beyond the boxes that were checked off. Furthermore, budget managers interviewed noted that the process, in its current form, was more of an administrative burden and yielded little benefit to CSC.

With the exception of the NHQ and the Prairie region, there was no indication of a formal “Bring Forward” system or follow-up systems to ensure that these forms were completed, nor was there any indication that an analysis of post-contract evaluations was being performed.

Good Practice – The Prairie region, as part of the CRB process, ensures that post-contract evaluations are completed whenever applicable, prior to the decision to approve new contract requests, amendments or to exercise option years.

Further, TB Contracting Policy requires that evaluation reports include:

- a general description of the work undertaken, its location and the terms of reference;
- the quality of the work performed;
- the efficiency of the consultant or professional in managing time and resources;
- the capabilities of any outstanding specialists assigned to the work;
- an analysis of the cost of the work and the estimated value received; and
- recommendations for further consideration.

We found that the content of CSC form 996 “Post-Contract Evaluation” does not fully comply with all of the TB evaluation report requirements listed above. While it does include two sections related to the quality of the work performed (as required by the TB Policy), the rest of the form addresses issues such as the following, which are not consistent with the requirements of the TB Policy:

- were the terms of payment appropriate for the work being performed;
- have the recommendations or deliverables produced by the project been implemented;
- did the objectives change during the course of the contract, if yes, were the changes initiated;
- was the level of CSC Project Authority input appropriate given the scope of the work;
- did the contract give rise to any unanticipated results positive or negative; and,
- comments on the contracting process which would enable Materiel Management to provide better service.

⁶ http://www.csc-scc.gc.ca/text/PA/contracting_services_e.shtml

The risk is that without adequate documentation, information on the quality of service by contractors may not be available for future considerations in contracting for services.

Recommendation #3 - The Assistant Commissioner, Corporate Services should take the necessary steps to ensure a consistent value-added approach to the post-contract evaluation process that complies with all of the policy requirements.

4.1.5 PROACTIVE DISCLOSURE

In 2004, the Government announced a new policy on the mandatory publication of contracts over \$10,000. As such, the CSC Web site provides details of contracts entered into for both goods and services.

We expected to find that contract information is disclosed, as required.

Contracts over \$10K are not always disclosed as required, CSC has however taken steps to improve its processes.

CSC prepares a list of contracts over \$10,000 which is published on a quarterly basis. The process relies heavily on input from the regions and institutions. Institutions forward lists of applicable contracts electronically to regional headquarters where the lists are summarized and then forwarded to NHQ. The lists are reviewed at NHQ, summarized nationally, and then published on the CSC Web site.

Of the 131 contracts reviewed that required publication as per the policy, 16 were not disclosed. One region (Quebec) accounted for 10 (63%) of the exceptions. A list of the exceptions was provided to Contracting and Materiel Services to ensure that they are disclosed as required. In addition, the Manager of Contracting and Materiel Services will review the current practice in the Quebec region with a view to address inconsistencies and improve the processes.

4.1.6 CONCLUSION

Most of CSC's contracting practices are in compliance with TB and CSC requirements. CSC's commitment to compliance has yielded improvements from previous reviews, including:

- contract requests are clearly defined, adequately justified, and appropriate contracting methods are selected;
- all applicable contracts are reviewed and approved by the CRB;
- the content of contract files meet requirements; and,
- there is a high level of compliance regarding FAA authorities sections 32 and 34.

However, other areas are still not in full compliance with TB and CSC requirements:

- ensuring a documented process and consistency of certification and verification of section 33 of the FAA;
- clarifying the circumstances in which cost-benefit analyses are required;
- updating CSC's financial signing authority (schedule 24);

- ensuring the completion of post-contract evaluations; and that the content meets all of the TB requirements; and,
- ensuring timely proactive disclosure of all applicable contracts.

4.2 Management Framework - Contracting for Goods and Services

Objective 2: To assess the extent to which a management framework is in place, meets departmental and TB requirements, and is functioning as intended.

An effective management framework provides the controls, processes and systems that ensure that actions are taken to address risks and increase the likelihood that established goals and objectives of contracting are achieved. Within the framework, management develops plans, organizes activities and actions, directs and monitors performance to provide reasonable assurance that objectives and goals are met. CSC uses financial and non-financial control systems, as well as formal and informal processes, to provide this assurance.

In addition to control processes, a good management framework facilitates staff knowledge of how to implement a compliant contracting system. Furthermore, it ensures that the required fundamentals are in place as prescribed by TB, establishes control to deal with higher risk areas and facilitates sustainable compliance with regulations and policies.

We assessed the CSC management framework for contracting from four perspectives: policies and procedures; roles and responsibilities; training/communication; and monitoring/reporting of contracting activities.

4.2.1 POLICY AND PROCEDURES

We expected to find that CSC policies, guides and manuals are in place to assist and guide employees in the administration of contracting activities. CSC policies should be consistent with TB Contracting Policy relating to contracting for goods and services.

CSC's policies are consistent with TB requirements but need to be better integrated and updated.

CSC has developed and published CD 240 “Contracting” as the primary policy document to supplement TB contracting policy. CD 240 was last updated November 1, 1992, and does not reflect current processes and authority limits (e.g. CRBs now approve sole source service contract requests over \$18K as opposed to \$25K as stated in the CD). Over time, NHQ has issued a series of memos, bulletins and general communiqués, as well as developed a “National Standards Delegation Instrument”, in order to clarify or amend various contracting requirements. As a result, CD 240 is outdated and does not integrate all key policy directions.

In the absence of readily available, consolidated and updated contracting documentation, CSC may be exposed to potential risks that there may be incorrect or inconsistent application leading to non-compliance.

Recommendation #4 - The Assistant Commissioner, Corporate Services should consolidate contracting policies and procedures and communicate them to all stakeholders.

4.2.2 ROLES AND RESPONSIBILITIES

We expected to find clearly defined organizational structures, roles and responsibilities relating to contracting at the national, regional and, where applicable, the local site levels. We expected that roles and responsibilities would be documented and understood.

The organizational structure and roles and responsibilities are clearly defined, documented and understood; however, CRB roles and responsibilities are inconsistently interpreted across regions.

Before 2005, Contracting and Materiel Services fell under the Technical Services division in each of the regions. During 2005, NHQ Corporate Services Sector recommended a change in governance to reflect the NHQ organizational structure (where Contracting and Materiel Services reports to the Departmental Comptroller) and to respond to the growing scrutiny of government contracting. The change in governance was designed to enhance monitoring mechanisms and to ensure a better integration between contract and financial management. The approach was gradually adopted by each of the five regions and, as a result, the Regional Chief of Materiel Management in each region now reports directly to the Regional Comptroller.

In general, based on our interviews, we found that roles and responsibilities for contracting were understood by those administering the programs (contracting, finance, and budget managers) at the national and regional levels. In addition, authority frameworks exist and are clearly defined.

In addition, TB contracting policy requires that contracting authorities establish and maintain a formal challenge mechanism for all contractual proposals. The CRB at the national or regional (or local) level fulfills this role. TB Contracting Policy suggests that the challenge mechanisms address such basics as:

- contracting authorities' legislative mandate limit;
- funds availability;
- competitive requirements;
- departmental signing authorities;
- legal clearance;
- determination if the proposed work is actually required; and,
- government policies on bilingualism, employment equity, conflict of interest, etc.

Within CSC, CRB roles and responsibilities are inconsistently interpreted across regions. In 2006, NHQ issued a CSC National Standards Delegation Instrument for CRBs. The document identifies the value of contract requests that should be sent to the CRB, but does not provide information regarding the CRB members' roles and responsibilities in relation to reviewing these contract requests.

A checklist has also been developed, entitled "CSC Checklist for Service Contracts", which provides information for those filling out requests for service contracts. NHQ Corporate

Services' expectation has been that CRBs are using this checklist when reviewing requests for contracts in order to fulfill their responsibilities. We found that CRB's are not using the checklist to review contract requests, with the exception of the Atlantic region. Further, the results of our interviews with CRB members, as well as attendance at CRB meetings at NHQ and four of the regions indicated that CRB members are not consistently interpreting their roles and responsibilities in terms of what they are to do with the contracts they are reviewing. Our interviews revealed differing regional views regarding the role of the CRB, for example; whether it should strictly provide assurance that TB and CSC contracting policies (i.e. competitive versus non-competitive) are adhered to; or whether it should be a more in-depth process that challenges the justification for the contract or verifies such things as funds availability and the degree to which all costs were considered in the contract request.

Furthermore, while our review of the CRB decision logs indicated that a sufficient record of decision existed; without more complete records it is not possible to assess the extent to which the CRBs are fulfilling their role with respect to TB Contracting Policy, such as reviewing contract requests and ensuring that contract splitting does not occur, that the risk of developing an employee/employer relationship is considered and that any contract with a former public servant in receipt of a pension is in accordance with policy. Such documentation is a key element to demonstrate accountability.

While meeting key control requirements, the CRBs are missing an opportunity to improve overall contracting practices, identify trends and issues, ensure continuity of decisions or provide meaningful feedback to stakeholders.

Recommendation #5 - The Assistant Commissioner, Corporate Services, in collaboration with the Regional Deputy Commissioners, should formalize the CRB's roles and responsibilities, and communicate them to all stakeholders.

4.2.3 TRAINING & COMMUNICATIONS

We expected to find that training and communication for contracting policies and procedures were sufficient, available and provided where required in a timely manner.

Training on contracting policies and procedures is sufficient, available, and adequately provided.

Good Practice – NHQ and the Pacific and Prairie regions provide contract information on their internal Web sites. The sites include a variety of information to assist managers with respect to this activity.

The emphasis on government-wide contracting processes and the proper conduct of government business reaffirms the need to streamline and standardize CSC contracting practices and ensure that functional experts are well informed and trained to meet the ever increasing challenges in contracting.

Ongoing training is essential to maintain skills, improve awareness of established policies and ensure integrity of contracting practices. The following contract training is available at CSC:

- a one day contracting orientation course for managers and administrative officers that outlines various facets of contracting and delegations. Successful completion of an exam and delegated authority are required to be eligible to sign service contracts.
- a two day overview/training session (developed by NHQ and delivered in each region) to managers who are responsible for contracting for goods and services.
- an on-line assessment conducted by the Canada School of Public Service for all managers with four modules (finance, human resources, procurement, and information) to be completed by December 31st 2006 in order to exercise their delegated signing authorities. As of April 12th 2007, 1006 of 1019 applicable CSC managers had successfully completed all four modules.
- informal training or on-the-job training regarding contracting is also provided. New contracting and materiel services staff are usually assigned the less complex contracting for goods. As they become more proficient, they are given more complex contracts.

Good Practice – NHQ and regions send periodic reminders to staff on the policies and procedures for contracting activities.

Interviews indicated that sufficient training is available and for the most part, meet expectations.

CSC has supported the TB certification program for its contracting and materiel services staff, however, there is limited employee awareness of the specific requirements related to the implementation of this program.

A TB certification program exists for contracting and materiel services staff to obtain necessary advanced skills and knowledge in order for contracting specialists to meet the challenges presented by increasing levels of scrutiny and public accountability. The certification program was introduced in 2006 and two types of certification are available: Certified Federal Specialist in Procurement (CFSP) or Certified Federal Specialist in Materiel Management (CFSMM).

CSC supports the TB certification program for its contracting and materiel services staff and in 2006, committed \$250K to fund the program. As of March 2007, 54 of 280 eligible CSC staff were enrolled in TB certification programs.

NHQ Corporate Services also indicated that a plan has been developed and communicated to the regions with respect to the implementation of the TB certification program. Our interviews revealed, however, that there is still limited employee awareness of what level they need to achieve; and expectations regarding when the training will be provided. Regions are looking for NHQ to establish the training schedule, support the associated costs and/or assist in providing the training regionally.

Recommendation #6 - The Assistant Commissioner, Corporate Services, should provide functional direction and support to regions in order to ensure that all contracting and materiel services staff are able to pursue and obtain the required certification.

Communication concerning contracting is generally good between NHQ and the regions.

A review of correspondence, regional and NHQ Corporate Services Infonet sites, and interviews with various staff indicated that they feel they receive sufficient, timely and relevant communication regarding contracting from within the regions and from NHQ. No key concerns were identified; however, the regions noted that there could be more opportunities for information sharing between regions.

We identified several good regional practices over the course of the audit that other regions may benefit from implementing. This is recognized by NHQ Corporate Services and steps are being taken to enhance communications with regions.

4.2.4 MONITORING AND REPORTING

Monitoring and reporting is a critical component of the contracting process. The TB Active Monitoring Policy⁷ states that departments must actively monitor their management practices and controls using a risk-based approach. This includes having an "early notice" capability in place within the department to detect and communicate unacceptable risks, vulnerabilities or control deficiencies or failures; taking early and effective preventive and remedial action whenever significant potential or actual deficiencies are identified; and providing early notice of significant management concerns to TB. Specifically, departments are responsible for:

- establishing a capacity to actively monitor, on an ongoing basis, management practices and controls; and,
- taking timely and effective action to address deficiencies in management practices and controls.

We expected to find appropriate mechanisms for monitoring, assessing and improving contracting activities to ensure compliance with laws, regulations and policies, such as:

- performance standards and monitoring against these standards;
- continuous monitoring through "data mining" to identify trends, and potential non-compliance issues such as contract splitting, etc.; and,
- random contract monitoring as outlined in a memorandum addressed to Regional Deputy Commissioners from the ACCS in February 2006.⁸

There are few performance standards to monitor contracting activities.

Work service standards are statements, quantifiable in nature, of the characteristics of services that CSC contracting can provide to user groups. Work service standards and performance measures have not been widely developed or implemented for contracting across CSC, although some regions have taken initiatives in this regard. (e.g. development of service level agreements in the Pacific region).

Good practice – The Pacific region has developed and implemented service level agreements with institutions in the region.

⁷ http://publiservice.TB-sct.gc.ca/pubs_pol/dcgpubs/am-sa/am-sa_e.asp

⁸ The memo indicated that at the request of CRB members, representatives of financial services across CSC will be asked to regularly undertake reviews of some contracts, with the results tabled at the regional CRB.

Failure to effectively implement service standards and performance measures limits the extent to which performance can be monitored on an ongoing basis, and may result in lost opportunities for improvement.

CSC has taken measures to enhance monitoring of contracting activities; however, further enhancements could be made.

In response to the CSC review of contracting for services conducted in 2004 and the audit on the Proper Conduct of Public Business—Public Safety and Emergency Preparedness Agencies carried out by the Office of the Auditor General in 2006⁹, CSC has taken measures to enhance monitoring of its contracting activities. Specifically:

- CRB's were centralized in each region to review all significant requests for contracts on a regular basis;
- CSC completes a yearly Purchasing Activity report by region and tables the report annually at EXCOM;
- ACAN notices and potential contract awards are regularly reviewed by NHQ; and,
- new positions were approved regionally and nationally to deal with contracting monitoring activities. The regions are currently in the process of staffing and defining roles and responsibilities for these positions.

Nonetheless, we found other areas where enhanced monitoring could be beneficial and would have a positive impact on ensuring compliance, such as:

Standing offers - TB requires that departments record all procurements that occur within a mandatory standing offer commodity group. Although automated contracting tools have been developed by NHQ, standing offer agreements, although utilized, are not fully linked in IFMMS to better leverage future negotiations and obtain cost savings through better prices.

CRB decisions – As noted in 4.2.2, we were unable to identify any analysis undertaken of CRB decisions. The use of simple records of decisions rather than minutes of discussions with action items and brought forwards makes it unlikely that any analysis could be completed.

Sample of contract files - With the exception of the Ontario region, we found that regions are not currently undertaking the required reviews or tabling results at CRB meetings. (The Ontario region has started reviewing files but had not yet tabled results at CRB.)

Good practice – The Ontario region has an internal control specialist (finance) who independently reviews contracts on a monthly basis. The Atlantic region has developed and implemented monitoring tools to track and report on contract activities.
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Post-contract evaluations – As noted in section 4.1.4, with the exception of NHQ and the Prairie region, there was no formal Bring Forward system or follow-up systems to ensure that post-contract evaluations, nor was there any indication that an analysis of post-contract evaluations

⁹ <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20061104ce.html>
http://www.csc-scc.gc.ca/text/PA/contracting_services_e.shtml

was being performed. The current monitoring process does not enable the organization to build on formal performance assessments of contractors for its future needs, or identify any corrective actions necessary.

Without further enhancements to the monitoring process, CSC management cannot fully provide assurance that contracting activities are carried out in accordance with policies and procedures; and that improvement opportunities are identified in a timely manner.

CSC currently meets minimum reporting requirements.

We expected that contracting information reported would be sufficient, appropriate, and consistent to meet management needs for decision-making purposes. CSC currently meets the minimum reporting requirements of the TB Contracting Policy, which involves providing an annual report to TB on the total number and dollar amounts of construction and service contracts, including amendments awarded within CSC. Given the limited monitoring activities noted previously, there are less opportunities for management to receive additional reports or information for analysis on the overall effectiveness of the contracting activities.

Recommendation #7 - The Assistant Commissioner Corporate Services, in collaboration with the Regional Deputy Commissioners, should continue to enhance monitoring and reporting mechanisms, and to apply consistent service standards in order to provide further assurance concerning compliance with policies and overall effectiveness of the contracting activities.

4.2.5 CONCLUSION

Many key components of the management framework are in place and meet CSC and TB requirements. We found that:

- staff understand contracting policies and guidelines;
- roles and responsibilities are clearly understood;
- there is ongoing communication between NHQ and regions; and
- training is available at both the regional and national level for all budget managers and contracting staff.

Furthermore, CSC has established policies and procedures that ensure an adequate level of control over delegated authorities and individuals with delegated authorities are for the most part well informed of their responsibilities.

However, there are some areas where improvements are needed. These are:

- a need for further enhancements to the monitoring, and reporting on contracting practices, trends and activities that would help senior management determine if those practices are justified and that value for money is achieved;
- the role of the CRB is not formalized;
- CD 240 *Contracting* is out of date; and,
- continued direction is required regarding TB certification programs for contracting and materiel services staff.

Addressing these management framework issues will further help ensure sound contracting practices and reduce overall risk.

5.0 GENERAL CONCLUSION

The results of the audit have indicated that, in many of the key areas, CSC is managing its contracting program well. Basic components of the *management framework* have been established:

- there is a CRB in each region and at NHQ that is reviewing and approving requests for contracts as required;
- managers and employees feel that they generally understand contracting policies and guidelines as well as their roles and responsibilities in this regard;
- communication takes place between NHQ and the regions; and,
- training is available at the national and regional levels for all budget managers and contracting staff.

CSC's management framework together with its commitment to training, and implementation of the CRB's indicate *improved compliance* from previous reviews. In this audit we found that:

- contract requests are clearly defined, adequately justified, and appropriate contracting methods are selected;
- all applicable contracts are reviewed and approved by the CRB;
- the content of contract files meet requirements; and,
- there is a high level of compliance regarding sections 32 and 34 of the Financial Administration Act (FAA).

Nonetheless, we found there are still improvements that can and should be made to further enhance the overall effectiveness of contracting activities and to sustain a high level of compliance. They are as follows:

- monitoring of contracting practices continue to be enhanced at the national and regional levels;
- updating of some policies and procedures;
- establishing guidelines outlining the circumstances in which cost-benefit analyses should be carried out;
- proper application of the delegation of authorities (schedule 24) for contract signing authorities;
- standardization of processes for the certification and verification of section 33 of the FAA;
- ensuring a more consistent and value-added approach to the post-contract evaluation process; and,
- continue to provide direction and support to regions in order to ensure that all contracting and materiel services staff are able to pursue and obtain the required certification.

Objectives and Criteria

Objective 1 - Determine the extent to which CSC contracting activities and practices comply with TB and CSC requirements.

- 1.1 *Contract Planning* – Requirements are clearly defined, appropriate contracting methods are selected, and justification is documented.
- 1.2 *Pre-approval* – Appropriate approvals are in place for each contract and funds are committed (section 32 FAA).
- 1.3 *Content of Contract files* – The content of each contract for goods and services is in accordance with TB and CSC policy and directives.
- 1.4 *Invoicing* – Invoices submitted by contractors meet the contract terms of reference and provide sufficient information for the certification of section 34 of the FAA.
- 1.5 *Approval of payment* – Verification of invoices under Section 33 of the Financial Administration Act is in accordance with TB and CSC policy and directives.
- 1.6 *Post-Contract Evaluation* – Post-contract evaluations are completed in accordance with policy.
- 1.7 *Proactive disclosure* - Mandatory publication of applicable contracts (contracts >\$10K) are pro-actively disclosed, as required.

Objective 2 - Assess the extent to which a management control framework is in place, meets departmental and TB expectations, and is functioning as intended.

- 1.1 *Policy Framework* - CSC Policies, guides and manuals are consistent with government policies relating to contracting for goods and services.
- 1.2 *Roles and responsibilities* – CSC organizational structure, roles and responsibilities are clearly defined, understood and documented.
- 1.3 *Communication /Training* – Communication and training for contracting is sufficient, available and is provided where required in a timely manner.
- 1.4 *Monitoring and Reporting* - Monitoring practices and controls are adequate to ensure compliance with contracting policies and practices. Information reported is sufficient, appropriate, and consistent.

Sites Visited

Atlantic Region

Regional Headquarters
Westmorland Institution
Dorchester Penitentiary
CORCAN

Quebec Region

Regional Headquarters
Archambault Institutions
CORCAN

Ontario Region

Regional Headquarters
Pittsburgh Institution
Collins Bay Institution
Frontenac Institution
CORCAN

Prairie Region

Regional Headquarters
Drumheller Institution
Stony Mountain Institution
Regional Psychiatric Centre
Edmonton District Parole Office

Pacific Region

Regional Headquarters
Matsqui Institution
Regional Treatment Centre
Fraser Valley Institution for Women
Regional Supply Depot

Management Action Plan

Recommendation	Action plan	Completion date
Recommendation #1: The Assistant Commissioner, Corporate Services should develop clearer guidelines to outline the circumstances in which cost-benefit analyses should be carried out to demonstrate that contracting is the most cost effective method of obtaining the required results.	In the instructions provided in April 2006, it was assumed that officials would adapt these, depending on local circumstances and needs. The cost -benefit analysis (CBA) should be a flexible tool. Without being too prescriptive, the Corporate Services Sector will issue a directive on the guidelines, providing a simple and clearer position as to when a CBA could and should be used.	Complete – issued on June 1, 2007.
Recommendation #2: The Assistant Commissioner, Corporate Services should clarify and amend, as necessary, the content and application of schedule 24 of the Financial Signing Authorities to ensure delegated authorities are complied with.	Effectively, the delegation provided to managers in the area of contract management specifically signing authority under FAA Section 32 and contract approval could be clearer. Consultation with all regional representatives will be required to ensure that the suggested approach will not create major changes to current processes or increase the paper burden and workload for an already busy community.	November 2007
Recommendation #3: The Assistant Commissioner, Corporate Services should take the necessary steps to ensure a consistent value-added approach to the post-contract evaluation process that complies with all of the policy requirements.	The ACCS Sector will review the value-added of this form and issue further directions on its application. There is no doubt that all the monitoring tools established in the last few years make this form of a limited value. However, EXCOM members saw this process as an important feature of the contract management and it is also a requirement of the Treasury Board Contracting Policy. The form will be revisited and reformatted into one page and criteria will be established as to its use. In the interim, status quo will be maintained and a reminder as to its proper use will be issued.	Reminder: August 2007 New Form: March 2008
Recommendation #4: The Assistant Commissioner, Corporate Services should consolidate contracting policies and procedures and communicate them to all stakeholders.	The different communication tools are adequately meeting the objectives established i.e. provision of timely, widely and accurate information. All CSC stakeholders with their active participation in CRB and contracting process are fully aware of the limitations and requirements of the policies for their area of responsibility as mentioned in the report. Additional work will be initiated by Corporate Services Sector to meet this recommendation.	April 2008

Recommendation	Action plan	Completion date
Recommendation #5: The Assistant Commissioner, Corporate Services, in collaboration with the Regional Deputy Commissioners, should formalize the CRB's roles and responsibilities, and communicate them to all stakeholders.	The ACCS will present the issue for discussion at EXCOM. Following this step, CRB roles and responsibilities will be communicated to all stakeholders.	November 2007
Recommendation #6: The Assistant Commissioner, Corporate Services, should provide functional direction and support to regions in order to ensure that all contracting and material services staff is able to pursue and obtain the required certification.	NHQ Comptroller's Branch has been proactive in informing CSC stakeholders of this requirement. TBS officials have also travelled in the regions providing presentation of the issue, a Certification Program manual and Certification Application and handbook have been provided to participants including on-line information from the TBS site. Ongoing training from the Canada School of Public Service in each region is available as courses become available. At the next Regional Managers Contracting and Material Services meeting to be held in the Fall 2007, a reminder of the certification will be discussed and if needed, issued to all PGs in the CSC community.	November 2007
Recommendation #7: The Assistant Commissioner, Corporate Services, in collaboration with the Regional Deputy Commissioners, should continue to enhance monitoring and reporting mechanisms, and to apply consistent services standards in order to provide further assurance concerning compliance with policies and overall effectiveness of the contracting activities.	A compendium of monitoring tools will be completed and disseminated to all users and a survey will be performed to ensure accurate, timely and consistent application of the monitoring tools including performance standards within CSC.	December 2007