
Report on Cross Government Compliance with Corporate Procurement Policy

Ministry of Finance

Distribution

Executive Summary Only

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Full Report

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**Internal Audit & Advisory Services
Office of the Comptroller General
Ministry of Finance**

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Glossary

CBS	Common Business Solutions, Ministry of Management Services
CPPM	Core Policy and Procedures Manual
IAAS	Internal Audit and Advisory Services, Ministry of Finance
ITQ	Invitation to Quote
OCG	Office of the Comptroller General, Ministry of Finance
PGO	Procurement Governance Office, Ministry of Finance
PRO	Payment Review Office, Ministry of Finance
RFP	Request for Proposal
RFQ	Request for Qualification

Executive Summary

The Procurement Governance Office requested that Internal Audit and Advisory Services (IAAS) develop and assist in implementing a process to regularly assess cross government compliance with corporate procurement policy in significant-risk areas. In Phase I of the Cross Government Procurement Policy Review project, IAAS developed an audit program encompassing 118 criteria to aid in the routine assessment of procurement policy compliance in 22 risk areas.

In Phase II, IAAS examined seventy-seven cross government procurement contract files against these criteria to provide information on significant compliance issues prevalent across government. In addition, IAAS used and evaluated the Payment Review Office (PRO) new post-payment contract review routine in conjunction with the audit program developed in Phase I.

General Observations

Ministries took a significant amount of time to assemble and provide the requested contract information to IAAS. Once received, many of the files were missing requested information, either because the ministry had not completed the task, or the information could not be located easily. As a result, IAAS could only conclude on 60% of the review criteria for the contracts in our sample.

Overall, we found there are opportunities for improvement in procurement planning, documentation of the procurement process, documentation to track performance, and compliance with policy. Without timely and complete contract information it will be difficult to draw meaningful conclusions on compliance with procurement policy across government.

Due to the limited sample size we are unable to provide results on a ministry-by-ministry basis. Conclusions at the ministry level would require significantly more resources to complete.

Procurement Governance Office Routine

Overall, audit criteria were met 50% of the time, not met 10% of the time and we were unable to conclude on 40% of the criteria. Ministries performed well in ensuring that government assets were safeguarded, and that employee/employer relationships were not established. Common errors included lack of project costing or cost benefit analysis, improper application of direct award criteria, improper use of contract amendments, and poor contract

deliverables, performance measurement and monitoring. A complete set of results by review criteria have been provided to the Procurement Governance Office (PGO) to assist them in carrying out their responsibilities related to compliance monitoring and reporting on procurement policy.

Payment Review Office Routine

Overall, the Payment Review Office (PRO) routine was not difficult to complete, and due to the limited evidence required, did not face the same difficulties of insufficient information. Overall 71% of the review criteria were met, while 7% of the criteria were not met, and for 22% we were provided insufficient information to conclude. We noted that the PRO routine does not address many of the significant risk areas identified for this review. These areas are indicated in Appendix 3. If resources permit, the routine should be expanded to include additional procedures to address some of these risks where appropriate. For example: ensuring that a cost benefit analysis has been performed, post contract evaluations are completed, and contractor monitoring is performed.

We would like to thank the management and staff of PGO, PRO, and all of the participating ministries for their assistance and cooperation during our review.

Original signed by:

David J. Fairbotham
Executive Director
Internal Audit & Advisory Services

October 19, 2004

Introduction

In 2001, the government committed to creating a consolidated service delivery agency for various common support services including procurement. A requirement for an effective shared services system was the separation of the governance and service delivery functions.

The Procurement Governance Office (PGO), Office of the Comptroller General, Ministry of Finance was established in October 2002 to fulfill the procurement governance role for the Province. The responsibilities of the PGO include:

- development of corporate procurement policy,
- communication and interpretation of corporate procurement policy,
- development of a framework for monitoring and reporting compliance with corporate procurement policy,
- management of a vendor complaint resolution process, and
- provision of support and advice to ministries (including training).

To assist the PGO in carrying out its responsibility of developing a framework to monitor and report compliance with corporate procurement policy, PGO requested that Internal Audit and Advisory Services (IAAS) develop and assist in implementing a process to regularly assess cross government compliance with corporate procurement policy in significant risk areas. Under Phase I of the Cross Government Procurement Policy Review project, IAAS developed an audit program to aid in the routine assessment of procurement policy compliance. The IAAS audit program was reviewed with Payment Review Office (PRO) staff to ensure consistency, and to avoid potential duplication of work. The other part of the framework is a post-payment contract review implemented by the PRO.

Following development and testing of the audit program under Phase I, IAAS was asked to examine a sample of cross government procurement transactions to provide information on significant compliance issues believed to be prevalent across government. In addition, IAAS was asked by PRO to utilize and evaluate PRO's newly developed post-payment contract review routine in conjunction with the audit program.

Purpose

The purpose of Phase II of this project was:

- to provide the Procurement Governance Office with a reasonable indication of significant procurement compliance issues prevalent across government;
- to provide feedback to PGO on potential corporate policy revision and refinement opportunities;
- to reinforce procurement policy expectations; and
- to provide information regarding document retrieval issues and other challenges, to assist PGO and PRO in developing and implementing a regular compliance monitoring and reporting program.

In addition to the scope of the original project charter, IAAS provided feedback to PRO on their newly developed contract review routines, and information which could prove helpful as the post-payment review process evolves in the area of financial and procurement policy compliance.

The detailed scope and objectives for this project are contained in Appendix 1.

Observations

1.0 Procurement Governance Office Audit Routine

1.1 Overall Conclusions

Overall, IAAS was able to conclude that the criteria used to assess compliance with procurement policy were met 50% of the time, 10% of the time were not met and 40% of the time there was insufficient evidence to reach any conclusion.

This report provides general conclusions by procurement phase. Detailed information regarding the findings for each risk area, findings by bid type, and information and feedback regarding the PRO review routine was previously provided to PGO and PRO.

Appendix 2 lists the results by bid type and Appendix 3 contains a more detailed breakdown of the results of this project.

Recommendation:

(1) We recommend that ministries:

- **review their procurement document retention and tracking processes to ensure they have documented support for their procurement decisions; and**
 - **focus on planning purchases to reduce the need for contract amendments and improve the ministries' abilities to monitor and measure performance.**
-

1.2 General Areas of Concern

Timeliness and Completeness

Ministries were notified on November 5, 2003 that the compliance review was being conducted. A checklist (Appendix 4) was included with the notice to assist ministries in preparing the necessary documentation for the review. By the end of December 2003, only 60% of the contract information was received. Two ministries took up to 3 months to provide the requested information. Due to incomplete files, we could not conclude approximately 40% of the time on the compliance criteria.

Documentation

In the majority of cases there were no indications from the ministries as to whether the information could not be found, had not been provided, or had not been completed. Where time permitted, contract managers were contacted for the missing information. In most cases the missing evidence was either too difficult to locate, or the task had not been performed.

Without timely and complete contract information it will continue to be difficult to draw meaningful conclusions on the compliance with procurement policy across government and increases the risk of non-compliance in the ministries.

1.3 Planning

In planning contract management, ministries did a good job to ensure that an employee/employer relationship was not established, and government assets were safeguarded. There are opportunities for improvement in preparing project costing/cost benefit analysis, ensuring that procurement planning is undertaken during the service/program planning stages, and avoiding favouritism or give preferential treatment to a prospective contractor.

We noted that where there was poor planning, the balance of the procurement phases were also weak. Planning criteria were met 50% of the time, not met 6% of the time and we were unable to conclude on the criteria 44% of the time. Some examples of the problems we observed include:

- instances of contracts with amendments required for additional time and/or dollars. In each one of these cases, project costing was incomplete, and the potential for extensions had not been included in the solicitation documents or contract. As a result, many contracts exceeded approved thresholds. We also noted that some contracts had no thresholds; and
- a ministry engaged contractor A to provide a service, and then engaged contractor B to monitor the performance of A. The contract deliverables were vague and difficult to measure. The contracts did not show any evidence of project costing, or resource planning resulting in multiple amendments increasing value and time. In the end, both contracts were terminated for poor performance. Identification of measurable deliverables, and greater ministry involvement may have prevented the contracts from failing.

Examples of good planning practices were:

- the on-line contracting manual developed by the Ministry of Transportation which provides a comprehensive step-by-step resource for contract managers;
- the on-line policies and checklists developed by the Ministry of Forests that guide the procurement planning and approval processes; and
- the detailed contract management manual developed by the Ministry of Attorney General and Treaty Negotiations.

1.4 Solicitation

Overall, ministries did a good job to ensure that conflict of interest situations were avoided. There is opportunity for improvement in the use of contract amendments, ensuring that pre-qualified bidder lists are advertised annually on BC Bid, communicating the process for selecting and awarding contracts to approved pre-qualified bidders, and issuing a Notice of Intent to direct award for service contracts over \$50,000.

Solicitation criteria were met 54% of the time, not met 7% of the time and we were unable to conclude on the criteria 39% of the time. While there were no examples of extremely poor solicitation efforts, there were some common themes:

- solicitation information didn't accurately reflect the work required or the timeframe. As a result, contracts were extended through the use of contract amendments. Typically, the original solicitation document did not mention the possibility to extend. However, given the nature of some of the work, it would have been realistic to expect the work to continue beyond the term of the contract. When totalled, the value of the contract and amendments would frequently exceed policy thresholds for advertising on BC Bid to meet AIT requirements. In one case, a one-year direct award contract for \$95,175 was amended three times, covering a four-year term for a total of \$317,850; and
- some organizations continued to use a contractor for the same or similar services, year after year, by issuing a new contract rather than amending the original. Although policy requires that the original contract should be amended, year after year rollovers of contracts can imply an employee/employer relationship, which carries both financial and legal ramifications for government.

Examples of good solicitation practices were:

- using Common Business Services (CBS) as a resource for preparing and/or reviewing solicitation documents; and
- using a procurement expert provided by CBS to assist staff with the development and implementation of an appropriate transparent evaluation model for a complex HR resource bid list, under very tight deadlines.

1.5 Award

The lack of information supplied by ministries related to contract awards made it difficult to provide meaningful feedback. Award criteria were met 35% of the time, not met 5% of the time and we were unable to conclude on the criteria 59% of the time. Ministries did a better job to ensure that verbal contracts were not established, they used the standard contract formats, and used the pre-qualification requirements specified in the solicitation documents to select a contractor. The most commonly noted the errors were for splitting contracts to avoid advertising thresholds, and inappropriate use of direct awards.

Another common area of non-compliance was the application of the direct award policy criteria. In the files sampled, the justification, when present, could not demonstrate that any of the direct award criteria were met. Evidence that was provided usually included a written description of the individuals experience and qualifications, and in one case, a press release about the contractor was included. Given the nature of services purchased, these contracts failed to demonstrate how any of the direct award criteria were met.

Examples of good practices which we noted in the award processes included:

- a number of ministries had the contractor sign waivers of moral rights and copyright for any written work that may be developed as a result of the contracted work; and
- adding additional clauses to address responsibilities for IT information security and virus protection.

1.6 Administration and Monitoring

A number of ministries ensured that contracts were clearly written and provided complete terms. Overall however there was a significant rate of non-compliance. Administration and monitoring criteria were met 53% of the time, not met 17% of the time and we were unable to conclude on the criteria 30% of the time. There are opportunities for improvement in:

- completing post-contract evaluations;
- ensuring all payments are covered by the contract;
- payments aren't made prior to contract taking effect; and

- ensuring that the contractor provides all of the deliverables in the contract.

The following example provides a summary of the issues in the administration and monitoring scope area. A ministry signed a contract that gave them no ability to monitor performance. The problems included:

- no maximum dollar value to the contract. A monthly payment was negotiated for a standard number of hours. Hours worked in excess of 10% of the standard were paid out at a negotiated hourly rate;
- contract deliverables were not clearly defined or measurable;
- project costing had not been completed;
- the contract did not have any controls built in, such as requiring the contractor to seek ministry approval before working and billing for hours in excess of the standard hours; and
- the individual signing as spending authority on the contractor's invoices was signing for amounts in excess of their spending authority limitations.

The result was that the ministry spent nearly six times more than the agreed upon monthly payment with no way to measure whether value for money had been obtained. The ministry could have avoided many of the problems identified in this contract by:

- performing a project-costing estimate. This would have enabled the ministry to include a maximum dollar figure in the contract, and determine whether cost overruns were justified;
- building controls into the contract allowing the ministry to better control costs, i.e. requiring ministry approval prior to working hours in excess of the monthly standard hours; and
- clearly identifying and defining project deliverables which would have facilitated effective performance monitoring, and could have assisted in determining whether cost overruns were justified.

An example of a good practice noted in the administration process was the Ministry of Forests Payment Certificate process that enhances the review and approval process for payments and contractor performance.

2.0 Payment Review Office Routine

As part of the review, IAAS was provided with a review program prepared by PRO. While there was some overlap between the IAAS audit and the PRO program in the areas of solicitation, direct awards and standard contracts, the PRO program focused on the administrative aspects of the procurement process. Overall, there was a high rate of compliance. The PRO criteria were met 71% of the time, not met 7% of the time and we were unable to conclude on the criteria 22% of the time. The most common error found by the PRO program was individuals signing for amounts in excess of their spending authority limits.

We found that the PRO review routine had the following strengths for repeatability of the review process:

- the evidence required to complete the review is somewhat easier to obtain from the ministries (contract, sampled invoice, and solicitation document);
- the time to complete the review is very short, typically 15 to 20 minutes after the supporting evidence has been read; and
- the review can be completed as a desk review rather than a field review.

We have identified opportunities to improve the PRO review process.

Procurement Risk Areas

The current focus of the review is on administrative processes (proper authorizations of payments, certification of services/goods received, date stamping, etc.). Significant risk areas in procurement are not addressed by the PRO review (they are addressed by the IAAS audit). Appendix 3 provides a summary of the policy compliance risk areas covered by the IAAS review and the PRO review. In some instances where major policy violations had been identified in the IAAS routine, all of the administration PRO criteria were met. PRO may want to include some of the additional criteria in their review as appropriate and as resources allow.

Authority

One step in the PRO review program involves checking to ensure that the individual signing as spending authority is authorized, while another checks to ensure that the individual signing for receipt of goods and services is authorized. Segregating these two duties is a critical step in the new iProcurement model. It would be valuable to perform a further step to ensure that two different individuals are performing these functions.

Recommendation:

(2) We recommend the Payment Review Office:

- **add a step in their routine to ensure the person signing for spending authority is not the same as the person who is signing for goods and services received; and**
 - **as resources permit, expand their review routine, where appropriate for the PRO type of review, to include additional procedures to address some of the other significant risks in the procurement process, such as ensuring cost benefit analysis is performed, post contractor evaluations are completed and contractor monitoring is performed.**
-

Through Exception View Reporting, PRO is now testing to ensure that there are two different authorized individuals signing for spending authority and for goods and services received.

Appendix 1: Scope and Objectives

1. IAAS selected a judgmental sample of 78 contracts from all ministries and determined the level of compliance in the following significant procurement policy areas:
 - planning, including:
 - procurement planning - to provide assurance that procurement and ministry service plan goals are aligned, that adequate project costing is performed, and that end-users and advisory bodies (e.g., Common Business Services) are consulted;
 - cost-benefit analysis - to determine if cost-benefit analysis is performed prior to undertaking procurement, where appropriate;
 - asset sharing/acquisition - to provide assurance that when ministries provide contractors with government assets, fund contractor asset acquisitions, or fund asset development, that this activity is properly reflected in the contract;
 - contractor relationship management - to determine if contractors engaged by the Province are independent; and
 - preferential treatment - to provide assurance that contractors are not favoured or granted preferential treatment during the procurement process.
 - solicitation, including:
 - conflict of interest issues - to provide assurance that employees do not participate in contracting decisions where there is an actual, perceived, or potential conflict-of-interest;
 - the contract amendment process - to determine if multi-year contracts are planned and included as part of the competitive process, and to provide assurance that contract amendments are not used to avoid Agreement on Internal Trade (AIT) requirements and/or competition;
 - the pre-qualified bidder's process - to provide assurance that contracts awarded to pre-qualified bidders for purchases of goods valued at more than \$25K, or construction and other services valued at more than \$100K, are advertised annually on BC Bid (also addressed through PRO's post-payment review routine);

- notice-of-intent situations - to determine if the policy on issuing a Notice of Intent for directly awarded service contracts over \$50K, and goods contracts over \$25K, is followed (also addressed through PRO's post-payment review routine); and
- contract formatting - to provide assurance that all contract and solicitation documents are approved by Legal Services, Risk Management Branch, and Common Business Services (also addressed through PRO's post-payment review routine).
- awards process, including:
 - direct awards - to determine if the policy for direct awarding of contracts is followed, including documented justification (also part of PRO's review routine);
 - verbal contracting - to provide assurance that verbal contracts are not established as a result of staff action or comment;
 - contractor selection - to determine if the criteria used to award contracts is the same criteria used to solicit bids;
 - contract subdivision - to provide assurance that policy or trade agreements have not been circumvented by the subdivision of contracts; and
 - performance measurement - to determine if contracts include measurable outputs and outcomes against which the performance of the contractor can be monitored throughout the duration of the contract.
- administration and monitoring, including:
 - delivery of goods and services - to provide assurance the contractor provides all of the deliverables specified in the contract;
 - advance payments - to determine if payments made in advance are specified in the contract, or are in accordance with a formal modification agreement; and
 - post-contract evaluations - to provide assurance that all contracts greater than \$50K have a completed post-contract evaluation.

2. Using the same judgmental sample selected above, IAAS utilized PRO's post-payment review routine (contract portion) to ensure that:
- solicitation or procurement documents are not used to acquire goods or services available through a common supply arrangement;
 - appropriate approval is sought for contracts advertised in national newspapers;
 - goods contracts less than \$25K, and service contracts valued at between \$25K and \$100K, are advertised on BC Bid, or at least three quotes are obtained;
 - documentation for all phases of the procurement process including: solicitation, award, modification, determination of payment terms and schedules are on file for each contract;
 - contracts include the name and address of the supplier, and the name and address of the ministry where the goods or services are to be sent;
 - contractors do not undertake work prior to a written contract being in place;
 - contract modification agreements are in writing, provide adequate detail of the change(s), and are signed by both the expense authority and the contractor;
 - a contract is regarded as an amendment to an original contract where a contract is awarded for the continuation of the same or substantially similar work to the same contractor, within three (3) months of the previous contract's expiry date (unless awarded as a result of a competitive process);
 - contract invoices are stamped to show the date received and ministry name;
 - contract invoices support payment requests, and contain sufficient detail to be identified with their matching contract; and
 - only eligible, authorized and supported invoices are processed, and in the proper amount.

Appendix 2: Summary of Procurement and Payment Review by Bid Type

			IAAS Results		
Number of Contracts	Award Process	Description of Award Type	% Criteria Met	% Criteria Not Met	% Criteria Unable to Conclude
7	102	Bidders List	47	15	38
20	104	Direct Award	45	13	42
6	106	Invitation to Quote	33	12	55
2	108	Other	33	3	64
4	109	Pre-Qualified for Consulting Contract	32	10	58
16	110	Request for Proposal	58	10	32
3	112	Tender Open Invite	86	5	9
3	501	Direct Invitation	63	7	30
5	502	Select Invitation	58	7	35
9	503	Public Advertising	48	6	47
2	504	AIT National Advertising	58	9	33
77		Aggregated for Government	50	10	40

			Payment Review Results		
Number of Contracts	Award Process	Description of Award Type	% Criteria Met	% Criteria Not Met	% Criteria Unable to Conclude
7	102	Bidders List	72	9	19
20	104	Direct Award	73	9	18
6	106	Invitation to Quote	57	8	35
2	108	Other	32	8	60
4	109	Pre-Qualified for Consulting Contract	58	8	35
16	110	Request for Proposal	75	5	19
3	112	Tender Open Invite	99	-	1
3	501	Direct Invitation	86	5	8
5	502	Select Invitation	30	2	16
9	503	Public Advertising	74	7	19
2	504	AIT National Advertising	83	7	9
77		Aggregated for Government	72	9	19

Note not all criteria applied to all contracts

Appendix 3: Summary of Results, by Risk Area for Procurement Government and Payment Review

Significant Procurement Policy Compliance Issues	CPPM Area	CPPM Section	Current Risk Rating	Review Program		Percentage		
				IAAS	PRO	Criteria Met	Criteria Not Met	Unable to Conclude
Policy on direct awards is not followed.	Award	6.3.3.a.1	8.4	Y	Y	50.0	11.4	43.2
Post-contract evaluations are not completed >\$50,000.	Admin & Monitor	6.3.6.c.3	7.1	Y	N	11.9	26.2	61.9
Procurement planning is not undertaken during the program/service planning process.	Plan	6.3.1.1	6.9	Y	N	43.4	9.3	47.3
Ministries favor or give preferential treatment to a prospective contractor.	Plan	6.3.1.10	6.2	Y	N	55.6	1.4	43.1
Contracts results in an employee/employer relationship.	Plan	6.3.1.6	5.8	Y	N	77.5	1.6	20.9
A cost benefit analysis has not been prepared prior to undertaking a procurement	Plan	6.3.1.5	5.8	Y	N	4.4	12.8	82.8
Contracts are established with unclear or incomplete contract terms	Admin & Monitor	6.3.6.c.1	5.7	Y	N	63.3	17.2	19.5
Ministries provide government assets to contractors, or fund a contractor's asset acquisition.	Plan	6.3.1.8	5.5	Y	N	80.0	4.0	16.0
Contractor fails to provide all of the deliverables specified in the contract.	Admin & Monitor	6.3.6.d.1	5.3	Y	N	49.4	16.2	34.6
Contractor undertakes the contract work prior to the contract being in place.	Award	6.3.3.e.2	5	Y	N	65.8	17.1	17.1
Policy on issuing a Notice of Intent for services contracts over \$50,000 is not followed.	Solicit	6.3.2.c.5	5	Y	Y	25.7	8.6	65.7
The pre-qualification requirements specified in the solicitation document are not used to select the successful contractor(s).	Award	6.3.3.a.3	4.6	Y	N	41.5	-	58.5
Staff act or speak in a way that establishes a verbal contract.	Award	6.3.3.a.12	4.4	Y	N	37.9	3.4	58.6
Risk Management Branch is not consulted re-assessment plans, WCB coverage and insurance.	Info	6.4.6	4.2	Y	Y	2.9	2.9	94.1
Employee participates in a contracting decision(s) that involves a relative, spouse or cohabitant.	Solicit	6.3.2.2	4.1	Y	N	65.5	0.4	34.1
Standard contract formats (or alternate formats approved by Legal Services Branch) are not used for service/IT contracts.	Award	6.3.3.e.4 6.3.2.a.5	3.8	Y	Y	19.7	1.5	78.8
Process to select pre-qualified bidders is not advertised annually on BC Bid.	Solicit	6.3.2.b.4	3.6	Y	N	42.2	3.1	54.7
Advance payments are made that are unsubstantiated or are not accountable.	Admin & Monitor	6.3.6.b.6	3.5	Y	N	7.7	7.7	84.6
The contractor does not meet the Fiscal Year End deadline for providing the deliverables.	-	-	3.3	Y	N	54.0	3.2	42.9
Policy on splitting contracts is not followed.	Award	6.3.3.a.2	3.1	Y	N	15.4	15.4	69.2
Payments are made outside of the terms of the contract or are not covered in Schedule B.	Admin & Monitor	6.3.6.b.3	2.9	Y	Y	56.8	9.4	33.8
Inappropriate use of contract amendments.	Solicit	6.3.2.a.11	2.5	Y	N	43.7	27.6	28.7

Appendix 4: List of Contract Documentation Needed

To assist us in conducting this audit, kindly provide us with all of the applicable documentation listed below. **If you are unable to provide us with any of the requested documentation, please provide the reason (e.g., not applicable, documentation missing from file, document not prepared, etc.) in the "Not Provided" column.**

Checklist - as applicable (for each individual contract selected)

	Provided	Not Provided
Planning Phase		
Names of persons involved in contract planning.		
All procurement planning documentation (e.g., meeting minutes, client/end-user input, planning correspondence, advice from Common Business Services, etc.)		
Documentation of project costing and/or cost-benefit analysis performed.		
Contract TOR		
Solicitation Phase		
All solicitation documents used (e.g., RFP, ITQ, ITT, etc.).		
Names of those persons involved in the solicitation process		
Where format change made to the standard solicitation documents, evidence the change was approved by Common Business Services.		
Any documentation which evidences that the contract opportunity was advertised on BC Bid (BC Bid documentation), national newspaper, etc, or evidence 3 quotes obtained.		
Evidence that appropriate approval was sought before advertising a contract opportunity in a national newspaper.		
Any documentation which shows the number of responding proponents, and the name of the successful respondent/proponent.		
Any documentation that evidences that consistent access to information was provided to all potential contractors (e.g., notice of proponent meetings, etc.).		
Documentation which shows that selection criteria was established before the solicitation was conducted.		
Documentation (rationale) to support direct awarding of contract.		
Evaluation/Award Phase		
Copy of contractor's proposal/submission.		
Copy of evaluation criteria and process used to evaluate proposals (e.g., evaluation handbook).		
Copy of the scored proposal (scored based on pre-established selection criteria).		
Evaluation rating sheet, scoring summary, etc.		
Names of Evaluation Committee members.		
Documentation/explanation of qualifications of Evaluation Committee members.		
Copy of Pre-Qualified Bidder's List (where contract awarded to pre-qualified bidder for goods contract >\$25K, or service contract >100K).		
Evidence that the Pre-Qualified Bidder's List was updated annually (for goods > \$25K, services/construction > \$100K).		
Evidence of Notice-of-Intent (and posting on BC Bid) if contract was directly awarded and was >\$50K (service contract), or >25K (goods contract).		

	Provided	Not Provided
If Notice-of-Intent was not posted on BC Bid, document explaining decision not to post (e.g., emergency, confidentiality, only one suitable vendor, etc).		
Contract Development Phase		
Standard General Contract Form (including "Schedule B" - payment terms).		
Names of directors of the contracted company.		
Name and phone number of contract manager (e.g., key contact person for the contract) and names of any other personnel involved in ongoing management of the contract.		
If any changes were made to the standard contract format, evidence that the change was approved by Legal Services Branch.		
If any change was made to the contract indemnity clause, evidence that the change was approved by Risk Management Branch.		
Contractor name and address.		
Name of ministry and address where goods/services to be supplied.		
Any information to evidence that the ministry has some controls in place to prevent an employee from making changes to the standard contract forms (e.g., forms set-up as "read only" Word template docs, password protection, etc.)		
If any other contracts were awarded to the same contractor (by the same program area) within a 1-year period (1-year before or after the sampled contract's start date) please provide a copy of these additional contracts (only the main contract document(s), plus the related TOR and solicitation document - where applicable).		
Amendments		
Copies and details of all contract amendments (e.g., Contract Modification Forms).		
If non-standard contract modification form was used, evidence that this alternate format was approved by Legal Services Branch.		
Payments		
Copies of all invoices processed against the contract to-date. Note - Only send the particular invoice identified beside each contract selected for our sample per the CAS extract spreadsheet we sent to you (and any associated receipts), as well as all other invoices related to this contract for fiscal 2002/03 and/or 2003/04 (copies are fine) which are easily accessible to you (i.e., copies kept within the contract file itself). For contracts where accessing the invoices would be either difficult or very time consuming, don't bother pulling or sending these invoices to us (just a quick note saying why the invoices weren't sent would be fine). We will use CAS to determine if there are any specific invoices that we definitely need to see and notify you of these invoices at a later date.		
Schedule/summary of all payments made to-date against the contract, including balance remaining on contract (if available).		
Copies of any receiving documents (verify receipt of goods) or any records confirming receipt of services (e.g., flight records for helicopter services) - only for payments made to the contractor 15 days before or after FYE ____).		
Copies of Expense Authority cards (showing signature) for those individuals acting as expense authority on contracts and contract payments. - PRO Office at Ministry of Finance may already have this documentation.		

	Provided	Not Provided
Name of individual signing contract invoices for "goods/services received" and their position, qualifications and/or relationship to the project (e.g., project manager).		
Monitoring/Reporting		
Any record (e.g., letters, e-mails, etc.) of regular correspondence between the contractor and the ministry.		
Names of individuals certifying receipt of goods/services and their qualifications (relationship to the project)		
All progress reports on contract performance.		
Any performance feedback from ministry to contractor (e.g., correspondence to alert contractor to unacceptable performance - such as written warnings, notice to comply, stop-work orders, contract termination letter, etc.).		
Any evidence to support that there was a proper performance monitoring process in place for this contract.		
For contracts with advance payments, were the conditions for advance payments met by the contractor - please explain providing evidence where possible.		
For contracts with advance payments, where recovery subsequently proved necessary, was the recovery made (including proper interest calculation) - explain and provide evidence if possible.		
Evaluation		
Contract post-completion evaluation (if contract >\$50K).		
Please provide information on the quality of the end-product (for completed contracts).		
Other - Ministry as a Whole		
Any documentation/information on how the ministry mitigates the risk of: <ul style="list-style-type: none"> • Verbal contracting (contractor starts work before contract in place) - (e.g., any written guidelines, training, communication protocol, use of key contact, other); • Conflict-of-interest situations (e.g., process to restrict likelihood of conflict issues, any written guidelines, signed declarations, training, other); • Employee/employer relationship issues. Any comments on how policy (e.g., CPM Ch. 6), training and/or systems could be improved or enhanced in terms of goods/services procurement through contracts.		

Should you have any questions or concerns, please direct them to Heather Brost, Audit Team Leader, at 387-9223, or to Jackie Mignault (387-6696) in Heather's absence.

Your assistance with this audit is greatly appreciated !