

Office of the Auditor General

Internal Audit of Professional Services Contracting

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Professional Practices Group
Direction des méthodes professionnelles

Office of the Auditor General

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INTRODUCTION

In accordance with the Office's annual internal audit plan that was approved by the Audit Committee, the Professional Practices Group completed an audit of the professional services contracting function. The audits included in that plan are prioritized on the basis of operational risk to the Office.

CONCLUSION

Based on the audit work performed, we concluded that the Office's contracting section in Corporate Services processes professional services contracts in accordance with Office policy.

BACKGROUND

In 2000, the Office spent \$5.6 million on 561 contracts related to the provision of professional services for audits and administrative services. Approximately \$3.5 million of this amount was for contracts not requiring a competitive process because they were individually less than \$25,000. The majority of the contracts directly support audit products ensuring that the appropriate expertise is used in the Office's audit work. Contracts are also awarded for administrative services.

The professional services contracting function is centralized and reports to the Comptroller. The Auditor General's power to enter into contracts for professional services is not subject to the *Government Contracts Regulations* (GCR) but rather to the Auditor General Act and the Office's own internal Policy on Contracting for Professional Services. According to the Office's policy, the total value of any contract includes only the value of the professional fees, whereas the GCR includes all related costs such as GST and expenses.

The last comprehensive contracting policy review was completed over ten years ago with policy amendments taking place to address new issues as they arose.

AUDIT OBJECTIVES AND SCOPE

The objective of the audit was to assess the Office's professional services contracting (procurement) function during fiscal year 2000-01 against the Office's policy on contracting services identifying areas of compliance and any deficiencies.

The scope of the audit was restricted to the responsibilities and activities of the contracting function in Corporate Services. We did not review the contracting practices in Audit Operations including the planning and monitoring of contracting for professional services as this is included within the scope of our practice reviews of audit products.

OPPORTUNITIES FOR IMPROVEMENT

The audit program included a review and testing of 50 sample items selected at random. This testing and other analyses performed of the contracting function found no matters of significant non-compliance.

During the audit, however, some opportunities for improvement were brought to the attention of management. These were matters where the Office was still in full compliance with the Office contracting policy and guidance, but where some minor improvements could be made. Opportunities for improvement related to:

- A more regular review of Office contracting policies;
- ways to enhance documentation around contract amendments; and
- updating guidance to reflect recent changes in contracting practices.

Management of the professional services contracting function concurred with the opportunities for improvement and agreed to take appropriate action.