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**Report of the Auditor General of Canada on Contracting
for Goods and Services**

MR. RAMSAY: Thank you, Mr. Speaker. This afternoon I'd like to discuss the 2009 June Report of the Auditor General of Canada Respecting the Contracting for Goods and Services by the Government of the Northwest Territories.

The Auditor General used 40 random contracts from across three departments -- Public Works and Services, Health and Social Services, and DOT -- to develop this report. This is a very interesting and important piece of work for this government.

During the 2007-2008 fiscal year, this government spent upwards of \$163 million of public funds. The government's objectives for contracting are to acquire goods and services in a way that enhances suppliers' access to contracts, encourages competition, reflects fairness, transparency, and accountability in the spending of public funds. Therefore, it is vitally important that contracting be carried out in accordance with policies and regulations designed to achieve those objectives.

The GNWT's policy framework is what governs the procurement of goods and services in our Territory. The Auditor General's review points out that we are missing a couple of key things.

Firstly, we do not have an independent dispute resolution process for suppliers. Also, we have policies and guidelines that are disbursed throughout numerous documents and sources government wide, making it very difficult for government employees to be aware of all the necessary components of the contracting process.

The Auditor General found that between 78 and 93 percent of contracts in the three departments that were examined were awarded in a fair and open manner. I would suggest that 100 percent of contracts should be our goal and anything less, as suggested by the Auditor General, should get our full attention.

The most alarming claim of the Auditor General's report was in the administration of contracts after they were awarded. There were deficiencies or weaknesses of one sort or another in the majority of contracts that were audited. These included, for example, receiving goods or services before the contract was issued, not issuing a contract change order in accordance with GNWT policy, exceeding spending authority, and approving payments prior to obtaining required certifications.

Although no one single type of error was more pervasive than any other within or across departments, one or more of these types of errors were present in over 57 percent of the contracts that were sampled. For an organization of our size and the amount of public money we spend every year, how is it possible that in more than half of those contracts there were some serious and very serious issues with those?

The sample size and the fact that it was conducted in three different departments make me believe that the serious issues raised in the Auditor General's report run rampant throughout our government's procurement effort. I'll be interested in hearing how this government is going to act on these findings.