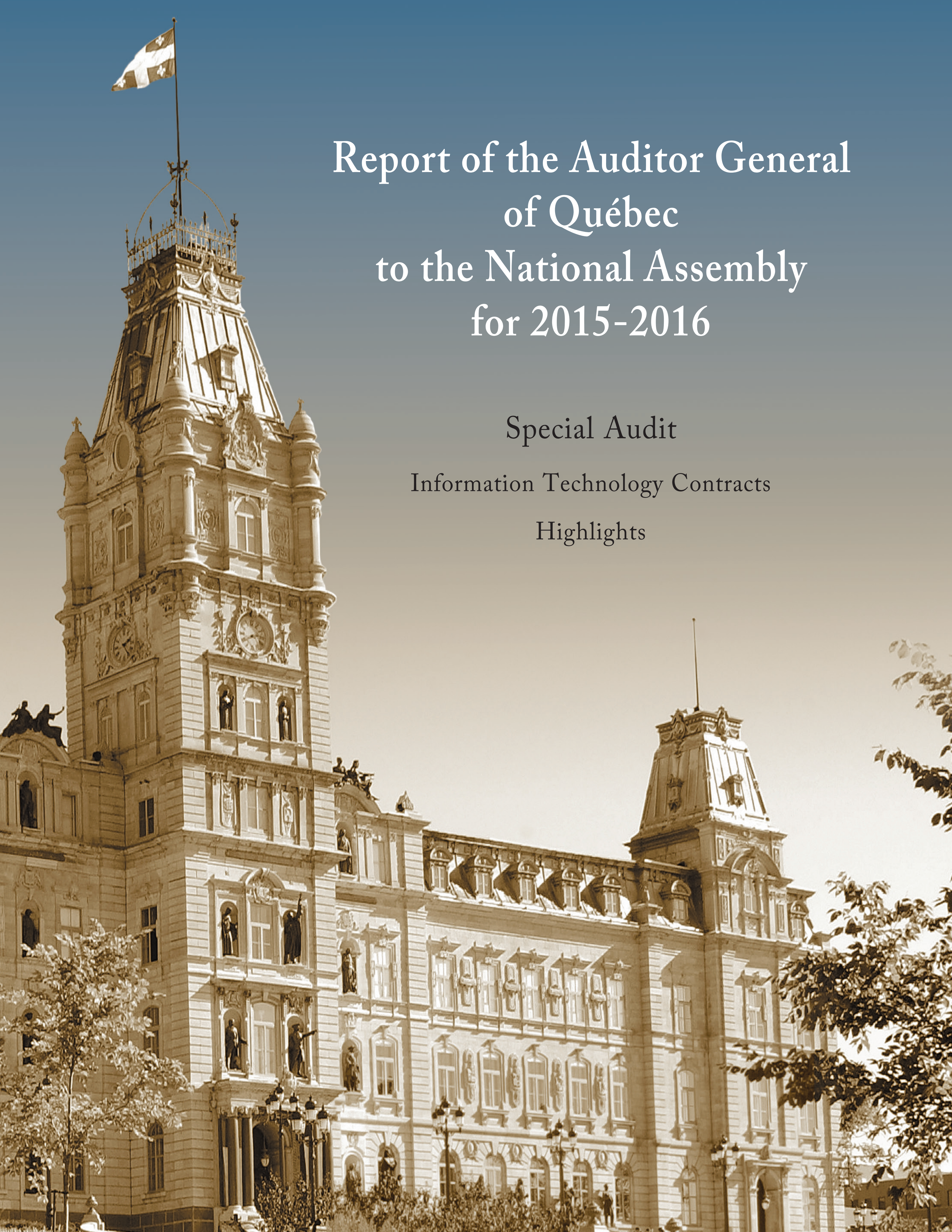

Report of the Auditor General of Québec to the National Assembly for 2015-2016

Special Audit

Information Technology Contracts

Highlights

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Work Objectives

This audit was conducted at the request of the Conseil du trésor (C.T. 214787 dated March 18, 2015).

We wanted to obtain the assurance that:

- the audited entities manage with a concern for integrity some of the main risks associated with each phase of the process for the acquisition of goods and professional services in the area of information technology, in accordance with the rules in effect;
- the Secrétariat du Conseil du trésor (SCT) supervises the contract management process in the area of information technology so that the risks associated with integrity are adequately managed by departments and public bodies, and the SCT reports on them.

The Report is available at www.vgq.qc.ca.

Audit Results

The following are the principal findings of our special audit concerning information technology contracts.

Deficiencies regarding the key steps of the contract management process mean that the risks related to the integrity of the process are not adequately managed. These deficiencies are prevalent in the 8 audited entities and affect the vast majority of the 27 examined contracts.

The audited entities have not taken all the measures necessary to ensure that the people involved in determining needs and preparing calls for tenders are independent and impartial. They did not designate people in charge of these tasks, and there is a lack of documentation with regard to the decisions made at these critical steps of the process, which does not encourage the accountability of these people.

Of the 27 audited contracts, there are 19 that are exclusively at daily rates and 5 that are mainly at daily rates. This type of contract results in suppliers assuming only a small part of the risks.

Deficiencies were detected in the composition and operation of the selection committee. There is still a lack of control mechanisms to ensure that the people responsible for determining needs and preparing calls for tenders are independent from those who sit on the selection committee.

Some of the terms and conditions of contracts are not complied with, which is questionable for the achievement of the principles of fairness and transparency mentioned in the *Act respecting contracting by public bodies*. Some work is performed by resources other than those designated in the contract, and some work unplanned in the contract is performed.

The actions taken by the SCT in recent years need to be strengthened to orient and adequately support the departments and public bodies with regard to contract management for information technology.

The considerable use of external resources is still a reality in departments and public bodies, on a recurring basis and for a long period of time. The SCT still does not have an overall and complete portrait of the distribution of the information technology labour force. In fact, departments and public bodies still frequently rely on the private sector to meet needs, including the ones for strategic activities.

Recommendations

The Auditor General has made recommendations to the departments and public bodies audited. They are shown, in part, to the right.

The audited entities had the opportunity to comment on the report; their comments can be found in the *Commentaires des entités vérifiées* Section.

We want to point out that they accepted all the recommendations.

Recommendations to all departments and public bodies audited

1 Ensure that the people involved in determining needs, preparing calls for tenders and assessing tenders are independent, impartial and accountable […].

2 Limit the use of daily-rate contracts to situations that justify their use, and require sufficient documentation, as it may be the case.

3 Comply with all clauses of contracts when performing work, particularly with regard to the resources specified, their use and the work targeted.

4 Plan some penalty clauses with regard to the presence of the resources designated in the tender, and apply them, if applicable.

5 Supervise the use of external resources to carry out ongoing activities, and, whenever possible, avoid relying on these resources for strategic activities.

6 Make actors who participate in any of the steps for the awarding of information technology contracts award and more responsible […].

Recommendations to the Secrétariat du Conseil du trésor

7 Promote the evolution of practices with regard to the process for the awarding of information technology contracts in the public service […].

8 Determine and obtain from the departments and public bodies the information that would enable it to ensure they manage namely the following risks:

- the use of external resources, particularly for strategic functions;
- the type of contracts used;
- the factors that could limit free competition, such as the scope and duration of contracts.

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