



News Release

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ONTARIOBUYS SAVINGS DIDN'T GO TO FRONT-LINE SERVICES: AUDITOR GENERAL

(TORONTO) Ontario's claim that millions of dollars of savings generated through group purchasing were poured back into front-line public services does not stand up to scrutiny, Auditor General Jim McCarter says in his *2009 Annual Report*, released today.

"The government said in its 2009 budget that these savings amounted to \$45 million and that this entire amount had been redirected to front-line services," McCarter said. "We found, instead, that \$20 million of these savings was retained by one of the agencies doing the group purchasing to develop its own information technology system.

"With regard to the remaining \$25 million, we found that OntarioBuys did not verify the actual amount of the savings and was unable to demonstrate that the money had, in fact, been put into front-line services."

The government launched OntarioBuys in 2004 to help organizations in the broader public sector (BPS), especially hospitals, school boards, colleges, and universities, save money through group purchasing of goods and services. Since its inception, OntarioBuys has spent about \$148 million to help create agencies to do group purchasing and support purchasing-related projects.

Among the Report's specific findings:

- The province has spent about \$30 million to fund the formation of a single purchasing agency in the education sector. At the time of the audit, virtually no educational institutions had become members of the agency to have it do group purchasing for them. The agency had also committed to sign up 13 of the province's 116 school boards, colleges, and universities, as well as 1,000 suppliers, by June 2009 to participate in a new electronic purchasing system called e-Marketplace. However, e-Marketplace had yet to become operational by June 2009, and no institutions had formally signed up.
- Purchasing groups and BPS organizations have spent about \$45 million of OntarioBuys funding since the 2004/05 fiscal year to hire some 270 consultants for a variety of reasons. The Auditor reviewed a sample of consulting contracts totalling \$15 million and found that over 40% did not comply with the competitive procurement requirements of the project funding agreements.

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