

Chapter 4 Ministry of Government Services

Section 4.14

The Ministry of Government Services (formerly the Management Board Secretariat) is responsible for the development of government-wide policies on planning, acquiring, and managing temporary help required by the government.

At the time of our 2005 audit, about 4,400 people working in the Ontario government were not employees of the province. Most of these people were temporary help workers employed through private-sector temporary help agencies. In the survey of 10 agencies, the total cost of temporary help services were reported to be \$26 million (they were \$40.1 million in 2004/05, and, over the 10-year period from 1993/94 to 2003/04, they totalled \$460 million).

During our 2005 audit, we found lack of compliance with government procurement policies for temporary help services. In the survey of 10 agencies, the total cost of temporary help services were reported to be \$26 million (they were \$40.1 million in 2004/05, and, over the 10-year period from 1993/94 to 2003/04, they totalled \$460 million).

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Of the temporary staff we tested had been working in the government for more than two years. One temporary employee had worked for the government continuously for more than 12 years.

The temporary help engagements we tested were sole-sourced, with no quotes from other vendors, and none had been competitively tendered. Over half of these arrangements are for temporary help services that exceed the threshold for which a competitive process is required. Since 1999, tens or even hundreds of millions of dollars may have been spent without a competitive process.

One temporary help agency \$10.5 million, including almost \$4 million from the former Management Board Secretariat. We were informed that a former employee of the Secretariat runs this agency. Another agency, run by a former Ministry of Health and Long-Term Care employee, collected almost \$700,000 in 2004/05. A perception of unfair advantage can be created when government ministries award temporary help services to government employees without a competitive process.

requires a manager's written sign-off certifying acquisition.

Managers are now also required to complete and attach to the checklist an additional document, entitled *Rationale for Temporary Help Services Over Six Months*, in situations where the temporary help

Recommendation

To ensure that temporary help services are acquired in accordance with established government procurement policies and at the best price, the Ministry of Government Services should work with all government ministries to ensure that:

- the competitive selection requirements for the procurement of goods and services are adhered to and, where required, an open, fair, and transparent process is followed;
appropriate standard contracts or supporting documentation is in place for all temporary help arrangements to define the rights and responsibilities of the ministry and the vendor, the nature of the assignment, the expected duration, and the cost; and
the procurement procedures that were designed to identify and deal with potential conflict-of-interest situations are complied with.

Current Status

The Ministry of Government Services informed us that in its attempt to obtain temporary help

workers at the best price, it had its Supply Chain Management Division establish in March 2006 a two-year corporate vendor-of-record arrangement whose use is mandatory for 15 administrative and clerical categories of temporary help services. Twenty-one suppliers were selected to provide administrative and clerical services in 26 locations across the province. According to the VOR User Guide, ministries can select any vendor of record for contracts valued at less than \$25,000, but it is recommended that they request proposals from at least three vendors; for contracts estimated to be valued at between \$25,000 and \$249,999, ministries must invite at least three vendors of record to submit bids or proposals; and for contracts estimated to be valued at between \$250,000 and \$499,999, ministries must invite at least three vendors of record to submit bids or proposals.

Administrative and clerical services estimated to be worth more than \$750,000 and temporary help services not available through a vendor-of-record arrangement must be acquired in accordance with the Management Board of Cabinet Procurement Directive for Goods and Services. The Ministry of Government Services has reiterated these government-wide requirements to management through the Temporary Help Services website and manager information packages that were distributed in November 2005 and again in June 2006 following the establishment of the vendor-of-record arrangement.

The Ministry of Government Services also informed us that each vendor of record has a signed agreement that defines the rights and responsibilities of the ministries and the vendor, the nature of the assignment, the expected duration, and the cost; and the procurement procedures that were designed to identify and deal with potential conflict-of-interest situations are complied with. In addition to the master agreement, the ministry requesting services and the selected vendor are required to enter into a separate agreement for the vendor's workers, and security clearances when required.

deliverables, assignment duration, and ceiling level agreement is also required for temporary help services not acquired through a vendor-of-record arrangement.

To help ensure that ministries follow the correct acquisition process, the Ministry of Government Services has included a section on procurement and contracting in the *Justification and Checklist for Temporary Help Services* (the document that must be completed for all temporary help service engagements). In addition, we were informed that internal audit was scheduled to commence a government-wide audit in March 2007 to assess compliance with policies and directives relating to the procurement of temporary help services.

In support of the acquisition of temporary help services through the current vendor-of-record (VOR) arrangement, the Ministry was planning to launch a new government-wide electronic tool called TempLink in the fall of 2007. TempLink was to be an on-line tool for acquiring temporary help services through the VOR arrangement; it would create request-for-service documentation with on-line approvals and reminders of the procurement rules and human-resources plans.

Recommendation

To help ensure compliance with pension legislation intended to prevent former employees from simultaneously receiving a full pension and employment income from the government, the Ministry of Government Services should assess the feasibility of developing government-wide procedures to obtain and report to the relevant pension boards information on former employees who return to work for the government.

Current Status

The Ministry advised us that it had assessed the feasibility of developing government-wide procedures to help ensure compliance with pension legislation

with respect to former employees simultaneously receiving a full pension and employment income from the government. It indicated that it, together with the Ontario Pension Board and the Ontario Public Service Employees Union (OPSEU) Pension Trust, had tried to identify information needs and procedures that could be put in place to identify and deal with re-employed pensioners and had reviewed the current re-employment rules for consistency with the requirements of the *Pension Benefits Act* and the *Income Tax Act*.

The Ministry stated that both the Ontario Pension Board and the OPSEU Pension Trust had advised it that they did not have the means and capacity to police retirees who return to work and continue to receive a pension. They stated that the onus is on the retiree who returns to work to notify the re-employing ministry that he or she is also receiving a pension.

At the time of our follow-up, because of a number of concerns about privacy issues and the release of information, the Ministry had decided not to implement procedures for informing the pension boards that the government had engaged former employees. The Ministry said that, instead, a variety of measures had been taken to inform retirees and pensioners that they are obliged to abide by the re-employment rules. These measures include information conveyed in pre-retirement sessions, questions and answers on pension websites, and information sheets provided to all new hires.

Recommendation

To ensure that ministry staff are employed and accounted for in accordance with the spirit and intent of government and Public Accounts financial reporting policies, the Ministry of Government Services should work with senior ministry managers

to develop specific policies and procedures with respect to secondments from transfer-payment organizations.

Current Status

The Ministry of Health and Long-Term Care informed us that it is developing a policy to help address the use of complementary workers, including those acquired via transfer-payment arrangements and was centralizing the approval process.

The Ministry of Health and Long-Term Care had made the commitment in 2005 to reduce the number of transfer-payment arrangements. However, according to information provided, the number of such employees working at the Ministry had increased from 150 at the time of our audit in 2004 to over 170 in May 2007. Most of the current temporary employees hired through transfer-payment agencies were hired after our audit. The Ministry of Health and Long-Term Care, in its role as a division of the health-care agenda, staff turnover, the Ministry of Health and Long-Term Care arising from a reorganization of the Ministry.

Recommendation

In order to ensure the responsible and effective management of temporary help services, the Ministry of Government Services should work with senior ministry staff to implement procedures to ensure that:

- the performance of temporary help agencies and their employees is assessed periodically and, as required, at least annually;
- all individuals working for the government sign the required oath of confidentiality and, for particularly sensitive functions, more extensive background checks are performed;

rates charged and services provided by suppliers of temporary help services are matched against purchase orders and contracts prior to payment; and the cost of temporary help services is recorded accurately in the accounting records.

Current Status

The VOR User Guide strongly advises that managers complete and submit a performance evaluation form to the Supply Chain Management Division of the Ministry of Government Services within 15 days of the end of a service level agreement. Completion of a contract performance assessment also appears on the Justification and Checklist for Temporary Help Services and is required for both vendor-of-record and non-vendor-of-record engagements. The Ministry of Government Services informed us that vendors must also submit to the Supply Chain Management Division information from their clients regarding their satisfaction with the performance of their temporary agency employees. The Ministry of Government Services is required to provide information regarding their satisfaction with the performance of their temporary agency employees. The Ministry of Government Services is required to provide information regarding their satisfaction with the performance of their temporary agency employees.

The master service agreements with the Ministry of Government Services require that vendors must also submit to the Supply Chain Management Division information from their clients regarding their satisfaction with the performance of their temporary agency employees. The Ministry of Government Services is required to provide information regarding their satisfaction with the performance of their temporary agency employees. The Ministry of Government Services is required to provide information regarding their satisfaction with the performance of their temporary agency employees. The Ministry of Government Services is required to provide information regarding their satisfaction with the performance of their temporary agency employees.

service workers.

In a new VOR pricing guide for temporary help services, the Ministry of Government Services reminds ministries that the rates quoted by suppliers of temporary help services should be the same as those outlined in the vendor-of-record master rates that can be charged—that is, they cannot be increased. The pamphlet also states that overtime week. Included in the *Justification and Checklist for Temporary Help Services* are requirements to ensure that invoices have been reviewed for accuracy and appropriateness before payment and that the total value of the contract.

In the information packages sent to managers in 2005 and 2006, the Ministry of Government Services highlights the further requirement that accounts. One account is for the cost of temporary and the other is for the cost of temporary help services acquired to address peak workload.

In addition, at the time of our follow-up, internal audit had scheduled for March 2007 an enterprise-wide audit to evaluate whether temporary help services have been acquired with due regard to relevant Management Board of Cabinet directives.

Recommendation

To ensure the best value for the money expended, the Ministry of Government Services should conduct a formal assessment of the various alternatives for staffing short-term temporary assignments, and periodically evaluate the process selected to determine

if the expected benefits and/or cost savings are being realized.

Current Status

The Ministry of Government Services informed us that it hired an outside consultant to conduct an analysis of temporary employment services within the Ontario Public Service (OPS). In 2006, the consultant reported and made recommendations after researching the current status of temporary services in the OPS, related public and private-sector organizations, and the temporary help industry.

The Ministry of Government Services informed us that it is developing an on-line vendor-selection tool for temporary help services, called TempLink, that was to be implemented in the fall of 2007. This tool was to provide detailed reports on service usage, spending, vendor utilization, savings (that is, frequency of using lowest-priced vendor), and so on. The Supply Chain Management Division will analyze the information and report to each will be used for enterprise-wide temporary help procurement planning purposes.


Recommendation

To ensure effective monitoring and control of the government workforce, the Ministry of Government Services should:

- include non-government employees in its workforce plans and policies; and*
- track the approved versus actual staff complement for each ministry.*

Current Status

The Ministry stated that the Ontario Public Service (OPS) had completed a data cleanup of the Workforce Information Network (the software system for managing human resources across the OPS) and, as a result, the Ministry had, at the time of our follow-up, a more accurate picture of the



government workforce. The Ministry also stated that it had greater capacity to identify temporary help needs and the mechanisms to acquire human resources appropriately. With respect to obtaining information on the number of temporary help services employees working in the OPS, the Ministry indicated that arrangements were being made to enhance the acquisition and tracking of temporary help through the TempLink tool.

The Ministry also advised us that it had begun tracking and comparing full-time-equivalent —7E65cPUU—6fWRWaT@TbTcWTRg\ approved staff levels, with the actual staff complement for each ministry at year-end. According to information provided by the Ministry, the government as a whole was within approved staffing limits.

