



Use of Consultants and Senior Advisors in Government 2018 Value-for-Money Audit

Why We Did This Audit

- Ontario ministries spent \$360 million on consulting services in 2017/18, and Crown agencies and Crown-controlled corporations spent an additional \$184 million.
- The use of consulting services is decentralized within branches and program areas of ministries. The audit allowed us to look for opportunities for improvements and best practices across several ministries. It also allowed us to look at whether consulting services were being used cost-effectively.

Why It Matters

- Using consultants can be costly because they are generally paid more than full-time staff. However, they can be cost-effective when engaged for short periods or to provide specialized services or expertise.
- The Province does not review the use of and spending on consultants on an overall basis. It recently put a freeze on discretionary spending, including on consulting services, which presented a good opportunity to review the use and cost-effectiveness of these services.

What We Found

- There is still an over-reliance on information technology consultants in the Province. We noted this in our *2016 Annual Report* in the section Supply Chain Ontario and Procurement Practices. Although improvements have been made with a goal of reducing this reliance, it remains an issue.
- Ministries used consultants for regular operational and ongoing work, such as project management, instead of for short-term specialized services or expertise, for which they are best suited. For example, an individual consultant was hired to provide analysis and development for a software application. The initial contract from February 2014 to March 2015 was for \$210,000, but was extended three times to March 2018 at a total cost of over \$900,000. Based on the average cost of permanent IT staff, this work could have been done for about 40% less by permanent full-time staff.
- Twenty-two percent of the contracts we reviewed that were competitively procured had amendments greater than \$10,000, without an option in the contract to allow for the amendment or where the amended amount exceeded the amount approved for the contract. Most amendments were between \$100,000 and \$500,000, with two as high as \$1.5 million, and the additional services included in the amendment were not competitively procured.
- Most consulting contracts did not have specific costs attached to the various deliverables in the contract. This can make it difficult to determine if the deliverables were received before making payment and if they provided value for money.
- The Province may be missing out on potential savings because it lacks the reliable and timely information needed to perform analysis and make strategic decisions on the overall use of consultants. We noted errors in the self-reported information on consulting contracts collected from ministries, such as contracts being counted twice and amended contracts being reported as new. In addition, the information was not available on a timely basis and was not reviewed for strategic analysis purposes.
- We noted that 25% of the advisors we reviewed did not complete a conflict-of-interest disclosure.

Conclusions

- The Province and its ministries generally have processes in place for the use of consulting and advisory services to ensure they are acquired and managed in accordance with the Ontario Public Service Procurement Directive and the Agencies and Appointments Directive. A few exceptions were noted, such as that cost estimates and the need for consulting services were not always supported in business cases for the engagement of consultants.
- Some improvements are needed to ensure consulting and advisory services are used with due regard for economy and delivered efficiently. We noted that the Province does not assess the overall cost-effectiveness of its use of consultants, and ministries often rely on costly consultants rather than considering the hiring of full-time or term employees.