

Fourth Session - Fortieth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Accounts

Chairperson
Mr. Reg Helwer
Constituency of Brandon West

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

Monday, October 5, 2015

TIME – 2 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Reg Helwer (Brandon West)

VICE-CHAIRPERSON – Mr. Matt Wiebe (Concordia)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Messrs. Dewar, Gerrard

Messrs. Altemeyer, Friesen, Helwer, Jha, Maloway, Marcelino, Pedersen, Schuler, Wiebe

Substitutions:

Mr. Altemeyer for Ms. Lathlin

APPEARING:

Mr. Kelvin Goertzen, MLA for Steinbach

Mr. Norm Ricard, Auditor General

WITNESSES:

Hon. Gregory Dewar, Minister of Finance

Mr. Jim Hrichishen, Deputy Minister of Finance

Hon. Steve Ashton, Minister of Infrastructure and Transportation

Mr. Lance Vigfusson, Deputy Minister of Infrastructure and Transportation

MATTERS UNDER CONSIDERATION:

Auditor General's Report—Annual Report to the Legislature, dated March 2014

Chapter 10—Waiving of Competitive Bids

* * *

Mr. Chairperson: Good afternoon. Will the Standing Committee on Public Accounts please come to order.

This meeting has been called to consider the following reports: Auditor General's Report—Annual Report to the Legislature, dated March 2014, chapter 10, Waiving of competitive bids.

Committee Substitution

Mr. Chairperson: For the committee's information, pursuant to our rule 85(2), I would like to note the following substitution for this afternoon's meeting: Mr. Altemeyer for Ms. Lathlin.

* * *

Mr. Chairperson: Are there any suggestions from the committee as to how long we should sit this afternoon?

Mr. Blaine Pedersen (Midland): Mr. Chairman, there's a lot of information in here. I would suggest committee sit 'til 5 p.m.

Mr. Chairperson: What's the will of committee? [Agreed]

Prior to dealing with today's business, I would like to inform those who are new to this committee of the process that is undertaken with regard to outstanding questions. At the end of every meeting, the research officer reviews the Hansard for any outstanding questions that the witness commits to provide an answer and will draft a questions-pending-response document to send to the deputy minister. Upon receipt of the answers to those questions, the research officer then forwards the responses to every PAC member and to every other member recorded as attending that meeting. At the next PAC meeting, the Chair tables the responses for the record.

So will the minister and the deputy ministers please join us at the table.

Thank you. And does the Auditor General wish to make an opening statement?

Mr. Norm Ricard (Auditor General): Yes, we do, Mr. Chair. First, I'd like to introduce the staff members that are with me. With me today are Erika Thomas, she's the auditor principal in charge of the waiving of competitive bids audit, and Jonathan Stoesz, who's a senior team member.

Mr. Chair, it's—it is important that Manitobans receive good value for the tax dollars when the government acquires goods and services from the private sector. The competitive procurement process

helps achieve that. It also ensures vendors get fair access to government business. When the government does not use a competitive process, it has an obligation to ensure the interests of the public are properly protected. Untendered contracts increase the risk of procurement improprieties and inflated costs. Ensuring compliance with strong policies to mitigate these risks is essential.

In January 2011, the government issued its waiving of competitive bids policy. This policy requires that one of four acceptable circumstances be demonstrated before waiving the tendering requirement. These acceptable circumstances are labelled as emergency, urgent, sole source and single source.

In this audit, we looked at whether the competitive bid requirement was waived only when an acceptable circumstance was demonstrated, whether the government ensured quoted prices were consistent with fair market value and whether there was proper public disclosure of untendered contracts. We examine 10 untendered contracts in each of five departments and three special operating agencies, with a total value of \$35.7 million. This amount represents approximately a third of the value of disclosed untendered contracts during the audit period.

With respect to the demonstration of acceptable circumstances, we found that 26 of 50 untendered department contracts we examined were not justified by an acceptable circumstance. These contracts had a total value of \$30.6 million. Fourteen of these contracts were directly awarded using alternative department practices for specific types of procurements and were supported by either public policy objectives or business case reasons.

While the appropriateness of these practices should be reviewed by the Procurement Services Branch, of greatest concern were the 12 other contracts with a total value of \$16 million that were directly awarded to vendors because a department wanted to work with them or because provisions and request for proposals amounted to promises of future contracts. In these cases, competing vendors may have been unnecessarily denied access to government contracts.

In addition, we found that eight of the 30 SOA contracts we examined were not justified by an acceptable circumstance. For six of these contracts, all with one SOA, the chief operating officer had been given the authority to waive bidding requirements where expedient.

We also found that proper approvals for the awarding of untendered contracts were not always obtained. Many contracts in our sample required Treasury Board approval, but this was often not obtained. Getting proper approval was particularly problematic during emergency events.

With respect to ensuring fair value, we found that the departments and SOAs we examined maintained little to no documentation of the information officials said they used to ensure quoted prices represented fair market value. As a result, we could not assess the adequacy of their actions.

And, finally, with respect to the public disclosure, we found that most untendered contracts were not disclosed within one month of contract signing and many were not disclosed at all. In addition, public access to the untendered contract database was severely limited.

We believe several management and administrative weaknesses contributed to these performance problems. These weaknesses include the lack of compliance monitoring by both departments and the Procurement Services Branch, the limited communication effort on the issuance of the waiving of competitive bids policy and an inefficient and error-prone process for entering information into the public access database.

*(14:10)

Our report includes 25 recommendations. For the most part, our recommendations deal with strengthening procurement policies and the role of the Procurement Services Branch, ensuring fair value is obtained, effectively monitoring compliance with procurement policies, improving documentation practices, and ensuring public disclosure of untendered contracts is complete, timely and accurate.

Mr. Chair, the implementation status of the recommendations included in this report are being followed up as at June 30th, 2015, and will be included in our upcoming follow-up report, which is scheduled for release in December. Thank you.

Mr. Chairperson: Thank you, Mr. Ricard.

Now, we have two departments at the table today: Department of Finance and the Department of Infrastructure and Transportation. The deputy ministers, I imagine, would have opening statements, and, Mr. Hrichishen, are you able to go first?

Mr. Jim Hrichishen (Deputy Minister of Finance): Yes, sir.

I'd like to begin by just acknowledging that I'm joined today by Lance Vigfusson, Deputy Minister of Infrastructure and Transportation, who will also be available for questions from the committee. And I'm making a statement on our behalf.

Also joining us at the table today are Richard Burelle, is the director of Procurement Services Branch; Lynn Zapshala-Kelln, secretary to Treasury Board; and Lynn's colleague, Darcy Rollins, director at Treasury Board Secretariat. And I'll be consulting with them to ensure that answers are complete as possible and inadvertently no incorrect information is put on the record.

Procurement is the act of acquiring goods and services from an external source. The procurement administration manual, or PAM, as it's known, provides direction on procurement policy to all provincial employees and organizations involved in procurement. The objectives of the PAM are to ensure procurement in Manitoba is ethical, consistent, open, fair and transparent, timely so Manitobans obtain goods and services to ensure program delivery, achieving value for money, advancing government priorities of sustainability and economic development, in adherence to all trade agreements, including the agreement on international trade, or AIT, as it's referred to, and accountable to the public for their buying decisions.

Provincial policy requires that competitive bidding be used for the procurement of goods and services for government. At times, it is not possible or desirable to obtain competitive bids. Provincial policy allows the waiving of competitive bids for (1) instances where good and services are required in an emergency situation, (2) conditions where only one supplier is considered capable of providing goods and services, (3) circumstances where only one supplier is permitted or able to provide the goods and services, and (4) situations of urgent need where an assessment verifies that any other supplier is not feasible or practical.

The Office of the Auditor General's report underscored the government's goal should be to use a competitive tendering process as much as possible. This ensures the interests of the public are protected. We agree. The department wants to ensure that strong and effective policies on untendered procurements are developed to mitigate against possible risk. Further, the department wants to ensure that the policies are complied with by all those involved in procurement.

The Department of Finance agrees with all 25 recommendations by the Auditor General. In the 18 months since the OAG's report, significant progress has been made on all the recommendations. Key changes which are already implemented or in progress will address a number of the OAG recommendations. For example, Procurement Services Branch is developing a process to provide advanced public notice to directly award a contract; this process will increase transparency and will provide an opportunity for potential suppliers to indicate their ability to supply their goods and services.

The Province has instituted a requirement for all contracts with a value greater than \$1,000 must be recorded in SAP.

Category fields have been consolidated as part of the changes to SAP. The result will be five choices: these are tendered, sole source, emergency, direct award and continuing service agreements. Each category has a selection of rationales that are required, including acceptable circumstances under which the competitive process may be waived.

PSB and TBS have developed a reporting tool designed to extract information directly from SAP to fulfill the disclosure requirements. It was publicly released on September 28th, 2015. Contract information is posted online and includes monthly summaries of purchase orders and outlined agreements worth \$10,000 or more. Details include the name of the vendor, the purpose of the contract, the value, the duration of the contract and significant contract amendments.

In closing, I would like to acknowledge the Office the Auditor General's continued professional and collaborative relationship with the departments of Finance and Infrastructure and Transportation. Thank you very much.

Mr. Chairperson: Thank you.

Mr. Vigfusson, do you have an opening statement?

Mr. Lance Vigfusson (Deputy Minister of Infrastructure and Transportation): We did that one jointly.

Mr. Chairperson: All right. Thank you.

Now, since we have two departments here for the members of the committee, in order to make things flow a little easier, when you're starting your question, could you please preface it with which

department or the Auditor General you wish direct—to direct your question to or to both departments, if that's the case, so that we can ease the confusion a little bit and perhaps the department will pay a little more attention to your question if they're named in it.

So, now, before we get into questions, I would like to remind members that questions of an administrative nature are placed to the deputy minister and that policy questions will not be entertained and are better left for another forum. However, if there is a question that borders on policy and the minister would like to answer that question or the deputy minister wants to defer it to the minister to respond to, that is something that we would consider.

The floor is now open for questions.

Mr. Cameron Friesen (Morden-Winkler): Thank you, Mr. Chair, and I do want to welcome the Auditor General and his staff members and also to our department officials and their staff who join us today. Thank you for being present at today's Public Accounts meeting.

I want to just dive right in so I'll endeavour to get the rules right with respect to our multiple witnesses, and we will struggle along with that. I'm sure we'll get good as the afternoon goes on.

It's a big issue that we're taking on this afternoon and I know that the—it's a large issue for the Auditor General's office to have handled. We know what's at stake here: untendered contracts during the audit period totalling \$275 million. We know that the Auditor General has said that half of all those untendered contracts examined from those departments were not justified to have had those competitive bids waived, so these are important issues for us to take on.

I think a good starting point for us as a committee this afternoon would be just to take a few minutes to understand a little bit more about the policies that guide procurement in the province of Manitoba. And, of course, these were mentioned in the Auditor General's report, so I'm seeking a bit of guidance here. I'm looking for some clarification from both the Auditor General and from our witnesses, our deputy ministers this afternoon.

Perhaps if we could just consider first the Agreement on Internal Trade. So, when it comes to the agreement of internal trade, Manitoba is a 'signator' to this agreement. It was put in place to

provide a framework to reduce and eliminate trade barriers but also to bring about more open and domestic—more open and stable domestic trade within Canada.

* (14:20)

Now, I understand that under the AIT, the Agreement on Internal Trade, there's requirements for tendering for all goods over \$25,000, and yet we know that in the course of the Auditor General's examination of these five departments and the special operating agencies, there was plenty of evidence of contracts that were sole sourced that were over \$25,000, so right away we have a problem that the deputy minister for Finance indicated in his opening statement that the objectives of the PAM are to ensure procurement is consistent and ethical and timely and achieves value for money. But it doesn't seem to be that the practices of government has followed the rules with respect of the Agreement on Internal Trade.

I guess my question, perhaps, to start out with, perhaps to the deputy minister for Finance: Could he indicate how his comments that he put on the record this afternoon, are they consistent with the Province's contractual or obligatory obligations under the Agreement on Internal Trade?

Mr. Hrichishen: So it's my understanding that under the terms of the Agreement on Internal Trade, the reporting requirement is \$25,000 for goods and \$100,000 for services with no specific disclosure of untendered contracts. There are exceptions in the case of emergency expenditures under that agreement.

Mr. Friesen: So the deputy minister is saying that there is no conflict between the rules that are outlined under AIT and when—and here under this report when the Auditor General has, you know, uncovered, for instance—I guess he's, you know—this chapter is specific to untendered contracts. So is the deputy minister simply saying that the AIT specifically does not address issues of untendered contracts?

I'm just looking for that clarification.

Mr. Hrichishen: So, to be clear, although the thresholds are correct—the 25,000 and 100,000—we are not in compliance with the AIT. We are aware of that and we report non-compliance to the AIT secretariat as any other jurisdiction would.

Mr. Friesen: So the deputy minister says, with respect to services, it's that part of the agreement that has to do with services, is that what he's saying? This is the part where the government and its departments are not in compliance. I'm just looking for clarification with him with respect to that point.

Mr. Hrichishen: It could be either on goods or services. Really, the non-compliance with the AIT occurs when we're not tendering in the instance of, say, an emergency expenditure.

Mr. Friesen: And, of course, I'm just trying to understand, you know, the broad strokes, the implications of that Agreement on Internal Trade and what it means for the practices on a daily basis within departments of government. The Agreement on Internal Trade includes several key elements. I will outline some of these today. It includes a commitment to non-discriminatory, fair and open tendering processes.

So right away I would suggest that the Auditor General has uncovered that we are not in compliant with the tenets of the AIT because the Auditor General uncovered that, with respect to the contracts in five departments that that office undertook to examine and study, over half of them were not justified to have those competitive bids waived. So in more than half the cases the government was not committed to a non-discriminatory fair and open tendering process. They were choosing, for whatever reason, to restrict the contracting of government services to single sources, and they were actually choosing to circumvent what would have been a fair and open tendering process.

I'm concerned, and I think all members of this committee should be concerned, that we are 'signators' to this Agreement on Internal Trade, and yet we don't pass the litmus test—grant—government departments don't pass the litmus test when it comes to the basic commitments of these things.

So my question to the deputy minister for Finance is: What do we do in this case when the Agreement on Internal Trade indicates it must include a commitment to fair and open tendering processes, but the Auditor General hasn't covered what would be anything but a commitment to fair and open tendering processes? Where does that leave us? Does the deputy minister have a concern?

Mr. Hrichishen: We report those to the AIT secretariat.

Mr. Friesen: Okay. So we report these, I guess, failures to comply. What happens then? What happens at the—is that all that is required is just disclosure? Because I know that, you know, with respect to the Auditor General's report, there's much more that's required to ensure value for money for taxpayers' dollars than just disclosure. Disclosure is certainly part of the concern here. What more needs—what more is done as a practice?

Mr. Hrichishen: The requirement is for disclosure to exceptions, and that is currently done.

Mr. Friesen: Requirements for disclosure, does the deputy minister for Finance share my concern that they're having to disclose non-compliance in far too many cases when it comes to the Auditor General's examination of contracts for an 18-month period beginning in 2011 and ending in 2012?

Mr. Hrichishen: Thanks to the information provided by the auditor's report, we are increasing controls, monitoring and taking measures to limit the amount of times that this—these exceptions occur.

Mr. Friesen: I notice that another key element of the Agreement on Internal Trade is a commitment to transparent and fair methods of evaluation that are disclosed at the outset of the tender.

Now, in the Auditor General's report, he makes the observation and the conclusion that for the vast majority of 80 contracts within this study there was no documentation to show that prices quoted represented fair market value, simply no documentation was done.

I ask the deputy minister or the other deputy minister, I don't have a preference on who answers this, but my question is: How does that then demonstrate a commitment to transparent and fair methods of evaluation if there's documentation being done?

* (14:30)

Mr. Hrichishen: So the Auditor General—the report recommended that Procurement Services Branch update the Procurement Administration Manual, PAM, to require that departments and SOAs analyze and document how the price quoted on an untendered contract represents fair market value. The analysis should be conducted prior to contract signing, according to that report.

So our response to that is in progress. The principle of fair market value appears throughout the PAM as woven into almost every procurement

process including untendered contracts. Procurement Services Branch has recognized the benefit of providing further guidance in the area of value analysis and is currently developing guidance information to assist departments and SOAs in analyzing fair market value on contracts that are not subject to a competitive procurement process. The information will include analysis methodology and research tools that can be used in the determination of fair market value for many common goods or services purchased by government. In instances where a more complex analysis is required, the PAM will recommend consultation with PSB.

Mr. Friesen: So I assume that the deputy minister is saying that progress is being made, and I know that we would both agree that, you know, progress with respect to this needs to be made because, as I mentioned, for a vast majority of 80 contracts, there was no documentation.

I guess my question to follow up would be, so is the deputy minister saying that we've moved to a system now when—whereby, within departments, documentation is being done every single time to make sure that in the case of an untendered contract, there is actually a reconciliation that fair market value needs to be achieved and it is being undertaken to show? There's documentation; there's evidence; there's data. We can go and show that the taxpayer has been well served. That's now in place?

Mr. Hrichishen: So the Procurement Services Branch and Treasury Board Secretariat have reviewed the auditor's recommendations in this regard, and TBS has subsequently implemented a change to the financial overview form which accompanies all Treasury Board submissions made by departments. The financial overview form now includes a requirement for consultation with Procurement Services Branch when the intention is to award a contract without a competitive bidding process, and this is very important. This sets out a control mechanism to ensure departments are consulting with Procurement Services Branch on all contracts that exceed their delegated authority and provides TBS with additional information in evaluating these requests.

The new system of recording contracts within SAP will provide Procurement Services Branch and TBS greater data to determine how departments are using their delegated authorities vis-à-vis direct-award contracts and whether additional steps

up to and including a review of their delegated authority level may be required.

The GMA sets out the financial signing authority for contracts in both the general consulting and professional services categories. Financial approval for untendered contracts of a general services nature is required from Treasury Board when the value of a contract exceeds \$50,000. Financial approval for untendered contracts of a consulting and professional services nature are required from Treasury Board when the value of a contract exceeds \$25,000. These are the value thresholds used to implement this recommendation. The record of procurement section of the PAM has also been updated to provide guidance on the inclusion of information resulting from consultations with Procurement Services Branch, and this is a requirement.

Mr. Chairperson: Mr. Hrichishen, thank you for your response there. It sounds potentially expensive, very time consuming. There's a much simpler process; it's called a tender. Why not just tender those? Much less expensive for the government.

Mr. Hrichishen: So the thrust of these initiatives that have been taken and we will continue to take will be to ensure that tendering does occur more frequently, that the issues raised by the Auditor General's office, in his—in the report are addressed and the frequency of tendering be increased in a much more satisfactory way than was identified by the auditor in that report.

Mr. Chairperson: Mr. Jha, did you have a question?

Mr. Bidhu Jha (Radisson): Well, one, I would say, comment or question to Auditor General is that, coming from a private business background, I'd like to mention one thing about the tendering process and the government's purchasing process. The cost of purchases at times becomes more expensive than the product itself if you follow a very tedious process. So certain decisions need to be made, and I think the—it is our responsibility to guide and not execute certain things that have to be done to get the value at delivery. And that is where I'm not sure whether the—there is more definite details on how to go for tendering process, whether it is worth or not worth and what are the circumstances that allows you to go for tender. As an example, in emergency situations, when you put the slides to say these are the reasons why we cannot now, too difficult to say what is an emergency, what is not an emergency, and that is the value judgment of the decision made.

So I'm questioning whether that kind of thing, when the issue came of internal trade, whether these are defined in that agreement. Are you aware of that? Are these a—totally defined?

Mr. Ricard: In the Agreement on Internal Trade, I do believe the circumstances—they describe circumstances where it would be appropriate to waive competitive—the competitive bid requirement. I don't have the agreement in front of me, but I do believe they do in a very similar fashion to the way the Province in their procurement policy has defined the acceptable circumstances. But perhaps the Procurement Services Branch director could provide us with better information in that regard.

Mr. Hrichishen: We'll undertake to do that and take it as an undertaking and return with the correct information to the committee.

Mr. Chairperson: Thank you.

Mr. Friesen: I understand the question my colleague's asking, but I think when we look at pages 410 and 411 of the Auditor General's report, clearly the Auditor General's concern is not that somehow a full process would be against the taxpayers' interest. Rather, he says that a full and open process is necessary to safeguard the taxpayers' best interest. That's why I think the Auditor General wrote that when the government does not use a competitive process, has an obligation to ensure the interests of the public are properly protected. So I don't share my colleague's concern on that matter, but I thank him for raising it.

* (14:40)

I want to turn our attention, just for a moment, to another one of the policies that guide procurement in the province of Manitoba, this one being The Financial Administration Act. And I would like to ask the deputy minister for Finance just to provide a little bit of information with respect to the FAA, because I believe that The Financial Administration Act is very important for this committee's mandate to examine the financial administration of public assets and spending of public funds.

I would like to know from the deputy minister how important is government 'implicance' with the requirements of The Financial Administration Act when it comes to contracts that are untendered. I see language in here that is troubling to me. I'm wondering, from him, is it important for governments, government practices within departments, to

be consistent with the tenets of The Financial Administration Act?

Mr. Hrichishen: The Financial Administration Act is very important. That is why, most recently, to illustrate our response, on September 28th, the government announced a proactive disclosure of all government contracts on its website, in part addressing the concerns raised by the auditor in terms of disclosure—disclosure and the timeliness of disclosure.

So, effective immediately, Manitoba has 'becun'—begun voluntary proactive disclosure of all government contracts. This will mark a significant improvement over present contract reporting in several ways, including in many ways that address the very important issues raised in the OAG report. The disclosure will be for more than just untendered contracts and will include all types of contracts that are valued at \$10,000 or greater. For the first time, this information will be made available on the government's website, which will be updated in the middle of each month to show contracts entered into the prior month. The information will be searchable by department, by month and by year, and will allow users to sort and print that information. These changes will provide accessible, timely and accurate reports on government contracting that the current reporting regime that was identified in the auditor's report does not. With this change, Manitoba will proactively disclose more information on its contracts than any other province in Canada.

Government is making administrative and legislative changes that include disclosing these contracts on—not just untendered contracts over \$10,000, streamlining contract categories so they are easily understood because there was confusion sometimes identified both within and outside of government, implementing an automated system to produce an online report to be published each and every month and enacting legislative amendments through The Budget Implementation and Tax Statutes Amendment Act, BITSA, to modernize contract reporting requirements.

Mr. Friesen: I thank the deputy minister for that response.

And there are some questions there that I think later on in our deliberations this afternoon I want to go back to specifically with—in respect of the new electronic database and I've had a chance to review it. But I think right now I'm just going to press on with section 80 of The Financial Administration Act.

Section 80 of The Financial Administration Act deals with disclosure requirements of untendered contracts. It states that the Minister of Finance shall, without delay, make the information—this has to do with untendered contracts—available for inspection by the public during normal business hours.

My question for the Deputy Minister of Finance, knowing the Auditor General's work on this chapter, would he state that the government departments have been in compliance with this section 80 of the act, when we know that 1,800 of 2,100 untendered contracts disclosed in the database were not disclosed within one month of the contract signing? How can we say that we are in compliance?

Mr. Hrichishen: So, as I indicated in our opening statement, we have accepted all of the recommendations of the Office of the Auditor General in respect of his—their review of contracts. And that is why we have taken these measures to improve the timeliness and clarity and transparency and reporting. I understand there are certain frustrations around the previous system, and we're pleased that we have made arguably tremendous improvements in that system.

Two weeks ago, I had an individual come to my office and identify that the system to access untendered contracts had gone down and that we were not in compliance, we were not fulfilling our obligations in respect of providing that information. And that's—I think everyone around this table finds that a concern, and this new system will be one where we can improve the transparency and the reporting and the timeliness of the information consistent with The Financial Administration Act.

Mr. Friesen: I am pleased to hear the deputy minister say that they're heading in the right direction. But—and I'm pleased that he actually brings up the issue to say that even more recent indications of the failure of the information to be publicly presented have been brought forward.

He's correct. Our own party has brought to his staff's attention other contracts from the same period of examination, the same period of 2011 to 2012. So, Mr. Chair, it is information that directly pertains to this chapter of the report. But we're talking about millions and millions of dollars of additional untendered contracts that weren't on the database.

* (14:50)

And in this case, we had staff members go to the Finance Minister's office and say, is this contract tendered or untendered? It was reported as an untendered contract, we go to date—we go to the public untendered contract database and it's not there. This should be a huge area of concern to all the members of this committee and to the civil servants who are here today. That was just by diligence and hard work that we were able to uncover millions more dollars of contacts that had not been disclosed.

Now, the deputy minister would have us believe that it's all fixed; it's all good going forward, or at least that they're heading in the right direction, but these are contracts that pertain to Tiger Dams; they contain—they pertain to Lake St. Martin emergency channel. There is a \$10-million contract for St. Martin emergency channel. There is a dredging of Lake St. Martin for \$204 million. These were sole-source contracts that were never publicly disclosed, and only now, in August and September, only when it was brought to the minister's attention by our staff members and my colleagues, only then was the information added to the public record.

The Auditor General set out to say—well, he set out to find out how serious this problem was. I would submit it's very serious and it does not seem to be remedied yet.

Would the deputy minister care to speculate how many other untendered contracts right now from that same period of examination are floating around out there somewhere, or can he assure this committee that there will be no other untendered contracts uncovered by our staff members and brought to his attention and then very, very quickly added to the database? Is that all behind us now?

Mr. Hrichishen: So we're taking measures to ensure that the issues that you have raised are addressed, and when any discrepancies are identified we'll react to correct them immediately.

To give you just a flavour of where we're going, and I'm—thank you for recognizing that there is a tremendous amount of effort going in to solve this problem, Procurement Services Branch is developing specific information to include in the PAM detailing required documentation in cases of untendered contracts. In addition, the recent introduction of the requirement for all contracts greater than \$1,000 be entered into SAP ensures, through the use of mandatory data elements, that this critical

information is captured at the time of contract creation.

Enhancements to SAP include mandatory selections of key data elements such as the sourcing method used, for example, tendered or direct award, emergency, the rationale for selecting this method, and the full history leading up to the decision. These process improvements directly address a number of concerns raised by the OAG and provide critical information for the record of procurement that support the effective review and approval of high-risk procurements.

Mr. Friesen: The deputy minister, early in his response, said as these situations are uncovered they will continue to be added to the database. I would submit, for the purpose of this committee, that that is not a high enough threshold. I have a real concern when we're in a situation in this province where government departments have chosen to not safeguard the public interest, they have not gone the path of tendering contracts. They've gone to untendered contracts, and then they have not fulfilled their duty to publicly disclose those untendered contracts, and with all respect to the deputy minister, for him to somehow sit in this committee and then to say, well, as more are uncovered by our hard-working staff members, they will continue to be added. I would say it's not good enough; that's not a high enough threshold. It's not consistent with those policies that guide procurement.

I'll ask a follow-up question to the deputy minister for Infrastructure. It's much the same. I'm looking at a list here of millions and millions of dollars of untendered contracts for that same period of examination from the AG report, contracts that were untendered but were not disclosed to the public on the computer up in the reading room here on the second floor of the Legislature, contracts that were not put on the now-Internet-based computer system to disclose untendered contracts.

Is the deputy minister for Infrastructure aware of other untendered contracts at this time that have not been added to the public record and so, in other words, would be in breach of The Financial Administration Act that requires them to be?

Mr. Vigfusson: I'm not aware of any that haven't been reported.

Mr. Chairperson: Mr. Wiebe, you had a question?

Mr. Matt Wiebe (Concordia): Just quickly, I just wanted to clarify. So, from what I understand from

the auditor's report, there was an issue where these were actually being keyed into a database by a—presumably, a person or persons and that there potentially were errors in transferring that data over, which I can certainly imagine. I can't even fathom that that was actually something that was being undertaken. Obviously, that was, I guess, the limitations of the system as it stood.

With the current system, with the SAP system being used across, all special operating, everybody's using the same system, and then that is being automatically updated into the database, can you give us a sense of why there would be any issues between the data that's in the SAP and what's available on the website?

Mr. Hrichishen: The new system sets in place processes and protocols to ensure that errors don't occur. As an example, one of the instances raised in the Auditor General's report was one where simply—and I suspect there are many of these—where it was just simply a keyboard error where someone entered the data incorrectly.

So we want to ensure with the new system that when those issues occur that they're identified and corrected immediately. I mean, we all—it's my opinion, with the right processes, protocols and procedures in place, human error, when it occurs, will be identified. This is a new system and we have the entire government moving to this new system, and we want to ensure that as we go forward, when those problems—if those problems are identified, we correct them, we take action, and on a go-forward basis we reach the level of resiliency to this system where when those human errors occur, they're identified and corrected.

I will add that the Province is implementing measures to further strengthen the way—further strengthen the way—government procures goods and services on behalf of Manitobans. These include the following, and these are very important; these are not just footnotes to our efforts.

These include a draft governing-principles-of-procurement document which will be finalized and released. This is a practice adopted by the BC government, and we have gone out and we've looked at—tried to find best practices from other provinces trying to adopt some of those.

* (15:00)

A new training module for staff will be released to educate or—and/or refresh on procurement

responsibilities and practices, insofar as simply raising the consciousness, ensuring people are reminded of their responsibilities. Perfection is not a thing of this world, but if we can raise this information and ensure that people are—within government—no one tries to—harder than civil servants, I think, to make sure that everything is done according to the proper procedures, but where human error does occur, we want to ensure that they're corrected. We want to ensure that, going in, that people are aware and reminded of procurement responsibilities and practices.

Procurement Services Branch is doing a full-scale review of the Procurement Administration Manual, which is a very large document—it's a 600-page manual—to ensure that it is more clear, concise, accessible and facilitates the type of reporting that we're discussing today as our objective, our common objective.

And the legislation is also under review, and a new reporting threshold will be established through regulation in the near future.

Mr. Friesen: The deputy minister for Infrastructure stated that there are no other untendered contracts of which he is aware that are currently not being disclosed on that public system.

I want to direct his attention to page 420 of the Auditor General report under the chapter Waiving of competitive bids, and direct his attention specifically to an MIT contract, one contract in the amount of \$7,876,987. This contract is stated as one single contract. It is untendered, and yet, as of today, it is not in the untendered contract database. Our staffers have done the checking to see. This contract has not been added to the untendered contract database. Can the deputy minister please provide a rationale for that?

Mr. Vigfusson: That one contract is—it's actually one document that contains contracts for a number of winter road contracts, somewhere around 15 or 16. So, individually, they may be reported, and I can certainly follow up on that.

Mr. Friesen: I do not believe that the deputy minister is correct when he states that the reason we couldn't find that number is that they would've been individually reported. The Auditor General's report makes clear they were looking at sample items, and this sample item was comprised of 16 separate contracts but it was reported as one contract in the untendered contracts database. And so, somehow,

this number is the number we were searching. It's not coming out. Now, this is the same methodology we've used to find other untendered contracts that were not previously publicly reported. We simply found the dollar amount and we searched. We've got a—we got an opinion from the Finance Minister's office to indicate whether the contract was tendered or untendered, and if untendered, it should be searchable to the dollar amount. And, when that search was undertaken, no information was found.

So can the deputy minister provide an explanation? Not 16 separate contracts, it was issued as one contract untendered. Why is it not in the database?

Mr. Vigfusson: I'll have to take that under advisement and report back.

Mr. Friesen: See, I find this troubling because the deputy minister just moments ago said there were no other instances he knew of whereby an untendered contract would not now have been publicly disclosed, and yet, just weeks ago, our own staff members found millions and millions of dollars in contracts from the same period of inquiry as the Auditor General's office. And even today when we provide evidence of another one, then the deputy minister backtracks and says he will look into it. I thank him for his commitment to look into it.

My concern as a committee member: How many more of these contracts are out there now that we, simply as committee members, do not know about because they're somehow in this no man's land where they are designated as untendered but they've not been publicly disclosed?

This is why the Auditor General said there was a problem with a number of contracts that were not being disclosed, and with the delay in disclosing them, all of which go against The Financial Administration Act requirements for the deputy minister to, without delay—the Finance Minister shall, without delay, make the information available for inspection.

I want to ask the deputy minister for Finance a question related from page 419 of the Auditor General's report on waiving the competitive bids. In the same way as that one contract for \$7 million was not disclosed, does the deputy minister for Finance have information as to why a \$400,000 contract under Conservation would not be disclosed in the untendered contract database as of today? That contract was not appearing.

Now, I realize that this is not—that you are not the deputy minister for Conservation, but we know that according to The Financial Administration Act, the deputy minister conveys this information to the Finance Minister's office. The Finance Minister has a responsibility to publicly disclose. So I believe that the deputy minister should be in a position where he can indicate to this committee why is that contract not disclosed.

Mr. Hrichishen: In response to the recommendations outlined in the Office of the Auditor General's report, we recognize the need to obtain more comprehensive information to facilitate the review and assessment of the practices outlined in—by the OAG in his recommendations. We've instituted a requirement that all contracts with a value greater than \$1,000 be recorded in SAP. So, with this new process, departments are required to provide a rationale for the type of procurement process they have chosen. This information is now becoming available to Procurement Services Branch through standard reporting and provides the basis to determine what, if any, amendments are required in the PAM and whether or not further guidance to departments on improving procurement practices are required, which is ultimately our goal here. So, with the new system of entering this information into SAP, barring human error, this information would be made available in the manner that we've specified going forward.

Mr. Chairperson: So, just to clarify for me, SAP is the system that we use for all of our financial accounting. There are contracts that have been issued and untendered, not disclosed, but they still have to be paid. Would those not then show up in this database that is searching the SAP database?

*(15:10)

Mr. Hrichishen: So I'm advised that previously, the contract information was entered but that information—the fields did not expressly identify them as untendered, tendered, emergency. With the new system, these will automatically be reported and identified as one of the few categories that we've now identified as being helpful or transparent to allow individuals, the population generally, to observe this information and understand the nature of the choice as to the selection by which that contract was awarded.

Mr. Chairperson: So the online database sends a query to SAP, but it only asks for those four bases as a search point. Can you not amend that query so that

it then includes all contracts and puts them in another category that does not fall in those four, but they are untendered contracts? The information is there; it just needs to be disclosed.

Mr. Hrichishen: So I apologize if I was incomplete in my last answer. The disclosure information that we will provide or that is being provided under the new system will include the name of the vendor; the date of the purchase order or release in SAP; the purpose of the contract; the value of the contract; the category of the contract including tendered, sole source, emergency, direct award and continuing service agreement as well as the contract number; the rationale for the contract and, where applicable, whether it's a contract amendment. So that is the information that will be provided with the new database.

Mr. Friesen: I just want to take this opportunity to put on the record this afternoon two other contracts from page 419 of this chapter on waiving of competitive bids. There is a contract under licence renewals pertaining to Justice. It's a contract—one contract for the amount of \$241,000. I want to notify the deputy ministers and the members of this committee that that contract is not on the untendered contract database.

Also, I would draw your attention to the Innovation, Energy and Mines contract for \$50,000 under the category favoured by department. I understand \$50,000 can be a difficult sum to look for because it's a round amount rather than a very specific one, but this IEM \$50,000 contract is not also coming up on the untendered contract database.

What I'm driving at is that this does not seem to be remedied. We do not seem to have a system in place that is safeguarding the interest of taxpayers, that is ensuring value for money, that is ensuring transparency in our procurement practices. This is why the Auditor General had written in the chapter that governments have to ensure that they get good value for tax dollars.

When it comes to untendered contracts, there are rules. The rules require disclosure. Disclosure has not been made. It seems, in this committee, that we're being told that everything is now on the right track, but we still—these are actual contracts that were identified by the Auditor General. These are contracts that the Auditor General's office actually looked into. Even after all of that disclosure and analysis and all of the conversation that would've been back and forth between the AG office and these

departments, still these departments have not availed themselves of the opportunity to publicly disclose these contracts. That troubles me. I invite the deputy minister's comment with respect to these. It seems to me that there is a lot more that needs to be uncovered with respect to untendered contracts that never made it to public disclosure. Does the deputy minister agree?

Mr. Hrichishen: I agree with all 25 recommendations of the auditor, and this is a very-serious for us. We want to ensure that all the recommendations, the objectives that are outlined by the auditor in that report are achieved. In the instances I cannot speak to the specifics of these contracts, but, again, I'll just reiterate. The controls that we are now bringing into place were not in place at that time, and the controls, the processes, the procedures, the education necessary to deliver these results are in place or are being put in place or a plan is being put in place to deliver them as expeditiously as possible to ensure that the auditor's recommendations are met in a manner that would satisfy the auditor and a manner that would, in fact, deliver on those recommendations.

Mr. Friesen: And I understand what the deputy minister is saying about, you know, changes being put into place. They want to send a message that the system is fine now. I—a lot of the Auditor General's, you know, contents of this chapter, they uncover the problem. Of course, the Auditor General doesn't get into the issue of deliberate or inadvertent, but I feel like we're skirting around a question that needs to be asked, and I ask a question of the deputy minister for Infrastructure. I'm going to ask if the deputy minister has ever received direction from the minister or any other person, including political staff members, to exclude or misrepresent untendered contracts from the untendered contract database.

Mr. Vigfusson: No.

Mr. Friesen: I'll ask the same question of the deputy minister for Finance. Was there any direction ever given to the deputy minister by the minister or any other staffer, including political staff, to exclude or misrepresent untendered contracts from the untendered contract database?

Mr. Hrichishen: Absolutely not.

Mr. Chairperson: So I'll follow up on that one; back to my question a little bit. So you are now in this—in the database flagging contracts for five criteria. If one wanted to avoid disclosure of a

contract, how would one do so? Not flag it as one of those five? Is that possible?

Mr. Hrichishen: I'm advised that the new system is a drop-down menu and you must identify one of those rationales.

Mr. Chairperson: All right. So then the difficulty seems to lie in the existing contracts that have not been flagged as such, is that correct?

Mr. Hrichishen: I think that's fair to say, yes.

Mr. Chairperson: Okay.

Mr. Kelvin Goertzen (Steinbach): To the Deputy Minister of Finance, earlier in your testimony you said that no one tries harder than the civil service to make sure that things are done right. And that struck me when you said that, and I accept that and I appreciate you putting that on the record.

* (15:20)

There's a lot of improprieties, things that were done wrong that are—have been disclosed by the Auditor General in this report: lack of disclosure, contracts not being approved by the right authority given their dollar value. Was none of this aware—were you not aware of any of this or members of your department not aware of any of this before the report of the Auditor General?

Mr. Hrichishen: To clarify, do you mean me personally, as I was not in this position, or—I just want to be careful to answer correctly here.

Mr. Goertzen: Well, I'll take the answer as best that you have it. High-level members of your department, members within the deputy's office, I just find it, you know—when you said that members of the civil service do everything they can to get it right, and I think that's a good statement and I think that's a true statement, I just find it hard to believe, given that statement and the professional civil service that we have, that there's no one at the right level, at the high level within the department, who knew that there were problems, knew that there were problems with disclosures, knew that there were problems with how things got entered or didn't get entered into that lone, lonely computer in the Legislative Library, knew that proper authority wasn't being given on these untendered contracts.

Mr. Hrichishen: That is an excellent question. Having not been here in this capacity—I've worked for the department since 1992 but not—certainly only in the capacity—or this capacity over the last couple

of years—I'll say that with the establishment of the proper processes, protocols, procedures and education and communication, people will do the right thing, and that is what we are endeavouring to do now.

So I can surmise from where I sit and based on my conversations with my colleagues who are much more knowledgeable on the subject than I that it was not a question of intention, that people intentionally made errors, it was because they did not understand or sometimes it was not communicated effectively what the proper procedures were. And that is something that at this time we're trying to correct through many, many initiatives, including a strategy involving updating, revising the Procurement Administration Manual, the introduction on September 28th of the reporting mechanism and so on.

Mr. Goertzen: And I don't want to speak to motive of individuals and why they may have done things or didn't do things. I want to speak to—about knowledge. And the rules, while they might not have been well done or obviously they're going to be improved now, but it's not that they were unclear. How things had to be approved at a certain dollar value, how things had to be disclosed were easy for people to understand. They're easy to understand now, even if they're not great rules.

It seems to me that you're telling me but maybe not wanting to say it so clearly is that there was knowledge within the department that the rules weren't being followed even if they weren't being followed for some sort of a bad motive. Is that correct? *[interjection]*

Mr. Chairperson: Mr. Hrichishen.

Mr. Hrichishen: Yes, sorry, no, that's not correct. I—again, I want to answer your question, but with my actual lack of experience in this area and the fact that I'm somewhat new to my position, I can't speak to the circumstances at the time the auditor performed his evaluation.

Mr. Goertzen: So do you think it's likely that over the last several years prior to the Auditor General's examination that nobody knew that somehow these contracts were being issued and not being done with the proper procedure and the—everybody was just oblivious to it in the department? Is that a likely scenario?

Mr. Hrichishen: So, at the time the auditor's staff conducted their evaluation, the responsibility for this

reporting was to centralize to departments. There're a number of issues; I won't get into them. They were identified—many of them were identified in the report by the auditor, factors which contributed to the concerns raised by the auditor. These included issues like inconsistencies between the GMA and The Financial Administration Act where individuals may assume they are doing the right thing, but they're following guidelines or direction that is based on one document when, in fact, it should have been on the other. There were interpretation issues and so on. So I think these are the types of factors and, again, the auditor identified many of these in the report where there were breakdowns in the reporting. We accept the Auditor General's report and we want to ensure that these are corrected, that we go forward and build the best system we possibly can, to put it plainly.

Mr. Goertzen: To the deputy for MIT, were you aware prior to the Auditor General's report of these deficiencies, either generally or specifically, that were raised by the Auditor General in terms of a lack of transparency and the—not being reported properly and not getting the proper sign off based on the value of the untendered contracts?

Mr. Vigfusson: Well, I've been deputy for the last six months, so in that time, no. At the time of the report I was an ADM and actually looking after where a lot of these contracts came from. We've got a lot of contracting processes in place inside of MIT. A lot of these ones that happened were right in the middle of the 2011 flood. For example, some of them were—it's a simple misunderstanding with our staff in terms of reporting or not. I give you an example.

Mr. Goertzen: So, as the ADM at the time, were you aware of some of the concerns and that procedures and the rules were not being followed when it comes to the contracts?

Mr. Vigfusson: No, I wasn't.

Mr. Goertzen: Are you aware of anybody else in the department has—who had raised concerns at the time, or is it that your testimony that nobody knew that all of these systemic problems were happening within government?

Mr. Vigfusson: I wasn't aware, no.

Hon. Jon Gerrard (River Heights): Let me start out with a question or two to the Auditor General. This audit was done over an 18-month period. What, precisely, was the 18-month period?

Mr. Ricard: We looked at the—our audit examined untendered contracts issued between April 1st, 2011, and September 30th, 2012.

* (15:30)

Mr. Gerrard: In the period that you looked at, there were 2,133 untendered contracts. What was the total number of contracts that were awarded during that period? Do you have that information?

Mr. Ricard: I had trouble hearing the member, but if the question was, do we know the total number of contracts that were issued in that period, no, we do not.

Mr. Gerrard: Let me ask the Deputy Minister of Finance, do you know the approximate, I don't need a precise number, but the approximate number of contracts that would've been awarded between April 1st, 2011, and September 30th, 2012?

Mr. Hrichishen: I—we would not know.

Mr. Gerrard: Do you have any idea, for example, in a year, approximately how many contracts are awarded?

Mr. Chairperson: Mr. Hrichishen, is this a number that you can get as a follow-up to this committee?

Mr. Hrichishen: We can endeavour to get that and we will get that for you.

Mr. Chairperson: Thank you.

Mr. Gerrard: The Auditor General has indicated that there was at least \$274 million in untendered contracts during this 18-month period. The problem is that there were clearly many contracts which weren't disclosed which were not necessarily on the database. So it's very difficult for me to even guess what the total was.

You know, do you know whether the total was 300 million or 400 million or 500 million or 1 billion or 2 billion? I mean, do we have any idea what the number could be?

Mr. Hrichishen: We will endeavour to provide that information to you. And where we are not entirely confident that that information is precise, we will provide an explanation to you for that.

Mr. Gerrard: Thank you. I mean, we have the Auditor General's report, page 426: 87 per cent of the 'uncontered' contracts were not disclosed. Page 427: 11 of 23 under-untendered contracts were not disclosed. It would appear that there may be quite a large number of contracts which were not

disclosed, and that that number which we're given of \$274 million, the amount of the contracts which were untendered, could actually be quite a bit higher than that \$274 million. So I look forward to getting that information from you.

On page 409, it's mentioned that there were eight contracts that there was no Treasury Board approval. And although, you know, a couple of those may have been emergency contracts, you know, I presume that when you've got a flood and you're moving fairly quickly, that Treasury Board might be meeting fairly frequently in order to look at, you know, approval of untendered contracts of, you know, the appropriate amount. I'm puzzled that there were so many contracts which should have gone through Treasury Board but which didn't. Can you provide an explanation?

Mr. Hrichishen: I'm advised at the time that in the context of quickly changing circumstances and the emergency around the flood, a great amount of due diligence was brought to bear. However, the OAG report has identified a number of improvements that could be undertaken in respect of emergencies. I note, in that vein, that the Auditor General's report has recommended that Treasury Board Secretariat develop guidelines for delegating purchasing authorities for untendered contracts and related extension—extensions, rather—during emergency events, in particular at the purchasing authorities for Treasury Board, ministers and deputy ministers, and that TBS require comprehensive reporting after an emergency event on how the delegated authority was used.

So the response to that by us is a work in progress. The delegated authorities for contracting during emergency events, as you've indicated, these are—we're providing—pardon me, contracting during emergency events and providing reporting after these events are already in place and continue to be adjusted by Treasury Board through decision minutes and—as circumstances warrant. Furthermore, work continues in consultations with the affected departments on refining the appropriateness of the level of delegated authorities and clarifying the manner in which an event is deemed to be an emergency. Draft guidelines which further outline specific departments' purchasing authorities during emergency events and how those authorities may be activated are also being examined.

So this is a work in progress and, certainly, we've been attentive to the issues raised in the

Auditor General's report in respect of their recommendations for Treasury Board Secretariat.

Mr. Gerrard: I note that, at one point—I think it's page 423—there's a reference to 17 of 19 amendments to contracts which didn't have the required approvals, and that seems—I mean, it's my understanding that such amendments might be to an—extend a contract for a year or several years and they could be, indeed, quite substantial amendments in some cases.

Why would there be such a high number of amendments which had not got the usual approval?

* (15:40)

Mr. Hrichishen: So I can't speak to the details of these. We—I think in line with the issues raised by the Office of the Auditor General, we will be including in the explanation of contracts when there is an extension to a current arrangement. We'll be flagging those, asterisking those in the reporting mechanism.

Mr. Chairperson: Mr. Vigfusson, you have a response as well?

Mr. Vigfusson: Yes, I do. Actually, on page 424, about the middle of the page, it actually provides an explanation right in the report. The MIT emergency contracts were for 19 amendments. Amendments to the untendered contracts should follow the same approval limits. As such, 17 required Treasury Board approval; however, 15 were approved by the deputy at the time, two were approved by the executive director of water control and structures, and the other two were done correctly. So I think that answers that question.

I think it was just a matter of—I recall that period of time. I was an ADM at the time, and, obviously, with the flood going on, we were trying to respond to protecting life, health and the public, and it looks like some of these things were—just didn't get to Treasury Board in time.

Mr. Gerrard: Earlier on, there was a recognition that there were some matters which needed to be reported to the secretariat for the Agreement on Internal Trade. Have those matters been reported to the Agreement on Internal Trade secretariat?

Mr. Hrichishen: Yes, the reports are provided on an annual basis by Manitoba and other provinces. Certainly, Manitoba has fulfilled its obligation there.

Mr. Gerrard: Now, how many of the 25 recommendations are, as of today, fully implemented?

Mr. Hrichishen: The correct answer is eight or nine are implemented and the remainder of the 25 are in progress. I can—if you'd like, I certainly can identify those as a checklist and the 25 either at this time or return to you as appropriate.

Mr. Chairperson: Perhaps, since you're not quite sure of which ones, you can add that to your response to the committee.

Mr. Goertzen: I guess my question is to the Minister of Finance, and perhaps he can respond. You know what, we've heard from both the deputies that it's their testimony that they in their departments—I know there's timing issues in terms of when people have been there—weren't aware of the multitude of problems with untendered contracts, not one contract or not one problem but many contracts and many problems.

Are you aware—was—have you or your predecessor, would you not regularly as a minister ask that question to your deputy to ensure that the contract process is being done properly and appropriately? One would think that, I mean, as testimony's been given, this is a key thing within government; it's one of the most important things in terms of how contracts are awarded. Is this not a regular thing you would raise with your top official in your department, the deputy minister, to ensure that the issuing of contracts is being done legally in terms of the rules of the Province?

Hon. Greg Dewar (Minister of Finance): As the member would know, the Procurement Services Branch was recently moved from MIT to Finance. But, of course, we would assume that our staff is doing what they need to do. That is why, as my deputy has mentioned, that we have made some changes to the accounting process to make sure that now all contracts over \$10,000 are reported, that there is now an online registry so that access is available for all Manitobans instead of coming down to the Legislative Library to check.

So we are taking action and—but, of course, as the, you know, as the member would state, this is relatively new to our department, this particular branch, but one would assume and we would expect that our staff is doing the job that they are assigned to do.

Mr. Goertzen: Well, the staff has already indicated, and I use your term, the deputy minister's indicated they didn't know that there were problems, and ultimately the buck doesn't stop with the deputy

minister; the buck stops with the minister. That's what minister accountability is, and so I can understand how there's a desire to try to punt this down to the staff.

I asked the deputy earlier on if he was aware if he or others in his department knew of these systemic problems. He indicated somehow that nobody was aware. But that didn't follow to the minister to ensure that that's being asked. I believe you've been on Treasury Board, you understand how these things work. Are you—was that never raised at Treasury Board? Has that never been raised in the minister's office, yourself, your predecessors? You know, where it was—happened there is nobody ever said. Can you assure us if these contracts are being issued properly? There's hundreds of contracts that are issued from your individual departments; that question's never been asked at Treasury Board or within the departments prior to the Auditor General coming forward with a scathing report?

Mr. Dewar: Well, as the member noted and has been stated here by the officials within the department, is that we noted there were some additional work that was necessary to be done. The auditor identified that, and we're moving forward.

Mr. Goertzen: Mr. Dewar, did you ever know prior to the Auditor General's report that these contracts or the contracts generally within the province weren't being issued properly when they were untendered, that they weren't being disclosed and they weren't following the proper guidelines for approval? Did you—were you ever aware of that?

Mr. Dewar: No.

Mr. Goertzen: Minister Ashton—Mr. Ashton, your department has said that they were not aware of the systemic problems within—that have been revealed by the Auditor General. So I'll ask you: Were you ever aware of the problems that the contracts were not being properly disclosed, the contracts were not being properly authorized and, as such, they were not being properly issued?

Hon. Steve Ashton (Minister of Infrastructure and Transportation): Well, certainly, I read the report. I think it was identified in the report, which goes back to the spring of 2014, and, certainly, since that time, since it was clearly identified there were reporting issues our department has co-operated fully. And I note that, you know, with—as a government we've adopted all 25 recommendations and we're currently now in a position, actually, in

terms of disclosure, of moving beyond the Auditor General's recommendations. So, certainly, I became aware. I've read this report not just in preparation for this meeting, but was certainly aware of that, and I think the response speaks for itself.

Mr. Goertzen: You've been a minister for a long time, Mr. Ashton. Were you not aware of the procurement rules prior to this report being issued?

* (15:50)

Mr. Ashton: Well, I'd point out that the procurement rules that the member's referring to have gone through a number of revisions. I go back to the—what's identified in the Auditor General's report in terms of the PAM, the specific guidelines, and I think the member's actually not focusing on the key issue, which was the reporting end.

I point out that, as the deputy minister pointed out before, in reference to a number of the contracts, there are numerous circumstances where you obviously go straight to a tender. I think 76 per cent, I think, across government are tendered contracts.

There are exceptions in other circumstances. The vast majority of those circumstances, certainly within my department, were either to do with emergency situations or the special case of winter roads. The deputy mentioned the 16 contracts that are issued—I should qualify that some of those contracts now are through the East Side Road Authority, but prior to the conversion of those contracts being administered by the East Side Road Authority, the bottom line was we did have specific arrangements with the First Nations communities and northern affairs communities that actually reflect that it made sense to have them on a negotiated basis, historically, to provide that service without going to tender. So there are numerous exceptions that are built in.

In fact, even in the 2011 PAM reports, I think the key thing the Auditor General identified though is something we have responded to across government, which is the degree to which that wasn't reflected in the reporting, and not only that, the degree to which the reporting itself really was based on a rather archaic approach to looking at—I'd point out, by the way, it's a bit of an equivalent to this, I have a copy here that says web version; actually, my understanding is that the auditor—I checked the website just recently—that we still require the written version of the Auditor General's report to be the version that one quotes, not the web version.

And essentially what we've—what we had prior to the new system was essentially a form of disclosure that goes back to perhaps one notch above when you would put everything in a written basis in the Legislative Library. And I have a lot of respect for the Legislative Library, but I think it's sort of the Commodore 64 version of viewing technology. And I think that the fact we as a government now have moved ahead to a modern platform to deal with it, I think, is really reflecting the intent of the Auditor General's report.

So, certainly, I became aware, we all became aware, of some of the discrepancies and I think the key issue here is the degree to which we have responded accordingly with a system that really is a 2015 system in terms of disclosing this kind of information and actually puts us on par or ahead of every other jurisdiction in Canada.

Mr. Goertzen: After your detailed answer and the history of how procurement has changed in the province, I think you demonstrate that you know very well the system.

As a senior minister, a long-time minister in the government responsible for this department and others for a very long time, how could you not have known that these systemic problems existed?

Mr. Ashton: Well, I think, as we've indicated, we've been aware of this, certainly identified through the Auditor General's report, and we responded accordingly. We've agreed to 25 out of 25 recommendations.

And I do want to stress again that the real recommendations here that are very clear, I think, from the Auditor General's report, was the degree to which there were systemic problems in terms of reporting, systemic both in terms of technology, systemic in terms of reporting under the previous requirements. I think that's clearly established.

I would point out, and I want to, in defence of our department, point out that the period of time we're dealing with, and if you go back over the last number of years, we've dealt with three major floods. And I do want to say, by the way, that, in many of those flood situations, we had to respond in real time.

We—there was reference earlier to the Lake St. Martin outlet. There never was an outlet. We built an emergency outlet in a record period of time. And we did have to rely on recommendations from the department in terms of how we would organize the contracts.

And I'd point out, by the way, when one does go to tender, even a routine tender can take upwards of 40 days-plus to process. That's because of the requirement that it goes through the MERX system. There's a time period, too, internally, where you have to put the specifications in place. So in much of this period we were in emergency situations and, if there was any lapse in terms of reporting, certainly, that's been identified by the Auditor General. We've accepted the report both in terms of its findings and its recommendations, and we're moving forward.

We recognize, obviously, this was an important recommendation and, certainly, I want to put on the record that I look forward to as minister—and I'm sure I speak for all my colleagues in government—to the fall-final report from the Auditor General's office because I do think that our response indicates that not only can we and will we make decisions required in situations such as fighting floods, but what we will do is we will comply with some very good recommendations that were put forward.

In fact, I think in the spirit of that we've gone far beyond that, and I want to stress that the new system will be one of the best systems in Canada for people, including Conservative researchers to be able to track down that information.

Mr. Chairperson: I just want to caution the members and the witnesses that—so as not to personalize the questions or responses, to address the questions and responses through the Chair.

But to bring it back a 'bis' more to the report, Mr. Hrichishen, to go back to when we were talking about the changes to the database and the queries where there is only one way that these responses can be flagged, obviously, the data that is in there prior to the new entries is not flagged, and how will that be reported in the database so as to be transparent and apparent?

Mr. Hrichishen: The information that was gathered under the old system was problematic, prone to error. It was deficient in many ways. The new system which we're adopting and will proceed with on a go-forward basis will, we believe, eliminate a huge amount of the risk around such reporting errors.

Mr. Chairperson: So will the old information be available on the new reporting system in some format? Will we be able to search for contact—contracts prior to this new reporting system—prior to the start of it other than the stand-alone computer in the library that may or may not always work?

Mr. Hrichishen: The information that is on the old system will not be updated. The new information will be provided on a go-forward basis.

Mr. Chairperson: So, just to be clear then, untendered contracts that have not been disclosed will not be made public prior to September what, 2015?

Mr. Hrichishen: So we'll continue to report the existing untendered contract information with the \$1,000-threshold until the existing legislation is changed. So we'll keep to the existing legislation in that reporting.

Mr. Chairperson: So, if I were looking—and that will be as of what date, Mr. Hrichishen?

*(16:00)

Mr. Hrichishen: So that change is reflected in the current BITSA, budget implementation, tax statutes amendment act.

Mr. Chairperson: Okay. So the date, then, is yet to be determined, as it has not been brought forward or passed, or it's been brought forward but not passed.

Mr. Hrichishen: I'm sorry, that's correct.

Mr. Chairperson: So, if I were looking for information that is untendered, not disclosed, where will I find that information and how?

Mr. Hrichishen: Can I ask you, do you mean not disclosed on the—

Mr. Chairperson: Well, Mr. Hrichishen, we have contracts that are untendered. They are not disclosed on the public database, and we bring those contracts to the attention, when we find them, to the Finance Department, and then they appear on the database because they are now apparently disclosed. However, we assume there are other contracts out there that are—continue to be undisclosed.

How will that information be made available to the public so that we do not have to go through this rigorous, time-consuming process of discovering these undisclosed contracts? The public deserves to know.

Mr. Hrichishen: When an untendered contract that is not reported is identified to us, we will endeavour to get as much information as possible and report it.

Mr. Chairperson: Okay. So this SAP has been the system that the government has used for a number of years. That has not changed. Is that correct?

Mr. Hrichishen: That is correct.

Mr. Chairperson: So the new database just is a different way of searching for new flags in SAP, so the old information still exists there and someone surely can write a query to go and list all government contracts between a certain period of time.

Mr. Hrichishen: I'm advised that previously these payments were recorded in SAP, but they were not identified as untendered contracts. So, therefore, searching historically for untendered contracts when they're not identified as untendered contracts is not possible.

Mr. Friesen: I appreciate what the deputy minister is saying about the difficulty of getting to this.

I'm going to pose a question to the Finance Minister. I'm looking at page 427 of the Auditor General report. This is the part of the report in which the Auditor General and the principal for this examination devised a test to see if untendered contracts were being disclosed—were not being disclosed for reasons other than timing. It's much the same methodology that we have used to go in and see, to get a sense of how many untendered contracts may never have made it to the public record.

My question for the Finance Minister is—because there are political considerations to this, the minister is now aware—the minister is aware through these proceedings and through the Auditor General's report that there are outstanding untendered contracts that have never been properly publicly reported, which is required by The Financial Administration Act—governs his behaviours as the Finance Minister. So what actions can the Finance Minister point to today that he has undertaken as the Minister of Finance to go in and actually uncover and use the same methodology that's been pointed to here: run numbers, check to see if they've been tendered; if not, find the ones that aren't reported, they don't appear in the database. Is that initiative ongoing in his department? Is he leading that? Is there a task force? Is there a group? Is there someone who has been seconded to do this work?

Mr. Dewar: We have focused our time and effort on what the auditor put forward in their report. As the—stated by the officials, and it's well confirmed by Minister Ashton that the government, we support their recommendations and we are moving forward on their recommendations. As you know, 80 per cent of all the contracts that the government issues are

tendered. Within that there's 60 that for whatever reason are not.

We know those reasons. We're focusing on, as we said, establishing new guidelines. That's probably one of the—we're going beyond what the auditor has recommended. We are now having disclosures over 10,000. All contracts will be available online, which is much better than the current system. So we agree that the—that there was some shortcomings, and that is why we're focusing on that now to make the system more transparent and, as I said, we'll have one of the most transparent systems in the nation.

Mr. Chairperson: Just going back to the deputy minister on undisclosed contracts. Section 80 of The Financial Administration Act deals with disclosure of those untendered contracts, and states the Minister of Finance shall without delay make the information available for inspection by the public during normal business hours.

*(16:10)

So are you now telling me that we cannot comply with The Financial Administration Act because we cannot disclose those untendered contacts? We can't find them? We can't disclose them to the public?

Mr. Hrichishen: The previous system was a manual system which was prone to error. Whenever there are deficiencies identified, specific deficiencies, departments, and I think the government generally, will go back and discover where the errors were made and correct them and get the information up.

The new system is based on SAP reporting, and that information will, in fact, provide a much, much higher level of assurance, barring some type of human error or something. I can't emphasize enough what an advance the new system is under—relative to the old system, that will provide the information that was expected to—we are expected to provide.

Mr. Chairperson: So the new system won't be available until BITSA is passed. This report by then will be two years old. That is not exactly without delay.

Mr. Hrichishen: I'm sorry, but I might have misled you. The new system is available now for contracts up to \$10,000—or \$10,000 and over. The old system continues in place until such time as BITSA is passed. So it is a dual—there are two systems in place now. I'm sorry if I misled you.

Mr. Chairperson: Now, that's fine. But the old system does not flag all of the undisclosed contracts, because they continue to be undisclosed.

Mr. Hrichishen: Because the old system was a manual system and from time to time gave incorrect or misleading or erroneous results as identified by the Auditor General, because it was a manual system, there's no guarantee we could not pull a report from SAP that was essentially the comprehensive system that we now have put in place.

Mr. Chairperson: Thank you for that response. So, to my mind, you have clarified that we are not in compliance—the government is not in compliance with The Financial Administration Act.

Mr. Hrichishen: We report information that—departments report information that meets the requirements of The Financial Administration Act. In the past, the Office of the Auditor General has identified instances where that was not occurring. Treasury Board Secretariat has worked hard including several communications to ensure that executive financial officers and other financial professionals within the departments are meeting the obligations.

Mr. Friesen: I want to ask, again, the Finance Minister the question I asked previously because he did not answer it. I understand he's saying that the department is moving forward, and we are pleased to hear that the department is moving forward to create a better system, and this Public Accounts Committee will be—will continue to test the results of that system as it operates and functions, hopefully, for the benefit of taxpayers in ensuring accountability and transparency.

My question for the Finance Minister went to what do we do now? Now, the Finance Minister was made away—made aware through the Auditor General's report of the fact that untendered contracts issued during an 18-month audit period totalled at least \$274 million. But the minister is now also in possession of the fact that our own efforts as an opposition party and our researchers have uncovered and brought to the Finance Minister's attention another \$50 million, \$50 million—10 separate contracts that were untendered, but never disclosed other—either in the computer upstairs or on the online system. So the minister now knows that the total number of untendered contracts during that same audit period is not \$274 million. He knows right now it's more like \$425 million.

Does the minister share my concern that that number may be actually much higher?

And then the second question is this: What is he doing to uncover the actual value of those contracts and report them here?

Mr. Dewar: We have asked our departments to go back and to report contracts if they've missed them. But, again, what we are doing now is we are focusing on having one of the most transparent systems in Canada. The—as we've mentioned in the deliberations this afternoon, that we now have a system where \$10,000 or more—all contracts will be reported and you're able to get that information online and as opposed to the old antiquated system that exists and continues to exist, but we're making sure that we take every recommendation that the auditor put forward and we agree with those and we're working to implement them.

Mr. Friesen: Mr. Chair, I thank the minister for that response. This is new information. The Chair—or the minister has now indicated that he has actually requested of departments to go back and check their records and then to disclose if there were previously unreported untendered contracts. That's a good step; that's the question I asked him before.

So now my follow-up question would be: What form will that disclosure take if departments uncover previously undisclosed untendered contracts? *[interjection]* To the Minister of Finance.

* (16:20)

Mr. Dewar: The information will be provided online as it's provided to the—from the various departments, and I believe the deputy answered this question prior to the one posed to me.

Mr. Friesen: My question for the Deputy Minister of Finance would be, then, further to the Finance Minister's statement that this work will be undertaken, and departments are being instructed to check and see, would there be a way for that information to be—for parties to be alerted to the fact that new information has been added?

I think in the past what we've found is, if we compare versions of the public system for reporting untendered contracts, we would all of a sudden see new information has been added. Will there be a way for us to compare, perhaps, with a date stamp to see when information has been added?

Mr. Hrichishen: The current system as it's presently constituted will not allow for that information to be

made available. However, given the question or the challenge, we will take that under advisement and determine—return to you with our thoughts on a potential plan to provide that information.

Mr. Friesen: Through you to the Deputy Minister of Finance, could the deputy minister please indicate when he might be able to get back to us with that? I appreciate the gesture and I think it would be important. What kind of time period would he see to be able to report back and give us an update on that?

Mr. Hrichishen: That information we believe could be made available within a month. The plan for which to make that information available could be available within a month.

Mr. Gerrard: My question is to the Minister of Infrastructure.

The minister mentioned a few minutes ago that the Lake St. Martin channel was constructed with—on a timeline that didn't allow for tender. And so my question is: Were all the contracts that were let for the construction of the Lake St. Martin channel, were they done without tendering?

Mr. Ashton: Yes, and in fact, the deputy minister referenced this earlier. I was going to suggest perhaps if the member's interested, I'm sure the deputy minister would be more than interested in providing a bit more background information.

But the key issue because of the timelines, as the member will recall we were in an imminent flooding situation. We basically went to four contracts with the main contractors that we had experience with. We knew they had the equipment. We knew they could do the job and, again, given the 40-day turnaround for anything involving a normal procurement process, tendering process, we engaged those contractors. I'd point out, too, one of the other factors, and I'm sure the deputy would probably relate to that as well, is the degree to which we were dealing with contracting capacity.

One of the key challenges during the flood was everybody was stretched to the limit. Our department was; the consulting engineering community was; the contractors were. There was work taking place all over the province so one of the key issues was actually identifying what contractors were available. So the prime contracts were basically awarded directly, and that was identified by the department, and I think has been, you know, fairly common knowledge.

You know, I'll defer to the Chair, but if the member wants further information, the deputy minister was actually ADM at the time, but certainly can provide more detailed information.

Mr. Gerrard: To the Auditor General, were all the contracts for the Lake St. Martin channel included in your list of 274 million?

Mr. Ricard: Unfortunately, I don't have—I can't really answer that question directly. We're thinking they might be included in some of the items we have on figure 11, but I'd have to follow that up with our detail files if you'd like a specific answer.

Mr. Gerrard: No. I would appreciate that follow up, and thank you.

And let me ask the deputy minister just so that it's, you know, a reference point for the Auditor General. I heard various figures from 40 million to 100 million to build that Lake St. Martin channel, approximately what would it have been?

*(16:30)

Mr. Vigfusson: I don't have that figure off the top of my head. We'll endeavour to get that for you.

One of the things I do want to say about the four untendered contracts that Minister Ashton referred to is we established who was available, who could do the work, and with—for the values we used, we've got typical unit rates for hauling dirt, for moving dirt, for all sorts of the different construction activities, and we negotiated the contracts based on tender prices in that area for that kind of work.

Mr. Gerrard: Thank you. One of the things that the Auditor General pointed out was that the—there are not legislated requirements for tendering for services, right? There are for tendering for goods, apparently, or for procurement of services.

Perhaps let me ask the Auditor General to explain that sort of clearly, as you did to us before this meeting.

Mr. Ricard: What I was explaining at the premeeting was that the purchases act grants the Procurement Services Branch authority to purchase goods, but the act, the purchases act, doesn't do that for the purchase of services. So it's the—you know, we were indicating that the Procurement Services Branch can delegate to departments but all purchases of goods are subject to PSB review, and the acquisition of services aren't subject to that same

degree of oversight by the Procurement Services Branch.

Mr. Gerrard: My question to the Minister of Finance (Mr. Dewar), because this is a legislated requirement that's missing, when does he plan to correct that omission?

Mr. Dewar: The GMA provides that information, and if the member would like additional information, I'm sure my deputy could provide him with that.

Mr. Gerrard: So with the—I just—a follow-up to the Minister of Finance, my understanding is that you don't believe there's a problem that needs to be addressed. Is that what you're saying?

Mr. Dewar: The GMA has limits, and—but if, you know, if the member has some issues, if we think we can improve the system, we are committed to do that.

Mr. Gerrard: Thank you. That completes my questions.

Mr. Chairperson: Other questions for the deputy ministers?

Mr. Friesen: Yes, I have a question pertaining to one of the Auditor General recommendations. I was wondering if the Deputy Minister of Finance could walk me through something here. It has to do, on page 421, where it talks about no notice of intent to directly award. I noticed that in the deputy minister's opening statement today, he indicated that one of the remedies that they're bringing is to develop a process to provide advance public notice to directly award a contract. Can he just walk us through that?

I don't doubt that that can increase transparency. I'm wondering how it works and then how that would look different than a sole-source contract. The government provides notice that they want to sole source, but then competing bids can be received. So I invite his clarification.

Mr. Hrichishen: That—our remedy is in progress. Our Procurement Services Branch is currently developing a process to provide advance public notice of government's intent to directly award a contract, as you've identified. This process will provide added transparency and an opportunity for potential suppliers to indicate their ability to supply the product service required.

Implementation of this solution may have operational impacts both for procurement planning timelines for departments and workload impacts for Procurement Services Branch. Procurement Services

Branch and TBS will develop the recommended value at which the notice of intent will be used to ensure both transparency and efficiency are appropriately balanced. The information would be posted on the government's contract tendering system, MERX, I believe it's called, and then suppliers would have an opportunity to indicate their interest or availability.

This new process is being piloted very soon, this fall I will say, and we'll proceed with that as soon as we can. There is a considerable amount of work here as we pilot this and as we engineer it, but we think it meets many of the objectives outlined for transparency and access that the auditor identified.

Mr. Friesen: I thank the deputy minister for that response.

Can I ask for just a follow-up question on that to the deputy minister? How would that initiative work in respect of the acceptable circumstances for not tendering that are already identified? Can this work in an emergency or urgent situation because, of course, those are some of the, I guess, the limiting factors on sole-source contracts?

Mr. Hrichishen: The posting of this information is to address instances of direct awards and sole-source contracts when departments wish to proceed on that basis. It's not intended to address concerns around emergency expenditures. If there are emergency expenditures, then we'll proceed on that basis.

Mr. Friesen: On a different issue, on page 419 of the Auditor General's chapter on competitive bids the Auditor General's office identifies a concern around the renewal of licences. And I saw that the new fields, I guess the new category fields, as part of the changes to SAP will include choices including continuous service agreements.

But the Auditor General invited an important question around renewal of licences, and that question is: How many unlimited consecutive renewals is too many unlimited consecutive renewals, and has the Deputy Minister of Finance contemplated this with his staff and do they have a solution to this, or will there be new practices coming to address the Auditor General's concerns?

* (16:40)

Mr. Hrichishen: So it's described to me as a higher level of approval, and that is specifically that in order to extend the contract, you require explicit Treasury

Board approval. So it must be identified and reviewed by Treasury Board. Thank you.

Mr. Friesen: And supplemental to that, is there a limit of how many of those licence renewals could be heard by Treasury Board before it would reflexively get pick-kicked back into an open tendering process? I shouldn't use the word kickback.

Mr. Hrichishen: So if the question is is there an automatic mechanism by which a certain number of renewals flags the continued extension, the answer is no. The contract extensions are evaluated on a case-by-case basis. The example we use often to illustrate this is Microsoft. Microsoft is somewhat ubiquitous and relatively well-regarded software, so we continue.

Now, that doesn't mean that this is by any means automatic, that the renewal is not automatic, but the governance around that analysis which rests with Treasury Board and staff that evaluate these contract extensions is in place and we believe is a appropriate means by which due diligence can be performed.

Mr. Friesen: I would just invite the Auditor General's response to that answer and ask the Auditor General if he believes that that's satisfactory and would meet the concerns that were raised on page 419 of the report.

Mr. Ricard: I would say that any process that doesn't make licence renewal automatic, like, flags it, and what I'm hearing the deputy minister say is that, after a period of time, any licence renewal that comes up is reviewed for, you know, for appropriateness of continued automatic approval, I guess.

Our point here was, you know, it's a licence; it's a product that a department is accustomed and comfortable using, but over a period of time, there may be new vendors in the market, better products, cheaper products, and it begs the question as how many years go by before you go back to the market at least to see what the options are, what the cost structures are, to see if it continues to make sense to renew an existing licence. That was the only—the risk that we were not seeing properly addressed in the current system.

Mr. Friesen: I have a related question—or a question a little bit different for the Deputy Minister of Finance. It has to do with comparing the old computer-based public disclosure mechanism for

untendered contracts to the new online disclosure of comprehensive contracts.

And I spent a little time previous to the committee in the reading room checking out how the old system worked or didn't work. But I did notice that when I'm comparing the two versions—and the deputy minister made comments saying that it was a more comprehensive information being offered on the disclosure of contracts online—what I do notice is there's a—the section pertaining to purpose is really whittled down. Like, it rarely includes more than three words on the new system, but if I compare that to the old system, I got as much as three lines of text detailing what the purpose of that specific contract was.

Does the minister still believe that this is a net gain if the information is actually being reduced rather than added when it comes to purpose?

Mr. Hrichishen: The information now provided in the new system, in an effort to standardize, we've looked at and identified categories that are common, common explanations across government, and we have reduced the ability of persons inputting the data to editorialize or provide less common typologies around the type of contract that we have in place here.

Having said that, we'll take this under advisement, and thank you for raising that to us, we'll look at your question.

* (16:50)

Mr. Friesen: And, I guess, my question essentially is—and I understand some of the reasons where—why you would want to, you know, curtail some of that information for streamlining and efficiency—where would a person be able to go somewhere or contact an office where they could get additional information pertaining to a contract that was listed there?

Mr. Hrichishen: Depending on the nature of their request it may be appropriate to use a FIPPA to obtain that information.

Mr. Friesen: One other question pertaining to this disclosure of contracts, and I printed a few pages from the online version. I notice here that there's a contract, for instance, August the 6th, pertaining to a Taiga Air Services. Now, that is a direct award in the amount of \$13,480, and yet when I compare that to the untendered contract database in the library, this

contract is not listed. Now, it was posted here on August 6th, and yet as of October the 1st this database was not showing this contract.

In my mind, still, we come back to the issue where I believe The Financial Administration Act is not being complied with, whereby on this database all untendered contracts must be disclosed in a reasonable amount of time, I think, at the earliest convenience. Why would that Taiga Air Services contract being published here in that online version not appear in the computer in the reading room?

Mr. Hrichishen: The answer is I don't know. It—I would speculate that it may be simply a delay of entering this information, but if you allow me, I'll look into it and see what—where the breakdown has been.

Mr. Friesen: And while the deputy minister is looking into that, and I thank him for doing so, I'd just also flag to his attention: a contract, 17 August, Pritchard Industrial; a contract, 25th of August, Marion Trucking; a contract—two contract to numbered companies, 28th of August for aviation fuel. These are all other contracts that are stated on the online version but not appearing in the other service. These contracts exceed \$100,000 so I thank the deputy minister for looking into this matter.

Mr. Chair, if I may, I don't need a response on that question. But if I may, we've heard a lot of testimony this afternoon. This is an important chapter. I know that we all agree in this room that we must ensure that the public interest is protected in all of these things. I do thank the Auditor General for bringing this chapter and allowing us to have this time together with the deputy ministers and the staff.

I would bring a motion at this time, a motion:

THAT the Standing Committee on Public Accounts recommend to the Auditor General that the follow-up chapter of previously issued recommendations related to chapter 10, Waiving of competitive bids, in the March 2014 Annual Report to the Legislature be released to the Legislature by or before October the 20th, 2015.

Mr. Chairperson: It has been moved by Mr. Friesen:

THAT the Standing Committee on Public Accounts recommend to the Auditor General that the Follow-up of Previously Issued Recommendations related to chapter 10, Waiving of competitive bids, in the

March 2014 Annual Report to the Legislature, be released to the Legislature by or before October 20th, 2015.

The motion is in order.

The floor is open for questions.

Mr. Wiebe: I appreciate this issue coming up. It is something that we've discussed previously as a Public Accounts Committee and certainly something that we feel is a direction that I think is generally positive.

I did want to talk to—or ask the Auditor General to just maybe elaborate a little bit more on that specific time frame. I know that, of course, I'm sure he would love to get—to meet that specific deadline or that time frame, but obviously there's limitations in terms of his own staff and ability to work through some of these things and also his ability to get information from departments. And so I just thought maybe we could get a bit of comment with regard to that time frame specifically.

Mr. Ricard: I think it's fair to say October 20th would be a fairly aggressive date for us to meet.

While we issued our request for progress reports to departments, including for this report, it was towards the middle or end of July, we asked for progress reports as at June 30th, 2015, and we asked that progress reports be provided to us by the end of August.

This particular progress report, the recommendations related to the Procurement Services Branch, which is the bulk of the recommendations, has not yet been provided to our office. So that would—so we're still waiting.

And even if it would—were to come to us by the end of the week, October 20th gives us very little time to go through the rigorous process that we do go through to ensure the plausibility of the comments made, plus there is my principal that reviews it and then we have discussions and then we—often frequently, in the follow-up report with as much interest as this one, we would have OAG comments that we would like to add. So that takes some time to factor in.

So, you know, if I might suggest, a date more like the first week in November would be a better, more practical possibility.

Mr. Jha: While the intent of the motion is very good, I support that, but now that we have talked about the Auditor General's time frame, which our colleague said is important, so if it is a comfortable time frame that you feel that the objective will be fulfilled to get the report done with details, then we could perhaps look at an amendment of the motion.

Mr. Friesen: Mr. Chair, would you advise, then, that I would withdraw my original motion, perhaps substitute it with one that would include the date advised by the Auditor General?

Mr. Chairperson: Do they have leave of the committee to withdraw the motion and introduce a new motion? *[Agreed]*

Can we have leave of the committee to sit beyond 5 o'clock? We had agreed to 5. Can you—leave to sit 'til this matter is resolved? *[Agreed]*

Mr. Friesen: Mr. Chair, I would introduce a new motion:

THAT the Standing Committee on Public Accounts recommend to the Auditor General that the Follow-up of Previously Issued Recommendations related to chapter 10, Waiving of competitive bids, in the March 2014 Annual Report to the Legislature, be released to the Legislature by November the 13th—

Some Honourable Members: 2015.

Mr. Friesen: 2015.

Mr. Chairperson: The motion by Mr. Friesen:

THAT the Standing Committee on Public Accounts recommend to the Auditor General that the Follow-up of Previously Issued Recommendations related to chapter 10, Waiving of competitive bids in the March 2014 Annual Report to the Legislature, be released to the Legislature by or before November 13th, 2015.

* (17:00)

The floor is open for questions.

Some Honourable Members: Question.

Mr. Chairperson: The committee's ready for question.

Shall the motion pass? *[Agreed]*

Mr. Friesen: Mr. Chair, could I introduce another motion?

Mr. Chair, I would introduce a motion that the standing committee—

Mr. Chairperson: We've—I think, Mr. Friesen, we had agreed to sit until the issue was resolved, and that issue was resolved by passing it. So the committee has agreed to sit until the end of that. That being done, the committee will rise.

And I'd like to thank the ministers of Finance and MIT, the deputy ministers and staff, a thank you

to the committee members, the Auditor General and staff, and to, of course, the clerks, the researcher, Hansard staff and, of course, the page. Thank you for being with us today.

The hour being 5:02, the committee will rise.

COMMITTEE ROSE AT: 5:02 p.m.

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