



Advisory Services Contract

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Why Is This Important?

- Millions of dollars in goods and services are acquired by government every year
- Department of Social Development contracted a consultant to identify cost savings and similar contracts may arise in other areas of government in the future
- Contract outcomes could impact services to vulnerable people

What We Found

Overall Conclusions

- The Department signed a contract in 2013 costing \$13 million containing no clear objectives
- \$47 million in savings were anticipated; however, the Department reported only \$10 million in savings by June 2016
- The consultant was paid performance fees based on anticipated savings, not actual savings
- The actual benefit of the \$13 million remains unclear

Very Troubling Disregard for Procurement Practices

- Emergency/urgent exemption was used without a competitive process for the first two phases of the project
- Department entered into the contract before Service New Brunswick approved the purchase order
- Tender was open only 12 days and all other respondents were disqualified

The Department allowed the consultant to:

- create their own agreement and use their own statement of work
- remain working in the Department during tender development, resulting in an apparent conflict of interest
- contribute significantly to tender requirements

Overall, the consultant was highly and inappropriately favored by the Department

No Contract Management Framework

The Department:

- Relied solely on the consultant to evaluate project quality
- Paid an extra \$1.3 million for services that should have been considered part of the contract
- Paid \$600,000 in travel expenses without receipts required by GNB policy
- Exceeded the total amount allowed on the purchase order by \$700,000

Lack of Monitoring Outcomes

The Department did not:

- Substantiate actual savings for every initiative
- Receive a management operating system as defined in the contract
- Measure impact to quality of service to clients
- Consistently plan and monitor implementation of initiatives