

Terms of Reference: Phase II - Readiness Assessment of Contracts issued on behalf of the Public Health Agency of Canada in the context of the COVID19 Pandemic Response

ENGAGEMENT BACKGROUND

On March 11, 2020, the World Health Organization (WHO) declared that the public health emergency of COVID 19 had escalated to pandemic-level. This declaration created a period of global panic, resulting in extremely high demand for personal protective equipment (PPE) across the world. Canada had to act quickly to procure the goods required that would help ensure the safety of Canadians. This meant competing, at a global level, for high-volume, high dollar value contracts to obtain critical PPE, such as gloves, gowns, masks and other supplies.

The Office of Audit and Evaluation (OAE) conducted a readiness assessment (consulting engagement) over a series of contracting files procured under the emergency measures described above, to assist the department in preparing for an Office of the Auditor General (OAG) audit. The work performed by the OAE covered the period from February 13, 2020, to April 30, 2020.

Under this context of emergency procurement measures, PHAC project authorities and/or cost center managers had the responsibility to ensure they had sufficient funds to proceed to the acquisition of PPE and that output requirements were clearly defined in efforts to keep discretionary judgment to a minimum. They were also responsible to ensure that contracts were managed with probity in the use of public funds, and that the Crown received the goods (or services) as specified in the contracts.

Discussions with the project authorities and cost centre managers noted the difficulties and implications of procuring enormous volumes of goods for Canada, urgently, in the context of the global pandemic. Issues included, but were not limited to; Canadian suppliers insisting on being paid in US dollars, pre-paid contracts, no guaranteed delivery dates, and changes in tax laws during the contract. As a result, PHAC implemented interim control measures, based on risk, to provide balance between providing the necessary procurement flexibilities and ensuring controls.

At the PHAC President request (July 24, 2020), OAE will proceed with Phase II Review, focusing on contracts procured from May 1, 2020 onward.

ENGAGEMENT OBJECTIVE

The objective is to identify gaps in COVID-19 related procurement file documentation.

ENGAGEMENT SCOPE

The contracts under review cover the period from May 1, 2020 onward. Focus will be on six categories of contracts: Ventilators, Vaccine, Lab contracts for supplies and equipment, N95 Masks, Gowns and Swabs.

ENGAGEMENT CRITERIA

Procurement activities will be reviewed in the context of federal government policies and regulations, as well as Health Canada policies and procedures (as a shared service provider), and public sector leading practices, with the objective of ensuring the contracting files were fully documented to support decisions made and the course of action that was taken in the context of the COVID response.

ENGAGEMENT AUTHORITY, APPROACH, AND METHODOLOGY

This readiness assessment engagement will be conducted in a manner that is generally consistent with the Federal Government Policy on Internal Audit and with the Internal Auditing Standards for the Government of Canada. While the internal audit function will provide advice during and after the engagement, no management responsibilities are assumed.

The project will be collaborative and the findings will be validated with the parties concerned.

TIMELINE

Timeline	2020		
Activities	Sept	Oct	Nov
Engagement Phase II launch	■		
Review of Contracts, validation and presentation of findings (Ventilators)		■	
Review of Contracts, validation and presentation of findings (Vaccine)			■
Review of lab contracts for supplies and equipment (NML)			■
Review of Contracts, validation and presentation of findings (N95 Masks)			■
Review of Contract, validation and presentation of findings (Swabs and Gowns)			■

OFFICES OF PRIMARY INTEREST

CFOB Carlo Beaudoin, Chief Financial Officer
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KEY CONTACTS

CFOB Hongchao Wang, Acting DG Financial Operations Suzanne Hall, Senior Policy Advisor

ENGAGEMENT TEAM

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