



News Release

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Costly Consultants Used for Work that Permanent Employees Could Do For Less: Auditor General

(TORONTO) The Province is using consultants for assignments that permanent employees could do at a lower cost, Auditor General Bonnie Lysyk says in her *2018 Annual Report*, tabled today in the Legislative Assembly.

“It may sound counter-intuitive, but hiring permanent employees can sometimes cost less than consultants,” Lysyk said. “We noted that the Province does not assess the overall cost-effectiveness of its use of consultants.”

The Ontario Public Service requires external services and advice when its own staff are unavailable or lack the required skills or expertise. It usually fills these needs by using consultants, who generally provide expertise and strategic advice to government for use in decision-making, and advisors, who provide high-level advice to the Premier or a minister.

Consultants can be cost-effective for short periods, to perform specialized services, or for their expertise. However, that cost advantage over permanent employees disappears for longer-term projects. In 2016, the Treasury Board Secretariat compared the cost of information technology (IT) consultants to similar full-time staff, and determined that an IT consultant costs \$40,000 a year more (30%), than similar full-time staff, after factoring in employee benefits.

Overall spending on consultants by Ontario ministries dropped more than 15% over the past 10 years, from \$434 million in the 2008/09 fiscal year to \$360 million in 2017/18, with fluctuations over those 10 years. About 80% of the 2017/18 spending was for IT consultants, and the rest for consultants in management, communications, policy, technology, and research and development. The Province does not track its spending on advisory services, but we estimated it at about \$4 million a year.

Among the findings in the Report:

- The Province and its ministries generally have processes in place for the use of consulting and advisory services to ensure they are acquired and managed in accordance with the Ontario Public Service Procurement Directive and the Agencies and Appointments Directive.
- Ministries used consultants for regular operational and ongoing work such as project management, instead of for specialized services or expertise, for shorter terms (less than a year or two). One individual consultant, for example, was signed to a 14-month contract in 2014 to develop a software application at a cost of \$210,000. However, that contract was extended three times over the next three years at a total cost of over \$900,000. The average cost of permanent IT staff suggests they could have done this work for about 40% less.
- Twenty-two percent of the competitively procured contracts reviewed in the audit had amendments greater than \$10,000, even though the contracts either had no provision for amendments or specified maximum amendment amounts that were exceeded. Most amendments were between \$100,000 and \$500,000, with two for \$1.5 million. The additional services in these amendments were not competitively procured.

- A review of consulting contracts found that most did not have specific costs attached to the various deliverables in the contract. Lack of detail on the expected deliverables can make it difficult to determine if they were received before making payment, and if they provided value for money. A majority of invoices submitted for contracts that were reviewed in the audit provided little documented detail on the work performed. As a result, the invoices were paid with little detail or evidence about what was received in exchange.

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Read the [Use of Consultants and Senior Advisors in Government](#) audit report at www.auditor.on.ca

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