



# COVID-19 Contracts and Procurement

## 2022 Value-for-Money Audit

### Why we did this audit

- Between March 2020 and March 2022, Ontario approved about \$7.0 billion in spending on COVID-19-related procurements.
- About \$3.5 billion were non-competitive procurements that used an allowable exception under the Ontario Public Service Procurement Directive (Procurement Directive) for urgent situations. This removed the requirement for certain approvals and processes to be used.

### Why it matters

- Proper oversight and management of urgent COVID-19 procurements was important so that goods and services were acquired and used effectively to protect Ontarians.
- Concerns were raised about vendor selection that were single-sourced during the pandemic.

### What we found

#### Purchasing of Similar Goods and Services Not Co-ordinated

- Similar goods and services were procured separately by different ministries and the broader public sector at the same time.
  - Ontario Health and the Ministry of Education entered into separate contracts for mobile COVID-19 testing vendors and did not co-ordinate the selection of testing locations. About \$18.7 million of \$32.3 million was paid for underutilized mobile testing services at locations where more individuals could have been tested at the same cost.
- The Ministry of Education operated clinics on a walk-in basis, so appointment information was not collected by the Ministry to proactively identify locations with little testing demand. These clinics were underutilized, testing at between 2% and 7% of the potential capacity on average, instead of being made available to other priority groups with a co-ordinated effort at the same cost.

#### RECOMMENDATION 4, 5

#### Significant Inventory Stockpile of Personal Protective Equipment Expected in Future without Plan for its Use

- The Ministry of Health and Ministry of Public and Business Service Delivery had a combined total of \$66 million of personal protective equipment (PPE) that expired, was damaged, or became obsolete and was written off as of March 31, 2022.
- The Ministry of Public and Business Service Delivery expects to have a large stockpile of over 100 million N95 respirators by March 2030 (worth \$81 million) due to a large purchase commitment made to attract the establishment of domestic manufacturing facilities.
  - Some excess inventory is being held in case of a future surge in demand, but the Ministry of Public and Business Service Delivery needs to further develop a plan for potential uses if the surge does not occur.

#### RECOMMENDATION 3

#### Vaccine Clinic Contracts Not Competitively Procured

- Between January 2021 and January 2022, the Ministry of the Solicitor General entered into several non-competitive vaccine clinic contracts, and their rationale was that a competitive process would take over six months.
  - However, we noted several examples of COVID-19 contracts that were competitively procured in a timely manner, such as Ontario Health competitively procuring similar COVID-19 testing clinic contracts in one to two months during the same time period.

#### RECOMMENDATION 6, 7

**Vendor Performance Assessments are Not Formally Documented**

- Ministries did not formally document vendor performance when the contract was completed. For example, the Province's prior history with a vendor was used as part of the Ministry of the Solicitor General's justification to contract with the same vendor; however, the Ministry did not obtain feedback on the vendor's performance during its contracting process.
- The Ministry of Public and Business Service Delivery contracted with a vendor for transportation services and the contract had performance improvement clauses, but the terms were not enforced by the Ministry (such as requesting evidence of market rates being charged to the Ministry as part of review meetings).

**RECOMMENDATION 9, 10**

**Little Monitoring of the Use of Rapid Antigen Tests Requested by Large Organizations**

- The Ministry of Health led the distribution of free rapid antigen tests to eligible workplaces starting in November 2020 so employers could screen employees for COVID-19.
  - The Ministry of Health did not request employee numbers from large organizations to confirm the quantity of tests ordered was reasonable based on the provincial health guidance testing frequency at that time. Local Chambers of Commerce and Boards of Trade collected this information before fulfilling requests from small- and medium-sized organizations.
  - The Ministry of Health did not monitor that large organizations reported results for tests used prior to fulfilling requests for more tests.

**RECOMMENDATION 8**

**11% of Emergency COVID-19 Procurements Not Made Known to Treasury Board on a Timely Basis**

- Ministries were able to procure goods and services in unforeseen situations of urgency (emergency exception) without prior Treasury Board/Management Board of Cabinet (TB/MBC) approval, but ministries were to promptly notify the Secretary of TB/MBC of the procurement activity.
- Prompt notification was not done for 11% of all emergency COVID-19 procurements by ministries between March 2020 and March 2022, which resulted in the Treasury Board Secretariat not always having accurate information on COVID-19 spending during this period.

**RECOMMENDATION 1**

**Procurement Directive Has Not Been Updated Since 2014**

- Ministries are required to obtain TB/MBC approval before entering into contracts if the contract exceeds established dollar values, but these thresholds have not been updated since 2014.
- Centralized procurement reporting information, required under the Interim Measures of the Procurement Directive and meant to support the Province in moving towards a centralized supply chain for the public sector, was not collected during the COVID-19 pandemic.

**RECOMMENDATION 2, 11, 12**

**Conclusions**

- The majority of COVID-19 contracts we reviewed were procured in a timely and cost-effective manner, given the circumstances. Where applicable, they were conducted in a fair, open and transparent manner.
  - Ministries obtained the appropriate approvals for competitive procurements prior to entering into contracts and assessed vendors' proposals against pre-established criteria.
  - Non-competitive procurements were generally in compliance with the Procurement Directive, except for notification requirements for 11% of the emergency COVID-19 procurements.
- Some procurements could have been better co-ordinated or managed so that provincial spending of about \$84.7 million (\$66 million in PPE, and \$18.7 million for underutilized mobile testing sites) could have been saved.