

Department of Tourism, Culture and Recreation

3.2.24 Agency of Record (2003 Annual Report, Part 2.34)

Introduction

In 2003, we performed a review of the agency of record of the Department of Tourism, Culture and Recreation. We reviewed processes followed by the Department for:

- awarding the existing agency of record contract;
- extensions to the previous agency of record contract; and
- contract monitoring activities.

In addition, we reviewed a sample of expenditures under the agency of record contract to determine if they were in compliance with Government policies and procedures; and with the terms of the contract.

Conclusions from our 2003 review

Our review of the process used in selecting and monitoring the agency of record disclosed that the Department:

- did not complete the required agency of record review process for the contract period 2 November 1998 to 31 October 2000;
 - extended the existing contract by seven months beyond 31 October 2001 to 31 May 2002 despite the fact that the contract did not provide for an extension;
 - was not adequately verifying billings prior to making payments to the agency of record;
 - contravened the *Public Tender Act* by not calling public tenders relating to selling advertising for the *2003 Travel Guide*; and
 - contravened the *Financial Administration Act* by not recording in-kind contributions as revenue and payments to the agency of record as expenditure. As well, controls over in-kind contributions were severely lacking.
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Update on Prior Years' Report Items

Update

In October 2005, we contacted the Department of Tourism, Culture and Recreation requesting an update as to progress on the comments and recommendations included in our 2003 report. The information provided by the Department in response to our request is outlined below.

2003 Recommendation

The Department should complete all required performance reviews and appraisals of services being provided before extending contracts.

Action Taken

The Department noted that the contract signed with the agency of record in June 2002 had an optional one year extension; however, it did not extend the contract and instead issued a public request for proposals in March 2005.

2003 Recommendation

The Department should call for public proposals in time to avoid the extension of contracts beyond the limits established in the contract.

Action Taken

The Department undertook a call for proposals for the hiring of a new agency of record in March 2005. It indicated that the process for evaluating the proposals ensured fairness, integrity, continuity and transparency. The new contract for the agency of record was awarded on 24 August 2005, which was well in advance of the cessation of the existing contract limit.

2003 Recommendation

The Department should ensure that all billings presented for payment are accompanied by the supporting documentation as required in the contract.

Update on Prior Years' Report Items

Action Taken

The Department indicated it is receiving complete documentation to support payments to the agency of record, including details on third-party costs and professional fees. Complete documentation is provided for both cost estimates and support for billings.

2003 Recommendation

The Department should comply with the requirements of the Financial Administration Act and the Public Tender Act.

Action Taken

In response to our 2003 report item, the Department had indicated that it would seek an opinion from the Department of Justice on our findings related to compliance with the *Financial Administration Act* and the *Public Tender Act*. In providing an update for this report the Department indicated the following.

Financial Administration Act

The Department obtained an opinion from the Department of Justice that it could not state with certainty whether the Department had contravened the *Financial Administration Act*. Based upon this opinion, the Department immediately ceased the practice of accepting “contra” or in-kind contributions.

Public Tender Act

The Department indicated that while it had obtained an opinion from the Department of Justice that it did not contravene the *Public Tender Act*, it decided to call for public tenders for Travel Guide advertising sales in 2005. In this instance, the agency of record was the lowest bidder and was awarded the contract.
