

Report of the Auditor General of Canada to the
Yukon Legislative Assembly

Procurement and Contracting— Government of Yukon



Independent Auditor's Report | 2024



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At a Glance



Overall message

Between 2019 and 2023, approximately 47,000 contracts were issued by 16 Yukon government organizations totalling a value of over \$1.2 billion. We examined a representative sample of 53 contracts across all 16 organizations and an additional 10 contracts with values of \$250,000 or more.

Overall, the Yukon government's procurement and contracting activities did not demonstrate value for money as they were not always documented or monitored for results. The 16 organizations also fell short of creating a competitive environment for Yukon First Nations and local businesses. The Yukon government committed to increasing opportunities for Yukon First Nations and local businesses to secure government contracts to develop the Yukon economy and support economic self-reliance. This is important because in addition to creating local opportunities, prioritizing a competitive environment also drives competitive pricing, which would increase value for money.

We found that a competitive environment was not created and value for money was not demonstrated in 51% of the contracts in our representative sample. We also found that in 8% of those contracts, work had started before the contract was signed. Of the 10 high dollar-value contracts we looked at in addition to those in our representative sample, we found 1 contract where work had started almost a year before the signing of the \$2 million contract, which was also awarded without a competitive process.

The Department of Highways and Public Works—as the central agency responsible for procurement and contracting—needed information from all Yukon government organizations to know whether the government was delivering on its commitments, including that of creating a competitive environment for Yukon First Nations and local businesses. However, the department failed to provide the organizations with the necessary guidance to identify the information that they needed to provide.

As part of its oversight role, the department gave advice on request to organizations when they planned procurements that might not comply with the procurement policy. From 2019 to 2024, we found 110 instances out of 291 consultations where the department's advice was not followed. This is concerning because these were instances where organizations were not respecting elements of the procurement policy.

Key facts and findings



- Of the 47,041 contracts awarded by the Government of Yukon, 57% were for the purchase of goods; contracts for services represented 87% of the over \$1.2 billion total value.
- Of the contracts awarded by the Government of Yukon, 94% were for amounts under \$50,000. Contracts equal to and over \$250,000 represented 1.4%.
- A representative sample revealed that a competitive environment was not created and value for money was not demonstrated for 51% of the contracts.
- In 8% of the contracts, we found that the contracts were signed between 2 weeks and 4 months after work under the contracts had started.
- In 1 case, we found that a \$2 million contract was signed almost 1 year after work had started and was awarded without a competitive process.
- We found that 52 of the 53 contracts that we selected using representative sampling had contract values under \$50,000 and over two thirds (69%) of these were directly awarded. More than three quarters (77%) of the 53 contracts were awarded to Yukon-based businesses.

See [Recommendations and Responses](#) at the end of this report.

Table of Contents

Introduction	1
Background	1
Focus of the audit	5
Findings and Recommendations	5
Yukon government organizations did not make procurement and contracting decisions that resulted in value for money	5
Competitive environment not created and value for money not demonstrated in contract files	7
Lack of robust conflict-of-interest processes	12
No monitoring by organizations on whether they were creating a competitive environment or obtaining value for money.....	12
The Department of Highways and Public Works did not monitor procurement and contracting activities across the Government of Yukon	13
Limited data and reporting on procurement policy outcomes	14
More than one third of the central department’s procurement advice and guidance not accepted ...	15
Conclusion	16
About the Audit	17
Recommendations and Responses	21

Introduction

Background

Procurement and contracting in the Government of Yukon

1. Procurement and contracting are used to support the Government of Yukon in the delivery of programs and services to the approximately 45,000 Yukon residents, a portion of whom live in smaller remote communities. Across all economic sectors and business sizes, there are about 2,300 businesses in the territory. The government can obtain goods and services through contracts with vendors when it does not have internal expertise or when it is not cost-effective to hire staff. Examples of goods and services acquired by the Government of Yukon are set out in [Exhibit 1](#).

Exhibit 1—Examples of goods and services obtained by the Government of Yukon through contracts

Goods	Services
Office furniture	Construction of a bridge
Auto parts	Roadway or building maintenance (for example, cleaning or repairs in schools and community centres)
Fire extinguishers	Transportation (for example, helicopters to fly to remote sites)
Road signs	Specialized expertise (for example, geological testing)

2. Procurement is the approach that is used to put a contract in place. Specifically, procurement is the acquisition of goods and services, including construction, leaseholds, and licences. In a competitive process, a contract is entered into between the government and a vendor following an open tendering, whereby all interested vendors may submit a bid or proposal. Competitive procurements also include invitational tendering, where 2 or more selected vendors are invited to compete. Non-competitive procurement processes occur when a contract is directly awarded by the government to a vendor.

3. All procurement in the Government of Yukon is governed by the [Financial Administration Act](#) and the [Contract and Procurement Regulation](#). Across the Government of Yukon, 16 organizations are required to follow the Government of Yukon Procurement Policy. As

part of this policy, the Government of Yukon has committed to key procurement principles, including integrity, accountability, fairness, and maximum benefits to Yukoners, including

- increasing opportunities for local businesses and Yukon First Nations to secure Government of Yukon contracts
- building a stronger economic future for Yukoners
- monitoring procurement activities transparently and minimizing risks to the government from inappropriate procurement practices

4. In February 2021, the Government of Yukon added the Yukon First Nations Procurement Policy as a new section within the broader Government of Yukon Procurement Policy. The objectives for this addition were to provide Yukon First Nations people with opportunities to participate in the Yukon economy, develop economic self-reliance, and support the achievement of equality of outcomes for Yukon First Nations people. The Yukon First Nations Procurement Policy introduced measures to make Yukon First Nations businesses more competitive in formal bidding processes. For example, the policy allows for reducing the price of a bid by as much as 15% if the bid has Yukon First Nations participation.

Roles and responsibilities

5. **Department of Highways and Public Works (as a central agency).** The department plays a central agency role for the management and supervision of the Government of Yukon Procurement Policy. The department also supports the Minister of Highways and Public Works, who has overall responsibility and authority for Government of Yukon procurement. The department provides procurement and contracting advice and central guidance, including templates, procedure documents, and training, to all Yukon government organizations required to follow the Government of Yukon Procurement Policy. The department is responsible for ensuring its employees declare any conflicts of interest and follow the Government of Yukon Conflict of Interest Policy and the Values and Ethics Code for Government of Yukon Employees.

6. **Yukon government organizations.** Yukon government organizations have designated individuals with a “procurement authority” role to manage procurement processes and enter into contracts on behalf of their organization. All organizations are responsible for understanding the strategic purpose of procurement and its role in achieving the desired outcomes of the Government of Yukon. They are responsible for complying with all aspects of the Government of Yukon Procurement Policy, including planning, administering, and documenting procurement and contracting processes and managing contracts throughout their life cycle. Additionally, organizations are responsible

for ensuring their employees declare any conflicts of interest and follow the Government of Yukon Conflict of Interest Policy and the Values and Ethics Code for Government of Yukon Employees.

**Procurement activities
of organizations in this
audit**

7. This audit includes the following 16 organizations that are required to comply with the Government of Yukon Procurement Policy:

- Department of Community Services
- Department of Economic Development
- Department of Education
- Department of Energy, Mines and Resources
- Department of Environment
- Executive Council Office
- Department of Finance
- French Language Services Directorate
- Department of Health and Social Services
- Department of Highways and Public Works (both as a central agency and as a line department)
- Department of Justice
- Public Service Commission
- Department of Tourism and Culture
- Women and Gender Equity Directorate
- Yukon Development Corporation
- Yukon Liquor Corporation

8. All 16 organizations had some procurement and contracting activities during the audit period. The total value of contracts awarded with start and end dates between 1 April 2019 and 31 October 2023 amounted to just over \$1.2 billion (see [Exhibit 2](#)). These organizations purchased a variety of goods and services, ranging from small machine parts to major infrastructure construction.

Exhibit 2—Number and value of contracts awarded by all 16 Yukon government organizations with start and end dates from 1 April 2019 to 31 October 2023

Yukon government organization	Number of contracts	Value of contracts
Department of Community Services	3,745	\$253,241,280
Department of Economic Development	189	\$3,031,952
Department of Education	2,135	\$27,157,929
Department of Energy, Mines and Resources	1,594	\$80,265,512
Department of Environment	2,410	\$47,040,271
Executive Council Office	384	\$4,467,449
Department of Finance	145	\$1,014,152
French Language Services Directorate	24	\$77,613
Department of Health and Social Services	4,183	\$113,647,758
Department of Highways and Public Works	28,033	\$611,223,264
Department of Justice	1,213	\$14,477,593
Public Service Commission	819	\$13,953,455
Department of Tourism and Culture	1,857	\$30,148,403
Women and Gender Equity Directorate	49	\$493,621
Yukon Development Corporation	12	\$431,166
Yukon Liquor Corporation	249	\$9,264,424
Total	47,041	\$1,209,935,841

9. Of the 47,041 contracts awarded by Yukon government organizations, 57% of these were for the purchases of goods. Contracts for services represented 87% of the overall value of contracts. Most of the contracts, or 94%, awarded during the period had a contract value of less than \$50,000. Contracts equal to and over \$250,000 represented 1.4% of all contracts.

Focus of the audit

10. This audit focused on whether the Yukon government organizations created a competitive procurement environment and made procurement and contracting decisions that resulted in **value for money** for Yukoners. Value for money is the consideration of economy (cost minimization), efficiency (output maximization), and effectiveness (full attainment of the intended results), while supporting the value of equity (fair spending). In this audit, we reviewed Yukon government organizations procurement and contracting activities, including contract files.

11. This audit is important because the Government of Yukon has committed to key principles as part of its Government of Yukon Procurement Policy, including increasing opportunities for local businesses and Yukon First Nations to secure Government of Yukon contracts and building a stronger economic future for Yukoners by providing value for money. Delivering on the Government of Yukon's commitments will strengthen the confidence of Yukon residents in public procurement.

12. More details about the audit objective, scope, approach, and criteria are in [About the Audit](#) at the end of this report.

Findings and Recommendations

Yukon government organizations did not make procurement and contracting decisions that resulted in value for money

Why this finding matters

13. This finding matters because the Government of Yukon has committed to building a stronger economic future for Yukoners by creating a competitive environment to increase the ability of local businesses and First Nations to secure government contracts. The Government of Yukon has also stated its intentions to create value for money with procurements that focus on efficiency, economy, and effectiveness to obtain maximum benefits with the resources available.

Context

14. The creation of a competitive environment supports the concept of value for money, as it calls for economy, efficiency, effectiveness, and equity. A competitive environment exists when multiple vendors

have the opportunity to compete to deliver goods and services. This environment is created through procurement decisions leading up to a contract award.

15. Procurement processes and decisions rely on the results of market research and the choice of acquisition method. Market research is the process of gathering and analyzing information about vendors, products, and services. The Government of Yukon Procurement Policy sets out acquisition method thresholds for direct awards, invitational tender, and open tender (see [Exhibit 3](#)). The policy also allows for exceptions to these thresholds under 8 different circumstances. Examples of exceptions to the thresholds include an emergency event under the [Civil Emergency Measures Act](#) or where a particular vendor can provide the good or service needed and there is no reasonable alternative or substitute.

Exhibit 3—Thresholds* by acquisition method

Acquisition method	Goods	Services
Direct award	Less than \$10,000	Less than \$50,000
Competitive tendering is required (invitational tendering)	\$10,000 up to but not including \$30,300	\$50,000 up to but not including \$121,200
Competitive tendering is required (open tendering)	\$30,300 or greater	\$121,200 or greater

* Amounts are updated every 2 years and were in effect as of 1 January 2022.

16. The Government of Yukon has also made a commitment to increase the ability of local businesses to secure Government of Yukon contracts. In support of this commitment, the policy states that Yukon government organizations must use evaluation criteria to recognize northern experience. The policy also requires consideration of the inclusion of criteria that demonstrate a commitment to support Yukon First Nations businesses for competitive procurements above the direct award threshold.

17. The Government of Yukon Procurement Policy requires the documentation of procurement processes and decisions. The procurement management guidelines state that documentation should include information on market research and that records of procurement planning activities should be maintained throughout the life of the contract. The guidelines also recommend reaching out to multiple vendors even on lower-value procurements, where it makes sense and is practical, to help make informed procurement decisions. The Government of Yukon Procurement Policy provides direction about the management of contracts, including vendor performance monitoring. This involves confirming that contracts are managed efficiently and effectively.

18. The [Financial Administration Act](#) states that a payment for a good that has been supplied, or services that have been performed, must be in accordance with the contract. Having a signed contract in place prior to work starting allows Yukon government organizations to ensure funds are available and work is completed in accordance with the contract. This supports the value-for-money considerations of economy and effectiveness.

19. The Government of Yukon Procurement Policy includes a section on conflict of interest that states that individuals involved in procurement activities should refrain from activities that would create a conflict of interest and should not solicit or accept money or other gifts from potential suppliers that may influence or appear to influence purchasing decisions. It also refers to the Government of Yukon Conflict of Interest Policy, which requires employees to disclose real or perceived conflicts of interest to their deputy head. The Government of Yukon also has a government-wide values and ethics code that outlines the expected behaviours of employees including acting with integrity, respect, stewardship (the quality and results of their work), and responsibility (their role in working for a government).

Competitive environment not created and value for money not demonstrated in contract files

Findings

20. We examined 53 contract files selected using representative sampling from across all 16 organizations required to comply with the Government of Yukon Procurement Policy. Details of the contracts included in this sample of 53 are outlined in [Exhibit 4](#).

Exhibit 4—Details of 53 contract files selected using representative sampling from a population of contracts awarded and completed by all 16 Yukon government organizations from 1 April 2019 to 31 October 2023

Yukon government organization	Number of contracts	Value of contracts	Amount spent on contracts
Department of Community Services	4	\$174,925	\$132,075
Department of Economic Development	1	\$1,387	\$1,387
Department of Education	2	\$38,900	\$34,424
Department of Energy, Mines and Resources	2	\$12,655	\$12,429
Department of Environment	3	\$29,000	\$26,580
Executive Council Office	1	\$6,100	\$6,100
Department of Finance	1	\$31,504	\$31,504
French Language Services Directorate	1	\$1,424	\$1,424
Department of Health and Social Services	5	\$67,491	\$64,184
Department of Highways and Public Works	26	\$83,247	\$75,337
Department of Justice	1	\$2,364	\$2,364
Public Service Commission	1	\$506	\$66
Department of Tourism and Culture	2	\$32,601	\$32,390
Women and Gender Equity Directorate	1	\$11,200	\$11,200
Yukon Development Corporation	1	\$15,028	\$15,027
Yukon Liquor Corporation	1	\$26,775	\$6,326
Total	53	\$535,106	\$452,817

21. We found that the key characteristics of contracts regarding goods and services in the 53 contracts selected using representative sampling were similar to that of the entire population of contracts during the same period. Specifically, 83% of the total contract value was for service contracts. Also, a little over half (51%) of the contracts in our sample was for goods.

22. Fifty-two (52) of the 53 contracts included in our sample had contract values under \$50,000. Over two thirds (69%) of these contracts were directly awarded. More than three quarters (77%) of the 53 contracts were awarded to Yukon-based businesses. These numbers

are similar to the entire population of contracts during the same period, where contracts with values under \$50,000 were directly awarded 73% of the time, and 83% of contracts went to Yukon businesses.

23. We reviewed the contract files to determine whether a competitive environment had been created. We assessed whether a competitive environment was created on the basis of the following elements:

- Dollar thresholds for acquisition method in the Government of Yukon Procurement Policy were followed.
- Market research evidence was present in the contract files.
- Documentation supported the selection of bidders as part of an invitational tender, where applicable.
- Northern experience and Yukon First Nations participation measures were part of the evaluation criteria for competitive processes, where applicable.

24. We found that all of the 53 contracts followed the Government of Yukon Procurement Policy thresholds for direct award, invitational tender, and open tender.

25. We found that about half of the contract files did not demonstrate that a competitive environment was created. Specifically, we found that a little more than half of the contracts we examined did not have documentation that demonstrated that market research was undertaken before the contract award. Of those contracts missing evidence of market research, organizations reported that in some cases, market research had been conducted but had not been documented.

26. In assessing value for money, we considered 5 elements. We determined that if evidence for one or more of the elements was not present, value for money was not demonstrated. In our representative sample of 53 contracts from all 16 Yukon government organizations, we found that 27 (51%) did not meet our assessment of value for money ([Exhibit 5](#)). The reason value for money was not demonstrated was because a competitive environment was not created.

Exhibit 5—Value for money was not demonstrated for 27 of the 53 contracts selected using representative sampling

Five value-for-money elements reviewed	Assessed as met	Assessed as not met
Competitive environment was created	26	27
Deliverables met the stated need	53	0
Deliverables were received	53	0
Contract monitoring of Yukon First Nations participation measures (Note: applicable in only 2 instances)	2	0
Management of non-performance	53	0

27. We also examined 10 high dollar-value contracts (a value equal to or more than \$250,000). These contracts were selected using targeted sampling that was based on specific factors including Yukon First Nations participation measures and contract complexity. Details of these contracts are included in [Exhibit 6](#).

Exhibit 6—Details of 10 high dollar-value contracts selected using targeted sampling from a population of contracts awarded and completed by all 16 Yukon government organizations from 1 April 2019 to 31 October 2023

Yukon government organization	Number of contracts	Value of contracts	Amount spent on contracts
Department of Community Services	1	\$8,196,767	\$8,196,767
Department of Energy, Mines and Resources	2	\$8,862,855	\$8,793,345
Department of Health and Social Services	1	\$1,934,874	\$1,934,874
Department of Highways and Public Works	6	\$41,967,168	\$41,552,285
Total	10	\$60,961,664	\$60,477,271

28. We found that 9 of these 10 contract files demonstrated a competitive environment and value for money. However, we found that 1 of these did not apply a procurement process that created a competitive environment. Specifically, the Department of Health and Social Services directly awarded a contract with a value of approximately \$2 million for the provision of dietary and food services. Despite the value of the contract, market research was not undertaken. The

circumstances of the contract were not deemed by the Department of Highways and Public Works to qualify as an exception to the requirement for a competitive process in the policy. The Department of Health and Social Services did not accept the advice of the Department of Highways and Public Works and proceeded with the contract. We also found that the contract was signed after services had started to be rendered. As a result, we concluded that value for money was not demonstrated for this high dollar-value contract.

29. **After-the-fact contracts.** We found 5 instances of contracts that were signed after work had started. Of these 5 contracts, 4 were part of the 53 contracts that were selected using representative sampling and 1 was from the sample of 10 high dollar-value contracts. We found that 4 contracts were signed between 2 weeks and 4 months after work had started. For the other high dollar-value contract previously noted in [paragraph 28](#), work had begun almost 1 year before the contract was signed. For 2 of these contracts, we found that the organizations did not follow the policy requirement of providing written notice to their deputy minister (or equivalent) and to the Deputy Minister of the Department of Highways and Public Works that an after-the-fact contract was required. Given that 4 of these contracts, or 8%, were part of the 53 contracts that were selected using representative sampling, this issue is also present in the broader population of contracts in the Government of Yukon. We examined payments made for all contracts and determined that none were made until a signed contract was in place.

Recommendation

30. The Department of Highways and Public Works, in cooperation with the Yukon government organizations required to adhere to the policy, should implement processes or controls to ensure procurement decisions are documented and contracts are signed before work begins.

The department's and the organizations' response. *Agreed.*

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Lack of robust conflict-of-interest processes

Findings

31. Since June 2021, for competitive tenders, bid evaluators had to declare any conflicts of interest. However, we found that as part of the procurement or contracting process for both direct awards and competitive tenders, there was no mechanism in place in Yukon government organizations that required conflict-of-interest declarations or certifications by contract managers or project managers for specific procurements and contracts. Conflict-of-interest certifications minimize risks of inappropriate procurement practices.

Recommendation

32. The Department of Highways and Public Works, in cooperation with Yukon government organizations, should implement a process to be followed by officials involved in procurement and contracting processes requiring disclosure and certification of real or perceived conflicts of interest and should retain results of the process in the procurement file.

The department's and the organizations' response. *Agreed.*

See [Recommendations and Responses](#) at the end of this report for detailed responses.

No monitoring by organizations on whether they were creating a competitive environment or obtaining value for money

Findings

33. We found that the 16 Yukon government organizations required to comply with the Government of Yukon Procurement Policy were not formally or regularly monitoring their overall procurement and contracting activities at an organizational level. Therefore, they did not identify trends or demonstrate that a competitive environment was created or that value for money was achieved. An example of a trend that could be discovered through monitoring would be repeated direct awards to 1 vendor. Looking at individual contracts in isolation means that an organization might not see a potential problem. If organizations are not monitoring and reporting their overall procurement and contracting activities, they will not be able to support the Government of Yukon in its efforts to deliver on its commitments.

34. We also found that the Department of Highways and Public Works had not identified which metrics should be tracked to understand whether a competitive environment was being created and what information should be collected to determine whether value for money was being achieved through contracts awarded by government

organizations. Direction from the Department of Highways and Public Works is important to ensure efforts by organizations are aligned, support centralized reporting of outcomes by the department, and assist the Minister of Highways and Public Works, who has overall responsibility and authority for procurement in the Government of Yukon.

Recommendation

35. The Department of Highways and Public Works should identify the required data to collect, and Yukon government organizations should collect the data and should monitor and formally report whether procurement and contracting activities are creating a competitive environment and achieving value for money.

The department's response. *Agreed.*

See [Recommendations and Responses](#) at the end of this report for detailed responses.

The Department of Highways and Public Works did not monitor procurement and contracting activities across the Government of Yukon

Why this finding matters

36. This finding matters because the Department of Highways and Public Works supports the Minister of Highways and Public Works, who has overall responsibility and authority for procurement in the Government of Yukon. Government-wide monitoring would provide the department with information to assess whether the Government of Yukon Procurement Policy outcomes are being achieved and to identify and manage procurement and contracting risks. Monitoring supports the principles of accountability and transparency as outlined in the policy.

Context

37. The Government of Yukon Procurement Policy states that to check for consistency, transparency, and compliance, the Department of Highways and Public Works will conduct a review of the outcomes of the policy and associated procurement practices within 5 years of the policy's approval date, which was January 2019. An updated version of the policy specifies that the department must assess the results and outcomes of the Yukon First Nations Procurement Policy, which came into effect in February 2021.

38. The Government of Yukon Procurement Policy outlines the responsibilities of the Department of Highways and Public Works for providing support, advice, and oversight to organizations. This includes providing advice on procurements and overseeing the management of procurement and contracting risks across the Yukon government.

39. The Government of Yukon Procurement Policy also requires Yukon government organizations to seek advice from the Department of Highways and Public Works when a proposed procurement would contravene an element or principle of the policy. The policy allows a deputy head of an organization to reject the advice provided by the Department of Highways and Public Works. The process requires the organization that requested the advice to inform the Department of Highways and Public Works in writing if the advice is not accepted.

Limited data and reporting on procurement policy outcomes

Findings

40. We found that the Department of Highways and Public Works had not conducted a review of the outcomes of the Government of Yukon Procurement Policy and associated procurement practices in 2024, as required after 5 years of implementation of the policy. We found that although the department had access to some data captured in a central system as part of the procurement and contracting process, it was not analyzing this information and had not identified the information it needed to enable reporting on the procurement policy outcomes. At the time of this audit, the department did not have plans to undertake a review on the outcomes of the policy.

41. We found that the Department of Highways and Public Works had started early reporting on the Yukon First Nations Procurement Policy. Specifically, the department had publicly released reports containing statistical information in 2022 and 2023. Examples include the number of contracts awarded to Yukon First Nations businesses and bids with a component for Yukon First Nations labour. The reports did not include outcomes; an example of an outcome could be the achievement of the Yukon First Nations Procurement Policy objectives, one of which is to contribute to the achievement of equality of outcomes for Yukon First Nations people.

42. We found that the Department of Highways and Public Works was also not monitoring or reporting on government-wide risks relating to procurement and contracting activities that could impede the achievement of the outcomes of the policy. However, we did find that the department had made tools and training available to Yukon government organizations to mitigate some risks.

Recommendation

43. The Department of Highways and Public Works should identify the information it needs to collect to report on procurement policy outcomes, including risks.

The department's response. *Agreed.*

See [Recommendations and Responses](#) at the end of this report for detailed responses.

More than one third of the central department's procurement advice and guidance not accepted

Findings

44. Over the audit period, we found that Yukon government organizations requested advice from the Department of Highways and Public Works on 291 proposed procurements that had the potential to contravene an element or principle of the policy. One of these was examined as it was part of our high dollar-value sample. While these proposed procurements represent less than 1% of the overall number of contracts, this finding is important because they represent procurements that could contravene the policy. Examples where a procurement would contravene the policy include a direct award above the threshold for competitive tender, issuing a change order to a direct award contract that increases the contract value above the threshold for competitive tender, and bypassing the lowest-priced or highest-ranked response. In 64% of these proposed procurements brought forward for advice from the Department of Highways and Public Works, a direct award exceeding the acquisition method threshold was the primary reason why advice was requested.

45. We found that for 110 of the 291 (38%) proposed procurements, advice provided by the Department of Highways and Public Works was not accepted by the Yukon government organizations. This means that the organizations that proceeded with their intended procurement were not respecting elements listed in the Government of Yukon Procurement Policy. While the Government of Yukon Procurement Policy allows the deputy head of an organization to reject advice received from the department, if the deputy head determines it is in the organization's best interests to do so, the policy nevertheless requires organizations to report to the department on the advice not followed. The policy does not require organizations to provide the department with an explanation of the reason why advice from the department was not accepted or an evaluation of whether the objectives of the intended procurement were achieved. The Department of Highways and Public Works is dependent

on the information communicated by Yukon government organizations and has no way of knowing whether Yukon government organizations should have reported other cases.

46. We also found that there was no reporting by the Department of Highways and Public Works or other Yukon government organizations on procurements that contravened the Government of Yukon Procurement Policy. Therefore, this mechanism, which is intended to promote accountability and transparency, may not be achieving its intended purpose.

Recommendation

47. To promote accountability and transparency, the Department of Highways and Public Works should report on whether the advice provided to other Yukon government organizations about proposed procurement processes that would contravene the Government of Yukon Procurement Policy was accepted and whether such contracts achieved their intended purpose. The Department of Highways and Public Works should monitor for trends and adjust policies and processes as required.

The department's response. *Agreed.*

See [Recommendations and Responses](#) at the end of this report for detailed responses.

Conclusion

48. We concluded that Government of Yukon organizations did not create a competitive procurement environment and did not make procurement and contracting decisions that resulted in value for money for Yukoners.

49. Monitoring had not been undertaken by Yukon organizations to ensure the government was delivering on its policy commitments, and our examination confirmed that a competitive environment had not been created. Therefore, procurement and contracting decisions did not result in value for money for Yukoners.

About the Audit

This independent assurance report was prepared by the Office of the Auditor General of Canada on procurement and contracting in the Government of Yukon. Our responsibility was to provide objective information, advice, and assurance to assist the Yukon Legislative Assembly in its scrutiny of the government's management of resources and programs and to conclude on whether procurement and contracting in the Government of Yukon complied in all significant respects with the applicable criteria.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001—Direct Engagements, set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook—Assurance.

The Office of the Auditor General of Canada applies the Canadian Standard on Quality Management 1—Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we complied with the independence and other ethical requirements of the relevant rules of professional conduct applicable to the practice of public accounting in Canada, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from entity management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the audit report is factually accurate

Audit objective

The objective of this audit was to examine whether Government of Yukon organizations created a competitive procurement environment and made procurement and contracting decisions that resulted in value for money for Yukoners.

In relation to public spending, value for money relates to economy (cost minimization), efficiency (output maximization), and effectiveness (full attainment of the intended results), while supporting the value of equity (fair spending).

Scope and approach

This audit includes the following 16 organizations that are required to comply with the Government of Yukon Procurement Policy:

- Department of Community Services
- Department of Economic Development
- Department of Education
- Department of Energy, Mines and Resources
- Department of Environment
- Executive Council Office
- Department of Finance
- French Language Services Directorate
- Department of Health and Social Services
- Department of Highways and Public Works (both as a central agency and as a line department)
- Department of Justice
- Public Service Commission
- Department of Tourism and Culture
- Women and Gender Equity Directorate
- Yukon Development Corporation
- Yukon Liquor Corporation

The audit examined how the Department of Highways and Public Works managed the Government of Yukon Procurement Policy to minimize risks associated with procurement and contracting activities within the Government of Yukon. We examined whether the Department of Highways and Public Works collected data from across government and reported on outcomes of the procurement policy.

We examined how the Department of Highways and Public Works supported organizations in creating a competitive environment through the provision of centralized guidance and processes. We also examined whether organizations undertaking procurement activities within the Government of Yukon created a competitive environment that considered values and ethics, including conflict of interest. We examined policies and processes of Yukon government organizations related to procurement planning, including market research and acquisition method selection, to create competitive procurement opportunities.

We examined contract management and performance monitoring practices in all 16 organizations to determine whether and how organizations ensured contracts yielded value for money. We considered guidelines and other documentation produced by the Department of Highways and Public Works and other Yukon government organizations. We also considered the reports that were produced to demonstrate whether procurement and contracting resulted in value for money.

The audit approach included interviews with Government of Yukon officials, Yukon First Nations, and private sector organizations; document reviews; and contract examination and analysis. Two contract samples were selected among the 47,041 contracts across all 16 organizations that started on or after 1 April 2019 and were issued and completed by 31 October 2023:

- A representative sample of 53 contracts. This sample was sufficient in size to conclude on the sampled population with a confidence level of no less than 90% and a margin of error (confidence interval) of no greater than +10%.
- A targeted sample of 10 contracts. This sample was selected because of various risk factors, including elements associated with the Yukon First Nations Procurement Policy, dollar value, and change orders. Results from this sample cannot be applied to the sampled population.

All sample contracts were examined to determine whether the following had been applied:

- selected acquisition method as outlined in the policy, such as direct award, invitational tender, open tender (in accordance with the applicable thresholds in effect at the time the contract was signed)
- market research (for example, availability of goods or services, potential vendors, potential interest in the opportunity, request for information, request for expression of interest)
- confirmation that the deliverable(s) met the need originally identified
- confirmation that the good or service was received prior to payment and in accordance with the contract (section 29 of the [Financial Administration Act](#))
- contract monitoring of Yukon First Nations participation measures, if applicable
- management of non-performance

Criteria

We used the following criteria to conclude against our audit objective:

Criteria	Sources
The Department of Highways and Public Works managed the procurement policy in a way to minimize procurement and contracting risks for the Government of Yukon.	<ul style="list-style-type: none"> • General Administration Manual 2.6: Procurement Policy, Government of Yukon, 2019 to 2023
The Department of Highways and Public Works collected data to report on the outcomes of the procurement policy on behalf of the Government of Yukon.	<ul style="list-style-type: none"> • General Administration Manual 2.6: Procurement Policy, Government of Yukon, 2019 to 2023

Criteria	Sources
Government of Yukon organizations created a competitive procurement environment.	<ul style="list-style-type: none"> • General Administration Manual 2.6: Procurement Policy and associated operational requirements, Government of Yukon, 2019 to 2023 • General Administration Manual 3.39: Conflict of Interest Policy, Government of Yukon, 2008 • General Administration Manual 3.63: Values and Ethics Code for Government of Yukon Employees, Government of Yukon, 2023 • Contract Management: A Guide to Planning, Building and Managing Contracts, Department of Highways and Public Works, 2022
Government of Yukon organizations conducted contract management and performance monitoring to obtain value for money for Yukoners.	<ul style="list-style-type: none"> • General Administration Manual 2.6: Procurement Policy and associated operational requirements, Government of Yukon, 2019 to 2023 • Contract Management: A Guide to Planning, Building and Managing Contracts, Department of Highways and Public Works, 2022

Period covered by the audit

The audit covered the period from 1 April 2019 to 31 January 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters that preceded the start date of this period.

Date of the report

We obtained sufficient and appropriate audit evidence on which to base our conclusion on 20 November 2024, in Ottawa, Canada.

Audit team

This audit was completed by a multidisciplinary team from across the Office of the Auditor General of Canada led by Glenn Wheeler, Principal. The principal has overall responsibility for audit quality, including conducting the audit in accordance with professional standards, applicable legal and regulatory requirements, and the office's policies and system of quality management.

Recommendations and Responses

Responses appear as they were received by the Office of the Auditor General of Canada.

In the following table, the paragraph number preceding the recommendation indicates the location of the recommendation in the report.

Recommendation	Response
<p>30. The Department of Highways and Public Works, in cooperation with the Yukon government organizations required to adhere to the policy, should implement processes or controls to ensure procurement decisions are documented and contracts are signed before work begins.</p>	<p>The department's and the organizations' response. Agreed. Yukon government organizations acknowledge the importance of file documentation and signing contracts before work begins as evidence that Procurement Authorities are following the policy, creating a competitive environment and achieving value for money. Yukon government organizations will collaborate on actions to ensure improvement in timely and comprehensive documenting of procurement decisions.</p> <p>In response to this finding, in October 2024 Highways and Public Work added additional guidance and training on procurement file documentation and will continue to collaborate with Yukon government organizations to strengthen processes.</p>
<p>32. The Department of Highways and Public Works, in cooperation with Yukon government organizations, should implement a process to be followed by officials involved in procurement and contracting processes requiring disclosure and certification of real or perceived conflicts of interest and should retain results of the process in the procurement file.</p>	<p>The department's and the organizations' response. Agreed. The Government of Yukon has a comprehensive ethical framework that includes a Values and Ethics Code, an Oath of Office and a Conflict of Interest Policy. As an additional measure, Highways and Public Works, in cooperation with Yukon government organizations, will further develop mechanisms to include real or perceived conflict-of-interest declarations from all officials involved in the procurement and contract management in each file.</p>

Recommendation	Response
<p>35. The Department of Highways and Public Works should identify the required data to collect, and Yukon government organizations should collect the data and should monitor and formally report whether procurement and contracting activities are creating a competitive environment and achieving value for money.</p>	<p>The department's response. Agreed. Highways and Public Works will establish data collection and reporting practices and define the metrics which determine how a competitive environment was created and if value for money was achieved. Processes to collect and report on these metrics will be implemented in collaboration with Yukon government organizations.</p> <p>Highways and Public Works, in collaboration with Yukon government organizations and partners, will further improve and expand the Performance Measurement Framework which reports key performance indicators against a set of outcomes for the Yukon First Nation Procurement Policy, and formally report on these aspects of the procurement and contracting activities across the Yukon government.</p>
<p>43. The Department of Highways and Public Works should identify the information it needs to collect to report on procurement policy outcomes, including risks.</p>	<p>The department's response. Agreed. Highways and Public Works will establish benchmarks on the key performance indicators, including risk factors, to report on the success of the policy outcomes. In collaboration with Yukon government organizations, Highways and Public Works will create a regular reporting schedule. Through this, Highways and Public Works will be positioned to track and respond to emerging trends quickly.</p> <p>Highways and Public Works will initiate an independent review of the Procurement Policy by 2026.</p>
<p>47. To promote accountability and transparency, the Department of Highways and Public Works should report on whether the advice provided to other Yukon government organizations about proposed procurement processes that would contravene the Government of Yukon Procurement Policy was accepted and whether such contracts achieved their intended purpose. The Department of Highways and Public Works should monitor for trends and adjust policies and processes as required.</p>	<p>The department's response. Agreed. Highways and Public Works acknowledges the importance of documenting and reporting on procurement and contracting and will work with Yukon government organizations to analyse whether advice provided is taken and the outcomes of procurement.</p> <p>Yukon government organizations will collaborate to implement a process to create oversight and track trends to monitor procurement activities for alignment with policy objectives and processes, and whether contracts achieve their intended purposes.</p>

