

## Chapter 13

# eHealth Saskatchewan—Mitigating Vendor Influence and Related Conflicts of Interest

### 1.0 MAIN POINTS

Conflict of interest, whether potential or real, brings into question the integrity and fairness of decisions made by public servants. Sound policies assist in mitigating risks associated with conflicts of interest, and vendor influence. By January 2021, eHealth Saskatchewan implemented all six remaining recommendations about its policies and processes to mitigate vendor influence and related conflicts of interest.

eHealth updated its procurement policy, and required employees to declare conflicts of interest before participating in purchase decisions. It began following vendor-sponsored travel policies, and complied with requirements to obtain management approval in advance of vendor-sponsored events. eHealth also provided employees with ongoing training on related key policies.

### 2.0 INTRODUCTION

eHealth is mandated to lead IT services for the health sector. This includes IT services to the Saskatchewan Health Authority and all other Saskatchewan government healthcare organizations and their 40,000 health care workers. This consolidation of IT services includes a single approach to the procurement of IT hardware, software, and security for this sector.<sup>1</sup>

At January 2021, eHealth employed over 400 employees in full-time equivalent positions.

For the year ended March 31, 2020, eHealth had total expenses of \$145.2 million (including software and hardware maintenance expenses of \$34.9 million and payroll expense of \$30.5 million).<sup>2</sup> At March 31, 2020, eHealth had \$113.9 million in contractual obligations expected over the next five years, comprising of approximately 200 contracts with over 140 different vendors.<sup>3,4</sup>

As part of its vendor contracts (explicitly or implicitly), eHealth may accept vendor-paid training and development opportunities from vendors. Therefore, it is critical eHealth has clear policies about conflict of interest, code of conduct, and/or integrity. Effective policies outline expected behaviour of board members, management, staff, and vendors from which an organization purchases goods and services.

In addition, clear procurement policies and procedures assist in managing and mitigating risks associated with conflicts of interest, and vendor influence. Examples of conflicts of interest and vendor influence may include accepting hospitality or gifts during a

<sup>1</sup> In 2017, the Government mandated eHealth to consolidate IT services across the health system. eHealth Saskatchewan, *2017-18 Annual Report*, pp. 13 and 44.

<sup>2</sup> eHealth Saskatchewan, *2019-20 Annual Report*, pp. 55 and 63.

<sup>3</sup> eHealth Saskatchewan, *2019-20 Annual Report*, p. 61.

<sup>4</sup> Information provided by eHealth Saskatchewan management.



procurement exercise, or awarding contracts to suppliers in which the decision-maker has a personal or financial interest. If not properly addressed, conflicts of interest can increase the level of distrust toward government, and over time, impact the legitimacy and effectiveness of government actions.

## 2.1 Focus of Follow-Up Audit

---

This chapter describes our first follow-up audit of management's actions on six recommendations we made in our *2019 Report – Volume 1*, Chapter 3. In that Report, we concluded eHealth did not have effective processes to mitigate vendor influence and related conflicts of interest and made ten recommendations. As our *2020 Report – Volume 2*, Chapter 3 reports, by June 29, 2020, eHealth implemented four of the ten recommendations with six recommendations outstanding.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate eHealth's progress toward meeting our recommendations, we used the relevant criteria from the original audit. eHealth agreed with the criteria in the original audit.

We interviewed eHealth staff, reviewed policies and training against good practice, examined conflict of interest declaration forms, and tested a sample of procurement decisions for compliance with policies.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2021, and eHealth Saskatchewan's actions up to that date.

### 3.1 Comprehensive Procurement Policy in Place

---

***We recommended eHealth Saskatchewan update its policies over buying goods and services to provide explicit guidance on:***

- ***Identifying and managing vendor conflicts of interest***
- ***Evaluating vendor proposals***
- ***Negotiating contracts with selected vendors***
- ***Standard tendering time***

*(2019 Report – Volume 1, p. 32, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)*

**Status**—Implemented

In November 2019, eHealth updated its procurement policy to include guidance around:

- Identifying and managing vendor conflicts of interest
- Evaluating vendor proposals
- Negotiating contracts with selected vendors

- Providing vendors with a standard amount of time for submitting tenders

We found its updated policy aligns with good practice as set by SaskBuilds and the Ministry of Trade and Export Development.

eHealth's updated procurement policy appropriately:

- Requires individuals (i.e., employees) involved in each purchase decision to explicitly declare they do not have any actual, perceived or potential conflict of interest in the purchase transaction
- Gives its Designated Officer authority to conclude on whether a conflict declared is an actual conflict of interest<sup>5</sup>
- Does not allow individuals with a confirmed conflict of interest to participate in a purchase decision
- Requires vendors to disclose conflicts of interest
- Outlines the type of criteria (e.g., environmental impact of the goods and services; supplier experience, performance history and demonstrated ability to successfully perform the contract) a purchase evaluation team can use to evaluate purchase proposals
- Requires the purchase evaluation team to create evaluation criteria before receiving any purchase proposals<sup>6</sup>

For two purchases tested, we found signed declarations of individuals involved in the purchase decision and vendor on file, and confirmed the team used evaluation criteria to evaluate the purchase proposals.<sup>7</sup>

eHealth added guidance to its procurement policy about the types of contract negotiations permitted (e.g., consecutive vs. concurrent negotiations), and the steps for initiating and conducting such negotiations.<sup>8</sup> The policy requires eHealth to disclose the type of negotiation in the request for proposal.<sup>9</sup>

For two requests for proposal we tested, we confirmed the negotiation expectations were clearly disclosed.

Lastly, eHealth's updated policy requires a request for proposal be posted for a minimum of 25 days. It also requires eHealth to post a notice indicating who was selected within 72 days of awarding a contract. We confirmed these requirements were met for one request for proposal.

<sup>5</sup> A Designated Officer makes final decisions about whether an actual, perceived, or potential conflict of interest declared by an employee is an actual conflict of interest. A Designation Officer decides whether the employee should continue as a member of the procurement evaluation team.

<sup>6</sup> The purchase evaluation team establishes criteria for purchase decisions. It uses that criteria to conduct an unbiased evaluation of purchase proposals and selects a vendor to purchase from.

<sup>7</sup> eHealth conducted a total of seven procurements from October 1, 2019 to January 19, 2021.

<sup>8</sup> Consecutive means negotiating with one supplier at a time, starting with the top ranked supplier. Concurrent means negotiating with several shortlisted suppliers on a concurrent basis.

<sup>9</sup> A request for proposal is a binding competitive bid document used for the purchase of products, materials and services.



Having a comprehensive policy supports consistent and fair procurement. It aids staff in documenting procurement steps, which shows transparent and just process to make purchase decisions.

## 3.2 Vendor-sponsored Travel Policy Implemented

---

***We recommended eHealth Saskatchewan develop an approved policy outlining permitted vendor-sponsored travel.*** (2019 Report – Volume 1, p. 34, Recommendation 3; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)

**Status**—Implemented

***We recommended eHealth Saskatchewan properly approve all vendor-sponsored travel and training in advance of the event.*** (2019 Report – Volume 1, p. 39, Recommendation 10; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)

**Status**—Implemented

eHealth implemented Treasury Board's *Vendor Sponsored Travel policy* (i.e., FAM 4407) when the policy came into effect in October 2019, and complied with the policy.<sup>10</sup>

The *Vendor Sponsored Travel policy* defines vendor-sponsored travel, and sets out when it is permitted (e.g., training, conferences, task forces). The policy also sets out guidance for approving vendor-sponsored travel. A permanent head (e.g., Chief Executive Officer) or delegate must approve vendor-sponsored travel in advance of the event.

Having a clear and robust policy promotes a consistent and fair approach across the organization in accepting vendor sponsored travel and improves compliance.

Since the policy came into effect in October 2019, eHealth had only one instance of vendor-sponsored training with travel. We confirmed eHealth complied with the policy, that is, appropriate eHealth management granted approval in advance of the event, and training provided at the vendor's cost, which aligned with the vendor service agreement.

Obtaining prior approvals for travel and training helps to ensure employees plan to attend business-related events at a reasonable cost.

## 3.3 Conflicts of Interest Forms Completed and Training Provided

---

***We recommended eHealth Saskatchewan actively track employees with declared conflicts of interest, and the actions taken to manage them.*** (2019 Report – Volume 1, p. 35, Recommendation 4; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)

**Status**—Implemented

---

<sup>10</sup> As a Treasury Board agency, eHealth must follow policies in the *Financial Administration Manual*. The Manual is publicly available at: [applications.saskatchewan.ca/fam/toc](http://applications.saskatchewan.ca/fam/toc) (03 March 2021).

***We recommended eHealth Saskatchewan provide each of its employees with ongoing training on its key policies. (such as code of conduct and conflict of interest policies).*** (2019 Report – Volume 1, p. 38, Recommendation 7; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)

**Status**—Implemented

Since November 2019, eHealth tracks employees' conflict of interest declarations, and training received on code of conduct and conflict of interest policies.

Annually, eHealth requires its employees to formally acknowledge its code of conduct and corporate policies, declare potential conflicts of interest, and complete code of conduct (including conflict of interest) training with a passing exam mark of at least 80 percent. eHealth uses a spreadsheet listing every employee to track completion.

For ten employees tested, we found each completed the:

- Acknowledgement of code of conduct and corporate policies form
- Conflict of interest declaration form
- Code of conduct training with a passing mark of 80 percent minimum

A systematic approach to tracking conflicts of interest allows eHealth to identify and manage individual conflicts. By providing ongoing training on its key policies, eHealth increases staff awareness of the policy obligations and expectations placed upon them. It also reinforces the importance of compliance.

### 3.4 Complying with Procurement Policy

***We recommended eHealth Saskatchewan follow its policy that requires all individuals involved in making vendor selection decisions complete a standardized conflict of interest form for each procurement.*** (2019 Report – Volume 1, p. 37, Recommendation 6; Public Accounts Committee has not yet considered this recommendation as at April 27, 2021)

**Status**—Implemented

Since November 2019, eHealth has put into practice the requirement that all individuals involved in making vendor selection decisions complete a Non-Disclosure and Confidentiality Agreement form that acknowledges any actual or potential conflicts of interest, or perceived conflicts of interest for each purchase decision.

For two procurements tested, we found each vendor selection committee member completed a Non-Disclosure and Confidentiality Agreement form and noted no conflicts to declare prior to partaking in the evaluation of the potential vendors.

Additionally, for one employee we tested who declared a potential conflict of interest, we found eHealth assessed the declared conflict and decided it was not an actual conflict. We agreed with eHealth's assessment.

By formally documenting declarations of conflict by staff involved in vendor selection, eHealth can show that it has treated potential vendors equitably.



(this page intentionally left blank)