



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada

Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Audit of Exceptional Contracting Limits Authority

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ACRONYMS

AES	Audit and Evaluation Sector
DOJ	Department of Justice
CFN	Chief Federal Negotiator
EW	Expert Witness
CD	Crown Deponent
ECLA	Exceptional Contracting Limits Authority
AANDC	Aboriginal Affairs and Northern Development Canada
TB	Treasury Board
TBS	Treasury Board Secretariat
FAA	Financial Administration Act
SADM	Senior Assistant Deputy Minister

KEY DEFINITIONS

Exceptional authority contracts:	Non-competitive contracts with Expert Witnesses, Crown Deponents and Federal Negotiators. AANDC has been authorized by Treasury Board to enter into these contracts provided they meet the exceptions to competitive contracting.
Crown Deponent:	A representative of the Crown who gives information about a legal case under oath.
Expert Witness:	Expert who assists in the preparation of the Crown's position by preparing reports or giving evidence at trial.
Federal Negotiator:	A person appointed by the Minister of Aboriginal Affairs and Northern Development Canada to represent Canada in addressing claims, litigation and self-government issues.
Non-competitive contract:	A contract where bids were not solicited or, if bids were solicited, the conditions of a competitive contract were not met.

EXECUTIVE SUMMARY

Background

In July 2002, Treasury Board Ministers approved the Exceptional Contracting Limits Authority (ECLA) for the Minister of Aboriginal Affairs and Northern Development Canada (AANDC) to enter into and amend service contracts with Chief Federal Negotiators (CFNs), Expert Witnesses (EWs) and Crown Deponents (CDs).

At the request of Treaties and Aboriginal Government (TAG) Sector, this audit was included in the 2011-2012 to 2013-2014 Risk-based Audit Plan approved by the Audit Committee on February 22, 2011.

The TAG Sector has the responsibility for coordinating the nomination of federal negotiators/representatives pursuant to the ECLA for AANDC, regardless of the geographical location of the program/sector requesting the nomination of a federal negotiator/representative. It is a requirement of the Treasury Board Secretariat (TBS) for an audit of Exceptional Contracting Limits for CFN contracts to be performed on a three-year cyclical basis as per the AANDC Exceptional Contracting Limits Authority.

Policy and Strategic Direction (PSD) sector, responsible for Litigation Management and Resolution Branch, has the responsibility for coordinating the nomination of CDs and EWs pursuant to the ECLA for AANDC. For EWs and CDs, Case Managers in the Litigation Management and Resolution Branch are responsible for managing the candidate selection process, monitoring the progress of the file and managing these exceptional contracts. Case Managers from Litigation Management work with Material and Asset Management Division to ensure that these contracts comply with TBS and departmental policies and regulations.

Each program/sector is responsible for the completion and management of the contracts resulting from the nominations. The official contracts are held in the program's respective location.

Audit Objective and Scope

The objectives of the audit were to:

- Evaluate internal controls and processes related to exceptional contracting;
- Determine if the processes and procedures in place to support exceptional contracting activities are in compliance with exceptional contract regulations and guidelines from Treasury Board (TB) and AANDC; and,
- Verify that the exceptional contracts entered into from April 1, 2006 to March 31, 2011 were completed in compliance with exceptional contracting policies, regulations and guidelines from TB and AANDC.

The scope of this audit included the examination of a sample of Exceptional Contracting Limits Authority contracts for CFNs, EWs and CDs for land claim, self-government and litigation resolution matters. Contracts from Headquarters and regions for the period April 1, 2006 to March 31, 2011 were examined. Contracts under Water Board activity in the three Northern Territories are rare and were therefore not examined. This audit provides assurance on the compliance of exceptional contracting activities with policies and procedures and included a review of controls that support exceptional contracting.

The criteria during the audit were based on the Treasury Board's *Contracting Policy*, which

contains further regulations relevant to ECLA, Government Contracts Regulations and AANDC's review Guidelines for CFNs.

Observed Strengths

Throughout the audit fieldwork and based on the samples of files of reviewed, the audit team observed several examples of how controls are properly designed and are being effectively applied by management. This resulted in several positive observations, which are listed below:

- Authority, responsibility and accountability for CFNs, EWs and CDs exceptional contracts are clearly defined and communicated.
- Exemptions relating to contracting actions from bid solicitation were supported for exceptional contracts as outlined in Government Contract Regulations.
- Exceptional contracts complied with exceptional authority limits.

Conclusion

Generally, contract management practices were found to be effective and adequate; however, some areas where improvements are required were noted in the areas of ECLA Contract Administration and ECLA Contracting Requirements.

Recommendations

The audit team identified areas where management practices and processes could be improved, resulting in six recommendations. The Audit and Evaluation Sector recommends that:

The SADM of Policy and Strategic Direction as the head of the Litigation Management and Resolution Branch ensures that:

- There is consistency in contract file administration activities, including the method of evidencing that there is appropriate monitoring and oversight against contract expectations, such as consistent use of the deliverables checklist and the method of providing approval for requisitions/expenditure initiation (Recommendation #1);
- Standard templates are used for all contracts and that contracts contain all necessary information and clauses in accordance with TB Contracting Policy requirements (Recommendation #2).

The SADM of Treaties and Aboriginal Government ensures that:

- All necessary Ministerial approvals are obtained and retained on file (Recommendation #3);
- Activities related to obtaining and/or verifying security clearance levels are evidenced via relevant supporting documentation and evidence be retained on file (Recommendation #4);

The SADM of Treaties and Aboriginal Government and the SADM of Policy and Strategic Direction ensure that:

- Appropriate Department of Justice approval documentation relevant to contracts with practicing members of the bar is retained on file (Recommendation #5).

The Chief Financial Officer and the SADM of Treaties and Aboriginal Government ensure that Section 41 approvals are appropriately completed for contractual arrangements and amendments and are retained on file as evidence that they are agreed to by all relevant parties (Recommendation #6).

INTRODUCTION AND CONTEXT

1.1 Exceptional Contracting Limits Authority

The audit of Exceptional Contracting Limit Authority (ECLA) was included in the 2011-2012 to 2013-2014 Risk-based Audit Plan approved by the Audit Committee on February 22, 2011 at the request of Treaties and Aboriginal Government (TAG) Sector. It is a requirement of the Treasury Board Secretariat (TBS) for an audit of Exceptional Contracting Limits for CFN contracts to be performed on a three-year cyclical basis as per the Aboriginal Affairs and Northern Development Canada (AANDC) Exceptional Contracting Limits Authority (ECLA).

Exceptional contracting applies in circumstances where sensitivities of a particular file or the complexities of the issues at stake require appointment of Chief Federal Negotiators by the Minister, or non-competitive contracting of specific individuals with highly specialized skills such as EWs and CDs.

The TAG Sector has the responsibility for coordinating the nomination of federal negotiators/representatives pursuant to the ECLA for AANDC, regardless of the geographical location of the program/sector requesting the nomination of a federal negotiator/representative. It is a requirement of the Treasury Board Secretariat (TBS) for an audit of Exceptional Contracting Limits for CFN contracts to be performed on a three-year cyclical basis as per the AANDC Exceptional Contracting Limits Authority.

Policy and Strategic Direction (PSD) sector, responsible for Litigation Management and Resolution Branch, has the responsibility for coordinating the nomination of CDs and EWs pursuant to the ECLA for AANDC. For EWs and CDs, Case Managers in the Litigation Management and Resolution Branch are responsible for managing the candidate selection process, monitoring the progress of the file and managing these exceptional contracts. Case Managers from Litigation Management work with Material and Asset Management Division to ensure that these contracts comply with TBS and departmental policies and regulations.

Each program/sector is responsible for the completion and management of the contracts resulting from the nominations. The official contracts are held in the program's respective location.

The exceptional contracting limit authority allows the Minister responsible for Aboriginal Affairs and Northern Development Canada to enter into and amend the following exceptional contracts:

- Non-competitive service contracts for the services of CFNs for claims, litigation and self-government negotiations, up to a cumulative value of \$1,500,000 per year;
- Non-competitive service contracts for the services of CDs and EWs for AANDC litigation up to a cumulative value of \$400,000; and,
- Non-competitive service contracts for the services of CDs and EWs for AANDC litigation who are former public servants in receipt of a pension up to a cumulative value of \$150,000.

2. AUDIT OBJECTIVES AND SCOPE

2.1 Audit Objective

The objective of this audit was to provide senior management with assurance over a selection of contract management controls.

Specifically, the objectives of the audit were to:

- Evaluate internal controls and processes related to exceptional contracting;
- Determine if the processes and procedures in place to support exceptional contracting activities are in compliance with exceptional contract regulations and guidelines from TB and AANDC; and,
- Verify that the exceptional contracts entered into from April 1, 2006 to March 31, 2011 were completed in compliance with exceptional contracting regulations and 2guidelines from TB and AANDC.

2.2 Audit Scope

The scope of this audit included the examination of a sample of Exceptional Contracting Limits Authority contracts for CFNs, EWs and CDs for land claim, self-government and litigation resolution matters. Contracts from Headquarters and regions for the period April 1, 2006 to March 31, 2011 were examined. Contracts under Water Board activity in the three Northern Territories are rare and were therefore not examined. During the period under review, the total value of contracts was \$26,383,178, representing 215 contracts, of which 91 were CFN contracts, 87 EW and 37 CD. This audit provides assurance on the compliance of exceptional contracting activities with policies and procedures and included a review of controls that support exceptional contracting.

The criteria for the audit were based on Treasury Board's Exceptional Contracting Policy, Government Contracts Regulations and AANDC's review Guidelines for CFNs.

3. APPROACH AND METHODOLOGY

The internal audit of the Exceptional Contracting Limits Authority followed the Standards for the Professional Practice of Internal Auditing as per the Institute of Internal Auditors (IIA) and the standards and requirements set out in the Treasury Board Policy on Internal Audit.

Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the audit conclusion provided and contained in this report.

The principal audit techniques used included:

- Interviews with key management of the Treaties and Aboriginal Government Sector and Litigation Management and Resolution Branch ;
- Review of relevant documentation related to contracting, reporting, policies, procedures templates and guidelines;
- Evaluation of the system of internal controls, risk management and governance within Treaties and Aboriginal Government branch within the audit scope; and,

- Conduct of a detailed examination of a sample of contracts with CFNs, EWs and CDs to test for compliance with the Exceptional Contracting Limit Authority, Treasury Board Contracting Policy and other relevant AANDC policies.

The approach used to address the audit objectives included the development of audit criteria against which observations, assessments and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

For the purposes of the examination of CFN, EW and CD contracts, a statistically valid sample was selected covering the period of audit scope of April 1, 2006 to March 31, 2011. The sampling strategy considered the following factors: coverage across fiscal years; a cross-section between CFNs, EWs and CDs ; and, coverage of regional offices. The sample included 15 CFN contracts, 15 EW contracts and 5 CD contracts for a total of 35.

4. CONCLUSION

Generally, exceptional contracting practices were found to be effective and adequate; however, some areas where improvements are required are noted in the areas of ECLA Contract Administration and ECLA Contracting Requirements.

5. OBSERVATIONS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined.

Throughout the audit fieldwork, the audit team observed several examples of how controls are properly designed and are being applied effectively by management. This resulted in several positive observations, which are listed below:

- Through the testing of a sample of contract files, it was determined that the authority, responsibility and accountability for CFNs, EWs and CD exceptional contracts are clearly defined and communicated. Formal delegation of financial authority instruments are in place and available for reference for all relevant staff via the intranet.
- Audit testing revealed that, in all cases with the sample selected for testing, there was evidence to support the use of the exceptional contracting limit authority including a statement of work, the contractor's resume, and evidence that exemption to solicit bids applies.
- Audit testing revealed that, in all cases within the sample selected for testing, all exceptional contracts complied with exceptional authority limits and none exceeded the limits prescribed by the TB Exceptional Contracting Policy.

Where a significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to provide recommendations for improvement. Observations and recommendations for corrective actions are included below.

5.1 ECLA Contract Administration

5.1.1 Consistency of Administration Activities

There is a requirement for Case Managers to monitor the activities of EWs and CDs against the agreed statement of work within their contracts. Our sample testing showed that there is inconsistency in the method of evidencing that such reviews have taken place. The audit found that, within the sample of 20 contract files selected (five CD and 15 EW) three files contained limited emails as evidence of monitoring activities and eight files included a formal deliverables checklist which provided for evidence of a more rigorous monitoring and oversight process.

In addition, there are inconsistencies in the process for providing approvals to evidence that there has been consideration with respect to ensuring that appropriate funds are available. In the majority of exceptional contract files there is evidence of such review via a signature on the requisition; however, in two instances, the approval is implied through allocation of funds directly in the OASIS system.

The lack of clear evidence makes it difficult to determine if appropriate monitoring and/or appropriate funds availability check occurred.

Recommendation:

1. The SADM of Policy and Strategic Direction provides guidance as to what is considered appropriate evidence for monitoring and to demonstrate that there has been consideration as to the availability of funds and that such evidence be retained on file. For example, the deliverable checklist could be used more consistently to provide such monitoring evidence.

5.2 ECLA Contracting Requirements

5.2.1 Contractual Documentation

There is a requirement for all exceptional contracts to be created using standard templates and ensuring that contracts contain all relevant information, including: a statement of work; resumes; fee certifications; conflict of interest statements; and, intellectual property guidelines.

Audit testing revealed that, while the content of contracts was generally found to be in compliance with the *TB Contracting Policy*, two instances of non-compliance, out of 35, were noted in audit testing.

- One instance whereby an EW did not sign the fee certification document; and,
- One instance whereby the standard template for a CD contract was not used and, as such, the expected clauses with respect to conflict of interest and indemnification were not included.

The use of standard templates helps to ensure completeness of the contract and compliance with relevant policies. If standard templates are not used, there is an increased risk of non-compliance.

Recommendation:

2. The SADM of Policy and Strategic Direction ensures that all contracts are created using AANDC ECLA standard templates to ensure that all contracting requirements are clearly articulated and defined in accordance with the Contracting Policy.

5.2.2 Ministerial Approval

There is a requirement for an Exceptional Contracting Limit Authority (ECLA) form to be included in all exceptional contract files. The ECLA form is necessary in order to provide adequate support for obtaining Ministerial authorization to enter into the contract.

Testing revealed one instance (out of the total sample of 35 contracts) where there was no evidence that the original ECLA form retained on the contract file was signed by either the Minister or the Deputy. Without the approved ECLA form on file, there is an inability to demonstrate that appropriate approvals occurred.

Recommendation:

3. The SADM of Treaties and Aboriginal Government ensure that all Ministerial approval documentation requirements are obtained and retained on file.

5.2.3 Security Clearance

For all contractors there is a requirement for AANDC to establish, obtain and approve appropriate and relevant security clearance levels prior to the commencement of work. The administrative process that is undertaken to obtain and approve security clearances, which are recorded on the Security Requirements Check Lists (SRCL) form, can take some time to complete. With respect to CFNs, there is a need to appoint such contractors very early in the negotiations process, otherwise there could be a potentially high impact upon negotiation proceedings. In order to expedite the security clearance process, while the SRCL form is being completed, there is an internal security check to ensure that the CFN candidates being proposed to the Minister for appointment. This internal check is facilitated by the AANDC security function, which provides Management of the Strategic Coordination and Initiative of the Treaties and Aboriginal Government Branch with a confirmation via email that the government security clearance levels related to the proposed candidates are appropriate.

Audit testing revealed that, for all 15 of the CFN contracting files sampled, the confirmation emails received from AANDC security are not retained on the exceptional contracting files as evidence that the necessary security clearances have been obtained for the CFNs prior to the commencement of their negotiation activities.

Without evidence of the internal security check, it is not possible to determine if such a check has occurred. If security clearance is not confirmed prior to the nomination of the CFN, there is an increased risk of inappropriate access to documentation.

Recommendation:

4. The SADM of Treaties and Aboriginal Government ensures that appropriate evidence of security clearance verification is obtained and retained on file prior to the commencement of contracts.

5.2.4 Approval for Practicing Members of the Bar

In general, the selection process for CFNs, EWs and CDs complies with Treasury Board and departmental policies and guidelines; however, the audit revealed five instances where there was no evidence of review/approval that was required by the Department of Justice prior to the beginning of the contract:

- For CFNs, there is a requirement for exceptional contracts with practicing members of the bar to be approved by the DOJ. In one instance out of six, testing revealed that a contract file did not contain evidence of the approval. (The Member of the bar requirement only related to six CFN files).
- For EWs and CDs the selection of the contractor is at the discretion of the DOJ, which is confirmed through the receipt of a memo from the DOJ that is retained on the contract

file. For two EWs out of 15 and two CDs out of five, the DOJ confirmation memo was not included on the contract file.

Without appropriate supporting documentation retained on file, there is an increased risk of non-compliance with relevant policies and procedures and/or lack of support for the selection of the contractor.

Recommendation:

5. The SADM of Treaties and Aboriginal Government and the SADM of Policy and Strategic Direction ensure that appropriate Department of Justice approval documentation is obtained and retained on file.

5.2.5 Compliance with Exceptional Authority Limits

Audit testing revealed that, in all cases within the sample selected for testing, all exceptional contracts comply with exceptional authority limits and none exceeded the limits prescribed by the Treasury Board Contracting Policy.

In addition, all exceptional contracts selected for audit testing were appropriately approved by a departmental Procurement Officer for FAA Section 41 approval.

Testing revealed one instance, out of 35, where the original Section 41 document (the final sign off for the contract) was appropriately approved; however, the Section 41 document for a subsequent amendment to the original contract was not signed by the contractor.

The lack of a signed contract on file increases the risk of invalid contractual agreements.

Recommendation:

6. The Chief Financial Officer ensures that Section 41 approvals are appropriately completed for contractual arrangements and amendments and the SADM of Treaties and Aboriginal Government ensures that Section 41 approvals are retained on file as evidence that contractual arrangements and amendments are agreed to by all relevant parties.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The SADM of Policy and Strategic Direction provides guidance as to what is considered appropriate evidence for monitoring and to demonstrate that there has been consideration as to the availability of funds and that such evidence be retained on file. For example, the deliverable checklist could be used more consistently to provide such monitoring evidence.</p>	<p>The deliverable checklist will be used consistently by all LMRB case managers and will be retained on file.</p> <p>Once an invoice is received, case managers will complete the deliverables checklist attesting to the fact that the service has been received. The checklist indicates the progress and deliverable receipt. This checklist is provided to the RCM as evidence of deliverable receipt prior to section 34 sign off.</p>	<p>Director General, LMRB</p>	<p>September 2011</p>
<p>2. The SADM of Policy and Strategic Direction ensures that all contracts are created using AANDC standard templates to ensure that all contracting requirements are clearly articulated and defined in accordance with the Contracting Policy.</p>	<p>LMRB's Business Centre will continue to work closely with Procurement Services Section officials in the Material and Asset Management Division, CFO Sector. The Procurement Services Section is the ultimate authority responsible for ensuring standard templates are used and contain all necessary information and clauses in accordance with TB Contracting Policy Requirements.</p> <p>LMRB created, in collaboration with the Procurement Services Section, an in-house LMRB Authorization Request template for CDs and EWs. This documentation has been made readily available to all LMRB case managers via a dedicated chapter in the LMRB DeskBook. This chapter highlights in-house templates, notes contracting limits, enumerates the requisite steps for securing services, provides a list of documents necessary to commence the contracting process (ie Statement of Work (SOW), security requirement checklist, contractor's proposal, fee certification, CV, DOJ attestation of contractor choice/SOW/timing, etc).</p> <p>This in-house template is used by all LMRB case managers when seeking SADM and/or MO approval (depending on the amount of contract).</p> <p>Once approval is secured from the SADM and/or MO, LMRB</p>	<p>Director General, LMRB</p>	<p>September 2011</p>

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	forwards the necessary documentation to the Procurement Services Section via the Departmental IProc OASIS Program.		
3. The SADM of Treaties and Aboriginal Government ensures that all Ministerial approval documentation requirements are obtained and retained on file.	<p>In addition to the existing hard copy filing system, an electronic filing mechanism has been put in place in January 2011 for the 2010-2011 annual table review. This now ensures that all Ministerial approval documentation requirements are traced and properly stored electronically and on paper. In addition, a CFN directory spreadsheet has been created in December 2010 including a check list for all steps of the nomination process and requirements.</p> <p>Federal negotiators and representatives' nomination signed by the Minister are scanned, archived into an external drive and respect a file naming convention. The hard copy of the approved document is also kept on the federal negotiator/representative's paper file, and the date of ministerial approval is marked in the CFN Directory.</p>	Director General, Financial Management and Strategic Services	Implemented/ completed January 2011
4. The SADM of Treaties and Aboriginal Government ensures that appropriate evidence of security clearance verification is obtained and retained on file prior to the commencement of contracts.	In addition to current practices to indicate in the CFN directory when security clearance requests and confirmations are sent/received from security, all appropriate documentation related to requests and confirmations of security clearance will be saved in CIDM, and a hard copy will be put on the CFN file. This will ensure that appropriate evidence of security clearance verification is obtained and retained on file prior to the commencement of the Federal negotiators and representatives' contract.	Director General, Financial Management and Strategic Services	September 2011
5. The SADM of Treaties and Aboriginal Government and the SADM of Policy and Strategic Direction ensure that appropriate Department of Justice approval documentation is obtained and retained on file.	<p>A new field will be included in the CFN Directory to indicate if Department of Justice approval documentation has been received when required. A copy of the approval will be saved in CIDM and also kept in the CFN paper file.</p> <p>LMRB will ensure that the documentation is both obtained and retained on the file.</p>	Director General, Financial Management and Strategic Services	September 2011

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
	<p>LMRB's DeskBook includes a chapter dedicated to ECLA contracting. This chapter highlights the requirement to have DOJ attest to the choice of contractor, SOW and the timing.</p> <p>As a complementary piece, LMRB is currently developing a "how to" guide for cases managers which clearly outlines all of the requisite steps for putting an ECLA contract in place. This guide specifically highlights the requirement to obtain a justification memo from the Department of Justice which sets out their rationale for contractor recommendation and attests to the SOW and timing.</p>	Director General, LMRB	
<p>6. The Chief Financial Officer ensures that Section 41 approvals are appropriately completed for contractual arrangements and amendments and the SADM of Treaties and Aboriginal Government ensures that Section 41 approvals are retained on file as evidence that contractual arrangements and amendments are agreed to by all relevant parties.</p>	<p><u>CFO:</u> Materiel and Asset Management (MAM) has a Service Contract Amendments - Policy and Procedures document, which procurement officers and RCMs are expected to follow. MAM will be providing further guidance and information sessions to procurement officers to ensure that complete files are requested and kept for amendments to contractual arrangements.</p> <p><u>SADM:</u> Strategic Initiatives Unit will ensure that the responsible program provides copies of the Federal negotiator/representative contract. A copy of the contract will be kept in the appropriate Federal negotiator/representative's file.</p>	<p>Director, Materiel and Asset Management (MAM), CFO</p> <p>Director General, Financial Management and Strategic Services</p>	September 2011

Appendix A: Audit Criteria

The following audit criteria were developed during the planning phase of the audit and included relevant criteria to address specific risks identified in the planning phase.

Audit Criteria		Conclusion
Contract Administration		
1.1	Monitoring mechanisms are in place to ensure compliance with exceptional contracting policies and authorities.	Controlled
1.2	Authority, responsibility and accountability for CFN, EWs and CDs exceptional contracts are clearly defined and communicated.	Well Controlled
1.3	Employees are provided the necessary tools and training to support their exceptional contracting responsibilities.	Well Controlled
Requirements for Contracting		
2.1	Requirements for contracting with CFNs, EWs and CDs are clearly articulated and defined.	Moderate Issues
2.2	Exceptional contracts and amendments are approved for expenditure initiation and for FAA Section 32 where sufficient funds are available.	Moderate Issues
2.3	Exemptions relating to contracting actions from bid solicitation are supported for exceptional contracts as outlined in Government Contracts Regulations (GCRs).	Well Controlled
2.4	The selection process for CFN, EWs and CDs complies with TB and departmental policy and guidelines.	Moderate Issues
2.5	Exceptional contracts comply with exceptional authority limits.	Well Controlled
2.6	TB approval is obtained for any exceptional contracts that exceed the limits prescribed by TB in the TB Contracting Policy.	Well Controlled
2.7	An explicit indemnification clause is included in all exceptional contracts.	Moderate Issues
2.8	The exceptional contract is approved by the departmental Contracting Officer for FAA Section 41 approval and by the Contractor.	Moderate Issues