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The Andersen–Comsoc affair: Partnerships and the public interest

Abstract: In January 1997, Ontario's Ministry of Community and Social Services (Comsoc) entered into a public–private partnership with Andersen Consulting. The business transformation project was intended to support the Ontario Works program and Ontario Disability Support program. The provincial auditor subsequently reviewed the project and identified a number of problems. This particular case illustrates some of the key issues associated with public–private partnerships in Ontario, and perhaps more generally. The article examines the government's managerialist agenda and the twin goals of downsizing the Ontario Public Service while increasing the involvement of business in program delivery. Analysis focuses on how the Ontario government conceives of partnership arrangements; the issue of differences in organizational power between public and private actors; the question of whether shared interests need necessarily exist between the parties; and the problem of securing accountability in partnership arrangements. It finds that collaborative partnerships and democratic accountability are in tension; public-sector organizations risk entering public–private partnerships in subordinate roles; and that divergent public and private purposes hampered the project. Moreover, the article suggests that the ministry's eventual corrective actions embraced traditional public administrative concerns. This development indicates that while recent managerialist reforms have posed some challenge to public administration, it shows continued relevance in protecting the public interest.

Sommaire : En janvier 1997, le ministère des Services sociaux et communautaires de l'Ontario a conclu avec *Andersen Consulting* un partenariat entre secteurs public et privé. Le projet visait à appuyer le programme Ontario au travail et le Programme ontarien de soutien aux personnes handicapées. Le vérificateur provincial a, par la suite, passé en revue le projet et a identifié un certain nombre de problèmes. Ce cas particulier illustre certaines des questions clés associées aux partenariats entre le sec-

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teur public et le secteur privé en Ontario, et peut-être dans un champ plus vaste. L'article examine le programme de nouveau management public du gouvernement let les deux objectifs jumeaux consistant à réduire la taille de la Fonction publique de l'Ontario tout en augmentant le rôle du secteur privé dans la prestation des programmes. L'analyse se centre sur la manière dont le gouvernement de l'Ontario conçoit les contrats de partenariat; la question des différences en matière de pouvoir organisationnel entre les intervenants des secteurs public et privé; la question de savoir si les parties doivent nécessairement partager des intérêts communs; et le problème de la garantie de l'imputabilité dans les contrats de partenariat. L'article montre qu'il existe des tensions dans les partenariats de collaboration par rapport à la responsabilité démocratique, que les organismes du secteur public risquent de conclure avec le secteur privé des partenariats où ils joueront des rôles subordonnés et que les objectifs divergents des secteurs public et privé ont été une entrave au projet. Par ailleurs, l'article laisse entendre que les mesures correctives prises finalement par le ministère ont tenu compte des préoccupations traditionnelles de l'administration publique. Cela indique que même si les récentes réformes de gestion ont posé certains défis à l'administration publique, elles visent toujours la protection de l'intérêt public.

"There is nothing wrong with Ontario that a new vision, a new direction and turn-around management can't fix."[1] So declared the *Common Sense Revolution,* the Ontario Progressive Conservative Party's central campaign document for the 1995 provincial election. While still nominally the Progressive Conservative Party of Ontario, it had travelled some ideological distance since the days of Bill Davis and the long-standing notion that "bland works."[2] Among other things, the Harris PCs were committed to making fundamental changes to the public service. They expressed a desire to "take a fresh look at government. To re-invent the way it works, to make it work for people."[3] Common Sense revolutionaries promised that their program would "have a significant impact on the way in which government and employees do business on a day-to-day basis, because it will demand **that government does business *like* a business.**"[4] The new tone of government in Ontario was apparent when, during the government's first throne speech, the lieutenant governor invited "everyone to become a partner in the agenda for change" and then read out a toll-free 1-800 telephone number for Ontarians to call for information about that agenda.[5]

Managerialism, or new public management (NPM), had come to Ontario. In general, the approach sees a greatly enhanced role for the private sector, both as a direct provider of services and as an example for government. The view is summarized by Donald Savoie as being "rooted in the conviction that private sector management is superior to public administration. The solution, therefore, is to transfer government activities to the private sector through privatization and contracting out. Given that all activities can hardly be transferred to the private sector, the next best solution is to transfer business management practices to government operations."[6] In this view, "management is management," and both public and private organizations are grist for managerialism's mill.

This belief in the essential similarity of government and business is an important development. Less than sixty years ago, Paul Appleby, having examined the behaviour of government and business, was able to declare "government is different."[7] Appleby explained that there are "at least three complementary aspects that go to differentiate government from all other institutions and activities: breadth of scope, impact, and consideration; public accountability; political character."[8] However, according to the *Common Sense Revolution*, "[t]he same kind of innovations being employed in the private sector are likely to produce even greater savings when applied to government's bloated bureaucracy."[9]

The general embrace of new public management internationally suggests diminished enthusiasm for viewing public administration as a relevant activity. Sandford Borins points to the inappropriateness of public administration's "bureaucratic paradigm," a melange of ideas associated with Adam Smith, F.W. Taylor, Max Weber, and the Progressives.[10] In this view, public administration is seen as in need of dramatic reform in the face of information technology, governmental fiscal constraints, and changing workforce composition.[11] In this sense, public administration is framed as the problem that managerialism is intended to address. According to Donald Kettl, "[i]n most countries the management reform movement has sought to root out traditional bureaucracy and the pathologies that reformers believed flowed from it. They tried to root out authority-driven hierarchical systems. They sought to replace them with more competition (driven by market strategies) and responsiveness (driven by a stronger attention to citizens as customers)."[12]

David Osborne and Ted Gaebler suggest government reform must recognize the strengths of various sectors. The public sector is said to excel at "policy management, regulation, ensuring equity, preventing discrimination or exploitation, ensuring continuity and stability of service and ensuring social cohesion." For its part, the private sector is better at "performing economic tasks, innovating, replicating successful experiments, adapting to rapid change, abandoning unsuccessful or obsolete activities, and performing complex or technical tasks." Finally, "[t]he third sector tends to be best at performing tasks that generate little or no profit, demand compassion and commitment to individuals, require extensive trust on the part of customers or clients, need hands-on, personal attention ... and involve the enforcement of moral codes and individual responsibility for behaviour."[13] This caricature has enjoyed some influence and is reflected in many government reorganization efforts. Managerialism suggests that the main functions of government should be those of policy setter and contract manager, but with minimal involvement in direct service delivery. This vision for government means that such alternative service delivery (ASD) options as contracting-out, special operating agencies, and public–private partnerships become increasingly feasible.

This article examines one such ASD effort: the business transformation project, a public–private partnership entered into by the Ontario Ministry of Community and Social Services (Comsoc) and Andersen Consulting.[14] This episode demonstrates important issues associated with public–private partnerships in Ontario, and perhaps more generally. The Andersen–Comsoc partnership received considerable scrutiny, including a report on the project by the provincial auditor in 1998 and subsequent follow-up audits. In the light of the auditor's concerns, Comsoc hired another firm to review the project's viability and make recommendations to the ministry on corrective measures. As well, the ministry appeared a number of times before the standing committee on public accounts in 1998 and 1999 to explain the partnership and corrective actions it had taken to bring the project under control. Using these sources, along with government policies on ASD, this article considers how the Ontario government conceives partnership arrangements; the issue of differences in organizational power between public and private partners; whether shared interests necessarily exist between the parties; and the matter of accountability in partnerships. The article finds that collaborative partnership arrangements and democratic accountability are in tension. It also suggests that public-sector organizations in Ontario have been weakened by the downsizing agenda and tend to enter public–private partnerships in a subordinate role, something that hampers both effectiveness and accountability. While partnerships require a shared common purpose, the article points out that the consultant and Comsoc seemed to diverge in this regard to the detriment of the project. Finally, it is suggested that the ministry's eventual corrective actions embraced traditional public administrative concerns. This latter development shows the continuing relevance of long-standing approaches to administrative control and accountability.

Public–private partnerships

The Harris PC party declared enthusiasm for ASD during the 1995 election campaign and maintained that interest after its victory at the polls. During its first throne speech, the new government promised that it would "pursue alternatives such as partnerships between government and private businesses and opening government operations to outside competition."[15] Two months later the government restated the goal: "We will create partnerships with private businesses, and open our administrative operations to outside competition, where it can save taxpayers' money, while protecting privacy and the public interest."[16] In 1996, cabinet approved Management Board Secretariat's alternative service-delivery framework, which set out a range of ASD options for ministries to pursue, including partnerships. The policy framework supported the "Common Sense Revolution's" aim of increasing the involvement of business in program delivery.[17]

Kenneth Kernaghan notes that a partnership can be strictly defined as "a formal agreement to share power with others in the pursuit of joint goals and/or mutual benefits."[18] But, in fact, partnerships take a variety of forms that might not meet the strict definition. Partnerships can be classified according to "the nature and extent of power (i.e., control or influence) exercised by the partners."[19] Kernaghan suggests four general categories of partnerships: *collaborative*, a form of partnership most closely approximating the narrow definition wherein the parties pool roughly equal resources and relinquish autonomy in pursuit of shared goals; *operational*, an arrangement whereby parties share work but not decision-making authority; *contributory*, wherein parties typically share financial sponsorship for a particular project, but have little operational involvement with it; and *consultative*, wherein advice from various interested parties is solicited by the public organization.[20]

F. Leslie Seidle finds some agreement that "'joint action,' 'power sharing,' and 'mutual benefits' are essential elements of true partnerships,"[21] and outlines the distinction between public–private and social partnerships. The latter refers to longer-run delivery arrangements with non-commercial organizations. Regarding the former, he points out that

> [w]hat are usually referred to as public–private partnerships involve agreement between a public-sector and private-sector (commercial) organization. The purpose of such partnerships is often fairly specific – for example to implement information technology systems within the public sector or to improve transportation infrastructure through construction of roads, bridges, etc. Some public–private partnerships do not continue once the particular purpose has been achieved.[22]

He suggests that governments might be interested in partnerships for such reasons as cost control and reducing the role of the public sector.[23]

The Ontario government defines public–private partnerships as arrangements in which "[g]overnment provides services with another party where each contributes resources and shares the risks and rewards."[24] In order to enter into a public–private partnership, ministries apply the common purpose procurement (CPP) policy, which establishes the conditions that must be met before ministries may proceed. The 1995 manager's guide to common purpose procurement notes that one of the benefits of a CPP-type acquisition pertains to the new approach's ability to "lead to better, more creative solutions than government would be able to come up with on its own."[25]

The policy stresses its appropriateness when a ministry "does not have the right mix of time, skills and money to identify, design and develop its own solution" to a particular problem.[26] That is, in order to use the policy ministries must already be in some distress because of a shortage of essential skills or other resources. As well, compared to "traditional procurement processes where proposals are selected chiefly on the basis of price or lowest evaluated cost, the CPP process selects partners on proven experience and expertise, project approach and management, financial stability and capacity, and financial and partnership arrangements for sharing the risks, investments and benefits."[27]

Another notable feature of the approach is the more immediate and more intimate involvement of firms compared to more usual acquisition processes. Among other things, the policy

- allows more interaction between the vendors and ministry to quickly facilitate the vendors' increased understanding of the ministry's business vision, scope and desired results before vendors complete their proposals;
- uses face-to-face interviews and presentations for immediate clarification of proposals and assessment of the project team's synergy;
- involves the vendors earlier in the project to engage private-sector creativity and expertise in defining solutions.[28]

Similarly, the deputy minister's guide to the CPP policy indicates more involvement and control by the private sector than is the case in a typical purchase-of-service arrangement. For example, the guideline requires that deputy ministers be able to answer yes to the following before going ahead with a CPP acquisition:

- My senior managers and I are prepared to give up some power and control in return for achieving the benefits of the project ...
- My senior staff are able to manage the project risks or will be able to do so jointly with the vendor-partner.
- My senior staff are willing and able to share decision-making and responsibility on key issues as well as less critical issues with the vendor-partner.
- All my project staff are willing and able to work in a peer-to-peer collaborative relationship with the vendor-partner.[29]

Common purpose procurement, then, is intended to bring the private sector "inside" in a collaborative arrangement so that government might gain access to private-sector resources, creativity and expertise. In return, the public actor relinquishes some power and control; it is no longer the sole decision-maker, given the commitment to share authority with the private actor.

Comsoc's business transformation project

In October 1995, Comsoc sent out a request for proposals regarding the overhaul of the Family Benefits and General Welfare Assistance programs, two areas through which it delivered social assistance; the effort was named the business transformation project. The Family Benefits program assisted sole-support parents with dependent children and people who were permanently unemployable due to mental or physical disability. In fiscal year 1997–98, the program supported some 314,000 people, amounting to approximately $2.9 billion. General Welfare Assistance involved short-term support, based on a minimal living standard, to people unable to support themselves. In 1997–98, the program assisted approximately 270,000 people, amounting to about $1.9 billion. It was delivered by municipalities and First Nations, while the provincial government funded approximately eighty per cent of the costs.[30] The ministry was interested in developing new technology and new business processes in support of the PC's commitment to workfare. When she appeared before the public accounts committee, the deputy minister of Comsoc, Suzanne Herbert, put the business transformation into context:

> The reform agenda has included new legislation, new programs, an integrated delivery system and a change in the philosophy of social assistance from an entitlement system to one focusing on individual responsibility to work. Integral to this reform is the need to modernize technology and business practices to support this change. It literally requires a re-engineering of all the systems that support social assistance, including administration and technology.[31]

Comsoc wanted to replace its computer systems – the comprehensive income maintenance system (CIMS), the municipal assistance information network (MAIN) and interim systems – and develop a province-wide delivery system along with new business procedures.

The Andersen-Comsoc affair suggests an important power imbalance between the partners and the associated displacement of public concerns for private ones

In April 1996, after reviewing submissions from a number of potential vendors, Comsoc selected Andersen Consulting as its partner for the project. In late January 1997, the ministry concluded negotiations and entered into a four-year agreement with the firm. Andersen's preliminary cost estimate in April 1996 was $50–$70 million. That amount increased to $180 million by January 1997. The auditor found Comsoc unable to demonstrate how it assessed the appropriateness of the new amount.[32] The project was administered through a cost pool and benefit pool. According to the agreement, each organization would be "entitled to recoup its costs and associated interest charges from the benefit pool in proportion to the costs and interest it has charged to the cost pool."[33] As of 31 March 2000, $146.7 million had been charged to the cost pool, of which $117.4 million was attributable to Andersen. Benefits stood at about $116.2 million, all of which were attributable to a component of the project known as the "early opportunities initiative." By that same date, Andersen had received $95.6 million, or about eighty-two per cent of the benefits pool.[34]

In 1998 the provincial auditor reviewed the business transformation project in order to assess whether or not

- the ministry had clearly established the appropriateness of the CPP process for its business transformation project and had followed a reasonable and fair competitive selection process in awarding the agreement to Andersen Consulting; and
- the ministry had demonstrated due regard for economy and efficiency in the contract terms agreed to and in the administration of the work performed[35]

The provincial auditor concluded that Comsoc had generally failed to meet the above requirements. In particular, the ministry had neglected to define the project's scope and intended outcomes. The auditor also found that Comsoc was unable to demonstrate that it had considered different approaches to the project other than a public–private partnership. Further, the audit reported that though Comsoc had followed the policy for such partnership arrangements, the ministry was not able to demonstrate the appropriateness of its vendor selection in terms of cost-effectiveness or value-for-money considerations. Comsoc was able to justify neither the eventual $180 million ceiling price nor the basis for which certain payments were made to the vendor outside of that cap. The provincial auditor was also critical of the distribution of project savings, payments made to Andersen based on program savings that could not be clearly attributed to the firm, the ministry's financial controls on the project and project delays.[36]

Analysis

Organizational power

During the course of the business transformation project, traditional public-service concerns for process, control and public oversight were displaced in favour of the interests of a private firm. Joan Price Boase's review of various public–private partnerships suggests that Comsoc might not be alone in experiencing this sort of displacement. For example, she points out that public–private partnerships "do not always fulfil the requirements of responsible government or reflect traditional public-service values. In particular, it is striking how government representatives have acquiesced to demands by their private partners that the details of their contracts remain confidential, thus blurring the lines of accountability."[37] Similarly, in detecting "a slow drift towards the collaborative end of the partnership spectrum," J. David Wright and Alti Rodal believe the "increased reliance on private-sector resources and operational decisions does suggest a certain leakage of power from the public to the private sector."[38]

Annette Hastings's research into a partnership arrangement at the local level in Scotland[39] reveals intriguing findings that might help to explain the acquiescence by public organizations described by Price Boase. Hastings examined partners' views on a local development project. Initially the public, voluntary and private-sector actors had a common view about the problems they believed the project was intended to address, though differed substantially with regard to causal explanations.[40] When reinterviewed after the partnership had been in effect for a year, Hastings discovered that the private-sector view remained unchanged but that the views of the other parties had shifted towards the private-sector perspective. Hastings believes the change is explained by an unequal power relationship among the actors. That is, power is an important variable in understanding partnerships.

[I]f interests are in tension, and if the public organization does not possess sufficient capacity to manage this strain, then the resultant tension might not be "creative."

The transformation of partners' perceptions in Hastings's example can be seen as "an aspect of micro-politics of power relations within partnership."[41] While the presence of competing understandings might suggest some opportunity for creative responses through the possibility of mutual transformation, an imbalance in organizational power implies the probability of domination and, therefore, unidirectional change.[42] The Andersen–Comsoc affair suggests an important power imbalance between the partners and the associated displacement of public concerns for private ones. As noted, the CPP policy requires that, as a condition of its use, the public organization be short of skills, money and/or time. These circumstances do not seem supportive of equality between partners.

Comsoc hired the firm Hickling Lewis Brod to review the project. The consultant's report notes a mismatch in capacities between public and private actors. In this respect it points to an "observable dissonance in the relationship between the parties" pertaining to Andersen's complaints about Comsoc's failure to meet "expectations for the timely delivery of qualified personnel and policy decisions to the project."[43] The report also finds that government layoffs bear some of the blame for the ministry's shortcomings, noting that "[i]n the course of the downsizing of the Ontario Public Service, early retirement programs afforded a number of senior people opportunities to leave the public service and opened opportunities for promotion to others. The consequent 'churn' has a significant impact on the [business transformation project]."[44] As well, the fact that "several senior managers had been promoted or had accepted alternative career opportunities" also explains some of Comsoc's failure to "crystallize" the project plan.[45] Indeed, the cuts to the public service have been substantial; during their first two years in office the Conservatives eliminated approximately 12,700 FTEs.[46] Graham White's analysis supports the view that the general commitment to downsizing the Ontario Public Service contributed to institutional weakening. Regarding the loss of experienced public servants, he notes that

> layoffs, the extensive acceptance of early-retirement options, and resignations of staff disillusioned with the direction of the OPS or about their role in it have resulted in the public service losing some of the people it should be the most intent on retaining. Quite simply, employees choosing to leave are often the more venturesome or those with the most transferable skills. The problem is not simply loss of talent, but of irreplaceable experience and of institutional memory.[47]

In his consideration of the integrated justice project – another public–private partnership under way in the province – Carl Baar also highlights the tension between skills shortages and the demands of partnerships. Focusing on the issue of project oversight, Baar asks, "How can the public sector monitor the performance of a private partner whose fundamental task is to develop new systems beyond the capacity of the public sector to undertake?"[48] In the Andersen–Comsoc case, the public accounts committee raised similar concerns about the ministry's ability to keep the business transformation project under control. For example, according to the agreement, in addition to the $180 million cap, Andersen would receive further reimbursements from savings for certain excluded project expenses pertaining to third-party development costs. Comsoc made some effort to establish that it could control for such excluded costs, an important concern given that this "back door" could potentially divert benefits away from the ministry. The committee wondered about Comsoc's capacity in this regard. In particular, it expressed concern about costs associated with the development of certain software. The ministry's project manager claimed variously that "[t]he ministry is a key decision-maker in this process," and subsequently, "[w]e are the decision-makers on that process. It wouldn't be a process whereby Andersen Consulting made these decisions on their own without the ministry agreeing to it."[49] The level of ministry control described, however, does not really fit with the common purpose procurement policy where, it will be recalled, authority is very much a shared matter. Nonetheless, when asked if the ministry "could force [Andersen] to design this software rather than purchase it beyond the cap," Comsoc's project manager replied, "Absolutely."[50] There is some reason to doubt the ministry's confidence in this matter.

Sandra Pupatello, a Liberal member of public accounts committee, pointed to a troubling feature of public–private partnerships:

> You mentioned that you have all the expertise somehow to determine – that if Andersen came to you and said, "We have to develop this piece of software," there's someone in this ministry who's going to know that that's not the case, that Andersen can do it in-house, and therefore don't go purchase it outside. The truth is, that's the whole point of hiring Andersen in the first place: The ministry does not have the expertise to know that.[51]

The observation raises concerns about the need for substantive expertise for effective oversight. Partnership management is a challenging task and becomes more so when the public organization enters into an arrangement short of skills and resources. Pupatello's point locates the problem of control in the area of specific capacities, suggesting that success in the venture demands that the public service understand the work to be done; without it, the public partner is at the mercy of the private partner. That is, there must be countervailing expertise among the participants. James Iain Gow makes a similar point in his analysis of contracted-out services in different Canadian jurisdictions. He observes that "we have seen enough cases to indicate that the state should not become so 'hollow' as to be unable to direct, control and evaluate contracted goods and services."[52] If there is an incentive for the private partner to keep costs "off-book," and if the public partner has little basis on which to judge, it must simply put its faith in the partnership and trust its private partner. If interests coincide, then the question of power imbalances – while still important – might not threaten project success. If, however, interests diverge, the problem becomes critical.

Creative tension, or simply tension?

The partners were expected to have a strong common purpose. Comsoc's interest in the project was the replacement of technology with a view to reducing overall costs and adjusting the program to fit the Conservative government's workfare policy. Andersen's interest was profit. According to the policy, this is precisely how things should be: "the obvious common purpose," the manager's guide to the policy notes, "is the *completion* of the solution to the ministry's business problem. ... For the ministry, the gains will be at least the desired business results stated in the [request for proposals] at the start of the [common purpose procurement] process. For the vendor-partner, the gains will be the anticipated revenue and/or ownership of a saleable asset which had been negotiated in the overall contract at the start of the project."[53] It is not entirely clear, however, that a private firm's desire for profit or to obtain a saleable asset will necessarily be in the public interest.

Regarding public–private partnerships, Price Boase notes that "there is a major disjunction between the goal of service to the public and the goal of profit."[54] The tension between public and private imperatives in Ontario is captured by the characterization of the private actor as a "vendor-partner." Regarding the concept, Michael Jordan – a former Ontario government official – believes that a vendor-partner, unlike a traditional vendor, resembles an investor to the extent it takes on risk in expectation of future return. He also points out that "[a] creative tension is established between the private sector's drive to recover its investment and earn incentive payments and the government's need to maintain transparency and accountability."[55] That is, concerns for the firm's bottom line are arrayed against more public concerns. Through it all, however, Jordan is confident in the existence of shared public and private purpose. Yet, if interests are in tension, and if the public organization does not possess sufficient capacity to manage this strain, then the resultant tension might not be "creative."

As noted, under the Andersen–Comsoc agreement each organization is entitled to recover from the benefits pool costs and interest charges proportionate to costs and interest it applies to the cost pool.[56] As of 31 December 1997, $31 million had been charged to the cost pool, of which $28.3 million was attributable to Andersen. Benefits stood at $11.5 million. According to the contract, "[u]nless otherwise agreed to, no distribution of savings is to occur until the total amounts in the benefit pool exceed the total amounts in the cost pool."[57] Even though benefits were running well behind costs, Comsoc made payments to Andersen from the benefits account. The deputy minister explained some of the reasoning behind the decision, pointing out that it was

> quite in keeping with the [common purpose procurement] approach and the CPP guidelines. It is an attempt to recognize that a benefits pool was being created and costs were being incurred and a way of recognizing that a task the project had undertaken had been successful in creating savings for the government. It seemed to us a reasonable approach to share those benefits as they were accruing.[58]

On this view, the ministry thought it unreasonable to delay payment to its partner, a partner with whom Comsoc believed it shared a common purpose. After all, partnerships do require the occasional show of good faith, a view echoed by Jordan, who believes that relationship-building is a critical requirement. Specifically he suggests that "[e]stablishing the confidence, trust and commitment to work together and overcome risk is the intangible nature of these partnerships."[59] In this case, while benefits lagged behind costs, the ministry did not feel obliged to impose more traditional project controls and issued the payments.

Comsoc adopted a trusting posture with its partner and decided to distribute the benefits as they emerged. Even so, benefits were shared in an unusual way. By 31 March 1998, all business transformation project benefits were attributable to the early opportunities change reporting task orders,[60] a component of the project that had yielded $11.5 million in benefits by 31 December 1997. The provincial auditor raised concern about the distribution of benefits, observing that "as of December 31, 1997, Andersen Consulting had been allocated and paid 90% of the amount in the benefits pool but had contributed 63% of the total hours spent on the project."[61]

Perhaps more important than simply taking a disproportionate share of the benefits, the private partner could not really take credit for benefits arising from the early opportunities initiative. The provincial auditor expressed the opinion that benefits derived from enhancements to the existing system should not be counted towards the work undertaken through the business transformation project for a number of reasons. Comsoc had not considered other approaches to the work when it made the choice to include the early opportunities measures in the BTP. The audit also noted that "[m]inistry staff were well aware of the needed changes. In fact, a number of previous audit reports by the Provincial Auditor as well as a report by the Standing Committee on Public Accounts had made significant recommendations for improvements in these areas."[62] As it was, a substantial amount of the work was done by ministry staff who reviewed and updated case files manually, or made programming changes to CIMS. Moreover, Comsoc was assisted in its programming work by consultants other than Andersen. In addition, in November 1995, Comsoc claimed to have already started work in this area in 1994, long before the partnership with Andersen had commenced.[63] The auditor also pointed out that "[s]ince early opportunity savings significantly exceeded costs, it would have been more economical for the Ministry to proceed with this work outside of the [common purpose procurement] agreement, for example, proceeding on a fee-for-service basis."[64] Nonetheless, Andersen benefited from savings generated through this component of the project.

Similarly, the ministry's inability to stop the upward spiral of Anderson's fees was worrisome. The private partner was required to provide the ministry with its standard "published rates" during negotiations. The audit notes that "the rates Andersen Consulting was charging for staff time exceed the rates quoted at the time of its response to the Ministry's December 1995 request for proposal by an average of 63%"[65] (See Table 1). The agreement provided that Andersen could "at any time increase its standard published billing rates and charge the higher rates without the approval of the Ministry."[66] Comsoc's project director provided more specifics for the committee: "Typically, Andersen Consulting's rates change as of September. Their fiscal year is September to September. At that point in time we ask if there are

Table 1. *Comparisons of Andersen Consulting 1995 Proposed Rates with Actual Rates at 31 December 1997*

Position	*Proposed rate/hour ($)*	*Actual rate/hour ($)*
Project director	300–400	575
Technical / System architect	200–300	450
Design specialist	200–300	335–472
System designer	150–250	230–325
Application developer	70–140	105–250

Source: Ontario, Office of the Provincial Auditor, *1998 Report* (Toronto: Queen's Printer, 1998).

going to be new rates. They volunteer that information very often. What we get back is what the new rates will be if there are any changes."[67] Indeed, why would they not volunteer that information as often as they could? In accordance with the policy, the private partner was pursuing its "bottom line" and was successful in these efforts. Andersen had raised the overall project price by some 300 per cent, and within a year it had seen a sixty-three-per-cent increase in its average hourly rate.

Perhaps the eventual nature of the relationship between the parties was unwittingly characterized by Kevin Constante, Comsoc's deputy minister after Ms. Herbert. In discussions with the public accounts committee in 1999 about his efforts to renegotiate the agreement, Mr. Constante indicated that he was disinclined to reveal his strategy to the committee since it would mean "negotiating with all my cards exposed when *the opposition* does not, and I think that would be a mistake."[68] The private partner had been recast as Comsoc's opponent.

Accountability

Comsoc's view of its relationship with Andersen surfaced when Conservative committee member Terence Young asked Comsoc's project director about early payments from the benefits pool:

> [W]ould it be fair for one of the partners to say, "We did have all these benefits and our costs did go down, but it wasn't due to what you did, therefore we're not going to pay you anything?" Or was there this ongoing conversation where they said: "We understand that. We're not trying to get out of the deal. We want to work with you, but we have put out $20 million in costs that we can itemize." Did they do that and is that why they were given those costs? I'm trying to understand that.[69]

The project director agreed that this was the case. In fact, the view of the relationship as an "ongoing conversation" is perhaps what one might reasonably expect from partners working in collaboration. As will be seen, however, this relationship hampered accountability, a shortcoming that was demonstrated in the ministry's responses to public accounts committee's concerns about the payment of out-of-pocket expenses to the firm.

Problematically, the condition of collaborative partnership – rough equality of the parties – is the same one that impedes effective accountability by weakening authority rights

By 31 December 1997, Andersen had been reimbursed for approximately $1.4 million in out-of-pocket expenses. Such costs included accommodation, travel and meals. The partners agreed that Andersen would submit out-of-pocket expense claims and the accompanying receipts to the project management office for review. In a majority of cases, Andersen's staff did not include the supporting documents with their claims as promised, a situation that raised concerns among several committee members. Comsoc's deputy agreed that her ministry had been negligent in not requiring receipts while approving the $1.4 million in payments. While such an admission before the committee was significant, NDP member Peter Kormos was interested in the private actor's explanation for non-compliance:

Mr Kormos: ...What was Andersen's excuse, though? They were the ones who's staff were submitting expense claims without receipts. What was their excuse?
Ms Herbert: Mr. Kormos, I'll go back to repeating what I said, and probably irritating you, which is that the ministry investigated this issue and we've fixed it.
Mr Kormos: I understand that. However, it remains that it was Andersen's staff who were submitting claims without receipts. They knew what the terms of the contract were as well, didn't they?
Ms Herbert: It would be my assumption.
Mr Kormos: So what was their excuse? You've explained why the ministry didn't catch it. I'm asking if you know whether or not Andersen has advanced a reason for its staff making claims without receipts, contrary to the agreement.
Ms Herbert: It was our job to ensure that the receipts were reviewed against the ministry and government guidelines. We did not do that job.
Mr Kormos: Isn't it the job of Andersen's staff to comply with the contract as well?
Ms Herbert: Yes.
Mr Kormos: And they didn't, did they?
Ms Herbert: This part of the contract management was our responsibility.
Mr Kormos: But the fact is that Andersen's staff didn't comply with the contract, did they?
Ms Herbert: Well, it's a moot point.[70]

The public accounts committee is charged with an important accountability function. It has a broad mandate to review and report to the legislature on government operations. Yet Kormos was unable to discover the private partner's reasoning for not complying with the terms of the agreement regarding the payment of $1.4 million in expenses. The deputy minister suggested that her organization could account for the lapse and that a chain of accountability flowed from Andersen, through Comsoc, to the committee. There is some reason to question this view.

Scholars and practitioners are interested in the meaning of accountability in various alternative service configurations. As Donald Savoie has suggested about managerialist reforms: "accountability remains the hole in the doughnut."[71] Likewise, Wright and Rodal believe that accountability is foremost among the risks faced by public–private partnerships.[72] This same issue looms large in the Andersen–Comsoc affair. Richard Mulgan's analysis of accountability is helpful for clarifying the problem. He notes that accountability has come to be used in a number of senses not completely in keeping with the concept's core meaning. That is, accountability

> is *external*, in that the account is given to some other person or body outside the person or body being held accountable; it involves *social interaction and exchange*, in that one side, that calling for the account, seeks answers and rectification while the other side, that being held accountable, responds and accepts sanctions; it implies *rights of authority*, in that those calling for an account are asserting rights of superior authority over those who are accountable, including the rights to demand answers and to impose sanctions.[73]

The public accounts committee is an external body positioned to enforce the ministry's accountability obligations, while the ministry presumably holds the private partner to account. It will be recalled, however, that Comsoc believed its relationship with Andersen was "an ongoing conversation." In a collaborative partnership this conversation is between presumed equals. Mulgan points out though that accountability "implies an unequal relationship of superior and subordinate in which the latter is required to take directions from the former and to accept sanctions, if necessary, for unsatisfactory performance."[74] Problematically, the condition of collaborative partnership – rough equality of the parties – is the same one that impedes effective accountability by weakening authority rights. Moreover, in common purpose procurement in Ontario, the public actor seems likely to come to the table in the subordinate role, thus making accountability even more elusive.[75]

Other problems arose in Comsoc's business transformation project. Briefly, the ministry required Coopers & Lybrand – another consulting firm – to assist in the development of the requests for proposals and the subsequent evaluation of proposals. Coopers & Lybrand's was the highest bid among the three vendors interviewed by the ministry, and the provincial auditor found no evidence to support this choice either. Comsoc, unfortunately, was unable to provide documentation to support the decision. Moreover, while the initial contract with Coopers & Lybrand was set at $165,700, after final revisions $285,500 was paid out.[76] For the business transformation project, the ministry established a "quality council" to "provide independent oversight and a proactive [sic] approach to quality issues." Of the nine members on the committee, eight were from the private sector or other levels of government. The ninth member was a representative from Andersen Consulting; there was no representation from Comsoc.[77] The public accounts committee expressed concerns over reports that Andersen had failed in ventures similar to the business transformation project with other governments. When the committee and the auditor requested copies of the reference checks conducted by the ministry, Comsoc said that it could not find them.[78] Finally, there is some indication that the ministry might not have cooperated fully with the provincial auditor's staff. Ms. Pupatello reported that the provincial auditor had remarked "they had a 'most difficult time' auditing this area. In fact they said they spent three times the amount they should have on this audit. They said 'most difficult time with no access to the floor, no access to document[s].'"[79] At all events, by the end of the 2000 fiscal year, business transformation project costs continued to outpace benefits by $30.5 million. The cost pool stood at $146.7 million – with $117.4 attributable to Andersen – and the benefit pool at $116.2. Payments to Andersen amounted to $95.6 million.[80]

Public administration redux

Given the recent enthusiasm for "banishing bureaucracy," and "breaking through bureaucracy," it is not very fashionable to advocate stricter controls on government operations. It has become commonplace to look disapprovingly on the traditional values of public administration, with their emphasis on control and process. However, Comsoc seemed to rediscover public administration, and to the extent that it has managed to mitigate some of the problems associated with the business transformation project, it has done so largely through "traditional" means. Under the spur of the provincial auditor, the public accounts committee, and unfavourable press coverage, the ministry implemented a set of corrective measures based on the long-run concerns of public administration.

In the Andersen–Comsoc affair, questions of capacity and democratic control emerge as central. While Wright and Rodal believe that increased capacity in the private sector supports the use of public–private partnerships,[81] the matter of diminished public-sector skills merits attention. The business transformation project provokes concern about administrative capacity within Comsoc and an associated weakening of democratic controls on administrative actions. Private capacity was "contracted-in" through the partnership agreement, but accountability for it was thin. Through its reliance on the private actor, Comsoc found itself poorly positioned to answer for the project. In the end, it was the provincial auditor and the public accounts committee who successfully drew attention to the persistent issues of public administration and shaped Comsoc's eventual responses.

To the extent it has not done so already, the provincial auditor's concerns will likely provoke questions about the ultimate wisdom of the business transformation project and similar ventures; this process of questioning may very well cause a diminution in trust in the public service. And therein might be the lesson

Auditors have faced some criticism in the context of government reform efforts, being perceived as guardians of bureaucratic rules that disempower public servants. Regarding the federal government's Public Service 2000 reforms, Alasdair Roberts identifies a "control lobby" that includes not only the federal auditor as a major actor but also opposition members, the media, public-service unions, occasionally industry associations, internal audit offices, and financial administrators.[82] The lobby's concerns regarding parliamentary control and bureaucratic misconduct are depicted by Roberts as factors that hampered PS 2000. While he is certainly correct in the view that these actors worried about control and misconduct, and in the process shaped the course of the project, the outlook might not be as troubling as Roberts indicates. In the Andersen–Comsoc case, the public interest was well-served by the provincial auditor and the public accounts committee.

Ontario's provincial auditor exhibited obvious concern for traditional administrative values, notably for accountability for public expenditures. In his recommendations to the public accounts committee, however, the auditor showed particular concern that neither he nor the committee attempted to exert too much control over Comsoc, but only that the ministry ensured due regard for the use of public funds:

Mr Peters: ... [T]here's another theoretical possibility here. At the end of the contract, at the end of the project, what happens if the benefits do not exceed the costs? Can we then get all the money back that we paid to the consulting firm? ... This is an area of concern to me. ... I would urge you to really consider ... an early report on corrective action at some later stage. I would be quite prepared to say let's not get into an attempt by this committee of micro-managing this contract beyond that one thing.[83]

The auditor's and the committee's concerns for probity and accountability in the use of public money found expression in the eventual corrective measures taken by Comsoc.

Efforts to exert administrative control around the business transformation project as described by Mr. Constante are very much in line with older public administration concerns. The deputy explained his ministry's actions to the public accounts committee:

> We brought in tighter financial management and controls. We made improvements as to how we maintain and document issues. There are tighter controls on attribution of costs and benefits and on the management of procurement. As well, we've made significant organizational changes and have an ADM ... who is directly responsible for the [business transformation] project. We've also made sure that we're doing due diligence on a constant basis and that we have assigned internal audit staff from the ministry to work closely with the BTP and be on the site and check the various aspects of that.[84]

Through the Hickling Lewis Brod report, the ministry initiated a number of important corrective measures that showed concern for enhancing administrative capacity and control. The ministry's senior financial officer became the custodian of the project,[85] and was given functional control for "the determination, qualification, and allocation of BTP costs and benefits."[86] As well, Comsoc explicitly adopted standards from the Canadian Comprehensive Auditing Foundation on effectiveness.[87] The ministry integrated the project into its existing processes and structures by assigning components of the work to various members of its management committee, with project obligations set out formally via memoranda of understanding with the project office. Comsoc overhauled the project's steering committee by establishing a project executive committee of three assistant deputy ministers, the project executive director and project director, and three representatives from Andersen.[88] Finally, as noted, the internal audit group was incorporated into the effort.[89] All this is to say that Comsoc concentrated considerable administrative resources on the project, formalized relationships, introduced review processes, and created overlapping accountabilities. To a degree, Comsoc gained increased control over the project, although there is evidence that some problems remain, including issues about control for excluded costs, benefits attribution and rates.

While the ministry was directed by the provincial auditor to minimize items that might be excluded from the $180 million cap, the eventual follow-up audit found that while the cap remained in place, the conditions under which payments could be made outside of the limit had, in fact, expanded. The revised agreement allows for the inclusion of out-of-scope costs, delay costs caused by Comsoc, and ministry tasks completed by the consultants.[90]

Along with concerns about Comsoc's ability to keep excluded costs in check, questions over the ministry's capacity to control scope and its ability to meet its project obligations emerge in these new provisions and suggest continued awareness by the parties of the ministry's relative weakness in the partnership.

Should the ministry decide to contract-out the ongoing work, Andersen will certainly enjoy a privileged position, one likely to be of considerable duration and entailing long-run costs to Comsoc

Issues persist concerning the early opportunities initiative. By March 2000, Comsoc had approved three new components under this element: tax tables, the consolidated verification process, and disability determination. As of 31 March 2000, all of the project's $116.2 million in benefits were attributable to the early opportunities initiative, the largest component of which was the consolidated verification process, accounting for $67.1 million or approximately fifty-eight per cent of total benefits.[91] Yet the problem of attributing these benefits remains. According to the provincial auditor,

Our concern remains that much of the benefits so determined could and should have been achieved had ministry staff adhered to the existing policy and procedures for determining recipient eligibility and implemented recommendations made in previous Provincial Auditor reports on the social assistance systems. As such, it remains our view that these benefits are not clearly attributable to the changes inherent in the [consolidated verification process] initiative.[92]

Before the public accounts committee the auditor explained that "[t]here was no appropriate allocation of how much of the benefit was actually attributable to initiatives already taken by the ministry and those initiatives that resulted from advice received from Andersen Consulting."[93]

Roberts notes that recent public-sector reforms have been partially driven by a desire to re-establish confidence in government. He suggests that worries by the "control lobby" about bureaucratic misconduct, to the extent that they raise public concerns regarding the trustworthiness of public servants, might actually undermine public faith in government.[94] While there is merit in Roberts's concern, the current case demands hard questions about the ministry's decisions in developing the partnership, how the arrangement functions, and the manner in which business transformation project savings are generated and distributed. Without a general commitment to the roles of the public accounts committee and the provincial auditor in raising such concerns, there is some risk of developing an uncritical position amounting to "don't ask, don't tell." To the extent it has not done so already, the provincial auditor's concerns will likely provoke questions about the ultimate wisdom of the business transformation project and similar ventures; this process of questioning may very well cause a diminution in trust in the public service. And therein might be the lesson.

As noted, the consultant's rates increased considerably over the term of the project. The renegotiations resulted in a reduction and fixing of Andersen's rates as of 20 January 2001, a development that the auditor called a "noteworthy improvement." He continued, however, to draw attention to the significant differences in rates charged by the consultant and rates charged by the ministry for comparable work.[95] Notwithstanding the improvement, Andersen's rates still show evidence of upward pressure. The firm's rates for senior-level staff are within the original proposed rate zone of $300–$400 per hour, coming in at the maximum. Rates for manager and consultant fees are ten per cent and twelve per cent over the proposed maxima of $300 and $250 per hour, respectively. Adjusted rates for analysts are $115 per hour, within the originally proposed range of $70–$140 per hour.[96] Nonetheless, the ministry does show some progress in controlling rate increases from Andersen.

A final point remains about the issue of knowledge transfer as the agreement approaches its end date in January 2002. The new system will require ongoing maintenance and modifications in the event of policy change. Most of the knowledge needed for these tasks resides with Andersen. Should the ministry decide to contract-out the ongoing work, Andersen will certainly enjoy a privileged position, one likely to be of considerable duration and entailing long-run costs to Comsoc. If the government decides to take on the ongoing systems work directly, the experience to date with the business transformation project suggests that the costs of the knowledge transfer from the consultants to the government will be significant.

Conclusion

In heaven – where resources are infinite and programs are delivered perfectly – there are no management consultants. One might hope that the afterlife has not fallen on hard times and finds itself in need of reinvention. If in our sublunary sphere the private sector is not to be the master in partnerships, then it is necessary that the exercise of authority remain under democratic control. Such a view demands that public organizations be fully skilled when they engage with potential private partners. Public–private partnerships grant considerable power to businesses in the delivery of programs at a time when public-service capacity is at low ebb due to the effects of a widely accepted cutback agenda. The success of collaborative arrangements is threatened when public actors enter as the subordinate player. Effective partnerships assume and demand robust and well-skilled public servants who are able to work as equal partners with private actors. Moreover, collaborative agreements are often in some tension with effective accountability. Therefore, a key matter for public administration remains the long-term problem of reconciling bureaucratic capacity with democratic control, an issue that still remains "the hole in the doughnut."

Comsoc's business transformation project will reassure few about the ability of government to conduct its affairs effectively through reliance on the managerialist program. Even after taking considerable corrective action, concern about power imbalance, divergent interests, the appropriate allocation of benefits and accountability remain. In this respect, one of the justifications for the recent wave of public-sector reform – the restoration of public confidence in government – must necessarily be more closely examined. It is certainly the case that without public confidence governments cannot remain legitimate. The restoration of public-service capacity along with proper democratic controls offers some potential to restore trust in public institutions. The Andersen–Comsoc affair suggests how the managerialist agenda in Ontario provokes concerns about diminished public-sector skills and accountability.

Notes

1 The Progressive Conservative Party of Ontario, *The Common Sense Revolution* [5th printing] (n.p., n.d.), p. 2.
2 Randal White, *Ontario Since 1985* (Toronto: Eastendbooks, 1998).
3 Progressive Conservative Party of Ontario, *Common Sense Revolution*, p. 1.
4 Ibid., p. 16 (boldface and italics in the original).
5 Ontario, Legislative Assembly *Debates*, 36th Legislature, 1st Session, 27 September 1995 (Toronto: Queen's Printer, 1995), p. 7.
6 Donald J. Savoie, "What's wrong with the new public management?" CANADIAN PUBLIC ADMINISTRATION 38, no. 1 (Spring 1995), p. 113.
7 Paul Appleby, "Government is Different," in Jay M. Shafritz and Albert C. Hyde, eds., *Classics of Public Administration* (Chicago: The Dorsey Press, 1987), p. 164.
8 Ibid., p. 162.
9 Progressive Conservative Party of Ontario, *Common Sense Revolution*, p. 16.
10 Laurence Lynn's recent work suggests that the concept of an "old orthodoxy" in public administration is, in fact, rather precarious, being "at best, a caricature and, at worst, an outright distortion of traditional thought." According to Lynn, "[t]hat there was an old orthodoxy has thus become the new orthodoxy. The essence of traditional public administration is repeatedly asserted to be the design and defense of a largely self-serving, Weberian bureaucracy that was to be strictly insulated from politics and that justified its actions based on a technocratic one-best-way 'science of administration.'" He believes that traditional public administration's central concern has long been the problem of reconciling bureaucratic capacity with democratic control, and in its efforts to grapple with this complex issue the field has produced a literature that is perhaps more heterodox than some of public administration's critics allow. See Laurence E. Lynn Jr., "The myth of the bureaucratic paradigm: What traditional public administration really stood for," *Public Administration Review* 61, no. 2 (March/April 2001), pp. 144–59.
11 Sandford Borins, "Public Sector Innovation: The Implications of New Forms of Work Orga-

nization," in B. Guy Peters and Donald J. Savoie, eds., *Governance in a Changing Environment* (Montreal and Kingston: McGill-Queen's University Press, 1995), pp. 261–62.

12 Donald F. Kettl, *The Global Public Management Revolution: A Report on the Transformation of Governance* (Washington: The Brookings Institution Press, 2000), p. 33.

13 David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector From Schoolhouse to State House, City Hall to Pentagon* (New York: Plume Books, 1993), pp. 45–6.

14 Andersen Consulting now carries on business under the name of Accenture in the wake of the consulting business's departure from Andersen Worldwide. See Stephen Rynkiewicz, "Andersen Consulting accents new name," *Chicago Tribune*, 26 October 2000 at http://www.chicagotribune.com. For the purposes of this article the private vendor is referred to as Andersen.

15 Ontario, Legislative Assembly, *Debates*, 27 September 1995, p. 5.

16 Ontario, Legislative Assembly, *Debates*, 36th Legislature, 1st Session, 29 November 1995 (Toronto: Queen's Printer, 1995), p. 1112.

17 Ontario, Management Board Secrtariat, *Alternative Service Delivery Framework* ([Toronto]: Queen's Printer, 1997), p. 2.

18 Kenneth Kernaghan, "Partnership and public administration: Conceptual and practical considerations," CANADIAN PUBLIC ADMINISTRATION 36, no. 1 (Spring 1993), p. 61.

19 Ibid., p. 62.

20 Ibid., pp. 62–5.

21 F. Leslie Seidle, *Rethinking the Delivery of Public Services to Citizens* (Montreal: Institute for Research on Public Policy, 1995), p. 141.

22 Ibid., p. 142.

23 Ibid., pp. 144–45.

24 Ontario, Management Board Secretariat, *Alternative Service Delivery Framework*, p. 22.

25 Ontario, Management Board Secretariat, *Common Purpose Procurement: A Manager's Guide* (1995), p. 3. The CPP policy was later revised, though the old and new versions show considerable continuity. This article focuses primarily on the instruments relevant to Comsoc's agreement with Andersen.

26 Ibid., p. 2. See also Ontario, Management Board Secretariat, *Guidelines for Common Purpose Procurement* ([Toronto]: Queen's Printer, 1998), p. 6.

27 Ontario, Management Board Secretariat, *Common Purpose Procurement: A Manager's Guide*, p. 2.

28 Ibid., pp. 2–3.

29 Ontario, Management Board Secretariat, *Common Purpose Procurement: A Deputy Minister's Guide* ([Toronto]: Queen's Printer for Ontario, 1995), p. 2.

30 Ontario, Office of the Provincial Auditor, *1998 Report* (Queen's Printer, 1998), p. 31.

31 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 36th Legislature, 2nd Session, 14 December 1998 (Toronto: Queen's Printer, 1998), P-61.

32 Ontario, Office of the Provincial Auditor, *1998 Report*, pp. 40–1. Comsoc subsequently denied that the initial range of $50–$70 million was, in fact, an estimate and characterized it instead as "a ballpark amount." Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 37th Legislature, 1st Session, 16 December 1999 (Toronto: Queen's Printer, 1999), P-53.

33 Ontario, Office of the Provincial Auditor, *1998 Report*, p. 41.

34 Ontario, Office of the Provincial Auditor, *Special Report* (Toronto: Queen's Printer, 2000), p. 260.

35 Ontario, Office of the Provincial Auditor, *1998 Report*, p. 33.

36 Ibid., pp. 33–5.

37 Joan Price Boase, "Beyond government? The appeal of public-private partnerships," CANADIAN PUBLIC ADMINISTRATION 43, no. 1 (Spring 2000), p. 88.

38 J. David Wright and Alti B. Rodal, "Partnerships and Alliances," in Mohamed Charih and Arthur Daniels, eds., *New Public Management and Public Administration in Canada.* Monographs on Canadian Public Administration - No. 20 (Toronto: Institute of Public Administration of Canada, 1997), p. 272.

39 Annette Hastings, "Analysing power relationships in partnerships: Is there a role for discourse analysis?" *Urban Studies* 36, no. 1 (February 1999), pp. 91–106.

40 According to Hastings, "Thus, whilst the causal theory advanced by the private-sector representative contained key elements of an individual or social pathology discourse about unemployment and poverty, the interviewees from the public and voluntary sectors, without exception, explained these problems as caused by structural economic collapse, by geographical isolation and, in two cases, by central government policy. Indeed, the representatives from the public and voluntary sectors appeared to share a common construct and thus to form a discourse coalition." Ibid., p. 95.

41 Ibid., p. 92.

42 A similar transformation in perception may be under way in the Ontario Public Service generally. In his study of changes to the OPS, Graham White observes: "I was struck by how common variations on the phrase 'the business of government' have become throughout the OPS. At the risk of reading too much into an apparently straightforward way of saying 'what government does,' I cannot help but wonder whether the pervasive use of the business metaphor - also evident in references to the government as 'the firm' - does not indicate a deeper set of attitudes about the nature of government in the 1990s." Graham White, "Revolutionary Change in the Ontario Public Service," in Evert A. Lindquist, ed., *Government Restructuring and Career Public Service in Canada.* Monographs on Canadian Public Administration - No. 23 (Toronto: Institute of Public Administration of Canada, 2000), p. 340.

43 Hickling Lewis Brod Inc., "Business Transformation Project Review," vol. 2, 1999, p. 1.

44 Ibid., p. 3.

45 Ibid., p. 7.

46 White, "Revolutionary Change in the Ontario Public Service," Lindquist, *Government Restructuring*, p. 315.

47 Ibid., pp. 324–25.

48 Carl Baar, "Integrated justice: Privatizing the fundamentals," CANADIAN PUBLIC ADMINISTRATION 42, no. 1 (Spring 1999), p. 48.

49 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 36th Legislature, 2nd Session, 17 December 1998 (Toronto: Queen's Printer, 1998), P-76–7.

50 Ibid., P-77.

51 Ibid., P-78.

52 James Iain Gow, "Managing All Those Contracts: Beyond Current Capacity?" in Charih and Daniels, *New Public Management*, p. 255.

53 Ontario, Management Board Secretariat, *Common Purpose Procurement: A Manager's Guide*, p. 11 (italics and boldface in the original).

54 Price Boase, "Beyond government?" CANADIAN PUBLIC ADMINISTRATION, p. 79.

55 Michael Jordan, "Ontario's Integrated Justice Project: A profile of a complex partnership agreement," CANADIAN PUBLIC ADMINISTRATION 42, no. 1 (Spring 1999), pp. 31–2. Mr. Jordan now works for Accenture, formerly Andersen Consulting.

56 Ontario, Office of the Provincial Auditor, *1998 Report*, p. 41.

57 Ibid.

58 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 17 December 1998, P-77–8.

59 Jordan, "Ontario's Integrated Justice Project," CANADIAN PUBLIC ADMINISTRATION, p. 32.

60 The change reporting task orders "primarily entailed a manual review of case files at ministry offices, improvements in the monthly income reporting entitlement calculation process

for the Family Benefits program, and related programming changes to CIMS." Ontario, Office of the Provincial Auditor, *1998 Report*, p. 49.

61 Ibid., p. 45.
62 Ibid., p. 49.
63 Ibid., p. 50.
64 Ibid.
65 Ibid., p. 45.
66 Ibid.
67 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 36th Legislature, 2nd Session, 14 December 1998 (Toronto: Queen's Printer, 1998), P-70.
68 Ibid., 9 December 1999, P-43 (emphasis added).
69 Ibid., 17 December 1998, P-81.
70 Ibid., 14 December 1998, P-68.
71 Donald Savoie, "Fifteen Years of Reform: What Have We Learned?" in B. Guy Peters and Donald Savoie, eds., *Taking Stock: Assessing Public Sector Reforms* (Montreal and Kingston: McGill-Queen's University Press, 1998), p. 413.
72 Wright and Rodal, "Partnerships and Alliances," in Charih and Daniels, *New Public Management*, p. 274.
73 Richard Mulgan, "'Accountability': An ever-expanding concept?" *Public Administration* 78, no. 3 (Autumn 2000), p. 555.
74 Ibid., p. 570.
75 It should be pointed out in passing that neither Comsoc nor Anderson simply forgot that expense claims needed supporting documentation, since the ministry had, in fact, received some properly supported claims over the course of the year. The associated question arises as to why Comsoc was unable to exercise control over a significant portion of the cost pool, particularly when the ministry realized the benefits that would eventually be used to pay those costs would come largely from its own efforts around the early opportunities initiative.
76 Ontairo, Office of the Provincial Auditor, *1998 Report*, p. 54.
77 Ibid., p. 55.
78 Ibid., p. 39. See also Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 17 December 1998, P-74.
79 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 14 December 1998, P-64.
80 Ontario, Office of the Provincial Auditor, *Special Report*, p. 260.
81 Wright and Rodal, "Partnerships and Alliances," in Charih and Daniels, *New Public Management*, p. 270.
82 Alasdair Roberts, "Worrying about misconduct: The control lobby and the PS 2000 reforms," CANADIAN PUBLIC ADMINISTRATION 39, no. 4 (Winter 1996), p. 514.
83 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 17 December 1998, P-83.
84 Ibid., 9 December 1999, P-36.
85 Hickling Lewis Brod Inc., "Business Transformation Project," Final Report, vol. 2, 1999, p. 14.
86 Ibid., p. 17.
87 Ibid., pp. 24–5.
88 While the report recommended changes to the quality council, the provincial auditor later reported that the council had been disbanded. Ontario, Office of the Provincial Auditor, *Special Report*, p. 260.
89 Hickling Lewis Brod Inc., "Business Transformation Project," Final Report, vol. 2., pp. 25–31.
90 Ontario, Office of the Provincial Auditor, *Special Report*, p. 261. Delay costs can only be included if Andersen's total costs are in excess of the cap. Delay costs are themselves capped

at $10 million. As well, no costs are eligible for this provision should the project be completed by 26 January 2002, the expiry date of the amended agreement. While no determination had been made in the follow-up audit regarding cost estimates for hardware and third-party software, delay costs, or ministry tasks completed by Andersen, estimates for costs falling outside of the $180 cap amount to $28.7 million based on items such as production support, help desk and application maintenance, and out-of-scope costs. Ibid., pp. 261–62.

91 As of 31 January 2001, the ministry claimed that total consolidated verification process benefits amounted to $170 million. Ontario, Ministry of Community and Social Services, *Business Transformation Project Status Report* (Toronto: Queen's Printer, 2001), p. 3.

92 Ontario, Office of the Provincial Auditor, *Special Report*, p. 265. The auditor also draws attention to the important issue of contract inflexibility, noting that it is now impossible to stop consolidated verification process payments since the parties have already agreed to them. Similar concerns are raised regarding continued payments to the vendor while benefits lagged behind costs. According to the auditor, "[s]ince the Ministry had agreed to make these payments, it was not in a position to alter this payment arrangement as recommended by the Standing Committee on Public Accounts" (p. 265).

93 Ontario, Legislative Assembly, Standing Committee on Public Accounts, *Debates*, 9 December 1999, P-40.

94 Roberts, "Worrying about misconduct," CANADIAN PUBLIC ADMINISTRATION, p. 516.

95 Ontario, Office of the Provincial Auditor, *Special Report*, pp. 262–63.

96 Ibid., p. 263.