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AUDITOR GENERAL  
MANITOBA

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October 2007

Special Audit: Image Campaign  
for the Province of Manitoba

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October 2007

The Honourable George Hicke  
Speaker of the House  
Room 244, Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

Dear Sir:

I have the honour to transmit herewith my report titled, *Special Audit: Image Campaign for the Province of Manitoba* to be laid before Members of the Legislative Assembly in accordance with Section 16(3) of *The Auditor General Act*.

The audit was requested by the Public Accounts Committee (PAC) of the Manitoba Legislature and represents the first such request by the PAC under Section 16 of *The Auditor General Act*. The PAC enables members of the Legislature to examine government operations with assistance from our Office. We submit this report to provide PAC with independently verified information about the Image Campaign and to provide its members with our observations and recommendations for their consideration.

*The Auditor General Act* prohibits our Office from questioning the merits of policy objectives of the government. On that basis, the audit did not examine the merit of the policy decision to undertake an Image Campaign. Rather, the audit objectives focused on the appropriateness of the administration of the Campaign in the areas of public spending, the vendor selection process, receipt of goods and services, and the research work gathered for the Image Campaign.

Prior to the completion of our audit, numerous documents including vendor invoices and focus group reports were made available to members of the public through FIPPA (*The Freedom of Information and Protection of Privacy Act*)

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requests and received wide media coverage. We verified that the total amount of spending by government departments on the Image Campaign was \$2,871,431 which was consistent with the publicly available information. While our report includes recommendations to strengthen certain administrative practices, we found that the vendor selection process was done in a manner consistent with government policies and procedures. With regards to focus group information, it is important to note that focus group results, as a qualitative form of research, must be balanced with other factors in decision making and considered within the context of the overall process. Our review indicated that the research results were utilized to inform successive aspects of the Image Campaign.

We would like to take this opportunity to extend our gratitude to the dedicated volunteer members from the community as well as vendors and government staff who provided their assistance to us throughout this audit.

Respectfully submitted,

**Original document signed by:**  
**Carol Bellringer**

Carol Bellringer, FCA, MBA  
Auditor General

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## 1.0 Objectives, Scope And Approach

On February 22, 2007, by resolution of the Standing Committee on Public Accounts, the Office of the Auditor General was requested to consider an examination and audit of the Spirited Energy Campaign.

On February 28, 2007, I advised the Public Accounts Committee that the Office would undertake the requested work as a special audit pursuant to subsection 16(1) of *The Auditor General Act* which states that:

*"When requested to do so by the Lieutenant Governor in Council or the Minister of Finance, or by resolution of the Standing Committee on Public Accounts, the Auditor General may examine and audit the accounts of a government organization, recipient of public money or other person or entity that in any way receives, pays or accounts for public money. But the Auditor General is not obligated to do so if he or she is of the opinion that it would interfere with the primary responsibilities of the Auditor General."*

Based on the issues raised at the Public Accounts Committee meeting of February 22, 2007 and our analysis of public discussion, we developed our audit objectives and decided to include the activities that began with the formation of the Premier's Economic Advisory Council Image Task Group. For purposes of this audit, we refer to the "Image Campaign" as the development of a Manitoba place brand (Manitoba Spirited Energy), the development of a brand implementation strategy, and the implementation of the brand.

The following audit objectives were developed:

1. To verify the total amount of public spending on the Image Campaign.
2. To determine whether the vendor selection process for work on the Image Campaign was conducted in accordance with relevant Government of Manitoba policies and procedures.
3. To verify that all goods and services purchased in relation to the Image Campaign were received.
4. To determine whether research work (surveys and focus groups) gathered data and information relating only to the Image Campaign.

The audit covers the period of April 1, 2003 to March 31, 2007. We also reviewed the expenditures and commitments incurred or entered into from April 1, 2007 to August 10, 2007.

Areas excluded from the audit were:

- the extent and value of in-kind contributions; and
- the extent of private sector spending in promoting Manitoba's place brand.

*The Auditor General Act*, in subsection 2(2) states that, “nothing in this Act is to be interpreted as entitling the Auditor General to question the merits of policy objectives of government”. On that basis, the audit did not examine the merit of the policy decision to undertake an Image Campaign. Rather, the audit objectives focused on the appropriateness of the administration of the Image Campaign to date.

Our examination was performed in accordance with value for money auditing standards recommended by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

## 2.0 Summary Of Observations And Conclusions

### 2.1 Main Activities In The Image Campaign Process

The Image Campaign for Manitoba was initiated by the Premier's Economic Advisory Council (PEAC). Government resources were used to implement different phases of the initiative. The process was a public-private collaboration to develop and launch a place brand. The main activities in the Image Campaign process are summarized in **Figure 1**.

Throughout the process of the Image Campaign, staff support was provided by PEAC's Executive Coordinator who is employed by the Department of Competitiveness, Training and Trade (formerly the Department of Industry, Economic Development and Mines). PEAC's Executive Coordinator and Communications Services Manitoba in the Department of Culture, Heritage and Tourism assisted PEAC in the process of procuring various vendors to work on different aspects of the Image Campaign.

The Image Campaign to date has involved the development of the place brand, an initial launch of the brand in Manitoba, advertising using the place brand image primarily in Manitoba, and the ongoing establishment of brand partnerships (**Appendix A** lists brand partners as at September 7, 2007). Future steps are described in **Section 3.4** of this report.

Figure 1

| Main Activities In The Image Campaign Process |   |
|---|---|
| Date/Time Period                              | Activity/Event  |
| November 2001                                 | The Premier's Economic Advisory Council (PEAC) was formed, consisting of business, labour and community leaders who were invited by the Premier to form a volunteer advisory body to provide continuing input on economic priorities. |
| December 2001                                 | Six initial PEAC Task Groups were formed: Research, Local Investment, Immigration, Natural Resources as Economic Drivers, Labour Force Development and Retention and Image.   |
| November 2002                                 | PEAC's Image Task Group recommended to the Premier the need for an image strategy for Manitoba.   |
| November 2003                                 | The Throne Speech announced that PEAC had been asked to take on an implementation role with respect to image promotion.   |
| January 2004                                  | The PEAC Image Strategy Development Task Group was formed. The Task Group selected and worked with a consultant (Interbrand Canada) to develop the place brand.   |
| December 2004 to May 2005                     | Brand development and refining of the Manitoba place brand took place. A Bison logo and the "Spirited Energy" tag line were proposed.   |
| April 2005                                    | The PEAC Image Strategy Implementation Task Group was formed. The Task Group had input in the decisions regarding the launch strategy and events.   |
| May 2005                                      | Concerns about the initial place brand were raised by some members of the Image Strategy Development Task Group, as the Bison logo was seen to be too closely associated with the Manitoba Government.                                |
| December 2005                                 | The contract with Interbrand Canada was extended to refine the place brand to ensure it would be suitable for all stakeholders.   |
| January 2006                                  | Treasury Board approved PEAC's recommendation that the Bison logo be used to update the Province's visual identity.   |
| February 2006                                 | Manitoba's place brand was selected by PEAC and recommended to Government, who endorsed it.   |
| June 2006                                     | The public launch of the brand took place, which included such elements as launch events in Winnipeg, Brandon, and Thompson, TV and radio ads, and the unveiling of building banners.   |
| November 2006                                 | Treasury Board approved the creation of an independent Brand Council to manage and promote the Manitoba Spirited Energy Brand on an on-going basis.   |
| February 2007                                 | PEAC's Interim Brand Council was created to steer the process towards the development of a permanent, independent Manitoba Spirited Energy Brand Council as approved by Treasury Board in November 2006.                              |

## 2.2 Cost Of The Image Campaign (Section 4.0)

### *Conclusion*

We verified that the total amount of spending by Government Departments on the Image Campaign between April 1, 2004 and March 31, 2007 was \$2,871,431. In addition, Government Departments incurred expenses and entered into commitments from April 1, 2007 to August 10, 2007 for a total of \$97,908.

We determined that Manitoba Crown Corporations spent an additional \$112,800 between April 1, 2004 and March 31, 2007 on the Image Campaign. These Manitoba Crown Corporations incurred further expenses of \$30,000 from April 1, 2007 to August 10, 2007.

### *Observations*

- Expenses incurred on the Image Campaign through Government Departments were verified by performing audit procedures on a sample of payments (**Section 4.1**);
- Payments by Vendor for the Image Campaign are listed in **Appendix B**; and
- Expenses incurred on the Image Campaign through Manitoba Crown Corporations were determined by contacting these organizations and by performing audit procedures on the information received (**Section 4.2**).

## 2.3 Vendor Selection And Receipt Of Goods And Services (Section 5.0)

### *Conclusions*

The various components of the Image Campaign were approved by Treasury Board prior to their implementation. The vendor selection process was done in a manner consistent with government policies and procedures, except that:

- untendered contracts in excess of \$1,000 were not publicly reported pursuant to government legislation, with one exception; and
- the tender documents for the development of an implementation strategy did not fully indicate the expected timeframe of the resulting contract and that the vendor selected would be compensated on the basis of a monthly retainer fee.

All goods and services purchased in relation to the Image Campaign were received.

## Observations

- Initial research was undertaken for PEAC by management and consultants in order to help define the scope and target audience of the Manitoba branding initiative (Section 5.1).
- The division of responsibility for tendering and procuring goods and services for different aspects of the project was clearly assigned with coordination through PEAC's Executive Coordinator. However, the Image Campaign did not have and could have benefited from an overall project management function with responsibility for planning the different phases involved in an Image Campaign and for ensuring that all government policies were adhered to (Section 5.1.5).
- Procurement for the Image Campaign was consistent with government policies and procedures. However, time constraints resulted in less tendering than might otherwise have been the case (Section 5.2).
- The work for developing Manitoba's place brand was tendered by PEAC through a two-step process: first, an Expression of Interest and Qualifications; and second, a Request for Proposals to the three short-listed consulting firms (Section 5.2.1).
- The consultant hired by the Department of Culture, Heritage and Tourism to develop an implementation strategy for launching the place brand was selected through a competitive process. However, the tender documents did not specify that a monthly retainer would be used as a basis for the contract (Section 5.2.1).
- Sub-contracting is not addressed in the General Manual of Administration (GMA) and the current practice is not uniform amongst suppliers, nor is it consistently applied.

## 2.4 Research Work (Section 6.0)

### *Conclusion*

All research work paid for by public money gathered information relating only to the Image Campaign. Our review indicated that the research findings and results were utilized to inform successive aspects of the Image Campaign.

### *Observations*

- For all of the external research work conducted, we found that all requests for proposals and contracts with each supplier related only to providing research that informed the Image Campaign. The methodology utilized to

conduct the research and all payments made to external research suppliers met the requirements of the contracts, and were only for research work related to the Image Campaign. All final reports provided by the research suppliers met the expectations and requirements of the contracts, and provided information related only to the Image Campaign (Section 6.1).

- Our review of research findings and our discussions regarding the interpretation of research findings with all external research suppliers and the various users of the research results (including Interbrand Canada, members of the Image Strategy Development Task Group, and government staff) found that the research results were utilized to inform the successive aspects of the Image Campaign (Section 6.2).

## 3.0 Background

### 3.1 The Premier's Economic Advisory Council (PEAC)

The formation of the Premier's Economic Advisory Council (PEAC) was announced on November 16, 2001. PEAC is composed of volunteer members from Manitoba's business, labour and other community leaders. PEAC's role is to advise the Premier on a wide range of issues related to economic development.

At PEAC's first meeting in December 2001, six initial Task Groups were formed: Research, Local Investment, Immigration, Labour Force Development and Retention, Natural Resources as Economic Drivers, and Image.

In November 2002, PEAC presented its recommendations to the Premier from all six task groups. With regards to Image, PEAC members noted that *"Manitoba's 'lack of' or 'negative' image does not reflect the reality of Manitoba's economic opportunity[...] and that this negatively affects the province's ability to attract investment dollars and attract and retain current and future employees, therefore affecting economic growth."* As a result, PEAC recommended to the Premier that the Province work to develop *"a comprehensive provincial image re-branding strategy, incorporating the needs of all economic stakeholders and which would then be used as an umbrella strategy each partner would work within."*

In March 2003, the Premier asked PEAC to take the lead in developing an image re-branding strategy based on meaningful consultation with the private and public sector and stakeholders.

The Throne speech of November 2003 announced that:

*"The Premier's Economic Advisory Council, which has served as a valuable forum for developing the long-term growth strategy, has been asked to*

*take a new role in implementation efforts – focusing on skills development, image promotion and local investment strategies”.*

## 3.2 PEAC Image Task Groups

### Image Strategy Development Task Group

A sub-committee of PEAC was formed in January 2004 called the Image Strategy Development Task Group. This Group was comprised of some PEAC members, and additional volunteers from relevant business and tourism sectors. The Image Strategy Development Task Group oversaw the development of a place brand for Manitoba.

### Image Strategy Implementation Task Group

A sub-committee of PEAC was formed in April 2005 called the Image Strategy Implementation Task Group. This Group was comprised of some PEAC members, and additional volunteers from relevant business and tourism sectors. The Image Strategy Implementation Task Group had input into the decisions regarding the launch strategy and events.

## 3.3 Manitoba's Image Campaign

### Place Branding

Place branding is a marketing tool aimed at putting forward and promoting a particular impression about a place. As such, place branding can be a process aimed at shifting perceptions and addressing stereotypes about a place, as well as getting people to perceive the benefits of a place. Through branding, one place is distinguished from another. Place branding involves more than a logo and a tagline, it is an entire process for redefining how a jurisdiction is marketed both internally and externally. Place branding is more challenging than product branding. Products generally have a defined target market and a product brand can be more easily managed. By contrast, a place brand is multi-dimensional with highly diverse target audiences, therefore making the development and management of the brand more complex. Place branding is a long-term process that requires conveying a consistent image over time.

A number of Canadian provinces and cities have undertaken place branding as a way to promote their positive aspects. Documentation provided by staff noted that globalization of the market place and competition for business, industry and tourism has led governments to invest in image enhancement efforts such as:

- the Saskatchewan Government spent \$14 million on its 2004 image campaign "Our Future is Wide Open";
- the Nova Scotia Government committed \$700,000 in 2005 and announced \$6 million over three years to brand the Province;
- Toronto spent \$4 million in 2005 for its tourism brand "Toronto Unlimited" (cancelled after the launch due to criticism); and
- Montreal announced in 2006 a \$23 million tourism re-branding campaign.

### Manitoba's Place Branding

In 2004, PEAC announced that Manitoba's place branding was intended to create a *"new way of communicating the province's unique identity to raise our profile and tell the world what a great place Manitoba is to live in, work in, invest in, and visit"*. Manitoba's place brand is aimed at encouraging business development, youth retention, and supporting tourism. The new Manitoba place brand image, tagline, patterns, and messages are to be part of a comprehensive branding program for all Manitobans to use when promoting the Province. It can be used in conjunction with existing brands or logos of both private and public sector organizations.

In 2006, PEAC issued a press release indicating that work on Manitoba's place branding originated from its concern about *"the lack of a strong image for the province beyond our borders and a tendency for Manitobans to be overly-modest and unintentionally self-deprecating when it comes to describing their province and its unique attributes"*.

The Manitoba Government provided the financing for the Image Campaign and the brand development process was led by PEAC and its task groups. The process was a community driven, and publicly funded collaboration. PEAC and Government wanted the Manitoba brand to be *"owned by every Manitoban"* and to have it *"embraced by many sectors within the Province"*.<sup>1</sup> Consequently, partnerships with Manitoba organizations were formed through a Brand Charter.

### Main Activities In Manitoba's Image Campaign

#### *Brand Development*

PEAC's Image Strategy Development Task Group selected and worked with a branding consultant, Interbrand Canada, to develop Manitoba's place brand. Interbrand Canada led the Task Group through a four stage process:

- Research and analysis;
- Development of the brand strategy and positioning statement;

<sup>1</sup> Manitoba Spirited Energy - Partners Brand Charter, [www.spiritedenergy.ca/partners/php](http://www.spiritedenergy.ca/partners/php)

- Image strategy development; and
- Development of brand guidelines and brand implementation recommendations.

The process led by Interbrand Canada resulted in the development of the Manitoba place brand which initially consisted of a bison logo with a "Manitoba" wordmark, the tagline "Spirited Energy", and the following positioning statement:

*"Manitoba's rich history of diverse cultures, demanding climate, and geographic remoteness has instilled a unique energy that radiates from the hearts and minds of our people. From the birthplace of many successful artists, musicians, and entrepreneurs who compete on the world stage, to the natural resources that fuel our economy, Manitoba is a wellspring of energy. This mobilizing force and enterprising spirit is as transparent as it is contagious".*

Concerns about the initial bison logo were raised by some members of the PEAC Image Strategy Development Task Group, as it was perceived as potentially too closely associated to the Manitoba Government and may create confusion about the relationship between the place brand and the government. Given that the objective of the Image Campaign was to develop a place brand that would be suitable for all stakeholders, an alternative logo was requested. After consultations and research, the "Manitoba" wordmark was refined and became the selected logo for the place brand, and the bison imagery was utilized to update the Manitoba Government's visual identity.

### **Brand Launch**

PEAC's Image Strategy Implementation Task Group worked on the strategy for launching and implementing the Manitoba place brand. Taylor George Design was hired by the Department of Culture, Heritage and Tourism to develop a strategic campaign plan for the launch. Other key elements of launch activities included: developing a media strategy; preparation of brand promotional packages; providing creative execution and production co-ordination; and managing the brand partnership program.

An event planner, Vidal and Associates, was hired to work with PEAC members, government officials, business and labour communities, the media and public at large to develop an action plan for the launch of the Manitoba brand. The launch took place on June 14, 2006 through events in Winnipeg, Brandon, and Thompson and province-wide TV and radio advertisements.

### *Brand Partnership*

To foster a public-private collaboration in the Image Campaign, a Brand Charter protocol was developed and organizations were invited to sign-on as partners in promoting the place brand selected for Manitoba. Partnership in the brand initiative enables members to use the Manitoba place brand in conjunction with the promotion of their own organization, event or enterprise (**Appendix A**).

## 3.4 Future Steps In Manitoba's Image Campaign

### Establishing A Brand Council

The Government of Manitoba is the legal owner of the place brand name "Manitoba Spirited Energy" and the graphics associated with the brand. In November 2006, the Manitoba Government approved the establishment of an independent Brand Council. The Council, which is not yet established, intends to seek incorporation as a non-profit corporation. The creation of a non-governmental organization is a unique approach to managing the brand intended to separate the brand from government and to be community-driven. In other jurisdictions, a government agency has assumed responsibility for on-going brand management.

The role of the Council would be to undertake on-going activities to manage and promote the Manitoba Spirited Energy Brand. Although the Council will be an independent entity, it expects to receive start-up funds and staff support from the Government of Manitoba and to have its by-laws approved by the Minister of Competitiveness, Training and Trade.

In February 2007, an Interim Brand Council was established comprised of PEAC members and other volunteers. Its mandate is to steer the process towards the development of a permanent, stand alone Brand Council. The Interim Council is supported by three persons who are managing the brand: two government staff and the consultant from McKim Cringan George (formerly Taylor George Design).

## 4.0 Cost Of The Image Campaign - Observations And Conclusions

| Audit Objective  | Conclusion  |
|--|---|
| To verify the total amount of public spending on the Image Campaign. | <p>We verified that the total amount of spending by Government Departments on the Image Campaign between April 1, 2004 and March 31, 2007 was \$2,871,431. In addition, Government Departments incurred expenses and entered into commitments from April 1, 2007 to August 10, 2007 for a total of \$97,908.</p> <p>We determined that Manitoba Crown Corporations spent an additional \$112,800 between April 1, 2004 and March 31, 2007 on the Image Campaign. These Manitoba Crown Corporations incurred further expenses of \$30,000 from April 1, 2007 to August 10, 2007.</p> |

### 4.1 Expenses Incurred Through Government Departments

#### Observations

We obtained a detailed listing of all expenses incurred relating to the Image Campaign that were paid for through Government Departments. This detailed listing included information on each payment made that related to the Image Campaign between April 1, 2004 and March 31, 2007 (**Appendix B**). From the detailed listing, we selected the three largest vendors (Interbrand Canada Inc., Taylor George Design/McKim Cringan George, and Mid Canada Productions Inc.) and a judgemental sample from the remaining vendors for audit testing. Our sample represented \$2,056,365 or 72% of the total expenses noted on the detailed listing of \$2,871,431.

Based on the results of our testing, we found that the vendor billings were consistent with the payments made by Government Departments.

We also selected a sample of vendors from the detailed listing and conducted two additional test procedures to verify completeness. This sample represented \$1,618,766 or 56% of the total expenses incurred on the Image Campaign.

The first test involved contacting the vendors and requesting that they provide us with the total amount of payments they received from Government Departments relating to the Image Campaign. We noted in each case that the amount received by the vendor was consistent with the amount paid by the Government Department, with one exception which was for an insignificant amount.

The second testing procedure involved conducting a vendor search in the Government's accounting system to identify all payments made to our sample of vendors between April 1, 2004 and March 31, 2007. We noted in all cases that the payments in the accounting system were consistent with the payments on the detailed listing.

## 4.2 Expenses Incurred Through Manitoba Crown Corporations

### Observations

We contacted the Chief Financial Officers of the Manitoba Crown Corporations that are listed as Brand Partners (**Appendix A**) and requested that they provide the total amount of expenses incurred relating to the Image Campaign. The estimate of total expenses derived from this process equalled \$112,800 consisting of:

- Brandon University - \$831;
- Manitoba Hydro Electric Board - \$7,270;
- Manitoba Liquor Control Commission - \$18,027;
- Manitoba Lotteries Corporation - \$22,340; and
- Manitoba Public Insurance Corporation - \$64,332.

From the information received from the Manitoba Crown Corporations we selected a sample of payments for audit testing. Our sample represented \$94,503 or 84% of the total expenses incurred by the Manitoba Crown Corporations on the Image Campaign. We also contacted a sample of vendors and requested that they provide us with the total amount of payments they received from Manitoba Crown Corporations relating to the Image Campaign. We noted in all cases that the amount received by the vendors was consistent with the amount paid by the Manitoba Crown Corporations.

## 4.3 Expenditures And Commitments Post March 31, 2007

Government Departments and the Manitoba Crown Corporations have incurred expenses or are committed to incur expenses post March 31, 2007. The identified expenses (**Figure 2**) cover the period from April 1, 2007 to August 10, 2007 and known commitments are as at August 10, 2007. The total for government departments includes \$90,000 for Taylor George's retainer fee of \$10,000 per month for the period April 1, 2007 to December 31, 2007.

Figure 2

| Expenses and Commitments<br>Post March 31, 2007 |                  |
|---|------------------|
|   | Amount           |
| <b>Government Departments</b>                   |                  |
| Paid  | \$ 34,528        |
| Outstanding Payments on Commitments             | 63,380           |
| <b>Total government departments</b>             | <b>97,908</b>    |
| <b>Manitoba Crown Corporations</b>              |                  |
| Paid  | 30,000           |
| <b>Overall Total</b>                            | <b>\$127,908</b> |

## 5.0 Vendor Selection And Receipt Of Goods And Services – Observations And Conclusions

| Audit Objectives   | Conclusion   |
|--|--|
| To determine whether the vendor selection process for work on the Image Campaign was conducted in accordance with relevant Government of Manitoba policies and procedures. | The various components of the Image Campaign were approved by Treasury Board prior to their implementation. The vendor selection process was done in a manner consistent with government policies and procedures except that: <ul style="list-style-type: none"> <li>• untendered contracts in excess of \$1,000 were not publicly reported pursuant to government legislation, with one exception;</li> <li>• the tender documents for the development of an implementation strategy did not fully indicate the expected timeframe of the resulting contract and that the vendor selected would be compensated on the basis of a monthly retainer fee.</li> </ul> |
| To verify that all goods and services purchased in relation to the Image Campaign were received.   | All goods and services purchased in relation to the Image Campaign were received.  |

Figure 3 lists a sample of vendors and the goods and services that were procured as part of the Image Campaign that are examined in this section of our report.

Figure 3

| Vendor Sample                                    |   |                   |   |
|--|---|-------------------|---|
| Vendor   | Type of Goods/ Services                                   | Value of Contract | Method of Procurement   |
| 1. Rosemary Chambers                             | Research  | \$5,000           | Untendered (within delegated authority)   |
| 2. Interbrand Canada                             | Brand Development   | \$534,600         | Tendered - through list of vendors developed in consultation with the Canadian Marketing Association, PEAC and other research (approved by Treasury Board). |
| 3. Interbrand Canada                             | Development of a logo for non-government stakeholder use. | \$52,500          | Extension of Contract (approved by Treasury Board).   |
| 4. Mid Canada                                    | Video Supplier  | \$251,917         | Untendered (approved by Treasury Board).  |
| 5. Taylor George Design                          | Creative Services - Brand Launch                          | \$100,000         | Tendered - through a request for proposals sent to vendors on the qualified vendor list of CSM (approved by Treasury Board).                                |
| 6. Taylor George Design                          | Creative Services - Brand Launch                          | \$200,000         | Extension of Contract (approved by Treasury Board).   |
| 7. McKim Cringan George (formerly Taylor George) | Management of Manitoba Spirited Energy Brand              | \$75,000          | Extension of contract (approved by Treasury Board).   |
| 8. McKim Cringan George (formerly Taylor George) | Management of Manitoba Spirited Energy Brand              | \$140,000         | Extension of contract (approved by Treasury Board).   |
| 9. Vidal and Associates                          | Event Planner for Events to launch Spirited Energy Brand  | \$20,000          | Tendered for an Expression of Interest through Manitoba's electronic tendering system called MERX (approved by Treasury Board).                             |
| 10. Probe Research                               | Image Testing June 2005                                   | \$21,042          | Requested quotes.   |
| 11. PRA, Inc.                                    | Focus Group Testing in January 2006                       | \$17,300          | Supplier through standing offer tender (approved by Treasury Board).  |
| 12. Probe Research                               | Omnibus June 2006 and September 2006                      | \$6,800           | Supplier through standing offer tender (approved by Treasury Board).  |
| 13. Intermedia International                     | Media Transcripts   | \$2,105           | Untendered. These were a series of small purchases below the threshold of requirement to tender (i.e., under \$5,000).                                      |

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## Special Audit: Image Campaign for the Province of Manitoba

| Vendor Sample                      |   |  |  |
|------------------------------------|---|--|--|
| Vendor                             | Type of Goods/<br>Services  | Value of<br>Contract   | Method of Procurement  |
| 14. Light Visions Ltd.             | Promotional Material - Production of Building Banners                       | \$190,624  | Three quotes sought.   |
| 15. Corporate Sources Inc.         | Promotional Material (e.g., Spirited Energy Brochure)                       | \$5,602  | Supplier through general tender held every three years for bulk purchasing of government printing and xeroxing.  |
| 16. T-4C Graphics Limited          | Promotional Material - Business cards                                       | \$15,565   | Three quotes sought.   |
| 17. Transcontinental Spot Graphics | Promotional Material - Horizontal Billboards                                | \$18,970   | Three quotes sought from those in Winnipeg with digital capability.  |
| 18. Esdale Printing Company Ltd.   | Promotional Material (e.g., letterhead, presentation folders, cling labels) | Cling labels \$4,299<br>Presentation folders and letterhead \$2,390<br>Total \$6,690 | Untendered. Communications Services Manitoba (CSM) advised us that they wanted to use the company that had prepared cling labels for government previously (Department of Education); and short turnaround time on letterhead so phoned around and first company contacted said they could meet the deadline so did not call others.   |
| 19. Shippam and Associates Inc.    | Merchandise (e.g., pens); Promotional Material (e.g., 9 inch flyers).       | \$20,693   | These three companies not on CSM's qualified vendor list because CSM does not usually purchase merchandise - that is under Procurement Services. However, to keep things confidential prior to official launch CSM handled the purchases. These three companies were identified to receive a request for quotes based on having used them in the past. Each company was selected to produce different merchandise based on their level of bid. |
| 20. Special T-Shirt Company        | Promotional Material  | \$32,321   |  |
| 21. Talbot Marketing               | Merchandise (e.g., water bottles, umbrellas).                               | \$42,542   |  |

Website Version

## 5.1 Preparation For Tendering

### Audit Criteria

That appropriate steps are taken to prepare for tendering of goods and services. Specifically, we looked to determine whether:

- Prior to tendering, background information, market research or other studies were undertaken (Section 5.1.1);
- The purpose and scope of the project to be tendered were clearly defined (Section 5.1.2);
- Cost estimates were developed for all phases of the project (Section 5.1.3);
- Project funds were allocated in compliance with government policies and procedures (Section 5.1.4); and
- There was clarity around who was responsible for which aspect of the project to be tendered (Section 5.1.5).

### Conclusion

Management took appropriate steps to gather relevant information about undertaking an image campaign. The Image Campaign could have benefited from an overall project management function.

Website Version

## Observations

### 5.1.1 Initial Research Undertaken

Prior to initiating a tender for developing a place brand for Manitoba, background information was gathered on such matters as how the province is portrayed in the media, and the type of image building and branding initiatives that have taken place by Manitoba organizations. The research included gathering information on Saskatchewan's branding experience and lessons learned. The two main documents that were prepared on these topics for the Premier's Economic Advisory Council (PEAC) Image Task Group were: *Manitoba's Image Portrayal in the News Media* (prepared by the Department of Manitoba Industry Trade and Mines, undated); and the *Final Report: PEAC Image Task Group Scan* (prepared by a consultant Rosemary Chambers, February 27, 2004).

### 5.1.2 Aims Of The Image Campaign Were Clear

There was clarity around the aims and expectations of each component and phase of the Image Campaign. This was generally reflected in the scope of the work to be undertaken including deliverables and deadlines which were communicated in the various tender documents and contracts associated with the Image Campaign.

### 5.1.3 Expenditure Estimates Developed

Management periodically estimated the costs involved and periodically sought and obtained Treasury Board approval for expenditures as the Image Campaign project unfolded. Management returned to Treasury Board several times between 2004 and 2007 with estimates on different components of the project.

### 5.1.4 Funding Procedures Were Followed

Funding for the Image Campaign was allocated within two departmental budgets: the Department of Culture, Heritage and Tourism and the budget of the Department of Industry, Economic Development and Mines. Management adhered to the policies and procedures regarding the allocation of funds within departmental budgets.

### 5.1.5 Accountability Clear For Individual Project Components Rather Than Overall Management

The Image Campaign involved staff from the Department of Culture, Heritage and Tourism and the Department of Industry, Economic Development and Mines (subsequently the Department of Competitiveness, Training, and Trade). The brand development phase was funded through the Department of Culture, Heritage and Tourism. Subsequently, funding for the development of a brand implementation strategy was through the Department of Industry, Economic Development and Mines.

Communications Services Manitoba in the Department of Culture, Heritage and Tourism maintained responsibility for procurement of goods and services that related to the production of promotional material, merchandise, and the events undertaken to launch the Manitoba Spirited Energy brand. The division of responsibility for tendering and procuring goods and services for different aspects of the project was clearly assigned with coordination through PEAC's Executive Coordinator. However, the Image Campaign did not have and could have benefited from an overall project management function with responsibility for planning the different phases involved in an Image Campaign and for ensuring that all government policies were adhered to.

## 5.2 Bidding Process

### Audit Criteria

That the tendering process is fair and competitive. Specifically, we looked to determine whether the following *General Manual of Administration* (GMA) policies were followed:

- Consulting and professional services contracts are to be tendered whenever possible (Section 5.2.1);
- Spending approvals are within the delegated spending approval levels (Section 5.2.1);
- Treasury Board approval is obtained for all renewals, extensions, or new contracts with the same individual or firm for substantially the same work, regardless of the amount (Section 5.2.1);
- Payments for goods and services are to be properly supported (Section 5.2.1);
- Acquisition of goods and services by way of contracting should normally be done through the central agency designated as responsible for providing that good or service (note: the GMA also states that some contracting can be undertaken directly by a department such as fee-for-service consulting) (Section 5.2.2);
- Tendering of purchases is required whenever possible (Section 5.2.3); and
- Untendered contracts over \$1,000 in value are publicly reported (Section 5.2.4).

Communications Services Manitoba is in the Department of Culture, Heritage and Tourism and is responsible for coordinating the purchase of all advertising/communication production services, printing and media services for government departments, crown corporations, and agencies. We looked to determine whether the *Tendering and Purchasing Process* of Communications Services Manitoba was followed with respect to:

- Purchases under \$1,500 are rotated among qualified vendors, and purchases over \$1,500 are tendered to at least three qualified vendors (Section 5.2.3); and
- Invitations to tender are rotated among suppliers based on capabilities and ability to provide the service and meet the deadline (Section 5.2.3).

### Audit Criteria (cont'd.)

Manitoba is a signatory to the *Internal Trade Agreement* that came into force in 1995 aimed at reducing barriers to the free movement of goods and services between different levels of government within Canada. The *Internal Trade Agreement* calls for electronic tendering and identifies procurements that are excluded from the provisions of the Agreement including electronic tendering. One of those exclusions is with respect to procurement for advertising and public relations services. Advice sought by PEAC from the Department of Industry, Economic Development and Mines confirmed the work relating to branding would be exempt. PEAC chose to use electronic tendering for the event planning contract.

We also looked to determine whether the following *Internal Trade Agreement* provisions were followed:

- Electronic tendering is utilized as applicable (Section 5.2.1); and
- Tender documents clearly identify requirements of the procurement, the criteria that will be used in the evaluation of bids, the relative weight of those criteria and information on the selection process (Section 5.2.5).

Additionally, we were guided by the best practices literature which suggests that:

- All vendors should be provided with the same tender information (Section 5.2.6); and
- Responses to tender clarification requests from potential bidders should be in writing (Section 5.2.6).

### Conclusion

Procurement for the Image Campaign was consistent with government policies and procedures. However, time constraints resulted in less tendering than might otherwise have been the case.

## Observations

### 5.2.1 Consulting And Professional Services Tendered And Payments Properly Supported

We looked at all vendors hired for consulting and professional services. All were hired through a tendering process:

- Brand development was tendered through a two-step process of seeking Expressions of Interest and Qualification, followed by a Request for Proposals from the short-listed firms;
- The development of a brand launch implementation strategy was tendered through a Request for Proposals sent to firms on Communications Services Manitoba's list of qualified vendors;
- The launch event planner was hired through a tender on the Government's electronic tendering service called MERX; and
- Tendering and expenditure approvals for each contract were consistent with the GMA.

#### *Place Brand Tender Led To The Selection Of Interbrand Canada*

A request for an Expression of Interest and Qualifications for a Branding and Image Strategy for the Province of Manitoba was sent to 19 firms. Management advised that the list of firms was compiled based on the PEAC Image Strategy Development Task Group request that the PEAC Executive Coordinator prepare a list of branding companies from Manitoba, Canada, and internationally who would be qualified to do this work. Through an internet search, consultations with the Canadian Marketing Association, Communications Services Manitoba, the Deputy Minister of Culture, Heritage and Tourism, the Secretary to Government's Community Economic Development Committee, and PEAC, a list of potential firms was prepared which also included two firms who requested that they be included.

Twelve firms responded to the Expression of Interest and Qualifications; three were short listed by the PEAC Image Strategy Development Task Group and were sent a Request for Proposal that resulted in Interbrand Canada being selected by PEAC's Image Strategy Development Task Group. Interbrand Canada was chosen because it most closely met the selection criteria identified in the tender document (see Section 5.3.1). Pursuant to the GMA, the expenditure for Interbrand Canada to develop a Manitoba place brand was approved by Treasury Board.

**Contract With Interbrand Canada**

*(Total payment amount to March 31, 2007 - \$611,424.)*

The initial contract was signed December 2, 2004 for a total value of \$486,000 in professional services. The contract included an additional \$48,600 for reasonable out-of-pocket expenses, which did not require pre-authorization. If additional expenses above the preauthorized amount were required, the Consultant had to obtain prior written permission. Satisfactory receipts or other documents were to be submitted to support any expenses claimed. The contract also required that reimbursement of out-of-pocket expenses "shall be in accordance with the amounts and guidelines set out in the General Manual of Administration for the Province of Manitoba".

The work to be performed by Interbrand Canada was set out in the contract in six stages and the details of the objectives and activities to be carried out in each stage were shown in Schedule 1 of the contract. The six main stages and associated fees are listed in Figure 4.

Figure 4

| Stage      | Deliverables                                | Fees      |
|------------|---|-----------|
| 1          | Team Set-up and Mobilization Advance        | \$ 50,000 |
| 2          | Research and Analysis                       | 106,000   |
| 3          | Brand Strategy and Unique Value Proposition | 91,000    |
| 4          | Brand Identity and Creative Image Strategy  | 156,000   |
| 5          | Implementation Strategy/Brand Guidelines    | 73,000    |
| 6          | Key Metrics and Scorecard Development       | 10,000    |
| Total Fees |   | \$486,000 |

The contract was amended by one change order related to the Image Campaign that reduced the value of the contract by \$24,000 as a result of reductions to the actual number of focus group and interview requirements. Additional out-of-pocket expenses of \$22,873 were approved during the contract period, bringing the total expenses to \$71,473.

A second contract with Interbrand Canada was signed on December 19, 2005 to extend their consulting services to March 31, 2006 for a total value of \$52,500 plus expenses and disbursements. Consistent with the GMA, Treasury Board approval was obtained for the extension. This reflected additional direction to Interbrand Canada to develop an alternative brand logo to ensure the place brand would be suitable for all stakeholders. The initial logo and Manitoba wordmark developed was used as the basis for updating the government's visual identity. Fees and expenses covered by this contract are summarized in Figure 5.

Figure 5

| Tasks to be Completed   | Fees Per Contract |
|---|-------------------|
| Visual identity of symbol design                                  | \$35,000          |
| Preparation of research stimuli                                   | 5,000             |
| Facilitated session with members of PEAC and the Image Task Group | 7,500             |
| Graphic design of tagline   | 5,000             |
| Expenses and disbursements  | To be determined  |
| <b>Total (excluding taxes)</b>                                    | <b>\$52,500</b>   |

Expenses were allocated to the various Interbrand contracts and other services provided as shown in Figure 6.

Figure 6

| Interbrand Canada Cost Summary             | Professional Fees | Expenses        | Total Cost       |
|--|-------------------|-----------------|------------------|
| Contract (less change order)               | \$462,000         | \$71,473        | \$533,473        |
| Contract Extension                         | 52,500            | 25,451          | 77,951           |
| <b>Total Payments to Interbrand Canada</b> | <b>\$514,500</b>  | <b>\$96,924</b> | <b>\$611,424</b> |
| Percentage                                 | 84%               | 16%             | 100%             |

As part of our review, we tested expenses claimed to supporting documents. We found that expenses were not always supported by evidence of the nature and reason for incurring the expense as would be expected for government departments. The contract should have more clearly set out specific expectations regarding support for expense claims. The contract set out the protocols for consultant claims for reasonable out-of-pocket expenses, established an upper limit that could be claimed without pre-authorization (\$48,600), and required that the consultant provide *"supporting receipts or other documents for expenses incurred"*.

The contract also stated that *"reimbursement to the consultant for out-of-pocket expenses shall be in accordance with the amounts and guidelines set out in the General Manual of Administration (GMA) of the Province of Manitoba"*. Notwithstanding the requirement that the consultant follows the GMA, the contract did not set out what the GMA requirements were. As a result, the consultant could not know what the approved GMA allowances for meals and other expenses were or what constituted "acceptable" supporting receipts and other documentation.

### ***Implementation Strategy Tender Led To The Selection Of Taylor George Design***

Once the place brand was developed a consultant was hired to develop an implementation strategy for launching the place brand. This contract pertained to creative services for the adaptation of existing Manitoba marketing material and the development of new marketing material that would reflect the new Manitoba place brand. The work was tendered through Communications Services Manitoba who sent a Request for Proposal to all of the 19 advertising and communications firms on its list of qualified vendors. We verified that the list of firms to whom Communications Services Manitoba sent a request for proposal was the same as their list of qualified vendors.

Communications Services Manitoba received back ten responses from which Taylor George Design (now merged and renamed McKim Cringan George) was selected on the basis that it most closely met the selection criteria in the tender document (see Section 5.3.1). Pursuant to the GMA, Treasury Board (Figure 3) approved the expenditure.

### ***Contract With Taylor George Design***

*(Total payment amount to March 31, 2007 - \$489,221.)*

The initial contract with Taylor George Design to provide creative and account management services for the Image Campaign was signed on April 17, 2006 and covered the period April 1, 2006 to March 31, 2007.

The contract noted that if there was a requirement for the agency's services beyond March 31, 2007, the contract may be extended for up to an additional two years. The agency monthly retainer fee for the launch phase of the campaign (April 2006 to August 2006) was set at \$20,000 per month (\$100,000 in total). At the end of the launch phase, the monthly retainer amount was re-evaluated and an adjusted amount was agreed upon. The related tender documents did not fully indicate the potential magnitude of the resulting contract as the expected time frame for the contract was not mentioned. The tender documents also did not indicate that the vendor selected would be compensated on the basis of a monthly retainer fee. Management explained to us, that they requested information about the hourly fees because any work requested outside of the basic contract would be compensated on that basis. This would not be clear to potential bidders from information in the tender documents.

The retainer fee covered the costs of the following services, as described in the contract:

- development of a strategic campaign plan for the launch and maintenance campaign, in accordance with Interbrand guidelines;

- integration of the campaign strategy and creative material with all media and promotions including, but not limited to print, broadcast, out-of-home and internet;
- provision of creative execution, production coordination in concert with Communications Services Manitoba and trafficking for all markets based on the direction established in the strategic campaign plan;
- preparation of brand promotional packages that can be used during partnership presentations;
- consultation on market research and campaign testing requirements, as well as preparation of materials required for focus testing;
- planning and directing photography and footage required for the campaign in consultation with Communications Services Manitoba;
- development of an unpaid media strategy including speaking notes for PEAC spokespersons at events;
- management of the brand partnership program including providing brand information and assistance to potential partners; and
- manage and provide bi-weekly inventory reports for spirited energy merchandise.

The contract also recognized that additional special projects may also be needed and could be billed outside of the retainer amount. These projects included:

- development and ongoing hosting of a spirited energy website including web page templates, and brand guidelines; and
- development of a proposal and management of a team of ambassadors to promote the brand at events throughout the summer of 2006 (Street Team).

The first extension to the contract was issued in a letter to Taylor George Design on September 25, 2006 and adjusted the monthly retainer to \$28,500 per month for the seven months between September 2006 and March 2007 (\$199,500 in total) based on the ongoing creative and brand management requirements for the Image Campaign. The letter explained that all of the services outlined in the original Letter of Agreement (April 17, 2006) and the terms and conditions on the government purchase order would continue to apply to this extension. The letter also stated that web site development, hosting and maintenance and Street Team coordination would continue to be billed as special projects under the agreement.

In total, at March 31, 2007, \$489,221 was paid to Taylor George Design. Of this amount, \$355,797 was for monthly retainer fees and production costs incurred directly by the agency, and \$133,424 was for other projects not included in the

monthly retainer fees. These other projects are set out in Figure 7. For each of the noted projects, Taylor George Design provided written price quotes to Communications Service Manitoba.

Figure 7

| Projects Not Included in Monthly Retainer Fees              | Amount           |
|---|------------------|
| Launch Coordination   | \$ 21,400        |
| Street Team Operation Costs (Summer)                        | 10,000           |
| Street Team Operation (Winter)                              | 1,474            |
| Street Team Web Video Project                               | 16,500           |
| Website Development Fee                                     | 20,000           |
| Monthly Website Maintenance Fee                             | 46,050           |
| Website Refresh   | 4,500            |
| Development of an On-Line Store                             | 10,000           |
| Development of an On-Line Survey                            | 3,500            |
| <b>Total Projects Not Included in Monthly Retainer Fees</b> | <b>\$133,424</b> |

### *Event Planning Tender Led To The Selection Of Vidal And Associates*

An event planner was sought through a request for an Expression of Interest and Statement of Qualifications. This was done through Manitoba's electronic tendering service, MERX. Fourteen companies submitted responses to the Expression of Interest and Statement of Qualifications. Management advised that staff evaluating the proposals submitted in response to the Expression of Interest were of the view that the proposal from Vidal and Associates met the selection criteria (see Section 5.3.1) significantly better than any of the other proposals. On that basis, management decided there was no need to short-list for a request for proposal. Vidal and Associates was selected and awarded the contract with Treasury Board approval (Figure 3) pursuant to the GMA.

### **5.2.2 Government Policy Followed On The Use Of Central Agencies To Procure Goods/Services**

Management complied with government procurement policies by using the central agency of Communications Services Manitoba for the purchase of goods/services pertaining to the implementation of the Image Campaign. Government policy also permitted Departments to enter directly into fee-for-service contracts. This was done by the Department of Culture, Heritage and Tourism (the Interbrand Canada contract for brand development), and the Department of Industry, Economic Development and Mines (the Vidal and Associates contract for event planning).

### 5.2.3 Process For Purchases Was Within Government Policies And Procedures

#### *Purchase Of Goods And Services*

Procurement of goods and services for the Image Campaign were purchased through Communications Services Manitoba. Management explained that they purchased goods and services through vendors on their qualified list of vendors. Management advised that the process for adding qualified vendors to the database is generally through vendors contacting them. When contacted, Communication Services Manitoba meets with the company representative and asks them to submit a company profile and/or to do a presentation on the type of relevant work they have done in this area. Another way in which qualified vendors are added to the database is through a general call for qualified vendors in particular areas. Communications Services Manitoba advised that a general call for qualified vendors is usually advertised in the newspaper. Other sources of qualified vendors that Communications Services Manitoba relies on are the Advertising Association of Winnipeg, the Manitoba Chapter of the Canadian Marketing Association, the Society of the Graphic Designers of Canada, and the Canadian Public Relations Society.

#### *Purchase Of Promotional Materials And Merchandise*

*(Total to March 31, 2007 - \$628,562)*

As part of the launch of the Manitoba place brand, Communications Services Manitoba was asked to procure a variety of promotional goods such as building banners, horizontal billboards, bus cards, cling labels, letterhead, press kit folders and brochures. There were also merchandise purchased such as pens, umbrellas, t-shirts, and water bottles. In procuring these goods and services, Communications Services Manitoba followed its tendering processes and the GMA policies. Vendors hired for various goods and services (**Figure 3**) are among those on Communications Services Manitoba's qualified vendor list. There were three exceptions. The three vendors not on the list of qualified vendors are all firms that produce merchandise. Management explained that they are not the designated central agency for the purchasing of merchandise and are not normally called upon to do so.

Normally, the purchase of merchandise is the responsibility of Procurement Services of the Department of Infrastructure and Transportation. Management explained that because of the need to maintain confidentiality of launch materials until the launch date, Communications Services Manitoba handled all purchases including merchandise. Communications Services Manitoba tendered the merchandise among three firms with which they had prior experience rather

than consulting with Procurement Services to obtain their list of qualified vendors which would have allowed for a more competitive process.

### ***Purchase Of Market Research***

*(Total to March 31, 2007 - \$46,132)*

In addition to the focus group testing of the brand proposals undertaken as a sub-contract through Interbrand Canada, later research was contracted through Communication Services Manitoba and authorized by Treasury Board:

- In June 2005, Probe Research conducted research on image testing;
- In February 2006, PRA, Inc. conducted focus group research; and
- In June 2006 and September 2006, Probe Research conducted an omnibus survey on which the Province of Manitoba purchased several questions to benchmark the attitudes Manitobans have about their Province.

PRA, Inc. and Probe Research are the two suppliers who were the successful bidders on a competitively conducted standing offer tender for research. The standing offer tender for market research was for the period April 1, 2005 to March 31, 2006 with an option for renewal for two subsequent years. Communications Services Manitoba generally alternates the contracts between these two firms.

### ***Hiring A Video Supplier***

*(Total to March 31, 2007 - \$262,120)*

Mid Canada was hired as a video supplier with a directly awarded contract for \$250,000 pursuant to Treasury Board approval but without a competitive bidding process. A competitive bidding process not only helps ensure that the lowest cost proposal is identified and considered, but also demonstrates fairness. This was a significant production project and effort should have been given to avoid the tight time frames through a greater emphasis on overall planning.

Communications Services Manitoba advised that due to the tight timeframe to undertake the launch of the Image Campaign, Mid Canada was hired as soon as it was determined that television was going to be part of the media mix for the Image Campaign. This allowed them to secure a crew, begin sourcing existing footage of Manitoba and scout possible locations for a video shoot while Taylor George Design continued to work on the creative concept. At the time Mid Canada was hired, the television component was not finalized but it was known that there would be at least one TV spot and it was estimated that it would cost approximately \$30,000 to \$50,000. Mid Canada was on the approved suppliers list and was available to do the work in the timeframes required. CSM also explained that Mid Canada was the company with the largest number of in-house staff and

the largest facilities and given the necessity for confidentiality, CSM felt that Mid Canada was an appropriate choice for the job.

When Taylor George Design finalized its proposed strategy for TV ads, based on direction from PEAC's Image Strategy Development Task Group, the work involved various production projects including preparation of a two minute feature and six commercials, stock footage transfers and transfer of the two minute feature to 35mm film, production of a Grey Cup ad, and radio ads which increased the cost to \$262,120. Cost estimates were provided for all production projects. The final budget for the production of the two minute feature and the six commercials was set at \$250,508. Actual production costs were \$239,598, resulting in a favourable variance of \$10,910.

#### ***Purchase Of Media Space***

*(Total to March 31, 2007 - \$1.04 Million)*

In the case of advertising related to Manitoba's place branding, Communications Services Manitoba used radio and television media outlets from across Manitoba because they were targeting all Manitobans 18 years and older. Communications Services Manitoba allocated funds between the various media outlets based on the market share of each media outlet.

Communications Services Manitoba developed the specifications for what it wanted aired and sent them to media outlets with a request for proposal. The specifications identified the target audience, the preferred days/times for airing the advertisement and the threshold size of audience (i.e., gross rating points) being sought. Media outlets responded with options depending on available time slots, and indicating in each case what the gross rating points would be for a given time slot. The gross rating points come from the Bureau of Broadcast Measurement (BBM), which is a not-for-profit, broadcast research company that supplies radio and television audience ratings services to the Canadian broadcast advertising industry. Based on the submitted proposals from media outlets, Communications Services then selected which days/times it wanted to purchase and prepared purchase orders for each media outlet advertisement.

#### **5.2.4 Untendered Contracts Unreported**

In support of public accountability, an electronic database of untendered contracts valued in excess of \$1,000 is maintained for public viewing at the Reading Room of the Legislative Building. With one exception, untendered contracts associated with the Image Campaign were not reported on the electronic database as they should have been (Figure 8).

Figure 8

| Status of Reporting on Untendered Contracts |            |                                 |   |                      |
|---|------------|---------------------------------|---|----------------------|
| Reported                                    | Unreported | Company Name                    | Type of Goods/Service   | Value of Contract    |
| X   |            | 1. Rosemary Chambers            | Consulting Services to PEAC's Image Strategy Development Task Group       | \$5,000              |
|   | X          | 2. Intermedia International     | Media Transcripts   | \$1,533              |
|   | X          | 3. Esdale Printing Company Ltd. | Promotional Material:<br>- Cling labels<br>- Letterhead and press folders | \$4,299<br>\$2,390   |
|   | X          | 4. Lank Beach Productions       | Polar Bear use Footage  | \$1,150              |
|   | X          | 5. Grajewski Photography        | Stock Photo Usage   | \$1,500              |
|   | X          | 6. Mid Canada                   | - Production of Videos<br>- Shoot Footage of Banners for Future Use       | \$252,215<br>\$2,978 |
|   | X          | 7. Nardella Photography         | Photography   | \$2,835              |

### 5.2.5 Tender Documents Provided Appropriate Information

Tender documents were prepared for the following components of the Image Campaign:

- the Expression of Interest and Qualifications for Branding and Image Strategy for the Province of Manitoba and the Request for Proposal for Branding and Image Strategy for the Province of Manitoba (Interbrand Canada awarded the contract);
- the Request for Proposal for Creative Services (Taylor George Design awarded the contract); and
- the Expression of Interest and Statement of Qualifications for an Event Planner (Vidal and Associates awarded the contract).

Tender documents for expressions of interest or requests for proposals clearly identified the scope of the work, the skills and capabilities being sought, how submissions would be assessed and the relative weight of each criterion.

### 5.2.6 Same Tender Documents Sent To Potential Vendors

Management prepared tender documents to send to all qualified vendors selected to receive requests for expression of interest, or requests for proposals. Consistent with good practice, when one of the bidders approached the Government of Manitoba with a question regarding the Request for Proposals for Branding, a written response was prepared and given to all other vendors to whom a Request for Proposals had been sent.

## 5.3 Evaluation Of Bids

### Audit Criteria

That there is a fair and consistent approach to the evaluation of all tenders. Specifically, we looked to determine whether the evaluation of bids took place in a manner consistent with the following government policies and best practices:

- The GMA policy that there should be predetermined evaluation criteria against which to assess vendor proposals. According to best practices, the criteria should be included in the tender documents along with the relative weight of each criterion. As well, the evaluation of tenders should be documented (Section 5.3.1).
- In its Tendering and Purchasing Process document, Communications Services Manitoba identified that the following criteria are used in relation to calls for proposals: demonstrated capabilities, assessment of creativity, demonstrated suitability, budget breakdown, and client references. The GMA policy is that the lowest qualified bid is the proposal representing the best value. In its Tendering and Purchasing Process, Communications Services Manitoba states that all things being equal, the contract is awarded to the lowest bidder. For design and photography tenders, style and experience are taken into consideration along with cost (Section 5.3.1).
- Pursuant to best practices, a tender that does not comply with the tender documents is rejected. (Section 5.3.2)
- Communications Services Manitoba Tendering and Purchasing Process policy that unsuccessful tenders are advised of why they were not selected (i.e., price, turnaround time, incomplete bid) but that the exact amount of the successful bid is not generally disclosed in order to keep the process competitive and not jeopardize the confidentiality of suppliers' bids (Section 5.3.3).

### Conclusion

A fair and consistent approach was taken to the evaluation of tenders, and management followed government policies and procedures.

## Observations

### 5.3.1 Tenders Were Assessed Against Predetermined Criteria

Requests for Expression of Interest and Qualifications, and Requests for Proposals that were sent to vendors listed the criteria that would be used to assess submissions, and identified the relative weight of each criterion. Vendor submissions were assessed in each case by an evaluation committee and rankings were documented.

The criteria listed in the expression of interest and requests for proposals were consistent with those that Communications Services Manitoba has in its Tendering and Purchasing Process.

Figure 9 identifies the selection criteria identified in the tender documents and the evaluation committee that reviewed and selected vendors.

Figure 9

| Tender Evaluation Selection Criteria                            |   |  |  |
|---|---|--|--|
| Work Tendered   | Selection Criteria in Tender Documents for Expression of Interest and Qualifications  | Selection Criteria in Tender Documents for Request for Proposals   | Evaluation Committee   |
| Brand Development (awarded to Interbrand Canada, Inc.)          | <ul style="list-style-type: none"> <li>- Experience in brand development and image strategy - 50%</li> <li>- Proposed methodology and approach - 25%</li> <li>- Creative samples - 20%</li> <li>- Client references - 5%</li> </ul> | <ul style="list-style-type: none"> <li>- Relevant knowledge and experience - 30%</li> <li>- Recommended brand development process - 30%</li> <li>- Creative development and implementation strategy - 25%</li> <li>- Budget and timelines - 15%</li> </ul> | PEAC Image Strategy Development Task Group   |
| Brand Implementation Strategy (awarded to Taylor George Design) | Not applicable  | <ul style="list-style-type: none"> <li>- Demonstration of in-house supplier capabilities - 40%</li> <li>- Assessment of supplied creative samples - 40%</li> <li>- Fee schedule - 20%</li> </ul>   | ADM of CSM, staff from CSM and the Director of Strategic Communications from Energy, Science and Technology. |

| Tender Evaluation Selection Criteria                |   |  |   |
|---|---|--|---|
| Work Tendered                                       | Selection Criteria in Tender Documents for Expression of Interest and Qualifications  | Selection Criteria in Tender Documents for Request for Proposals | Evaluation Committee  |
| Event Planner (awarded to Vidal Et Associates Inc.) | <ul style="list-style-type: none"> <li>- Experience in developing and successfully executing effective programming within broad partnerships of business, labour, community and government - 40%</li> <li>- Typical methodology and approach - 20%</li> <li>- Effective volunteer management skills and successful experience in working effectively with senior level volunteers - 20%</li> <li>- Demonstrated communications skills - 10%</li> <li>- Client references - 10%</li> </ul> | Not applicable.  | PEAC Executive Coordinator, and the Director of Strategic Communications from Energy, Science and Technology. |

### 5.3.2 Non-Complying Tenders Rejected

Management documented any bidders who were rejected and the reason for the rejection. In the case of the Expression of Interest and Qualifications for the Development of a Branding and Image Strategy, one bidder was rejected for late submission. In regards to the Expression of Interest and Statement of Qualifications for Event Planner, two bidders were rejected due to incomplete submissions.

### 5.3.3 Unsuccessful Bidders Notified

Letters were sent to the unsuccessful bidders on the Expression of Interest for Branding, the Request for Proposals for Branding, and the Expression of Interest for an Event Planner. Communications Services Manitoba advised that on smaller purchases associated with the Image Campaign, they notified bidders by phone.

## 5.4 Awarding Contracts

### Audit Criteria

That contracts are prepared and signed which include the deliverables, deadlines and budget/cost. Specifically, we looked to determine whether the following GMA policies were followed:

- that contracts should be approved by Civil Legal Services. Where an approved standard or pre-approved form is not used, individual approval of the contract by Civil Legal Services should be obtained (Section 5.4.1); and
- that a contract may be signed by: a Minister, a Deputy Minister, an official delegated in writing by the Minister, a sole supplier or a person authorized by an Act of the Legislature (Section 5.4.2).

Additionally, we looked to determine if contracts included provisions on vendor sub-contracting and monitoring of sub-contracting. Unlike the Federal Government, the Government of Manitoba does not have policies on sub-contracting (i.e., when a vendor needs to hire the services of other experts to complete the work). Nevertheless, given the amount of sub-contracting under the Image Campaign (\$91,885), we expected to find sub-contracting provisions in contracts (Section 5.4.3).

### Conclusion

Contracts associated with the Image Campaign were executed in conformance with government policies. The existing policy framework however, does not include policies on vendor sub-contracting. The current practice is not uniform amongst suppliers nor is it consistently applied. Also, as these sub-contracts were awarded through the private sector, they were not subject to the requirement to list untendered contracts in excess of \$1,000 on the Government's publicly accessible electronic site.

## *Observations*

### **5.4.1 Contracts Based On Legal Template**

In the case of the Interbrand Canada contract, advice was sought from Civil Legal Services. With respect to other contracts associated with the Image Campaign, management used standard pre-approved formats. Contracts associated with the Image Campaign identified the nature of the work to be undertaken, the due dates, the total value of the contract, and the terms and conditions.

### **5.4.2 Signatory on Contracts Consistent With Designated Authority Level**

Contracts for goods and services for key elements of the Image Campaign were signed by one of the three categories of signatories identified in the GMA, except for one contract with a value of \$20,000 which was signed by PEAC's Executive Coordinator. Management explained that Treasury Board had verbally advised that where Treasury Board approval is given, any of the persons identified in the GMA as signatories to a contract may sign a contract regardless of whether the amount exceeds a person's normal delegated authority.

### **5.4.3 Provisions On Sub-Contracting Not Standard Practice In All Contracts**

The current practice is not uniform amongst suppliers and is not consistently applied.

The letter of agreements with Taylor George Design (subsequently McKim, Cringan and George) contains a clause that states that where feasible, sub-contracted work should be tendered through Communications Services Manitoba and when this is not feasible, three quotes should still be obtained.

Sub-contracting through Taylor George Design totaled \$52,860. The consultant indicated that due to tight deadlines, there was generally insufficient time to seek three quotes. The consultant also noted out that the type of work that was sub-contracted tended to be of a highly specialized nature and they sought the best available creative expertise.

Interbrand Canada sub-contracted \$39,025 to local companies for external research. However, the consulting contract did not contain provisions on the terms and conditions of sub-contracting. Nevertheless, Interbrand Canada did seek quotes before sub-contracting the research.

## 5.5 Receipt of Goods And Services

### Audit Criteria

That all goods and services paid for as part of the Image Campaign were received. Specifically, we looked to determine whether:

- Adequate control processes were in place to ensure all goods and services were received before payments were made (Section 5.5.1);
- Payments for goods and services were properly supported by a contract, price quote, or purchase order (Section 5.5.2); and
- There was adequate substantiating evidence supporting that goods paid for were received (Section 5.5.3).

### Conclusion

All goods and services paid for as part of the Image Campaign were received.

### Observations

#### 5.5.1 Adequate Control Processes Were In Place

We reviewed the control processes in place that ensure that all items paid for were received and correctly entered into the government's accounting system (SAP). We found that:

- Purchase orders were issued and entered into the SAP to facilitate processing of invoices and to help ensure that transactions were properly described in SAP;
- Invoices had appropriate evidence of receipt of the goods and services (where practical) such as tear sheets for newspaper advertisements, certified lists of play times for commercials aired on radio and TV, supporting documentation such as receipts for expenses claimed, and third party invoices to support sub-contracting on the part of suppliers;
- Appropriate sign-off on invoices certifying that all goods and services have been received;
- Evidence of entry into SAP and verification of amounts entered attached to each invoice; and

- All payments were made directly to suppliers and service providers through the Department of Finance. This lowered the risk of inappropriate payments by ensuring appropriate segregation of duties.

### 5.5.2 Payments Were Properly Supported

As described in Section 4.1, we selected a sample of payments for audit testing. Our testing involved agreeing and reconciling the payment to the amounts set out in corresponding contract, price quote, or purchase order. We found that all payments were properly supported.

### 5.5.3 There Was Adequate Evidence That Goods Paid For Were Received

For each of the three largest suppliers, our audit work confirmed that contract deliverables were received.

We also reviewed a sample of other purchases with a total cost of \$693,598. All receipt of the goods or services covered by the purchase could be substantiated by a packing slip, tear sheet for print advertising, certified copies of play lists from TV and radio stations detailing the times each commercial aired, photos of banners and other events, and other appropriate substantiating documentation.

## 6.0 Research Work For The Image Campaign – Observations And Conclusions

| Audit Objective  | Conclusion   |
|--|--|
| To determine whether research work (surveys and focus groups) gathered data and information relating only to the Image Campaign. | All research work paid for by public money gathered information relating only to the Image Campaign. Our review indicated that the research findings and results were utilized to inform successive aspects of the Image Campaign. |

There were a number of research steps and various consultation processes completed throughout the Image Campaign (see Figure 10):

- Initial research was conducted for PEAC's Image Task Group in February 2004 on Manitoba's image in the media and current image building and planned initiatives. This research was one aspect that led to PEAC's recommendation to the Premier of the need for Manitoba's Image Campaign.

- In working with the Image Strategy Development Task Group, Interbrand Canada utilized a variety of research and consultative processes throughout the four major stages of the brand development process.
- Once the place brand was launched, survey questions purchased on an omnibus survey of the Manitoba population assessed the impact of the brand on perceptions of the province.

Figure 10

| Development Stage  | Nature of Research and Consultations  | Conducted By                                     |
|--|---|--|
| Prior Research<br><i>February 2004</i>                       | Initial research conducted for PEAC's Image Task Group prior to the start of the brand development process.   | Rosemary Chambers                                |
| Initial Research and Analysis Stage<br><i>December 2004</i>  | Review of available research previously conducted on Manitoba by various stakeholders.  | Interbrand Canada                                |
|  | Documentation review of currently utilized brands and communication materials on Manitoba.  | Interbrand Canada                                |
|  | <ul style="list-style-type: none"> <li>• Brand Audit - to determine what Manitoba brand currently stands for, what strengths to leverage, what weaknesses to transform, and what stakeholders desire for future.</li> <li>• Competitive Audit - to review imagery and marketing strategies of identified key competitors (BC, Ontario, Alberta).</li> <li>• Target Audience Audit - to determine the attitudes and perceptions of key target audiences (business community, youth, and tourists).</li> <li>• Best Practices Audit - to review branding best practice in a comparable jurisdiction (Pittsburgh region).</li> </ul> | Interbrand Canada                                |
|  | On-line survey at <a href="http://www.brandmanitoba.ca">www.brandmanitoba.ca</a> which invited participation of general public on provincial image.   | Interbrand Canada                                |
|  | One-on-one interviews with community and business stakeholders, as well as discussions with media outlets.  | Interbrand Canada                                |
|  | Focus group testing* of perceptions of Manitoba among youth, ages 18 - 25.  | Probe Research (contracted by Interbrand Canada) |
| Positioning Development Stage<br><i>January - April 2005</i> | Opportunity Modeling Workshop conducted with Image Strategy Development Task Group to review and rank dimensions of brand and to evaluate positioning directions against set criteria.  | Interbrand Canada                                |
|  | Workshop/focus group testing of perceptions of Manitoba among youth and community leaders in Brandon.   | Interbrand Canada and PEAC Executive Coordinator |

## Special Audit: Image Campaign for the Province of Manitoba

| Development Stage  | Nature of Research and Consultations  | Conducted By   |
|--|---|--|
|  | Several presentations/consultations with various community stakeholders.  | Interbrand Canada and/or Co-Chair and PEAC Executive Coordinator |
| <b>Creative Image Development Stage</b><br><i>April - June 2005</i>          | Focus group testing* of alternative brand identities (logo, tagline, look and feel) against a brand positioning for province, among youth in Winnipeg, Toronto and Calgary, ages 18 - 25. | kisquared (contracted by Interbrand Canada)                      |
|  | Presentations/workshops with PEAC on creative options.  | Interbrand Canada  |
|  | Focus group testing* of creative approach and associations, among various groups of general population in Winnipeg, Brandon, and Thompson.  | Probe Research (contracted by Communication Services Manitoba)   |
| <b>Final Brand Development Stage</b><br><i>December 2005 - February 2006</i> | Workshop with the Image Strategy Development Task Group to rank final creative options, moderated by an external facilitator.   | Interbrand Canada  |
|  | Focus group testing* of final creative options and advertising concepts, among various groups of general population in Winnipeg.  | PRA, Inc. (contracted by Communication Services Manitoba)        |
|  | Consultation/workshop with francophone community leaders on translation options.  | Co-Chair and PEAC Executive Coordinator                          |
| <b>Post-Launch Research</b><br><i>June and September 2006</i>                | Omnibus survey* assessing perceptions of Manitobans about the province. (June 2006)   | Probe Research (contracted by Communication Services Manitoba)   |
|  | Omnibus survey* assessing perceptions of Manitobans about the province. (September 2006)  | Probe Research (contracted by Communication Services Manitoba)   |

\*External research reviewed in this section of the report.

## 6.1 External Research Conducted

### Audit Criteria

That research work requested and provided related only to the Image Campaign. Specifically, we looked to determine whether:

- Research specifications and contracts for research to be conducted related only to the Image Campaign (Section 6.1.1);
- Methodology selected for conducting the research and any client direction provided related only to the Image Campaign (Section 6.1.2);
- Reports of research results provided only information related to the Image Campaign (Section 6.1.3); and
- Payments made to suppliers met the terms of the contracts and related only to work for the Image Campaign (Section 6.1.4).

### Conclusion

All external research conducted and supplied related only to the Image Campaign.

### Observations

#### 6.1.1 Research Specifications And Contracts Related Only To Image Campaign

We reviewed the requests for proposals and contracts with each supplier for all of the external research work conducted. We noted that the objectives of the research required were clear, and the parameters for focus group testing were provided. All contract specifications and requirements related only to providing research for the Image Campaign.

#### 6.1.2 Methodology Met Contract Requirements

We found that the methodology utilized to conduct the research met the requirements of the contracts. Our interviews with research suppliers noted that methodology utilized was largely left to the professional judgment of the supplier and that no direction was given for extra research work outside the specifications of the contract. The screening criteria for focus group participants met the parameters of the focus group requirements, and the screening criteria did not include political voting intention. Focus group moderators' guides reflected an

overall methodology that met the requirements of the contracts, and all questions contained in the moderators' guides related only to the Image Campaign.

### 6.1.3 Final Reports Of Research Results Related Only To Image Campaign

All final reports provided by the research suppliers met the expectations and requirements of the contracts. The final reports provided information related only to the Image Campaign. Our interviews with research suppliers further noted that no information was asked nor provided that was not contained in the final reports.

### 6.1.4 Payments To Suppliers Met Contracts And Related Only To Image Campaign

We found that all payments made to external research suppliers met the terms of the contracts and were only for research work related to the Image Campaign.

## 6.2 Use Of Research Work

### Audit Criteria

That research findings and results successively impact the direction and/or strategy of the Image Campaign.

### Conclusion

Based on our review of all research conducted, the sequence of events, and our interviews with members involved in decision-making, there was sufficient evidence that the research findings and results were utilized to inform successive aspects of the Image Campaign.

### *Observations*

#### 6.2.1 Research Findings Impacted The Direction Of The Image Campaign

Given issues raised in the public discussion with respect to research such as focus group testing, we reviewed the objectives of all external research conducted, the stage in the brand development process that each of the research processes were undertaken, and the context within which the research was utilized.

As the target audiences for the place brand varied, the brand development process incorporated a number of research and consultation steps with each of the

primary audiences: the business community, youth, and tourism. Several of the research components were conducted by Interbrand Canada in conjunction with the Image Strategy Development Task Group, and the remainder was externally contracted to local research suppliers. The majority of the externally-contracted research was for focus group testing.

It is important to note that focus group testing is a qualitative form of research in which a small group of people (generally eight to ten individuals, screened to reflect a relevant target market) engage in a roundtable discussion, typically led by a moderator who guides the discussion in order to obtain the group's opinions about or reactions to specific topics. Focus groups are commonly utilized in market research to test attitudes, perceptions, and emotional reactions to a particular product, concept, or communication tool. The results of focus group research must be used judiciously, as the data obtained is not necessarily representative of a whole population given the small sample size of such research. Therefore, focus groups are generally utilized to provide valuable directional information, but not necessarily a definitive or decisive course of action.

We discussed the interpretation of research findings with all external research suppliers, Interbrand Canada, several members of the Image Strategy Development Task Group, and government staff who attended the meetings. Only one individual expressed concern that the research findings of an external focus group may not have been utilized appropriately. However, our discussions and review of the sequence of events noted that the results of that focus group were accurately presented to the Image Strategy Development Task Group and considered in the decision making process. As noted in Figure 10, focus groups in some cases only provided information from a particular target audience (for example, youth) and hence, results had to be balanced with other factors in decision making, and considered within the context of the overall brand development process.

Our review of the results of all research components utilized in the brand development process (including externally-contracted research work), the presentations made to the Image Strategy Development Task Group throughout the brand development process, and our interviews, indicated that the research results were utilized to inform successive aspects of the Image Campaign.

## 7.0 Recommendations

- That an overall project management function should be established for any future phases of the Image Campaign. (Section 5.1.5)
- That contracts and agreements clearly set out specific expectations regarding supporting documentation requirements for expense reimbursement. (Section 5.2.1)
- That tender documents fully describe the expected timeframe of resulting contracts and provide details about the pricing basis. (Section 5.2.1)
- That in future phases of the Image Campaign, more lead time in planning is required to ensure tendering on all major contracts. (Section 5.2.3)
- That Government amend its GMA to include policies on sub-contracting. (Section 5.4.3)

## 8.0 Response Of Officials

### Government Response

The development of a new image for Manitoba began when members of Manitoba's private sector approached the government about the need to improve how we express Manitoba's identity and how we promote the province, both to our own citizens as well as to the rest of Canada and the world. They believed that the future economic and social well-being of our province increasingly depended on our collective efforts to promote Manitoba for business, trade and tourism as well as to ensure the retention and attraction of young people to live, work and raise families here.

The government agreed with these views and this report documents how government supported the business, labour and community members who make up the Premier's Economic Advisory Council as they worked to develop a new image for our province. A major difference between Manitoba's approach and that used in other jurisdictions has been this unique partnership which was led by the business sector and other prominent community members rather than government. The goal has been to increase the sense of ownership among local business and community members who ultimately are the ambassadors of our province through their business and personal travels beyond our borders.

We would like to thank the Office of the Auditor General for this comprehensive and thorough report. Because the campaign was developed and launched as a public-private collaboration, the report examines an interesting challenge for government. While the report confirms that all services purchased were

indeed received as intended and that expenditures were generally managed in a manner consistent with government policies and procedures, we welcome the recommendations that deal with updating and strengthening some of these policies and procedures, and have already begun to take action on these recommendations.

Overall, the Government of Manitoba accepts the findings presented by the Auditor General in this report and offers the following responses to the specific recommendations:

| Recommendation   | Response  |
|--|---|
| That an overall project management function should be established for any future phases of the Image Campaign.                                 | This was a unique partnership between the public and private sectors and an important part of the process was that government was able to support the work of the volunteers without directing the result. This did present some administrative challenges but, as the report indicates, the various individual components of the project were managed appropriately. Government will consult with PEAC and the other brand partners to develop a plan for the future that will include a more centralized project management function. |
| That contracts and agreements clearly set out specific expectations regarding supporting documentation requirements for expense reimbursement. | It is in the best interests of both parties in a contract to clearly understand the terms. Departments will be directed to ensure that when contracts provide for expense claims to be made, that the contractor is to be provided with appropriate guidelines for the submission of those claims.  |
| That tender documents fully describe the expected timeframe of resulting contracts and provide details about the pricing basis.                | Government accepts that timeframe and pricing details should generally be included in tender documents but notes there are situations where there is legitimate uncertainty about these details when the tender is being issued. In such cases, departments will be directed to ensure the tender documents specifically state that these item(s) are yet to be determined.   |
| That in future phases of the Image Campaign, more lead time in planning is required to ensure tendering on all major contracts.                | Government acknowledges that, in some cases, the timeline for the launch of the campaign did not allow sufficient latitude to accommodate changes in project requirements. Government will work with PEAC and the other brand partners to develop a longer planning cycle for future image campaigns.   |

| Recommendation  | Response  |
|---|---|
| That Government amend its GMA to include policies on sub-contracting. | The report presents a very thorough analysis of the way contracts were tendered, awarded and managed. Government was pleased to note the conclusion that procurement was consistent with government policies and procedures and also noted that the report points to some areas where these policies and procedures could be updated. Government will review the subcontracting policies in its General Manual of Administration and incorporate any appropriate changes. |

### Premier's Economic Advisory Council

Members of the Premier's Economic Advisory Council (PEAC) volunteer their time to provide the Premier with action-oriented and practical advice on a wide range of issues affecting our province's economy. Building a more positive image for Manitoba was one of our first recommendations, and we are proud to have been asked to lead a group of dedicated Manitobans who gave generously of their time and talent in the development and launch of the Spirited Energy campaign.

From the beginning our goal has been clear. We want to strengthen Manitoba's ability to attract and retain business investment and skilled workers. We also want young Manitobans to choose to build their careers here and continue to make Manitoba their home.

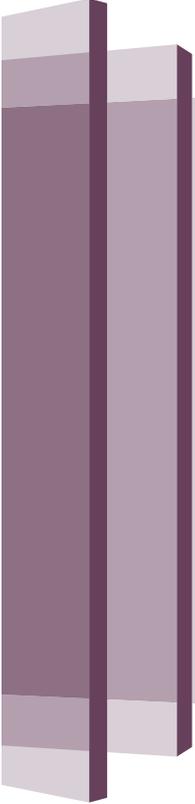
Our volunteers came from business, labour, educational institutions, economic development, tourism and other organizations. They joined educators, researchers and community and Aboriginal leaders in a unique undertaking: *"to create a fresh, new way of communicating our province's unique identity, to raise our profile and tell the world what a great place Manitoba is to live in, work in, invest in and visit."*

Our research told us how to do this but it also told us it would be a difficult process. Over time, a tradition of self-deprecation and negative stereotypes has taken hold in Manitoba and some of the reactions to the idea that Manitobans could create a new image for ourselves reflected that tradition.

We know that it has been a good process, that a lot of people participated in developing the plan, and that we have a good outcome that now needs to be fully implemented. We believe that the Auditor General's report presents a balanced

picture of the way the project was developed and managed and we think that the recommendations contained in this report will facilitate more successful collaborations like this between government and the private sector.

With the release of this report we are ready to move on and get back to the job of promoting our province.



# Appendices

Version

Appendix A Brand Partners As At September 7, 2007\*

|  |  |
|--|--|
| ADVue Media Mb   | Almitra Consulting                           |
| Agriculture, Food and Rural Initiatives  | AJW Warehousing Inc.                         |
| Asper School of Business   | Associated Auto Auction Ltd.                 |
| Best of Manitoba   | BMO Nesbitt Burns                            |
| Boreal Coaching  | Brandon Tourism                              |
| Brandon University   | Brave Strategy                               |
| Broadcaster's Association of Manitoba  | Building Connections                         |
| Building Owners and Managers Association of Manitoba                               | Burst Web Solutions                          |
| Canadian Footwear Ltd.   | CanWest                                      |
| CanWest Global Place   | Career Destination: Manitoba                 |
| City of Brandon Economic Development Council                                       | City of Winnipeg                             |
| Conseil de développement économique des municipalités bilingues du Manitoba (CDEM) |  |
| Destination Winnipeg   | Digipix Media                                |
| Directorat de l'activité sportive du Manitoba                                      | DISC IT! Multimedia                          |
| Downtown Winnipeg BIZ  | Dragon Et Lion Dance International of Canada |
| EDS  | Earth Rhythms, Inc.                          |
| eBrands Media Group  | Ecole St. Anne Immersion                     |
| Elkhorn Elks Lodge #381  |  |
| Federated Insurance  | FocalPoint Images                            |
| The Forks  | Freedom 55 Financial                         |
| Grand Lodge of Manitoba, IOOF  | The Geothermal Alternative                   |
| Great-West Life  |  |
| Health Care Products Association of Manitoba                                       | Homewave Properties                          |
| Ideal Driver Training  | Inn at the Forks                             |
| Innovative Media Group   | InterfaceFLOR Commercial                     |
| Inukshuk Man   | Investors Group                              |
| jill chongva design  | Junior Achievement of Manitoba               |
| JPC Publications   | Kleysen Group LP                             |
| Le Musée de Saint-Boniface   | Lewis Communications                         |
| Lime Media   |  |

## Brand Partners As At September 7, 2007\*

Appendix A (cont'd)

|   |   |
|---|---|
| Manitoba Arts Network                             | Manitoba Association of Campgrounds and Parks     |
| Manitoba Chambers of Commerce                     | Manitoba Conservatory of Music and Arts           |
| Manitoba Education Citizenship and Youth          | Manitoba Eh?                                      |
| Manitoba Games Council                            | Manitoba Government                               |
| Manitoba Hydro                                    | Manitoba Liquor Control Commission                |
| Manitoba Lotteries Corporation                    | Manitoba Museum                                   |
| Manitoba Public Insurance Corporation             | Manitoba Youth Volunteer Opportunities            |
| Mark My Words Consulting                          | Martha Street Studio                              |
| Martin Global                                     | McKim Cringan George                              |
| Meeting Professionals International               | Mercato Gelato Café                               |
| mf.1  | Miss Manitoba Organization                        |
| Modchip Canada                                    | Mondetta Clothing                                 |
| MTS Allstream                                     |   |
| Norwood Hotel                                     | Norwood Lawn Bowls                                |
| Nursing Student Association Council               |   |
| Office of the Fire Commissioner                   | OlaTech Corp.                                     |
| Paddling Manitoba                                 | PARC - Parkland Agricultural Resource Cooperative |
| Parlement Jeunesse Franco-manitobain              | Partners in the Park                              |
| The Phillipine Times                              | Place Louis Riel Hotel                            |
| Premier's Economic Advisory Council               | Purlec Hydroculture                               |
| Red River College                                 | Red River Exhibition Association                  |
| Red River Regional Heritage Fair                  | Rhythmic Gymnastics Manitoba                      |
| River Gate Inn Bed & Breakfast                    |   |
| Scouts Canada                                     | Sierra Noble                                      |
| St. Boniface Hospital                             | St. Malo & District Chamber of Commerce           |
| St. Vital Centre                                  | Semantic Distinction                              |
| Southwest Trails Association for Regional Tourism | Studio Floor and Window Covering                  |
| Tangent Strategies                                | Tecumseh 4-H Club                                 |
| Theatre Projects Manitoba Inc.                    | Thompson Unlimited                                |
| Travel Unlimited                                  | Tropicals   |
| United Food and Commercial Workers Local 832      | University College of the North                   |
| University of Manitoba                            | University of Winnipeg                            |

Website Version

Appendix A (cont'd)

Brand Partners As At September 7, 2007\*

|                                  |                              |
|----------------------------------|------------------------------|
| ViewSource Media Inc.            | Visionary Concepts           |
| Wheat City ConnXion              | Winnipeg Airports Authority  |
| Winnipeg Art Gallery             | Winnipeg Chamber of Commerce |
| Winnipeg Free Press Publications | World of Water               |

\*This list was obtained from [http://www.spiritedenergy.ca/partners\\_list.php](http://www.spiritedenergy.ca/partners_list.php). It should be noted that, the website only lists those partners who have authorized the public use of their name in promotion of the Image Campaign.

## Image Campaign Payments By Vendor

Appendix B

| Vendor  | April 1, 2004 to<br>March 31, 2007 |
|---|------------------------------------|
| 2006 Grey Cup Festival Inc                        | \$ 10,000                          |
| 2426625 Manitoba Ltd (Eagle Printer/The Reminder) | 3,481                              |
| Acces Media                                       | 306                                |
| AMEX Bank of Canada                               | 89                                 |
| Arctic Radio (1982) Ltd                           | 5,431                              |
| Assoc des Etudiant(e)s du College (St. Boniface)  | 1,301                              |
| AVW-TELAV Inc                                     | 484                                |
| Beckwith Henry                                    | 950                                |
| Bellefosh Signs Ltd                               | 305                                |
| Brandon Community News                            | 502                                |
| Brandon Sun                                       | 6,502                              |
| Brandon University                                | 221                                |
| Brandon University Students' Union Inc            | 3,500                              |
| Brandon Wheat Kings Hockey Club                   | 4,280                              |
| Brandworks International Inc                      | 2,000                              |
| Campus Network                                    | 884                                |
| Campus Plus                                       | 1,736                              |
| Canad Inns  | 87                                 |
| Canadian Broadcasting Corp                        | 70,519                             |
| CanStar Community News Ltd                        | 5,610                              |
| CanWest Interactive Inc                           | 100,060                            |
| CanWest Mediaworks                                | 105,314                            |
| Carol's Photography                               | 125                                |
| CBWFT Television                                  | 6,069                              |
| CFOX-QX Country 104 FM                            | 3,600                              |
| CFRW-AM   | 525                                |
| CFRW-CHIQ Radio                                   | 735                                |
| CFWM Radio (99.9 FM)                              | 3,600                              |
| Champagne Francine                                | 343                                |
| CHIQ-FM (Q 94)                                    | 6,000                              |
| CinePlex Media                                    | 75,794                             |
| City of Winnipeg                                  | 4,215                              |
| CITYTV  | 37,785                             |
| CJKR-FM   | 17,520                             |
| CJOB  | 10,920                             |
| CJZZ-FM (Cool-FM)                                 | 5,280                              |

Website Version

**Appendix B** (cont'd) **Image Campaign Payments By Vendor**

| Vendor                                    | April 1, 2004 to<br>March 31, 2007 |
|---|------------------------------------|
| CKDM                                      | 5,433                              |
| CKFE-FM Radio                             | 2,580                              |
| CKJS 810 AM                               | 2,880                              |
| CKLF FM Radio                             | 9,022                              |
| CKMM                                      | 10,494                             |
| CKND-TV                                   | 71,813                             |
| CKSL FM 91.1                              | 314                                |
| CKX FM - Brandon                          | 1,836                              |
| CKX TV                                    | 7,215                              |
| CKXA FM - Brandon                         | 6,936                              |
| CKXL FM 91.1                              | 2,000                              |
| CKY TV                                    | 70,201                             |
| Corporate Source Inc                      | 5,603                              |
| CSM - Courier Charges                     | 142                                |
| Da Capo Productions                       | 2,993                              |
| Daily Graphic                             | 4,449                              |
| Dave Reede Photography                    | 514                                |
| Dave's Quick Print                        | 230                                |
| Delta Winnipeg                            | 2,029                              |
| DesignType                                | 458                                |
| Esdale Printing Company Ltd               | 6,993                              |
| Fiel's Fine Dining                        | 55                                 |
| Fort Garry                                | 779                                |
| Gilmer Anne                               | 1,279                              |
| Golden West Broadcasting Ltd              | 21,454                             |
| Golden West Media                         | 398                                |
| Grajewski Fotograf Inc                    | 1,605                              |
| Grassroots Advertising Inc                | 2,622                              |
| Harris Printing Ltd                       | 1,243                              |
| HIS Broadcasting Inc                      | 7,680                              |
| Interbrand Canada Inc                     | 611,424                            |
| Intermedia International Inc              | 2,635                              |
| La Liberte                                | 2,519                              |
| LankBeach Productions                     | 1,231                              |
| Light Visions Ltd                         | 190,624                            |
| Manitoba Community Newspapers Association | 68,164                             |

Website Version

## Image Campaign Payments By Vendor

Appendix B (cont'd)

| Vendor  | April 1, 2004 to<br>March 31, 2007 |
|---|------------------------------------|
| Manitoba Film and Sound Recording Development | 5,000                              |
| Mid Canada Production Services Inc            | 262,120                            |
| Nardella Photography Inc                      | 10,603                             |
| National Post                                 | 75,750                             |
| Native Communications Inc                     | 6,977                              |
| Paladin Restaurant                            | 339                                |
| Pattison Outdoor Advertising                  | 65,375                             |
| Photography By Sandy Black                    | 80                                 |
| Planners Plus Inc                             | 700                                |
| PRA Inc                                       | 17,300                             |
| Precambrian Press Ltd                         | 1,673                              |
| Premier Printing Ltd                          | 867                                |
| Probe Research Inc                            | 28,832                             |
| Prolific Graphics Inc                         | 1,469                              |
| Purolator Courier Ltd                         | 42                                 |
| Red River College                             | 3,790                              |
| Reimbursement of Travel Expenses              | 631                                |
| Riding Mountain Broadcasting Ltd              | 5,324                              |
| Rogers Media Inc                              | 16,249                             |
| Sheraton Winnipeg                             | 2,684                              |
| Shilo Stag                                    | 1,290                              |
| Shippam and Associates Inc.                   | 28,320                             |
| Snow Lake News                                | 199                                |
| Special T Shirt Company                       | 32,321                             |
| Spencer Francey Peters                        | 2,000                              |
| StreetSeen Media                              | 4,340                              |
| Talbot Marketing                              | 42,542                             |
| Taylor George & McKim Cringan George          | 489,221                            |
| T-C4 Graphics Limited                         | 15,565                             |
| Thomas Fricke Photography                     | 322                                |
| TLSOA-Civil Legal Services                    | 1,935                              |
| TLSOA-MERLIN                                  | 802                                |
| Transcontinental Spot Graphics                | 18,970                             |
| Translacom                                    | 4,883                              |
| University College of The North               | 820                                |
| University of Manitoba Students' Union        | 14,592                             |

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**Appendix B** (cont'd) **Image Campaign Payments By Vendor**

| Vendor                                      | April 1, 2004 to<br>March 31, 2007 |
|---|------------------------------------|
| University of Winnipeg Students Association | 5,195                              |
| Uptown Magazine                             | 1,092                              |
| Vidal & Associates Inc                      | 20,000                             |
| Winnipeg Chamber of Commerce                | 729                                |
| Winnipeg Convention Centre                  | 587                                |
| Winnipeg Free Press                         | 46,498                             |
| Winnipeg River Echo                         | 1,950                              |
| Winnipeg Sun                                | 6,415                              |
| York The Hotel                              | 1,118                              |
| <b>Grand Total</b>                          | <b>\$2,871,431</b>                 |

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