

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 21, 2017

Item 3, Report No. 10, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on November 21, 2017, as follows:

By receiving Communication C9 from the Director of Internal Audit, dated November 20, 2017.

3 INTERNAL AUDIT REPORT – PURCHASING CARD AUDIT

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Director of Internal Audit, dated November 6, 2017, be approved;
- 2) That Communication C3, presentation material entitled, “*Purchasing Audit Card*”, be received; and
- 3) That the deputation of Mr. Richard Lorello, Treelawn Boulevard, Kleinburg, be received.

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Audit of Purchasing Cards be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the delivery of services and programs are effective. Long term sustainability needs the support of good and efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Audit of Purchasing Cards.

Background - Analysis and Options

In June 2013, Council approved the Purchasing Card (P-Card) pilot program. The pilot began in September 2013 with the participation of 13 staff from five departments. The pilot was expanded in February 2014 to 27 staff from 16 departments. A total of 1,062 procurement transactions were made with 372 different vendors accounting to \$284,463.12 during the pilot program.

In June 2015, Council approved the roll out of the P-card program corporate wide and an agreement was signed with U.S. Bank to provide the service.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 21, 2017

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The following are the main objectives of the corporate wide rollout of the P-card program:

- Obtaining a rebate of approximately 1% on totals purchased exceeding \$2M.
- Administrative/Transactional Savings
- Enhanced spend analysis capabilities that would enable Procurement Services to analyze spend patterns, volumes and sources with the goal of consolidating purchases and rerouting activity to more appropriate procurement methods.

In 2016, total purchases from the P-card program was \$1.81 million with approximately 159 active P-cards at the end of the year. The year to date purchases for 2017 from the P-card program is \$2.59 million with approximately 254 active P-cards. Management is expecting a rebate of approximately \$20,000 from U.S. Bank this year.

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate risks associated with the administration of the City's P-Card program.

The audit was part of the 2015 to 2018 Risk Based Internal Audit Plan previously approved by the Finance, Administration and Audit Committee.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the Term of Council Priority: Continue to Advance a Culture of Excellence in Governance, and the Service Excellence Initiative: Demonstrating Value for Money.

Regional Implications

Not applicable.

Conclusion

The audit did not identify any evidence of inappropriate or irregular transactions for the period under review. However, some improvements are required to ensure risks related to the administration of the P-Card program are efficiently and effectively mitigated.

The following opportunities were identified:

- Leveraging advances in technology to enhance P-Card administrative processes including approval, reconciliation, review and management oversight.
- Providing more clarity on roles, responsibilities and expectations of staff as it relates to P-Card administration, policy and procedures.

Internal Audit will follow up on the status of outstanding Management Action Plans related to this audit and will report the status to the Finance, Administration and Audit Committee.

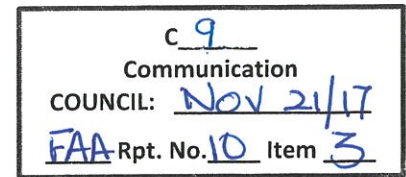
Attachments

1. Internal Audit Report – Purchasing Card Audit

Report prepared by:

Mustafa Paracha CPA CGA FCCA CIA CFE
Audit Project Manager

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



DATE: November 20, 2017

TO: Honourable Mayor Bevilacqua and Members of Council

FROM: Kevin Shapiro, Director of Internal Audit

RE: REPORT #10, ITEM 3, OF THE NOVEMBER 6, 2017 FINANCE, ADMINISTRATION AND AUDIT COMMITTEE

Purpose

To address the questions and concerns from a deputation received with respect to this item.

Background

During the discussion of the Purchasing Card (P-Card) audit, a deputant raised concerns with respect to the adequacy of the City's P-Card policy, procedure and approval framework. The deputant also raised concerns with expenses related to conferences, training and development, amusement park purchases, weekend purchases, the physical location of purchases, fuel expenditures, meals and three Apple iTunes purchases.

Questions and concerns related to conferences, training and development, amusement parks and weekend purchases were addressed by the Deputy City Manager, Community Services and myself during the discussion of this item on November 6th.

The purpose of this communication is to provide additional information for the Finance, Administration and Audit Committee (FA&A) as requested by members of the Committee in response to the rest of the deputant's concerns:

- As part of the City's procurement modernization initiative, a review of the City's purchasing policy framework was conducted. Report 3, Item 1 of the March 6, 2017 FA&A meeting included a report and presentation from the Chief Financial Officer and City Treasurer and Director of Environmental Services outlining recommendations to improve the City's purchasing policy framework. These recommendations were approved by Council on March 21, 2017.
- The merchant city details provided by the City's P-Card provider is the payment processing location of the merchant and therefore, is not necessarily the physical location of where the transaction occurred. As the City procures goods and services from vendors with payment processing locations throughout the world, it is not unusual to find merchant city locations from outside the city, province or country. As part of the audit, several of these transactions were sampled for further review and no exceptions to policy were noted.
- Staff may refuel City vehicles at any of the City's fueling stations. Since it is not always operationally feasible to return to a City facility when a vehicle is running low on fuel, staff may also refuel City vehicles at public gas stations and pay for these purchases using City issued fuel cards. In general, fuel purchases are not supposed to be made using a City issued P-Card. However, if a vehicle is low on fuel and an employee is not near a fueling station that accepts the City's fuel card, it is permissible for the employee to pay for the fuel using the P-Card. A review of the City's fueling program and use of fuel cards was not included in the scope of the P-Card audit.

- The City's purchasing and expense policies and collective agreements outline the specific circumstances for when business meals are allowed. Some examples include business hospitality, working lunches and in-house training and development. As part of the audit, several of these transactions were sampled for further review and no exceptions to policy were noted.
- For the period reviewed, there were three purchases made from the Apple iTunes store for a combined total of \$4.38. It was determined that the transactions occurred over three consecutive months for a temporary increase in iCloud storage for a City issued device. No exceptions to policy were noted.

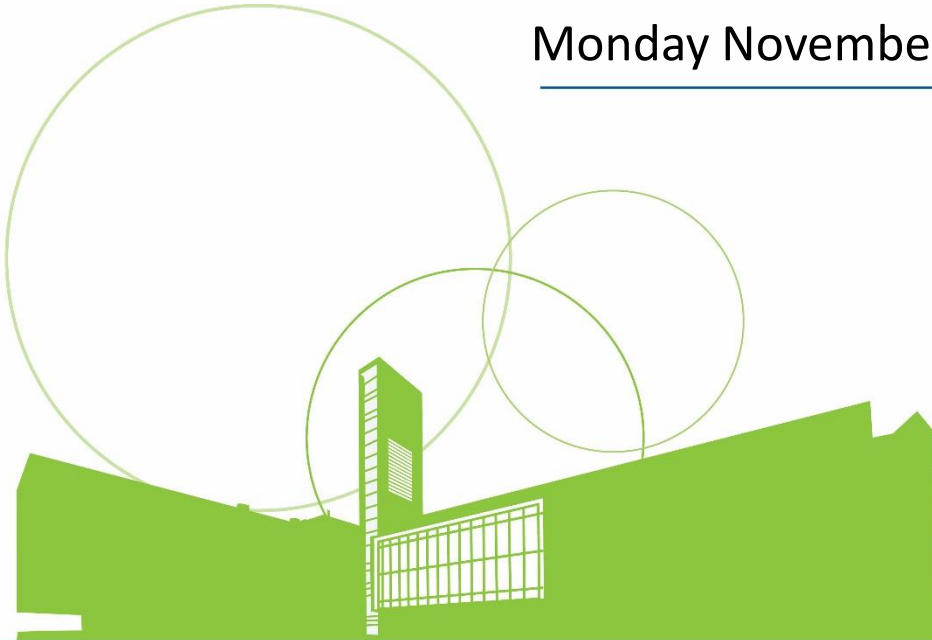
Respectfully submitted,



Kevin Shapiro CIA CFE CRMA
Director, Internal Audit

Purchasing Card Audit

Monday November 6, 2017



Today's Presentation

- Audit Objective, Scope and Methodology
- Audit Conclusion
- Audit Observations
- Management Action Plans
- Next Steps
- Questions

Audit Objective

- To evaluate the effectiveness of the controls, processes and procedures in place to mitigate the business risks associated with the administration of the City's P-Card program.

Audit Scope & Methodology

- Review of existing Policies, Procedures & Guidelines
- Staff interviews
- Analyses of P-card data
- Review of reconciliations and payments
- Review of June 1, 2015 - April 30, 2017 P-card activities

Audit Conclusion

- Some improvements are required to ensure risks related to the administration of the P-Card program are efficiently and effectively mitigated
- The audit did not identify any evidence of inappropriate or irregular transactions for the period under review.

Issues and Observations

1. Leveraging advances in technology to enhance P-Card administrative processes including approval, reconciliation, review and management oversight.
2. Providing more clarity on roles, responsibilities and expectations of staff as it relates to P-Card administration, policy and procedures.

Management Action Plans

1. Leverage technology to enhance P-card administrative process.
 - Procurement Services will work with US Bank to assess the feasibility from both a risk and cost perspective of implementing automated approval and electronic receiving and storage of receipts options.
 - Procurement Services will work with Financial Services to assess and automate the reconciliation of P-Card monthly statements

Management Action Plans

2. Provide clarity on roles and responsibilities of staff and P-card policies and procedures.
 - Staff will revise the procedures and enhance the training program to incorporate requirements to address documentation to be retained for travel, training and conference related expenses to support attendance.
 - Update training program and procedures to incorporate roles, responsibilities and accountability over expenses and G/L coding
 - Monitor inactive P-cards on an ongoing basis.

Next Steps

- Action plans have been developed.
- Implementation is underway.
- Internal Audit will follow up and report on the status of these action plans.

Questions?

INTERNAL AUDIT REPORT – PURCHASING CARD AUDIT

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Audit of Purchasing Cards be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the delivery of services and programs are effective. Long term sustainability needs the support of good and efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Audit of Purchasing Cards.

Background - Analysis and Options

In June 2013, Council approved the Purchasing Card (P-Card) pilot program. The pilot began in September 2013 with the participation of 13 staff from five departments. The pilot was expanded in February 2014 to 27 staff from 16 departments. A total of 1,062 procurement transactions were made with 372 different vendors accounting to \$284,463.12 during the pilot program.

In June 2015, Council approved the roll out of the P-card program corporate wide and an agreement was signed with U.S. Bank to provide the service.

The following are the main objectives of the corporate wide rollout of the P-card program:

- Obtaining a rebate of approximately 1% on totals purchased exceeding \$2M.
- Administrative/Transactional Savings
- Enhanced spend analysis capabilities that would enable Procurement Services to analyze spend patterns, volumes and sources with the goal of consolidating purchases and rerouting activity to more appropriate procurement methods.

In 2016, total purchases from the P-card program was \$1.81 million with approximately 159 active P-cards at the end of the year. The year to date purchases for 2017 from the P-card program is \$2.59 million with approximately 254 active P-cards. Management is expecting a rebate of approximately \$20,000 from U.S. Bank this year.

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate risks associated with the administration of the City's P-Card program.

The audit was part of the 2015 to 2018 Risk Based Internal Audit Plan previously approved by the Finance, Administration and Audit Committee.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the Term of Council Priority: Continue to Advance a Culture of Excellence in Governance, and the Service Excellence Initiative: Demonstrating Value for Money.

Regional Implications

Not applicable.

Conclusion

The audit did not identify any evidence of inappropriate or irregular transactions for the period under review. However, some improvements are required to ensure risks related to the administration of the P-Card program are efficiently and effectively mitigated.

The following opportunities were identified:

- Leveraging advances in technology to enhance P-Card administrative processes including approval, reconciliation, review and management oversight.
- Providing more clarity on roles, responsibilities and expectations of staff as it relates to P-Card administration, policy and procedures.

Internal Audit will follow up on the status of outstanding Management Action Plans related to this audit and will report the status to the Finance, Administration and Audit Committee.

Attachments

1. Internal Audit Report – Purchasing Card Audit

Report prepared by:

Mustafa Paracha CPA CGA FCCA CIA CFE
Audit Project Manager

Respectfully submitted,

Kevin Shapiro CIA CFE CRMA
Director, Internal Audit



INTERNAL AUDIT REPORT

Purchasing Card Audit

September 2017

INTERNAL AUDIT REPORT

PURCHASING CARD AUDIT

CONCLUSION AND SUMMARY

The audit did not identify any evidence of inappropriate or irregular transactions for the period under review. However, some improvements are required to ensure risks related to the administration of the Purchasing Card (P-Card) program are efficiently and effectively mitigated. The following were identified as opportunities for improvement:

- Leveraging advances in technology to enhance P-Card administrative processes including approval, reconciliation, review and management oversight.
- Providing more clarity on roles, responsibilities and expectations of staff as it relates to P-Card administration, policy and procedures.

One of the P-Card program objectives was to obtain benefits from administrative and transactional savings. While savings have been realized by reducing the number of cheques being processed by Accounts Payable, the cardholder transactional approval and reconciliation process is still largely manual and time consuming. Many organizations have moved away from manual, paper intensive processing to a variety of automated work flow solutions to manage their entire procure to pay cycle, including the P-Card reconciliation process. Online approval and electronic receiving and storage of receipts are functions that can be provided by the U.S. Bank. Further work will be required to determine whether these options are already included within the City's existing financial reporting software. Exploration of these options may yield additional savings while minimizing the risk of errors that is inherent with manual, paper intensive processes.

Procurement Services has established policy, procedures and training programs to reduce the risk of abuse or misuse of the P-Card program. These processes and controls were reviewed as part of the scope of this audit and in general, are working efficiently and effectively. However, further clarity and guidance is required from a City-wide perspective as it relates to roles, responsibilities and accountability over several P-Card processes, including:

- Documentation requirements for pre-purchased travel, training and conferences.
- Oversight over expense coding in the general ledger (G/L).
- Processes for following-up on any missing receipts or monthly cardholder activity reports.
- Processes for conducting routine checks and periodic inspections to detect potential policy or procedural violations.
- Analysis of dormant P-Cards.
- Applicant approval process.

Improving these processes, while providing further clarity on roles, responsibilities and accountability, will enhance governance over the P-Card program.

Internal Audit will follow-up on the status of outstanding Management Action Plans related to this audit and will report the status to the Finance, Administration and Audit Committee.

INTERNAL AUDIT REPORT

PURCHASING CARD AUDIT

BACKGROUND

In June 2013, Council approved the P-Card pilot program. The pilot began in September 2013 with the participation of 13 staff from five departments. The pilot was expanded in February 2014 to 27 staff from 16 departments. A total of 1,062 procurement transactions were made with 372 different vendors accounting to \$284,463.12 during the pilot program.

In June 2015, Council approved the roll out of the P-Card program corporate wide and an agreement was signed with U.S. Bank to provide the service.

The following are the main objectives of the corporate wide rollout of the P-Card program:

- Obtaining a rebate of approximately 1% on totals purchased exceeding \$2M.
- Administrative/Transactional Savings.
- Enhanced spend analysis capabilities that would enable Procurement Services to analyze spend patterns, volumes and sources with the goal of consolidating purchases and rerouting activity to more appropriate procurement methods.

In 2016, total purchases from the P-Card program was \$1.81 million with approximately 159 active P-Cards at the end of the year. The year to date purchases for 2017 from the P-Card program is \$2.59 million with approximately 254 active P-Cards. Management is expecting a rebate of approximately \$20,000 from U.S. Bank this year.

OBJECTIVES AND SCOPE

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the administration of the City's P-Card program.

The audit approach included a review of City's policies and procedures, data analyses of P-Card transactions, physical sampling of P-Card transactions, reconciliations and payments, and interviews with staff and management.

The scope of this audit included P-Card activity for the period of June 1, 2015 to April 30, 2017.

Auditor and Author: Mustafa Paracha CPA, CGA, FCCA, CIA, CFE

Director: Kevin Shapiro CIA, CFE, CRMA

INTERNAL AUDIT REPORT

PURCHASING CARD AUDIT

DETAILED REPORT

1. *Further Leverage Technology to Optimize Savings*

One of the P-Card program objectives was to obtain benefits from administrative and transactional savings. While savings have been realized by reducing the number of cheques being processed by Accounts Payable, the cardholder transactional approval and reconciliation process is still largely manual and time consuming. This may increase the risk of errors and reduces the likelihood that cost savings will be optimized.

The following issues were noted:

- Although the P-Card holder reconciles their transactions directly in the U.S. Bank system, the approval process is still manual and paper based. This involves the cardholder attaching the receipts to a paper statement, sending this package to the approver for review and reconciliation of the receipts to the statement, sign-off on the paper statement, and sending the approved documentation to Accounts Payable for further review and reconciliation.
- Accounts Payable's P-Card reconciliation process is manual. It involves a review of all submitted cardholder activity statements, documenting the tax code beside each expense on the statement and then transcribing it on a spreadsheet that was exported from the U.S. bank website with a list of all transactions for the month.

Many organizations have moved away from manual, paper intensive processing to a variety of automated work flow solutions to manage their entire procure to pay cycle, including the P-Card reconciliation process. Online approval and electronic receiving and storage of receipts are functions that can be provided by the U.S. Bank. Further work will be required to determine whether these options are already included within the City's existing financial reporting software. Implementing these technologies would strengthen controls throughout the cycle, including the capability of identifying missing receipts and unapproved transactions in real time, while enhancing the capabilities for implementing a more robust secondary review process.

Recommendations

We recommend that management:

- Investigate the feasibility from both a risk and cost perspective of implementing the automated approval and electronic receiving and storage of receipts options.
- Assess the feasibility of automating the reconciliation process by using the tools and information available through U.S. Bank.

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PURCHASING CARD AUDIT

Management Action Plan

Management appreciates the time and effort taken by the Internal Audit staff to examine the City of Vaughan's P-Card program and the opportunity to comment on the findings and recommendations in the report. Management agrees with the audit recommendations which supports the Procurement Modernization initiative for use of technology for process efficiencies. To address the above recommendations:

- The Procurement Services department had a preliminary discussion with the U.S. Bank, confirming the possibility of introducing both online reconciliations, and approval with scanned receipts. Staff will work with the U.S. Bank to assess the feasibility from both a risk and cost perspective of implementing automated approval and electronic receiving and storage of receipts options. Recommendations will be presented to the Chief Financial Officer for consideration. Staff training on approved recommendations will be developed and delivered (estimated completion Q 2-2018).
- Procurement staff will work with Financial Services to assess and automate the reconciliation of P-Card monthly statements (estimated completion Q4-2018).

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PURCHASING CARD AUDIT

2. *Improvements are Required to Ensure P-Card Controls Remain Effective*

The effectiveness of the City's P-Card program is largely dependent on the internal controls that have been implemented to mitigate the business risks associated with their use.

Procurement Services has established policy, procedures and training programs to reduce the risk of abuse or misuse. The controls include but are not limited to the following:

- Mandatory training provided to all cardholders prior to obtaining a P-Card.
- Signed cardholder agreement and training to clarify roles and responsibilities.
- Single transaction, monthly limits and merchant category classification (MCC) code restrictions by cardholder.
- Monthly statements must be reconciled to actual receipts by all cardholders and forwarded to their supervisor for approval.
- Approvers must review and approve all transactions made by their staff prior to the cut-off date.
- Routine checks and periodic inspections by management to detect process violations.

These processes and controls were reviewed as part of the scope of this audit and in general, are working efficiently and effectively. The audit did not identify any evidence of inappropriate or irregular transactions for the period under review. However, some improvements are required to ensure risks related to the administration of the P-Card program are efficiently and effectively mitigated.

The following issues were noted:

- The P-Card Policy does not outline documentation requirements for pre-paid travel and conference expenses. There were instances where supporting receipts were not provided or retained with the monthly Cardholder Activity Statement to substantiate that an employee had attended a conference or taken a work-related flight that was booked months in advance. Without supporting documentation, it is difficult to ascertain if City funds were properly utilized for these transactions.
- There were instances where purchases were not coded to the correct G/L account. Similar issues were also identified in the 2014 Employee Business Expenses Audit and the recently completed Emergency, Sole and Single Source Procurement Audit. Incorrect coding of expenses increases the risk for loss or misappropriation, as inappropriate expenses may be masked by improper coding.
- Cardholders did not always provide sufficient details to establish that purchases were business related. Most of these purchases were from hardware, grocery and consumer electronic store vendors. Discussion with P-Card Administrator indicated that during the monthly review, a sample of purchases from these types of vendors are selected and employees have been requested to provide further explanations.
- Roles, responsibilities and accountability has not been clearly defined to follow-up on any missing receipts or monthly cardholder activity reports. Further, procedures

INTERNAL AUDIT REPORT

PURCHASING CARD AUDIT

describing management's process for conducting routine checks and periodic inspections to detect process violations have not been documented.

- The audit identified several instances where P-Cards issued have either never been activated or are rarely used. It was determined that as part of the application process, the applicant is not asked to provide a rationale for why the card is needed, the type of purchases that will be made, and the approximate number of transactions that will be made. As a result, there is a risk that P-Cards are being issued to individuals who might not require them.

Improving these processes, while providing further clarity on roles, responsibilities and accountability, will enhance governance over the corporate P-Card program.

Recommendations

We recommend that management:

- Provide further clarity as it relates to the documentation that is required to be retained for travel, training and conference related expenses to support attendance (e.g. boarding passes, certificate of attendance/completion, etc.) and how the documents should be reconciled to the pre-paid expenses.
- Enhance oversight over G/L coding to ensure accurate expense reporting.
- Assess the feasibility of making the allocation comment field in the U.S. Bank system mandatory to ensure appropriate detail is provided to support purchases. The approver should ensure that the employee has provided purchase details on the invoice and in the allocation comment section of the reconciliation prior to approval.
- Develop and communicate the roles, responsibilities and accountability for following up on any missing receipts or monthly cardholder activity reports and management's process for conducting routine checks and periodic inspections to detect process violations.
- Determine whether existing cardholders who have not activated or rarely use their cards still require them and process accordingly.
- Enhance the P-Card application process so that greater onus is placed on the applicant to provide justification for requiring a card.

Management Action Plan

Management recognizes that ongoing review of policies, procedures, and process is an effective measure to ensure matters continue to be sound. Many of the recommendations speak to the need to conduct a review and document processes for greater clarity as well as increase the education and awareness of roles within the P-Card program.

INTERNAL AUDIT REPORT

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Procurement Services, with the engagement of the main stakeholders in the P-Card process, will work to update and review process and procedural documentation to highlight and action opportunities for improvement. Procurement Services will work to increase the education and awareness of stakeholders. Stakeholders play a role in the continued success of the P-Card program. It is reassuring to find affirmation that in general, these processes and controls are working efficiently and effectively. To address the above recommendations:

- Staff will revise the procedures and enhance the training program to incorporate requirements to address documentation to be retained for travel, training and conference related expenses to support attendance (estimated completion time Q1-2018).
- Staff will arrange additional training sessions to provide awareness on enhanced oversight over G/L coding to ensure accurate expense reporting (estimated completion Q2-2018).
- The current U.S. Bank system has a field for making allocation comments. Training sessions and documentation for will encourage P-Card holders, reconcilers and approvers to use available fields for allocation comments (estimated completion Q2-2018).
- Staff is revising procedures to incorporate roles, responsibilities and accountability for following up on missing receipts or monthly cardholder activity reports and management's process for conducting routine checks and periodic inspections to detect process violations (estimated completion Q1-2018).
- Staff has reviewed non-activated P-Cards and P-Cards with no transactions. After discussions with the P-Card holders and department heads, cards that are no longer required have been returned and deactivated. Staff will continue monitoring cards on an ongoing basis (completed Q3-2017).
- Staff will revise the P-Card application process to require applicants to provide a justification for the issuance of a card (estimated completion Q4-2017).

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PURCHASING CARD AUDIT

3. *The City Should Focus on Strategic Procurement Activities*

One of the objectives of the P-Card program was enhancing the City's spend analysis capabilities.

Our review of P-Card transactions across the City for the period June 1, 2015 to April 30, 2017 revealed a large quantity of repeat purchases conducted with certain retail vendors, but there are currently no agreements in place with these vendors to leverage more advantageous procurement terms for the City.

The Emergency, Single and Sole Source procurement audit, which was presented to FA&A in June, identified opportunities to drive further efficiencies in the City's procurement activities through a focus on strategic sourcing. This includes developing a comprehensive spend analysis program to better understand the spending habits of the entire City, further leveraging vendors of record and co-operative purchasing agreements and establishing vendor performance monitoring programs to drive procurement transparency, productivity and vendor accountability.

In taking a more strategic approach to procurement, there will be a need for improved spend analysis and the identification of goods and services for which strategic sourcing should be utilized. The process involves collecting, classifying and analyzing expenditure data. This can provide the City with the basis for identifying opportunities and risks, providing the foundation for cost reduction initiatives and improving the value received from vendors.

The need to enhance procurement governance, efficiency and effectiveness is being addressed through the City's Procurement Modernization project and the management action plans approved in the Emergency, Single and Sole Source procurement audit.

Internal Audit is satisfied with the actions management is currently taking to address these issues and have no further recommendations.