

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.

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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:

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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.)