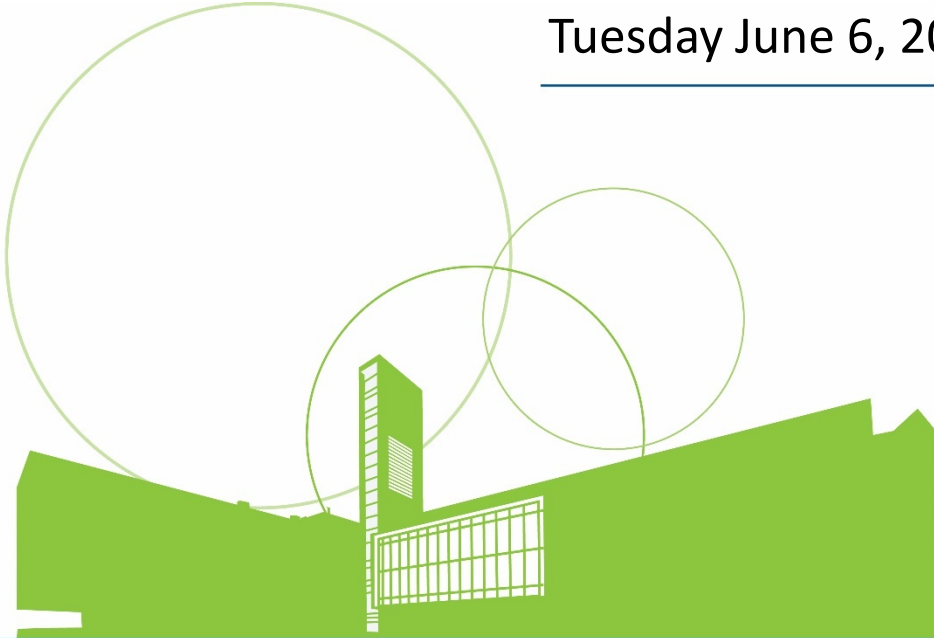


Emergency, Sole and Single Source Procurement Audit

Tuesday June 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 adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate risks associated with emergency, sole, and single source procurement

Audit Scope & Methodology

- Review of existing Policies, Procedures & Guidelines
- Staff interviews
- Data analyses and physical sampling of emergency, single and sole source procurement records
- Review of justification, coding and approvals
- Reporting and performance management
- Review of January 2016 – December 2016 emergency, sole and single source procurement activities

Audit Conclusion

- Nearly all of the transactions sampled as part of this audit were compliant to policy. However, this does not necessarily mean that the most appropriate procurement method was chosen based on the justification provided. Improvements are recommended to ensure that risks related to these types of purchases are effectively and efficiently mitigated

Issues and Observations

1. Develop and implement a City wide strategic sourcing framework
2. Expand analysis and reporting of spend data with the purpose of highlighting procurement performance, trends, opportunities and non-compliance issues in order to strengthen overall procurement oversight
3. Provide greater oversight and scrutiny over non-competitive purchases to ensure appropriate procurement methods are used

Management Action Plans

1. Developing and implementing a city wide strategic sourcing framework

- Procurement Services is working towards the alignment of its staff to be strategic partners in service delivery
- In collaboration with client departments, Procurement Services is moving towards a category management framework to accommodate the specific requirements of each department in a more strategic manner and to drive value for money for the City
- This includes development of annual procurement plans, comprehensive spend analysis, corporate wide consolidation of requirements, use of long term agreements and vendor of records

Management Action Plans

2. Expanding analysis and reporting of spend data

- Procurement Services will continue providing guidance to the client departments with respect to appropriate procurement processes and to support informed decision making
- Spend data is being captured through multiple sources. This data is used to develop monthly procurement reports in order to analyze and monitor spend patterns
- To strength oversight over procurement activities, new analytical reports are being developed and will be shared with staff

Management Action Plans

3. Providing greater oversight and scrutiny over non-competitive purchases to ensure appropriate procurement methods are used
 - New Corporate Procurement Policy provides greater clarity and stronger criteria for client departments to determine if a purchase qualifies as a single source, sole source or emergency purchase
 - Procurement Services will continue to work with departments in the development of Procurement Plans, with a more strategic focus, in order to determine the most appropriate procurement methodology. This process started on April 1, 2017

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?