



SUBJECT: Procurement audit report

TO: Audit Committee

FROM: Office of the City Auditor

Report Number: CA-14-24

Wards Affected: Not applicable

Date to Committee: September 11, 2024

Date to Council: September 17, 2024

Recommendation:

Receive city auditor's office report CA-14-24 regarding the procurement audit attached as Appendix A.

Vision to Focus Alignment:

- Designing and delivering complete communities
- Providing the best services and experiences
- Protecting and improving the natural environment and taking action on climate change
- Driving organizational performance

Executive Summary:

The Audit Committee approved an internal audit of the procurement process. The purpose of this audit was to ensure procurement transactions for goods/services under \$50,000 are compliant to the City's Procurement By-Law and applicable corporate policies and procedures. Testing of compliance to the Procurement Bylaw was conducted on a corporate-wide sample. Overall, the City has an effective management control system for procuring goods and services below the threshold of \$50,000. No high-risk issues were identified during the audit. Three low risk issues were identified, and satisfactory Management Action Plans were provided by Procurement Services and HR.

Background and Discussion:

Audit Committee approved a procurement audit as a part of the Annual Audit Plan. The purpose of this audit was to ensure procurement transactions for goods/services under \$50,000 are compliant to the City's Procurement By-Law and applicable corporate policies and procedures. The \$50,000 threshold was selected for this audit because this is the upper limit of procurement authority that departments/divisions are permitted to procure goods and services without proceeding to a formal procurement process (as per the Procurement Bylaw). Given the lower standard of control for purchases under \$50,000 which may lead to a higher risk of non-compliance, this was the focus of the audit. The audit objectives, scope of work and further background details around the Procurement Services are identified in Appendix-A.

Strategy/process/risk

Overall, the City has an effective management control system for procuring goods and services below the threshold of \$50,000. No high-risk issues were identified during the audit, however minor improvements to procurement policies, training, and analytical capability may result in a more robust and mature control environment. A number of areas were deemed to be effective including: well written procurement bylaw, evidence of competitive and compliant purchasing, knowledgeable staff and a well designed training program.

The following is a summary of findings for areas of improvement:

1. Procurement Bylaw & Policy Framework: **Low Risk**
2. Procurement Training: **Low Risk**
3. Procurement Data Analytics: **Low Risk**

A detailed analysis of the audit results is included in the full audit report; see Appendix A. The full audit report includes detailed audit observations, recommendations for improvement and Management Action Plans provided by staff.

Options Considered

No alternative options were considered as this audit was approved by the Audit Committee.

Financial Matters:

Total Financial Impact

There was no cost to perform this audit with the exception of the City Auditor's time. A total of 338 hours were incurred to perform this audit.

Source of Funding

Not applicable.

Other Resource Impacts

Multiple City staff from other departments were involved in this internal audit, principally in the Procurement service area within Finance. Management and staff's efforts included meetings, interviews, preparing and sharing documentation/evidence, reviewing the draft audit report and preparing Management Action Plans. This amount of time was not tracked by the City Auditor.

Climate Implications

This audit was performed entirely remotely which saved vehicular trips to City facilities, thereby reducing greenhouse gas emissions. Meeting materials and audit evidence were entirely sent electronically, thereby reducing the consumption of paper.

Engagement Matters:

Not applicable.

Conclusion:

The objective of this audit was to review procurement transactions for compliance against the Council approved Procurement Bylaw. Overall, the City has an effective management control system for procuring goods and services below the threshold of \$50,000. Three low risk audit findings were identified and Management had provided action plans to address the City Auditor's recommendations in all areas.

Respectfully submitted,

Maciej Jurczyk, CPA, CIA, CRMA, LSSGB, CFE

City Auditor

905-335-7777

maciej.jurczyk@burlington.ca

Appendices:

A. Appendix A: Procurement Audit Report

Report Approval:

All reports are reviewed and/or approved by the Chief Financial Officer and the Commissioner, Legal & Legislative Services & City Solicitor.