Committee of the Whole (2) Report

DATE: Wednesday, May 20, 2020   **WARD(S):** ALL

TITLE: INTERNAL AUDIT REPORT – CONSULTING SERVICES AUDIT

FROM:
Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose
To communicate the findings from the Audit of Consulting Services.

Report Highlights

- From time to time, the City may require consulting services for a defined service or project.
- Consulting services are to be engaged in accordance with the City's Corporate Procurement Policy.
- In general, the audit did not find any evidence of non-compliance to corporate policies. However, improvements are recommended to ensure that risks related to the procurement and use of consultants are effectively and efficiently mitigated.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.

Recommendations
1. That the Internal Audit Report on the audit of Consulting Services be received.

Background

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 procurement and use of consultants.

The audit approach included a review of seven operating and seven capital consulting engagements, covering eleven different vendors. For these fourteen projects, we reviewed the procurement process, project management, and contract administration. We also conducted interviews with staff, reviewed invoices and analyzed general ledger coding of consulting costs.

Although some projects originated in 2016, the scope of this audit covered capital and operating consulting engagements for the period of January 2017 to December 2018.

As a result of recent audits, Legal Services and Environmental Services were not included in the scope of this audit.

Previous Reports/Authority
Not applicable.

Analysis and Options
External consulting services support many of the City's capital projects and operating needs. They provide expertise, equipment and infrastructure that that are not available internally. Consultants may also satisfy legislative requirements for independent assessments.

Consulting services may be procured using a number of methods, including a Request for Proposal (RFP) process, single and sole sourcing, and emergency procurement. The Corporate Procurement Policy outlines the appropriate procurement method based on the project requirements and scope.

Financial Impact
There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations
Not applicable.

Conclusion
From time to time, the City may require consulting services for a defined service or project. Consulting services are to be engaged in accordance with the City's Corporate Procurement Policy. It is expected that the City receive the best value for money while demonstrating the public procurement principles of fairness, openness, transparency and accountability. Competitive procurement processes should be used wherever possible

while ensuring that non-competitive procurement is used only in narrowly defined circumstances.

In general, the audit did not find any evidence of non-compliance to corporate policies. However, improvements are recommended to ensure that risks related to the procurement and use of consultants are effectively and efficiently mitigated. The following opportunities were identified:

- Improving the administration and oversight over the purchase order system.

- Developing a city-wide business case framework.

- Establishing a city-wide contract management and administration framework.

- Ensuring vendor performance evaluations are performed.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

Attachments

1. Internal Audit Report – Consulting Services Audit

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