



Office of the Commissioner
Finance Department

MEMORANDUM

To: Audit Committee

From: Laura Mirabella
Commissioner of Finance

Date: December 13, 2018

Re: Implementation of Audit Recommendation
Requirement for Purchase Orders for Purchases Above a Specified Limit

Implementation of Audit Recommendation will be completed by Q2 2019

This memo is required because the implementation of the Audit Recommendation that the Purchasing Toolkit be updated to clearly identify the requirement for a purchase order for purchases above a specified threshold is delayed by more than one year from the original due date.

As of November 2018, a draft Policy on Procurement Without a Purchase Order has been developed according to the requirements of the audit. It is anticipated that the policy will be finalized and approved before the end of Q2 2019.

This memo describes the associated delays and the implementation process of the audit recommendation.

2016 Audit of Finance Department results in recommendation to identify requirements for purchase orders and Finance committed to implementation by Q3 2017

In 2016, the Audit Services Branch conducted an audit of Finance which included 'Accounts Payable' and 'Procurement'. The audit culminated in a report prepared in April, 2016, which was presented to Audit Committee in June, 2016. The Audit Services Branch recommended, in its report, that the Purchasing Toolkit be updated to clearly identify the requirement for a purchase order for purchases above a specified threshold.

As part of its response to the audit, management in the Finance Department committed that this recommendation would be implemented by the end of Q3 2017. The Procurement Office (formerly Supplies and Services) was responsible for the implementation of this recommendation with the support of the Controllership Office.

Implementation plan has evolved based on consultation

The Procurement Office originally decided that the most appropriate method to implement this recommendation was to develop general guidelines to assist staff in identifying circumstances that warrant the issuance of a purchase order, and a draft “Payment without Purchase Order – General Guidelines” document was prepared in Q3 2017.

In August, 2017, the Procurement Office underwent a change in management and the new Director requested an extension of the Q3 2017 due date in order to review the draft document which had been prepared. As a result, the due date for the implementation was changed to Q2 2018.

As a result of the Director’s review, a more formal Procurement Without a Purchase Order Guideline (the “Guideline”) was developed in Q2 2018, and it was circulated to staff in Legal Services and Audit Services for their review and comment. The feedback received from Legal Services and Audit Services made it clear that further, significant revisions would be required before the Guideline could be finalized and the Q2 2018 due date would not be met.

Recommendations will be addressed through new policy

The recommendations and feedback were subsequently reviewed with the new Commissioner of Finance, who started on June 20, 2018. Based on the feedback received from the Commissioner, it was determined that it would be more effective to address this matter with a policy rather than a guideline.

Given the change of direction, the Procurement Office has undertaken extensive research to determine how the guideline should be converted to a policy while capturing the necessary revisions. Throughout this process, the Procurement Office has also considered how this policy will interact with the Purchasing Bylaw, and its successor, as well as the Corporate Purchasing Card Policy and the Signing Authority over Financial and Administrative Transactions Policy.

The Procurement Office is committed to fostering effective, strategic partnerships and supporting the organization proactively and responsively. The Procurement Office is taking the necessary steps to ensure that this new policy will support the organization by clearly and concisely establishing the criteria for procuring goods and services without a purchase order.

Draft Policy has been developed which is anticipated to be finalized by Q2 2019

As of November 2018, The Procurement Office has developed a draft Procurement Without a Purchase Order Policy. The draft will be recirculated for review before the end of Q4 2018.

Once the policy has been finalized, the Purchasing Toolkit will be updated to include a link to this document, and the Corporate Purchasing Card Policy and Authorization for Payment of Goods and Services Policy will be revised to incorporate this policy as a reference document. It is anticipated that the policy will be finalized and approved before the end of Q2 2019.

Laura Mirabella
Commissioner of Finance

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