

MEMORANDUM

To: Members of Audit Committee

From: Laura Mirabella
Commissioner of Finance

Date: May 12, 2021

Re: Implementation of Audit Recommendation 4.5 – Update to Purchasing
Bylaw & Authorization for Payment of Goods & Services Policy

Implementation of Audit Recommendation will be completed by Q4 2021

This memo is required because implementation of the Audit Recommendation to update the Purchasing Bylaw & Authorization for Payment of Goods and Services Policy is delayed by more than one year from the original due date.

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

The 2016 Audit of the Finance Department resulted in a recommendation to Update the Purchasing Authorization for Payment of Goods and Services Policy and Finance committed to implementation by Q3 2017; it was later delayed to Q2 2019

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, an update of the Purchasing Bylaw and Authorization for Payment of Goods and Services Policy. The objective was to clarify the signing authority limits for all management approvers above a specified threshold, including the segregation of duties between purchase commitment and payment approval.

The management in the Finance Department originally committed to completing the recommendation by Q3 2017. The Procurement Office (formerly Supplies and Services) and the Controllershship Office were responsible for the implementation of these recommendation.

After the organizational change in Aug 2017, the new Director of the Procurement Office, at the time, reviewed the status of the implementation and requested a delay to Q2 2018. A more formal Payment without a Purchase Order - General Guideline (the "Guideline") was

developed and reviewed with Legal and Audit Services; the review showed that significant revisions were required before the Guideline could be finalized and the Q2 2018 due date would not be met.

The recommendations were then reviewed with the new Commissioner of Finance who started on June 20, 2018. Based on the feedback received by the Commissioner, it was determined that further reviews needed to take place, and a request to the Audit Committee to extend the deployment of the recommendation to Q2 2019 was made on Dec 13, 2018.

The implementation of the new Guideline is dependent on the rollout of the New Procurement Bylaw

York Region commenced work on the new Procurement Bylaw (New Bylaw) between Q4 2018 and Q1 2019 with extensive consultation of internal stakeholders and engagement of external procurement law expertise. This led to the development of a new Procurement Bylaw and a new guideline - "Payment for Goods and Services by Purchase Order" that will address the audit recommendation 4.5.

The new Procurement Bylaw was tabled at Council on January 23, 2020 and was approved. It was included on the March 2020 Council agenda for enactment effective April 1, 2020. The guideline - "Payment for Goods and Services by Purchase Order" was not finalized in early 2020. In February 2020, the Director of Procurement left York Region and a COVID-19 Emergency was declared in March 2020 which put a hold on the enactment of the new bylaw.

In May 2020, the current Director of Procurement (A) joined the Finance Department, and in consultation with staff and the Commissioner of Finance, it was deemed necessary to delay the rollout of the New Procurement Bylaw to understand the impact of COVID-19 on the Procurement Office and the broader organization. In October 2020, a request was made to the Audit department to extend the rollout of the New Bylaw and the new guideline until Q3 2021.

Implementation of the New Procurement Bylaw and the associated Guideline will begin in Q4 2021

A memo to Council to enact the New Procurement Bylaw is targeted for November 2021 Council session, and the new Bylaw is to be effective in Q4 2021. The draft new guideline, "Payments for Goods and Services by Purchase Order" has been circulated to staff and is on progress to complete by Q4 2021 in time for the rollout of the New Procurement Bylaw.

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer

Bruce Macgregor
Chief Administrative Officer