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Information Item No. 2
Audit and Finance Standing Committee
November 20, 2019

TO: Chair and Members of the Audit and Finance Standing Committee

SUBMITTED BY: - Original Signed -

Jane Fraser, Director of Finance Asset management & ICT/CFO

- Original Signed -

Jacques Dubé, Chief Administrative Officer

DATE: October 15, 2019

SUBJECT: Purchasing Card Program Audit Follow Up

INFORMATION REPORT

ORIGIN

At the May 15, 2019 session of the Audit and Finance Standing Committee, the Auditor General's Office presented a report of their findings from an audit of the Purchasing Card Program Audit completed in early 2019. The report included eight (8) recommendations, six (6) to be addressed by Procurement department and two (2) to be addressed by Business Unit Directors.

Motion approved to accept the Auditor General's Report and presentation. In response to the Auditor General's 18 month follow up timeline with management, Jane Fraser, Chief Financial Officer advised that staff update the Standing Committee in six months on management's implementation of the Auditor General's recommendations.

BACKGROUND

The Auditor General's Office completed an audit of the Purchasing Card Program in early 2019, the purpose of which was to determine whether HRM effectively manages its purchasing card program. The objective of the audit was to assess whether HRM has the policies and processes to effectively manage purchasing card activities.

The audit findings determined that Procurement is not effectively managing HRM's purchasing card program. Eight (8) recommendations were made, and a commitment was made by the CFO to provide an update in six (6) months to the Audit & Finance Standing Committee on the progress made.

DISCUSSION

Currently 4 of the 6 recommendations to be addressed by Procurement are 100% completed, with the remaining 2 currently at 90% and will be completed within the next 2 months.

Recommendation 1: **Management in all business units** should review and follow Purchasing Card Policy requirements for approval of monthly card statement

Update: Incidents of unapproved statements are included in monthly reports to Directors as non-compliant.

Recommendation 2: Procurement should update the *Purchasing Card Policy* if required and enforce the Policy

Update: 90% complete. Policy has been revised based on best practice obtained through research and jurisdictional scan across Canada. Education plan for roll out is now being developed.

Recommendation 3: Procurement should update the supporting procedures for the Purchasing Card Policy, including checklists used by procurement staff, to match policy requirements.

Update: 90% complete. Based on content of new policy and will be launched when policy is implemented.

Recommendation 4: Procurement should improve its tracking and reporting on individual employee compliance with the *Purchasing Card Policy* over time to better identify cardholders who repeatedly have issues following the Policy.

Update: Completed June 2019. Directors receive a document monthly that includes all of their cardholders who have had incidents of non-compliance.

Recommendation 5: Procurement should take appropriate action when the *Procurement Card Policy* is not followed, including notifying managers and business unit directors, and suspending or cancelling cards, depending on the severity of the incident.

Update: Completed April 2019. All incidents of non-compliance, as identified within the current policy, are reported to Directors monthly. The report will be updated to reflect what the revised policy contains as non-compliant use when the new policy is implemented.

Recommendation 6: **Business unit management** should notify Procurement when employees leave HRM to limit procurement card access to current and active employees.

Update: The memo that accompanies the monthly compliance report to Directors includes a request to review the BU's list of cardholders and to notify Procurement of any changes.

Recommendation 7: Procurement should prevent staff from performing their own compliance testing and from being able to change the limit on their own purchasing card.

Update: Completed April 2019.

Recommendation 8: Procurement should implement quality control checks on its purchasing card compliance reporting.

Update: Completed June 2019. The Procurement Analyst reviews the report before it is sent to the Manager of Procurement to review, then it is sent to Directors.

FINANCIAL IMPLICATIONS

There are no financial implications

COMMUNITY ENGAGEMENT

None

ATTACHMENTS

None

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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