

# AUDITOR GENERAL

Halifax Regional Municipality



## Follow-up Review – 2018 Audits

Procurement

Management of Development Approvals

September 2020

**September 14, 2020**

This ***Follow-up Review – 2018 Audits – Procurement; and Management of Development Approvals***, completed under section 50(2) of the Halifax Regional Municipality Charter, is hereby submitted to the Audit and Finance Standing Committee of Regional Council.

Respectfully,

*Original signed by*

Evangeline Colman-Sadd, CPA, CA  
Auditor General  
Halifax Regional Municipality

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# Follow-up Review

## 2018 Audits

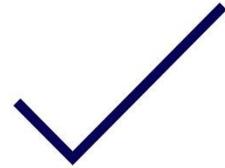
### Procurement Management of Development Approvals

38

Recommendations



Complete



High rate of  
implementation

#### Procurement

25 Complete

Improvements include:

- System and physical access – limited to those who need
- Monitoring compliance with policy
- Conflict of interest and bid evaluation processes
- Performance metrics and targets

3 Recommendations outstanding

- Vendor file maintenance
- Quality control process not followed during work from home
- Access to electronic procurement files

#### Management of Development Approvals

9 Complete

Improvements include:

- Documented application procedures
- Application review and staff report times established and monitored
- Progress on strategic initiatives

1 Recommendation outstanding

- Improve quality control process

## Procurement – May 2018

### Implementation Status by Recommendation

Recommendation	Business Unit	Status
1. Procurement and Accounting should review current SAP access and address inappropriate access.	Finance, Asset Management & ICT	✓
2. Procurement and Accounting should implement a process to remove access as employees leave HRM or change access as they move within the organization.	Finance, Asset Management & ICT	✓
3. Procurement and Accounting should limit access to the vendor master file to only those who require it.	Finance, Asset Management & ICT	✓
4. Procurement and Accounting should review duplicated vendors and block payments to vendors that are not needed.	Finance, Asset Management & ICT	✗
5. Monitoring changes to vendor information should be performed by someone who does not have access to update vendor information.	Finance, Asset Management & ICT	✓
6. SAP monitoring reports used to identify vendor changes should be regularly reviewed and cover all dates in the period to ensure all changes are verified.	Finance, Asset Management & ICT	✓
7. Vendor banking change forms should be reviewed regularly.	Finance, Asset Management & ICT	✓
8. Vendor banking information should not be changed until it has been confirmed with the vendor to reduce the risk of fraud and error.	Finance, Asset Management & ICT	✓
9. Procurement should require staff to compare invoices to contract amounts and confirm the invoice does not exceed the contract price before payment is made.	Finance, Asset Management & ICT	✓

Recommendation	Business Unit	Status
10. Procurement should ensure all evaluators sign conflict of interest forms before participating in bid evaluation committees.	Finance, Asset Management & ICT	✓
11. Procurement should implement quality control checks on its files. These should be done by a second person not involved in the procurement to ensure all necessary documents are on file. A checklist of required documentation at the front of each file would help ensure files are complete.	Finance, Asset Management & ICT	✗
12. Procurement staff should sign conflict of interest forms for each evaluation they are involved in.	Finance, Asset Management & ICT	✓
13. Procurement should establish and enforce a threshold over which conflict of interest forms should be signed by those involved in evaluating all procurement submissions.	Finance, Asset Management & ICT	✓
14. Procurement should update the <i>Procurement Policy</i> guide (for Administrative Order 2016-005-ADM) to comply with the conflict of interest requirements in the Nova Scotia Public Procurement Act. The guide should also provide examples of conflict of interest which evaluators can refer to.	Finance, Asset Management & ICT	✓
15. Procurement should require evaluators to include support for their scores and document changes in the file.	Finance, Asset Management & ICT	✓
16. An independent person should check evaluation score calculations for accuracy before the contract is awarded.	Finance, Asset Management & ICT	✓
17. Procurement should maintain files for alternative procurements and have guidelines so staff understand what documentation to keep to support the use of the alternative procurement.	Finance, Asset Management & ICT	✓

Recommendation	Business Unit	Status
18. Procurement should establish a second person review of the quarterly bid report to Regional Council to confirm completeness.	Finance, Asset Management & ICT	✓
19. Procurement should ensure all staff processing requests to initiate purchases are aware of the approval requirements in the <i>Procurement Policy</i> .	Finance, Asset Management & ICT	✓
20. Procurement should update the delegated authority list regularly. There should also be a process to update it as people move within HRM or leave the organization.	Finance, Asset Management & ICT	✓
21. Procurement should establish a process to ensure contract extensions are monitored.	Finance, Asset Management & ICT	✓
22. Procurement should clarify the <i>Procurement Policy</i> to limit director’s ability to purchase from a standing offer to the approved director-spending thresholds for other procurement types.	Finance, Asset Management & ICT	✓
23. Procurement should improve contract monitoring for increased spending and possible split purchases to confirm required approvals were obtained.	Finance, Asset Management & ICT	✓
24. Procurement should enforce the <i>Procurement Policy</i> and monitor to ensure all requirements are met.	Finance, Asset Management & ICT	✓
25. Procurement should revise its reporting of noncompliant purchases to include details which would allow directors to follow up with their staff.	Finance, Asset Management & ICT	✓
26. Access to physical and electronic files should be changed as employees move within the organization or leave HRM.	Finance, Asset Management & ICT	✗

<b>Recommendation</b>	<b>Business Unit</b>	<b>Status</b>
27. Procurement should improve security of confidential files so they are not accessible to anyone in the Procurement office area.	Finance, Asset Management & ICT	✓
28. Procurement management should use available performance data and set targets to measure against.	Finance, Asset Management & ICT	✓

## Management of Development Approvals – July 2018

### Implementation Status by Recommendation

Recommendation	Business Unit	Status
1. Planning and Development should develop and implement a comprehensive procedure manual to guide all planning application review processes.	Planning and Development	✓
2. Planning and Development should work with review team stakeholders to establish reasonable timeframes for planning application and major subdivision application reviews. These timelines should allow HRM Charter requirements to be met.	Planning and Development	✓
3. Planning and Development should provide timely communication and regular updates on application status within the Business Unit and to the applicant.	Planning and Development	✓
4. Planning and Development staff should appropriately document communications with application review team stakeholders. Management should periodically confirm this information is included in files.	Planning and Development	✓
5. Planning and Development should develop and implement quality control checks on its files. These should be done by a second person not involved with the file to confirm all necessary documents are on file and stored where they can be accessed by staff when needed. A file checklist at the front of each file would help ensure completion.	Planning and Development	✗

Recommendation	Business Unit	Status
6. Planning and Development should establish and implement procedures that document what is required for staff report review. This should include engaging reviewers and establishing timelines for completion.	Planning and Development	✓
7. Planning and Development should review existing processing time targets for reasonableness, develop targets for areas which do not have any, and communicate this information to all employees and applicants.	Planning and Development	✓
8. Planning and Development should regularly monitor application processing times for each application type.	Planning and Development	✓
9. Planning and Development should implement a process to confirm data entered in its file management system is accurate. This could include system checks for incomplete fields or other logic checks, and periodic review by another staff member to confirm data entered manually is correct.	Planning and Development	✓
10. Planning and Development should implement its 2015-2019 strategic plan.	Planning and Development	✓

## Background

In 2017, the Office of the Auditor General, Halifax Regional Municipality established a follow-up process to review progress on implementing recommendations 18-months after a report is released.

## Objective and Scope

We completed a follow-up review of two audit reports released in 2018.

- Procurement
- Management of Development Approvals

Our objective was to provide review level or limited assurance on HRM's implementation of recommendations from these reports. A limited assurance engagement provides a lower level of assurance than an audit. Conclusions are based on reasonability of what management tells us, rather than detailed testing, as would be found in an audit. This allows us to focus limited resources on new audits, while still providing assurance that management is addressing the issues we identified in past audits.

Our approach included discussing implementation with staff; reviewing applicable legislation, policies, guidelines and processes; and other procedures we considered necessary.

This limited assurance engagement was conducted in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 Direct Engagements published by the Chartered Professional Accountants of Canada.

We apply CPA Canada's Canadian Standard on Quality Control 1. Our staff comply with the independence and ethical requirements of the Chartered Professional Accountants of Nova Scotia Code of Conduct.

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