Agenda – Executive Policy Committee – October 16, 2024

AUDIT COMMITTEE

Item No. 2 Traffic Signals Branch – Procurement and Contracting Audit Report

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Traffic Signals Branch – Procurement and Contracting Audit Report be received as information.

ADMINISTRATIVE REPORT

Title: Traffic Signals Branch – Procurement and Contracting Audit Report

Critical Path: Audit Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Egert City Auditor	J. Egert City Auditor		

EXECUTIVE SUMMARY

The intent of the audit is to report to Council on the Traffic Signals Branch contracting and procurement activities as required per the September 22, 2022 motion adopted by Council. The motion stated “That the City Auditor be directed to report back on the last five years of contracting and procurement activities related to Traffic Signals”.

A summary of the key observations include:

- The procurement and contracting activities for the audit period (August 1, 2018 to August 31, 2023) were in accordance with existing City policies, procedures and administrative standards except for:
    - Two instances where the Insurance Branch of the Risk Management Division was not notified of the awarded contracts by the Traffic Signals Branch Contract Administrator.
    - The process of amending the terms and conditions of tenders as related to the total performance date was not consistently adhered to.
    - Seven instances of purchase orders that were not closed after the end of the contract.
- The City has established a Purchasing Policy, administrative standards, manuals, business processes and procedures that control the procurement and contracting activities.
- Overall, relevant internal controls related to the procurement and contracting activities for the audit period were noted to be adequate and effective.
    - However, opportunities exist to enhance the process for amending terms and conditions of a tender with respect to total performance date, reporting and monitoring of claims, use and closing of purchase orders and updating the Purchasing Card Program Procedures Manual.
    - Opportunities exist to communicate these changes to all employees through established standards, processes and procedures, and to enhance the mechanisms that monitor and ensure adherence to them.
- Forty-nine percent of the total value of awarded contracts were awarded to two contractors for the installation of underground Traffic Signals services and associated work. The remaining 51 percent was awarded to 32 other contractors for the supply and

delivery of goods and services, excluding the installation of underground services and associated work.

RECOMMENDATIONS

1. That the Traffic Signals Branch – Procurement and Contracting Audit Report be received as information.

REASON FOR THE REPORT

The report is being submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will “receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee.”

IMPLICATIONS OF THE RECOMMENDATIONS

The most important component of an audit recommendation is its implementation. The Public Service is responsible for providing a management response to the report; their responses have been included in the audit report.

The Public Service has agreed to implement all six recommendations.

HISTORY/DISCUSSION

On September 22, 2022, the Council motion directed the City Auditor to conduct a performance audit on the last five years of contracting and procurement activities related to Traffic Signals Branch.

The objectives of the audit were:

1. To assess whether the Traffic Signals Branch procurement and contracting activities for the last five years (August 1, 2018 - August 31, 2023) were in accordance with the City's policies and procedures.

2. To evaluate the adequacy and effectiveness of relevant internal controls.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 23, 2024

Project Name:

Traffic Signals Branch – Procurement and Contracting Audit Report

Comments:

There are no financial implications associated with receiving this report as information.

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This report has been prepared in consultation with:

Public Works
Corporate Finance

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1. Establish and implement priority actions through evidence-informed decision-making processes.
2. Promote trust and government responsiveness through meaningful, inclusive and informed community engagement.
3. Achieve community-responsive service delivery through an aligned, integrated, collaborative and results-oriented organizational culture.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Audit Department
Prepared by: J. Egert, City Auditor
Date: October 2024

Attachments: