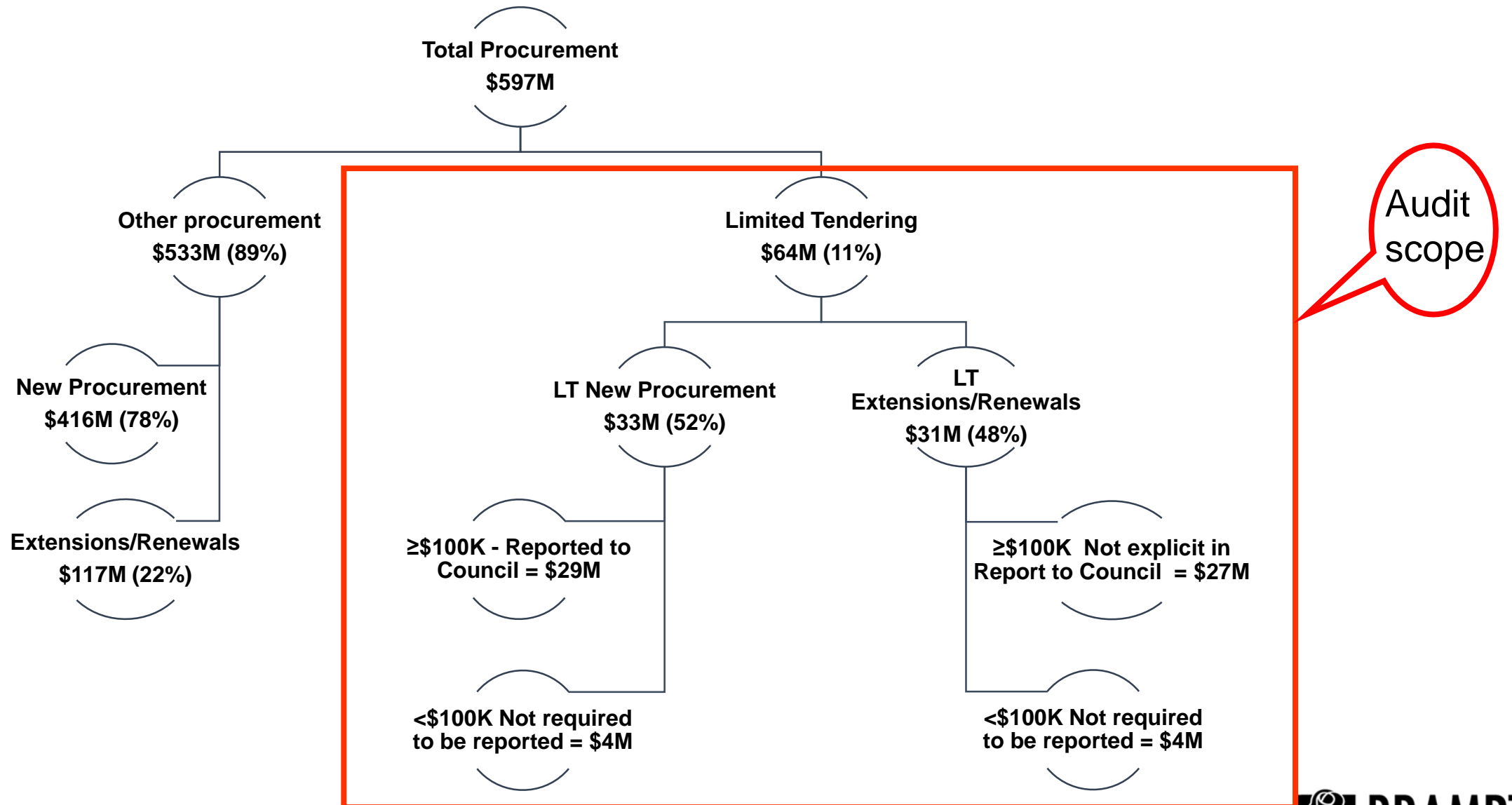


# Limited Tendering Audit

# Background

1. The City strives to procure all goods and services competitively.
2. In cases where there are one or few suppliers for a particular good or service, the City may contract with “sole or single source” suppliers without a formal public tender.
3. The City’s Purchasing By-law 19-2018, permits limited tendering (LT) procurements, which include sole or single source procurements.

# Audit Scope - \$64M Limited Tendering from Jan 2020 to April 2022



# Objective

We evaluated the following processes and controls in place around LT procurements:

1. Internal Controls Framework over the purchasing process
2. Compliance with Purchasing by-law including justification and approvals
3. Controls around periodic reporting and monitoring.

# Inherent Risks & Observations

1. Inadequate justification or splitting purchases to circumvent administrative authority limits
  - No evidence based on sample selection (\$25.6M or 40% of total LT value)
2. Limited visibility and reporting to Council for LT procurements and trends
  - Confirmed
2. Best Practices by other municipalities not always considered
  - Confirmed

## **Finding #1**

1. Approvals for multi-year contracts do not consider the total contract value over the contract duration.
2. Approvals for contract extension and renewal do not consider the contract cumulative value (that is, the original contract amount + any amendments).

### **Recommendation:**

Ensure approvals are obtained for the total contract value for:

- Multi-year contracts
- Extensions
- Renewals

# Finding #1: How Do we compare to other cities?

Multi-year contracts and cumulative value approvals comparison:

Brampton	Toronto	Aurora	Milton	Halton Region	Mississauga	Vaughan	Hamilton	Region of Peel
Only cumulative extensions and renewals	Combined Multi-Year Contract Award	Combined Multi-Year Contract Award	Original + Cumulative Contingencies, Scope Changes	Only cumulative extensions and renewals	Original + Cumulative Extensions/ Renewals	Combined Multi-Year Contract Award	Combined Multi-Year Contract Award	Cumulative amount cannot exceed 20% of the original contract

Note: Green means better controls; red means controls could be tightened.

## **Finding #2:**

1. Purchasing By-law does not require Limited Tendering procurements under \$100K to be reported to Council. Due to the \$100k threshold, \$3.66M (or 11%) was not reported.
2. LT procurement as a % of total procurement is not required to be reported to Council.
3. LT contract extensions and renewals greater than \$100K of \$26.59M were not explicitly identified, categorized and summarized in reports to Council.

## **Recommendations:**

1. Lower the threshold for reporting LT procurements to Council
2. Report LT procurement as a % of total procurement to Council
3. Identify, categorize, and summarize LT contract extensions and renewals in the quarterly purchasing reports to Council.



## Finding #2: How do we compare to other cities?

Comparison of Council Reporting Threshold:

Brampton	Toronto	Aurora	Milton	Halton Region	Mississauga	Vaughan	Hamilton	Region of Peel
>=\$100K	\$3K or above	10K- \$100K reported to Council but requires no Council approval;  >\$100K requires Council approval	>\$10k	>\$100K	>\$100K	All contracts	All contracts	>\$100K

Whether Cities Report Non-Competitive Procurement as a % of Total Procurement:

Brampton	Toronto	Aurora	Milton	Halton Region	Mississauga	Vaughan	Hamilton	Region of Peel
No	Annual Reporting	n.a.	Annual Reporting	Annual Reporting	n.a.	Quarterly Reporting	No	Reporting 3 times a year

Note: Green means better controls; red means controls could be tightened.

## **Finding #3:**

1. Section 2.6 of the Purchasing By-law requires consideration to be given to bid complaints submitted to the City in accordance with Supporting Policies and Procedures.
2. The City currently offers no channels for bidders to raise potential bid disputes or concerns over how the City conducts its procurements.

## **Recommendation:**

- Implement formal complaint procedures as required by the Purchasing By-law to potential bidders for all future procurements.
- Communicate the bid disputes process to potential bidders for all future procurements.

Thank you!

