

# City of Mississauga Internal Audit Report

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COMMUNITY SERVICES DEPARTMENT  
FIRE & EMERGENCY SERVICES DIVISION  
CAPITAL ASSETS SECTION  
FIRE FLEET ACQUISITION AUDIT

September 8, 2020

City Manager's Department  
Internal Audit Division

# **TABLE OF CONTENTS**

Distribution List

Report on Community Services Department, Fire & Emergency Services Division,  
Capital Assets Section – Fire Fleet Acquisition Audit

Appendix A – Summary of Recommendations

**COMMUNITY SERVICES DEPARTMENT  
FIRE & EMERGENCY SERVICES DIVISION  
CAPITAL ASSETS SECTION  
FIRE FLEET ACQUISITION AUDIT**

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**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit**

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## **BACKGROUND**

Mississauga Fire and Emergency Services' (MFES) vision is, "to be a global leader in Fire Service and Life Safety excellence." With 21 fire stations and one training complex across the city that are operational throughout the year, it is crucial to have functional firefighting assets in service to support staff during emergencies. To assist with that vision, the Capital Assets Section, which operates within the Fire & Emergency Services Division of the Community Services Department, is primarily responsible for acquisition, maintenance, and disposal of the assets.

The assets managed by the section include all fire apparatus – a customized firefighting vehicle – (e.g. pumper, squad, aerial or specialty vehicles), small vehicles (e.g. responds to incidents or support vehicles), equipment/supplies (e.g. fire hoses, cleaning supplies, etc.), and clothing (e.g. boots, firefighting clothing, helmets, etc.).

The Capital Assets Section is responsible for the procurement of fire apparatus. Staff maintain a registry of the fire apparatus, inventory of work performed and warranty claims. The Capital Assets Section also identifies which fire apparatus are due for disposal and follows Corporate Policy and Procedure 03-06-10, Disposal of Surplus City Assets.

The Capital Assets Section is comprised of three work units - Stores, Fleet, and Building Maintenance. There are fifteen (15) full-time staff, reporting to the Assistant Chief of Capital Assets. All staff within this section are unionized, with the exception of the Assistant Chief.

In April 2017 Council approved the 2017 budget for the replacement of the existing aging vehicles, in the amount of \$22.41 million CAD over five years. MFES worked with Materiel Management, in conjunction with Legal Services, to initiate a competitive high-value acquisition Request for Proposal (RFP) for the supply and delivery of the new fire apparatus. An MFES project team was established to provide all the specifications and uses for the fire apparatus.

The contract was awarded to Commercial Truck Equipment Co. (the vendor), a representative of Pierce Manufacturing Inc. (the manufacturer) in January 2018, for approximately \$20.6 million USD spanning five (5) years. The acquisition would allow for the purchase of 24 new fire apparatus.

An audit on the MFES Building and Fleet Maintenance was completed in 2017, focusing on building and fleet maintenance business processes, 2016 MFES purchases, and reviewing a sample of service contracts administered by the MFES Facilities Maintenance and Mechanical Sections. As defined in the Internal Audit Workplan approved by the Audit Committee, this audit was focused on the procurement, supply, delivery, warranties and disposal of the fire apparatus.

## SCOPE

The audit examined the adequacy of controls and compliance with the procurement process, acquisition, contract/agreement, inspection/acceptance, payment, warranty, and disposal of the fire apparatus.

The audit scope included a procurement conducted in 2017 and disposals in 2018 and 2019. Maintenance of the new fire apparatus and the acquisition of thirty-four (34) small support vehicles were excluded from the scope.

## OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Procurement and acquisition of fire apparatus is conducted, approved, documented and in compliance with the City's Purchasing By-law, applicable Corporate Policies and Procedures and/or good business practices;
- B) Inspection and acceptance criteria for the fire apparatus is documented, included in the bid tender and in compliance with the contract/agreement;
- C) Payments are properly approved, calculated and processed, adequately supported and made in accordance with the terms and conditions of applicable contracts/agreements;
- D) Change order(s) are documented, justified and do not exceed set thresholds;
- E) Warranty claims are processed and are accurate, timely and correctly recorded;
- F) There are adequate controls over disposals of fire apparatus and they are in compliance with the City's Purchasing By-law, applicable Corporate Policies and Procedures and/or good business practices; and
- G) Departmental procedures are clearly and comprehensively documented and comply with applicable City By-laws, Corporate Policies and Procedures and departmental requirements.

## SUMMARY OF OBSERVATIONS

Overall, the RFP was conducted in accordance with the requirements of the Purchasing By-law, however, with certain errors, which can be attributed to the expedited manner in which the process was conducted. MFES management advised that the process was expedited due to the need to mitigate the risk of existing fire apparatus due to their age and state, which could potentially raise concern over residents' and employees' safety. Internal Audit noted that at times formal documentation was incomplete or contained errors, in certain steps of the bid evaluation process and after the contract was awarded. Examples include the absence of

detailed analysis or rationale for the bid assessments, discrepancy between the approved budget and Procurement Authorization Request (PAR) amount authorized, inconsistent warranty start dates, change orders, etc. (Objectives A and D).

Regarding the payment process, however, there were significant concerns over the payments for 16 vehicles (total cost of \$15.6 million USD), which were executed over one year in advance of their expected delivery, in exchange for a 3% discount, without a formal risk and financial analysis and with discrepancies in relation to the established processes (for changing payment terms and for recognizing receipt of the goods). For the most part, the risk of non-performance did not materialize, as 14 of the 16 vehicles were delivered (as of August 2020) and only 2 are outstanding; however, it would be advisable that the assumption of such level of risk involve in-depth formal analysis by business areas (e.g. Finance, Legal, etc.) (Objectives A and C).

Additionally, the lack of specific guidance for certain steps and other control weaknesses in the corporate processes resulted in less than optimal decisions regarding change orders, budget control and terms of payments. Besides the aforementioned issues with formal documentation, the procurement process did not present other major issues; however, there was concern over the management of the contract and monitoring of the budget (Objective G).

While the inspection and acceptance criteria for the fire apparatus was documented in the RFP and the inspection process seemed to be thoroughly conducted by the technical team, concerns were noted regarding the formal acceptance process of the fire apparatus (Objective B).

At the time of the audit, the newly acquired fire apparatus was under warranty, and warranty claims were processed at no additional cost. The former Assistant Chief of Capital Assets stated due to system limitations warranties were not being entered into the system. The risk of not electronically recording the warranties in the system is that they also cannot be tracked or reported (Objective E).

Although disposition of the fire apparatus was in accordance with the Purchasing By-law and applicable Corporate Policies and Procedures, control weaknesses were noted in the overall disposal process (Objective F).

The subsections below provide additional comments on our observations and describe our main recommendations. Appendix A outlines the detailed recommendations, together with the action plans proposed by management.

**Require higher authority level to approve significant advance payments and require comprehensive analysis of financial and operational risks (Objectives A and C)**

For 2018 and 2019, MFES issued purchase orders for 19 fire apparatus with a total cost of \$15.6 million USD (excluding taxes and additional change orders). Although the RFP stated that payment terms were 30 days after acceptance, 16 fire apparatus were paid in full over a year in advance of delivery.

The authorization for full payment was formally performed under the exclusive authority of the former Assistant Chief of Capital Assets (who was also the Contract Manager), who advised

that the payments were advanced in order to take advantage of a 3% discount offered by the manufacturer. The Fire Chief was verbally consulted; however, a detailed analysis of the financial and non-financial risks related to these payments was not performed. The Director of Finance was informally consulted about the opportunity of advancing payments when discounts are offered; however, he was not informed of the specifics, namely the intention to pay for the fire apparatus in full (less discount) more than a year in advance.

Reasonable advance and progress payments are not unusual for high-value capital projects. However, the authorization for significant payments in full (less discount) a year in advance results in significant financial risk to the City, should the vendor or the manufacturer encounter financial or operational issues in the period.

In addition, there were concerns over the process to release the payments. A management-level employee was able to authorize several payments of over \$1 million without a secondary approver, and the purchasing and financial policies did not provide explicit guidance regarding if and when an advance payment can be made (which should include an elevated level of approval and other requirements such as formal assessment of financial impact, risk and rationale). MFES management has advised Internal Audit that they will discontinue the practice of making advance payments in full, effective immediately.

### **Reinforce the importance of management of the project budget (Objectives A, C and D)**

During the construction of the fire apparatus, the Contract Manager, along with the project team, identified several changes to the specifications. The changes were authorized and approved at the sole discretion of the Contract Manager, which resulted in net added costs of approximately \$670K USD for the 19 fire apparatus ordered in 2018 and 2019. The lack of a secondary approval of significant specification changes, especially those with high financial impact, breaches the principle of segregation of duties and may result in unexpected and unsupported costs to the City.

Moreover, the RFP estimated purchasing 24 fire apparatus within the five-year contract (allowing for three (3) one-year extensions). The additional change specifications will likely reduce the ability to complete the original estimated purchase within the approved budget. However, at the completion of our review, only one change order (approximately \$48K) had been submitted. The effect on the budget was further aggravated by increases in the exchange rate over the period as well as potential calculation errors. The table below summarizes the approved and spent budget in the project up to April 2019.

Activity	Date	USD Amount	CAD Amount
Council approved funding	2017 budget		\$ 22,410,000.00
PAR approved by all parties	23-Jan-2018	\$ 20,601,599.79	\$ 25,545,983.74*
Contract issued	23-Jan-2018	\$ 18,601,599.79	\$ 23,065,983.74*
Change order	20-Feb-2019		\$ 47,475.94
Budget spent	As of April 2019	\$ 15,877,125.33	\$ 21,116,576.69**

\* based on the exchange rate of 1.24 CAD/USD on that date

\*\* based on an average effective exchange rate of 1.33 CAD/USD; amount includes 19 fire apparatus already paid for and/or to be delivered, and all additional changes to specifications

There is approximately \$1.29M CAD remaining from the approved budget, and there are approximately five (5) more fire apparatus to be ordered. Therefore, while the project has not yet exceeded its five-year budget, the lack of adjustments (via change orders and budget requests), considering the likelihood of budget overruns, will reduce the number of fire apparatus that will be purchased under the approved budget and may reduce the City's ability to provide continuous funding in the future.

**Update the bid evaluation procurement processes, and provide training and oversight to ensure the processes are adhered to (Objectives A and G)**

The RFP is the master document guiding the procurement and ensuring that the specifications, requirements and clauses are aligned with the City's business objectives. Internal Audit noted that certain steps of the bid evaluation and post-award processes were not supported by formal documentation or justification (e.g. discrepancy between the approved budget and contract amount authorized due to currency conversion oversight, changes to the payment terms, inconsistent warranty start dates, etc.). An urgency to complete the procurement led to the lack of oversight, guidance and adequate training over the procurement process and insufficient checks and balances for a procurement of this magnitude.

**Ensure formal communication to the Treasury Unit of upcoming significant payments in a timely manner (Objectives C and G)**

The Treasury Unit within Finance has informally requested that all contract managers provide advance notice for large payments in US currency due to the limited amount of funds available in the US bank account for all cheques and Electronic Funds Transfer (EFT) payments. Advance notice allows Treasury to ensure there are sufficient funds in the City's US bank accounts and, when needed, properly manage the purchase of US currency.

**Provide formal acceptance of the apparatus only after appropriate technical reviews to reinforce accountability and record-keeping (Objectives B and G)**

The contract with the vendor requires that the City provide a written notice of acceptance, which resolves the purchase order. In the absence of a City-designed document for this, the "Apparatus Acceptance" form provided by the vendor is considered to fulfill this requirement.

Of the twelve (12) fire apparatus delivered to the City as of February 2020, Internal Audit noted that two (2) acceptance forms were missing and the remaining ten (10) were incomplete or had inaccurate information (e.g. date of acceptance missing, defects of fire apparatus not noted). Also, the forms were not retained as part of the City's record-keeping process (the vendor later provided a copy from their records). Incomplete or inaccurate acceptance process increases the risk that a defective fire apparatus can be deemed as accepted and put into service.

**Liaise with manufacturer to correct their warranty start dates and comply with the warranty terms specified in the contract (Objectives A, B and E)**

Management of warranty terms is vital for high-value assets (i.e. fire apparatus) in determining whether components are under warranty over the life of the fire apparatus. As per the RFP, the manufacturer warranties commence when the fire apparatus is first put into service by MFES.



However, the manufacturer has recorded an earlier warranty start date in their records, notably the shipping date from their premises, causing a difference ranging from one (1) to five (5) months from what is established in the contract. There is a risk that the manufacturer will not acknowledge the agreed upon warranty period and, should any issues arise towards the end of the period, the City may incur unwarranted maintenance costs.

### **Strengthen disposal of surplus assets process (Objective F)**

A surplus asset is an obsolete, unusable or excess asset destined for disposal in a manner that is economical for the City.

The audit's analysis of the fire apparatus disposals completed in 2019 (13 auctioned and 2 donated) revealed weaknesses in the overall process, including occurrences where the request and approval to dispose of assets originated from the same employee, and the asset's market value was estimated by the requestor without secondary review. It was also noted that the approval thresholds were based on the estimated market value of each asset rather than the total value of all assets, and without consideration of the effective book value of the asset.

While there was no conclusive evidence of financial losses, the current process leaves the opportunity for potential errors and abuse, as it may allow a single employee to control all key aspects of the asset disposition process. Such weakness could result in wrongful or incorrect decisions that prevail without a secondary review, increasing the risk of economic loss to the City.

### **Strengthen the management of the contract with the auctioneer (Objective F)**

While a review of the corporate process for asset disposal was not part of the original scope, Internal Audit noted that the contract with the auctioneer is managed by a Contract Manager (working in Transportation and Works – Works Operations and Maintenance Division) who is also a requestor of auction services. The same employee having these dual responsibilities increases the risk of collusion and presents a conflict of interest. Internal Audit is not aware of any actual issues in the relationship with the auctioneer; however, from a risk management perspective, the arrangement could expose the City to unnecessary risk.

### **Formally establish roles and accountabilities around the fire apparatus lifecycle and document relevant process steps (Objectives A, B, F and G)**

Formal documented processes related to the lifecycle of a fire apparatus (e.g. ordering, delivery, inspection, maintenance and disposal of the fire apparatus) were not available, with staff relying primarily on their knowledge and experience to perform their duties. Furthermore, the training records were missing key information and there was no process to assess effectiveness of the training activities.

The absence of documented processes increases the risk of unclear roles and responsibilities for staff, inconsistent practices, increased errors and potential lack of accountability. In particular, we found that important information was not documented during training sessions, and record-keeping was incomplete. There was no clear method of measuring training effectiveness, which could lead to reduced understanding and possible liability against the City.

**Maintain accurate and up-to-date acquisition and disposal records and ensure integrity of the information retained (Objectives A and F)**

MFES retains documentation from the various stages of the acquisition and disposal process. While reviewing the records, Internal Audit noted several relevant records were either missing, not updated in a timely manner or different from the system of record. Inaccurate and outdated records impair the integrity of information and increase the risk of not discovering issues in a timely manner.

**Create a central repository with controlled access to all relevant documentation regarding the fire apparatus purchasing process (Objectives A, B and E)**

Access to documentation related to fire apparatus is imperative for the Contract Manager and other staff as it contains pertinent information they require to perform their roles and responsibilities effectively. At the time of the audit, hard copies of the documentation (e.g. fire apparatus specifications, warranty claims, etc.) were exclusively managed by the Contract Manager and stored in a cabinet that only he and the head of administration had access to.

There is an increased risk of single point of failure, data loss and unavailability if documents are not stored electronically in a central location and available to the personnel that require them as part of their job duties. In case of emergencies that prevent access to the physical location, staff may not be able to obtain the information they need to complete their work within reasonable timeframes.

**CONCLUSION**

Based on the observations, Internal Audit opinion is that the control environment around the acquisition, delivery, inspection, maintenance and disposal of fire apparatus needs significant improvement, primarily due to the issues with advance payments and budget monitoring, certain issues with segregation of duties, process oversight and lack of documented procedures.

A total of 21 recommendations resulted from this audit. The table below summarizes the recommendations by classification and priority.

Classification	Medium	High	Total
Efficiency and Effectiveness	0	1	1
Operational Control and Financial Reporting	9	6	15
Safeguarding of Assets and Information	3	2	5
<b>Total</b>	<b>12</b>	<b>9</b>	<b>21</b>

Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all the recommendations. Seven (7) will be completed by end of December 2020, twelve (12) will be completed by end of March 2021, one (1) will be completed by end of June 2021, and one (1) will be completed by end of December 2021.

The Assistant Chief of Capital Assets, who was the Contract Manager for this program, left the organization after the completion of this audit for reasons not related to this audit.

We would like to thank MFES Fire Chief Tim Beckett and his team, Acting Assistant Chief of Capital Assets Tracey Martino and her team within the Capital Assets Unit, as well Materiel Management and Finance personnel for their time and assistance during the audit.



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Director, Internal Audit

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Internal Auditor

**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

**Page 1 of 6**

<b>Rec</b>	<b>Recommendation</b>	<b>Priority (H/M/L)</b>	<b>Comments/Status</b>	<b>Classification</b>
1	That MFES adopt an electronic central repository for all fire apparatus related information, with controlled access granted to the personnel and functions that require them to perform their job duties.	Medium	SharePoint site to be set up for fire apparatus that includes the following: Truck alias, specifications, repair history, insurance/license information.  To be completed by December 31, 2020	Operational Control and Financial Reporting
2	That MFES retain supporting documentation (e.g. changes to specifications, including rationale and justifications, etc.) for record-keeping, share with the responsible Buyer from Materiel Management and Materiel Management staff to upload to Procurement Centre.	Medium	SOP to be developed to specify requirements for the documentation of apparatus specification changes and sharing information with MM via the Procurement Centre. This will follow corporate policies and procedures.  This will require having City staff (from Community Services (CMS) – Business Planning, external to Fire) attend the Garry W. Morden Centre (GWMC) to observe and interview staff for SOP development. This will be dependent on COVID timelines. Target date is based on a September return to the workplace for City staff.  To be completed by March 31, 2021	Operational Control and Financial Reporting
3	That MFES develop Standard Operating Procedures for processes staff perform as part of their duties and responsibilities (e.g. checklists, forms, guidelines, etc.).	Medium	SOP to be developed to specify requirements of job duties for Emergency Vehicle Technicians (EVT's).  This will require having City staff (from CMS Business Planning, external to Fire) attend the GWMC to observe and interview staff for SOP development.	Operational Control and Financial Reporting

**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

**Page 2 of 6**

			<p>This will be dependent on COVID timelines. Target date is based on a September return to the workplace for City staff.</p> <p>To be completed by March 31, 2021</p>	
4	That MFES update training records, assessments be mandatory for employees who have completed fire apparatus training sessions, and results be retained for record-keeping.	Medium	<p>SOP to be developed to clarify the process for the documentation and retention of training records for all staff training. This will follow corporate policies and procedures.</p> <p>To be completed by March 31, 2021</p>	Operational Control and Financial Reporting
5	That MFES ensure the delivery and acceptance forms include additional information (e.g. date form was signed), authorized by the appropriate staff and a secure, electronic copy be retained for record-keeping.	Medium	<p>Update the existing delivery and acceptance form to include date of signature. Develop SOP for delivery and acceptance of vehicles.</p> <p>In the interim, MFES will trial a new acceptance process with new vehicles being delivered in the short term.</p> <p>To be completed by March 31, 2021</p>	Operational Control and Financial Reporting
6	That the acceptance forms be signed by authorized MFES staff after there is validation that no deficiencies are noted with the fire apparatus.	Medium	<p>With assistance from CMS Business Planning, develop SOP for delivery and acceptance of vehicles.</p> <p>In the interim, MFES will trial a new acceptance process with new vehicles being delivered in the short term.</p> <p>To be completed by March 31, 2021</p>	Safeguarding of Assets and Information
7	That Materiel Management review the Surplus Asset Form to enhance controls (i.e. initiator is different than approver and approval thresholds based on a lot's total value within a	Medium	<p>Agreed.</p> <p>To be completed by October 31, 2020</p>	Operational Control and Financial Reporting

**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

**Page 3 of 6**

	specified timeframe) and include additional information to support the disposal of the surplus asset.			
8	That Materiel Management consider contracting a corporate-wide external, independent appraiser or request an appraisal from internal resources for high-value assets to determine the estimated market value (based on the original and book value of the asset) to maintain impartial judgement and ensure segregation of duties. The higher of the appraised value and the net book value should be used as the estimated market value.	Medium	Need for third party appraisal (internal or external) for high-value disposals to be added to Disposals Policy.  To be completed by January 31, 2021	Safeguarding of Assets and Information
9	That the contract for auction be transferred to Materiel Management as it is a City-wide contract.	Medium	Agreed.  To be completed by October 31, 2020	Operational Control and Financial Reporting
10	That the auctioneer service provide a copy of the bill of sale validating the purchaser and purchase price of City assets sold at auction.	Medium	Purchaser name may be private information. Materiel Management will request a copy of the bill of sale from the auctioneer prior to next use of auction service or by the Target Date.  To be completed by October 31, 2020	Safeguarding of Assets and Information
11	That Materiel Management establish appropriate delegation of authority for signing the Application for Vehicle Transfer portion of the vehicle ownership for all City vehicles.	Medium	Agreed. Disposals Policy to be updated to identify appropriate signing authority of vehicle transfer portion of ownership document.  To be completed by January 31, 2021	Operational Control and Financial Reporting
12	That Treasury establish a formal City-wide policy related to advance notification of upcoming acquisitions and payments, including dollar threshold and timeframe.	Medium	Finance will revise the Financial Controls and Budget Monitoring Policy (04-04-02) to outline the responsibilities of staff in providing advance notice of upcoming acquisitions and payments to Treasury. The policy revisions will	Operational Control and Financial Reporting

**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

**Page 4 of 6**

			provide direction on dollar thresholds and the acceptable notification periods.  To be completed by December 31, 2020	
13	That MFES review its records retention processes and the processes around updating information in the relevant systems, regarding the fire apparatus, in order to ensure that they are accurate and updated in a timely manner.	High	See recommendation #1. SOP to be developed to support regular updates to apparatus information.  Deliverables are to set up SharePoint site and move existing files which can be done by year end. SOP to be developed by Target Date.  To be completed by March 31, 2021	Operational Control and Financial Reporting
14	That MFES retain up-to-date and accurate insurance certificates for record-keeping.	High	See recommendation #1. SOP to be developed to support regular updates to apparatus information.  To be completed by March 31, 2021	Safeguarding of Assets and Information
15	That MFES ensure the manufacturer's Warranty Start Date reflects the date the fire apparatus was put into service by the City to comply with the contract and maximize the warranty period.	High	MFES management will communicate with manufacturer to ensure existing warranty start dates match MFES in-service dates.  SOP to be developed. To be included in Delivery and Acceptance of Vehicles SOP (see recommendation #5).  To be completed by March 31, 2021	Safeguarding of Assets and Information
16	That Finance establish approval thresholds in the payment system for significant payments.	High	SAP Concur Invoice, which was introduced following the payment in question, requires all payments by Purchase Order to be prepared by an originator and signed off by an approver. Approvers must be management level	Operational Control and Financial Reporting

**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

**Page 5 of 6**

			<p>employees. Spending authority is granted for contracts and purchase orders over \$50,000 at the Director level, and \$100,000 at the Commissioner level through a procurement authorization request. While Finance staff believe this control is sufficient we respect the opinion of the Auditor and will revise the Corporate Policy to require Commissioner approval to release cheques exceeding \$2 million where a purchase order is in place.</p> <p>To be completed by December 31, 2021</p>	
17	That supporting documentation for the analysis conducted for making advance payments be retained by Finance for record-keeping, and appropriate delegation of authority be established for full payments in advance of receiving the goods.	High	<p>MFES will not authorize pre-payment discounts. SOPs should be developed by Finance.</p> <p>The Payment Request Policy (04-05-12) will be revised to reflect that pre-payment in full for goods is not allowed. Finance does not support pre-payment.</p> <p>To be completed by December 31, 2020</p>	Operational Control and Financial Reporting
18	That MFES obtain appropriate delegation of authority (e.g. Corporate Report, sign-off from Director/Commissioner, etc.) for any changes to the contract with the vendor.	High	<p>With assistance from CMS Business Planning, to be included in SOP for recommendation # 2 - specification changes.</p> <p>To be completed by March 31, 2021</p>	Operational Control and Financial Reporting
19	That Materiel Management provide staff with adequate training and oversight on bid evaluation processes and work in tandem with the business client, Finance, etc.	High	<p>It should be noted that procurement processes vary depending on the subject purchase and procurement method used, such as RFT (based on hard specs) or RFP (based on</p>	Efficiency and Effectiveness



**Community Services Department  
Fire & Emergency Services Division  
Capital Assets Section  
Fire Fleet Acquisition Audit  
Summary of Audit Recommendations**

Page 6 of 6

			<p>evaluation of solutions proposed by bidders), which are very different processes. There are a great many permutations in an RFP process and each brings potential risks that are evaluated and assessed individually – they do not necessarily translate to recurring risks.</p> <p>A Bid Evaluation Policy is in progress that will clarify procedures, roles and responsibilities.</p> <p>To be completed by October 31, 2020</p>	
20	That Materiel Management verify appropriate delegation of authority has been obtained prior to making changes to the contract.	High	<p>Agreed, this will be reinforced with buyers at an upcoming staff meeting.</p> <p>To be added to contract amendments policy that is currently in progress.</p> <p>To be completed by January 31, 2021</p>	Operational Control and Financial Reporting
21	That MFES apply segregation of duties in processes conducted by one individual, a secondary review (outside of the project team) be established for all changes with a financial impact, and the budget be monitored regularly to ensure the project is completed within the approved amount.	High	<p>SOP to be developed for the approval of large purchases that will identify segregation of duties related to approval of increased cost and overall budget monitoring. This will follow corporate policies and procedures.</p> <p>To be completed by June 30, 2021</p>	Operational Control and Financial Reporting