



Office of the Auditor General

**Follow-up to the 2011 Audit of Procurement Practices –
General**

Tabled at Audit Committee – October 8, 2015



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Executive Summary

Introduction

The Follow-up to the 2011 Audit of Procurement Practices - General was included in the Auditor General's 2013 Audit Plan.

The key findings of the original 2011 audit included:

- The City could save over \$800,000 per year by initiating a competitive tender for snow removal and by changing its specifications for some vehicles.
- There are opportunities for the City to achieve some savings by purchasing entry level vehicles with only the base work-related options.
- The City's participation in the Canadian Municipal Collaboration for Sustainable Purchasing initiative is a logical step that is consistent with the overall corporate approach to sustainability;
- There may be an opportunity to achieve some savings through greater participation in co-operative procurement with other local members of the broader public service; and,
- The City has a competitive process for the acquisition of laptops and desktops which is consistent with other major public sector entities.

Summary of the Level of Completion

The table below outlines our assessment of the level of completion of each recommendation as of March 2014.

Table 1: OAG's assessment of level of completion of recommendations

Category	% Complete	Recommendations	Number of Recommendations	Percentage of Total Recommendations
Little or no action	0 to 24	n/a	n/a	n/a
Action Initiated	25 to 49	n/a	n/a	n/a
Partially Complete	50 to 74	n/a	n/a	n/a
Substantially Complete	75 to 99	3, 4, 6	3	37.5%
Complete	100	1, 2, 5, 7, 8	5	62.5%
Total			8	100%

The table below outlines management's assessment of the level of completion of each recommendation as of July 2013 and February 2015 in response to the OAG's assessment. These assessments have not been audited.

Table 2: Management's assessment of level of completion of recommendations

Category	% Complete	Recommendations	Number of Recommendations	Percentage of Total Recommendations
Little or no action	0 to 24	n/a	n/a	n/a
Action Initiated	25 to 49	n/a	n/a	n/a
Partially Complete	50 to 74	n/a	n/a	n/a
Substantially Complete	75 to 99	n/a	n/a	n/a
Complete	100	1, 2, 3, 4, 5, 6, 7, 8	8	100%
Total			8	100%

Conclusion

Management has substantially or fully implemented the recommendations from the 2011 audit.

With respect to purchasing entry level vehicles with only the base work related option, Fleet Services surveyed its clients' requirements for ½ and ¾ ton trucks and analyzed those. The analysis related only to the clients indicating their requirements. However, it did not include an analysis of whether the clients' needs could be met with entry level vehicles. Fleet informed us that the requirements of the vehicles do sometimes cause the need to go to a higher trim level. A study of purchasing entry level vehicles with only base work-related options will need to be completed for this recommendation to be fully implemented.

Due to insufficient data to perform the necessary analysis, Fleet Services could not substantiate the use of residual value in acquisition cost calculations. As such, the May 2013 tender submission for light duty vehicles excluded residual value from the calculation which is consistent with the intent of the recommendation.

In reference to recommendation 6, prior to a new purchase, Supply Branch prepares a comparative pricing analysis for computers and laptops by obtaining prices from websites. In our opinion, these are not true comparatives (e.g., listed price per unit versus possible pricing for bulk purchases) as they may not represent pricing that would be offered to the City for sizeable orders.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

The following section is the detailed follow-up report.

Detailed Follow-up report

Introduction

The Follow-up to the 2011 Audit of Procurement Practices - General was included in the Auditor General's 2013 Audit Plan.

Key findings of the original 2011 audit

1. Co-operative purchasing is not the initiative it once was prior to the City's amalgamation in 2001 as the larger players were consolidated in the City. Since then, Purchasing has not been pursuing co-operative procurement actively. Previously there were approximately 35 to 40 items bought co-operatively but now the list is down to about six. The City does however take advantage of several other federal, provincial and police related procurement instruments.
2. There may be an opportunity to achieve some savings through participation in co-operative procurement with other local members of the Broader Public Service (BPS). Marginal investments in this area may help reduce costs and contribute to the City's long term sustainability agenda. While there may be some limited additional work for Supply Branch initially, this could be offset by having BPS partners accept a greater role in the co-operative purchasing initiatives.
3. Historically, the City has entered into annual negotiated price agreements achieved through an established process with the Greater Ottawa Truckers Association (GOTA) for snow removal and miscellaneous haulage. However, the true market rates have never been competitively established and the City is not benefiting from market forces.
4. Discussion with another large municipality with similar snowfall indicated that the average price of the bids received for 20 and 25m³ trucks was \$72.82 per hour for the 2011/12 season. In comparison, the City of Ottawa has a negotiated price of \$87.90 per hour for the same category of trucks.
5. The City has an opportunity to achieve significant savings, in the range of 17% or \$680,000, in hourly rates for snow removal and other haulage requirements against its annual \$4,000,000 estimated budget.
6. The City's Fleet Management Transformation Project which began in September 2010 with the objective to "Save approximately \$3.94 million per year across the three fleet functions..." "Potential benefits include a 3% reduction in parts costs, savings associated with inventory carry costs, along with 30% reduction in stores labour." Management has confirmed that they are on track to achieve the above-noted stores / inventory labour related savings. We have not audited the overall progress to achieve these savings but may do so as part of our 2013 audit work plan.

7. One of the initiatives aimed at reducing the cost of the fleet was the single Light Vehicle Tender procurement process. The evaluation considered anticipated residual values to assess the total cost of ownership. The rationale for acquiring a higher level vehicle was that the expected proceeds of the disposal exceeded the initial price differential in comparison to the entry level vehicles.
8. Our analysis of the Manufacturer's Suggested Retail Price (MSRP), and resultant residual "Black Book" values for entry level and mid-level vehicles, similarly equipped, did not identify any savings. This means that there are potential savings available in the range of \$4,000 per vehicle (pick-up truck) at the time of purchase and there are approximately 40 such vehicles acquired annually, representing annual savings of \$160,000. These savings could be augmented by minimizing the option packages to include only necessary items.
9. The City currently has a complex computing environment with over 100 lines of business, 340 physical locations, 700 applications to run and approximately 12,000 computers to support in a large number of sites. Approximately 1,750 units are replaced in a typical year.
10. The City has established, through a competitive process of their own, a Standing Offer Agreement for their desktop and laptop computers. Published pricing from PWGSC and Carleton University is comparable to costs paid by the City. Big Box Store prices with comparable features and warranty are higher than the prices offered to the City.
11. The City's competitive processes for the acquisition of laptops and desktops was conducted with due regard to operational requirements and cost avoidance. Prices are consistent with other major public sector entities.
12. For telecommunications services contracts, independent consultants with specialized knowledge of the telecom industry and tariff regulations imposed by the CRTC are utilized to verify that contractual prices reflect current market rates. At the time the audit was substantially completed, there was no similar practice implemented to verify the currency of prices paid for laptops and/or desktops.
13. The City of Ottawa's Supply Branch has created the Strategic Sourcing Group within the Branch to analyse current supply chain operations. Corporate Uniform Stores (CUS) operation was selected for a review of its operations, policies and procedures.
14. Supply Branch initiating the Corporate Uniform Stores Project is a good first step in the review of opportunities to identify possible savings. At this time Supply Branch has not quantified savings but has stated that two full time staff will be eliminated. The project was approved for implementation in the Fall of 2011.

15. The Strategic Sourcing Group has started work on its next initiative: “E-procurement”. This will result in enhanced electronic document creation, maintenance and storage, work flow, on-line bidding, e-approvals, enhanced reporting and spend analysis, and supplier performance measurement. There may be efficiencies from this project which could result in a reduction of permanent FTEs in Supply Branch.
16. The City’s long term planning considerations include the importance of Sustainability. Until as recently as February 2012, the City had a Department of Community Sustainability to help realize Ottawa’s potential as a model, sustainable, capital city by providing leadership, expertise and support for integrated long-term planning and decision-making across the four dimensions of sustainability: Economic, Cultural, Social and Environmental.
17. In our opinion, participation in the Canadian Municipal Collaboration for Sustainable Purchasing initiative is a logical step that dovetails with the overall corporate approach to sustainability. An independent firm has assessed progress against targets set by the Canadian Municipal Collaboration for Sustainable Purchasing and indicated that overall the City is progressing well in implementing the 10 best practice program elements.

Status of implementation of 2011 audit recommendations

2011 Recommendation 1

That the City enter into communication with the “Broader Public Service”, and specifically the Ottawa Community Housing Corporation, in the Capital area to determine what opportunities are available for additional co-operative purchasing and associated potential savings.

2011 Management Response

Management agrees with this recommendation.

Supply Branch communicates regularly with other Canadian municipalities, universities, colleges, school boards, hospitals, the Provincial government and the Federal government.

In addition, on June 22, 2012, a six-month pilot project Memorandum of Understanding was executed between the City and Ottawa Community Housing Corporation (OCH) under which Supply Branch will assist OCH plan, organize and initiate procurements for the acquisition of goods, services and construction on behalf of OCH.

This recommendation has been fully implemented. No further action is required.

Management Representation of Status of Implementation of Recommendation 1 as of July 1, 2013

As per the management response, this recommendation has been fully implemented.

<u>Management: % complete</u>	<u>100%</u>
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OAG's Follow-up Audit Findings regarding Recommendation 1

A memo outlining a one-year pilot program to extend the City's standing offers to non-for-profit organizations receiving grants from the City was provided for information to Community and Protective Services Committee on October 17, 2013.

In June 2012, Supply Branch entered into a one-year MOU with Ottawa Community Housing (OCH) to assist them with their procurement needs. In December 2012, Supply Branch contacted OCH and offered their assistance in relations to recommendations from the OCH Procurement Policy Analysis Report. Supply management also demonstrated their collaboration with OCH where they have made arrangements for OCH to make use of specific City standing offers.

Management informed us that the timing of opportunities can at times be challenging (e.g., opportunity arises while the City is mid-contract). No new documentation of communication with universities, colleges, school boards, and hospitals to explore potential opportunities was provided. However, Supply has provided various communications with the Ontario Ministry of Shared Services in an attempt to take advantage of their e-Procurement System (to pilot it and/or become an early adopter). This opportunity was still being actively worked-on at the time of our follow-up.

OAG: % complete**100%****2011 Recommendation 2**

That Supply Branch initiate a competitive tender process to establish a list of suppliers to provide snow removal and general haulage services.

2011 Management Response

Management agrees with this recommendation.

The practice of direct negotiations with the Greater Ottawa Truckers Association (GOTA) was carried over from the former City of Ottawa, and has continued since amalgamation. The decision to continue with this practice was based on an assessment of more than just price alone, and included an assessment of supply chain risk, and the need to ensure that vehicles are available in sufficient numbers to remove snow in heavy snowfalls. A competitive procurement process for snow removal and general haulage will need to appropriately mitigate these risks.

Supply will initiate a competitive procurement process for snow removal and general haulage for the 2013-14 winter season. Management expects this recommendation to be fully implemented by end of Q3 2013.

Management Representation of Status of Implementation of Recommendation 2 as of July 1, 2013

A competitive procurement process for snow removal and general haulage for the 2013-14 winter season was initiated on July 16, 2013. Management expects this recommendation to be fully implemented by the end of Q3 2013.

Management: % complete**70%**

OAG's Follow-up Audit Findings regarding Recommendation 2

The competitive procurement process for snow removal and general haulage for the 2013-14 winter-season occurred in July and August 2013. Per Ozone, the City's Intranet, the contract was issued on October 29, 2013. The list of standing offer suppliers was provided on Ozone until December 31, 2013. In January 2014, the list was no longer posted on Ozone and client departments are now required to contact Fleet Services as there is a rotation list for these dump truck and/or tractor trailer and to ensure the order is followed as well as call-up procedures.

Supply Management's 2013 – Purchasing Year in Review report to Council notes that “the procurement was successful in establishing rates approximately 4% less than the previous year's rate and mitigating supply chain risk”.

However, at the time of our follow-up work, actual savings from the competitive procurement process for snow removal and general haulage for 2013/2014 had not been compiled. Compiling the information may be of assistance in future procurements.

OAG: % complete**100%****2011 Recommendation 3**

That the City conduct a study on purchasing entry level vehicles with only the base work-related options.

2011 Management Response

Management agrees with this recommendation.

Fleet Services lifecycle management principles and industry experience leads management to believe this issue merits closer scrutiny. As a result, Fleet will complete a review of standard client needs, such as air conditioning and towing capacity, versus standard trim packages to determine the feasibility of moving to base work-related options. This review will be complete by mid Q4 2012 and Fleet will report back to Committee and Council on the results and the implications for this recommendation.

Management Representation of Status of Implementation of Recommendation 3 as of July 1, 2013

Implementation of this recommendation is still in progress. Fleet is currently analyzing the results of the review of standard clients needs. The analysis will be complete by Q1 2014 and Fleet will report back to Committee and Council in the same quarter on the results and the implications for this recommendation.

Management: % complete**75%**

OAG's Follow-up Audit Findings regarding Recommendation 3

In the fall of 2012 Fleet Services surveyed their clients' requirements. The two page form related to 2013 light vehicles ($\frac{1}{2}$ and $\frac{3}{4}$ tons) including supervisory vehicles. The front page requested requirements information with an explanation and description as well as specification and feature; page 2 asked that each of 16 options; 5 accessories and towing capacity be rated (i.e., essential requirement; additional option; or option not required as well as requirements for towing capacity). The results of which were provided to us.

Fleet management informed us that they concluded that based on their analysis: "the requirements of the vehicles do sometimes cause the need to go to a higher trim level. However, this is offset by the fact that the City is able to obtain large discounts on the pricing of vehicles (including any additional options). The heated mirrors option can also provide the benefit of improved vision of the driver and reduce the chance of being involved in a collision. Heated mirrors are often part of a power group option package which includes air conditioning, power driver's seat and power windows. Power mirrors and adjustable seating are options that are extremely useful in a municipal fleet environment where there are numerous different drivers operating the same vehicle."

We were provided with website downloads for different packages from three truck manufacturers but no analysis/comparison relating to purchasing entry level vehicles with only the base work-related options. Management informed us that the issue was that "each of the manufacturers have different items included at their base level and each manufacturer has different "packages" of options" and that they built their tender cognizant of that fact.

A study of purchasing entry level vehicles with only base work-related options will need to be completed for this recommendation to be fully implemented.

OAG: % complete **75%**

Management Representation of Status of Implementation of Recommendation 3 as of February 2, 2015

Fleet Services completed an analysis of base level trims compared to higher level trims in order to establish the options included in the various trim level packages for each of the three main manufacturers: Ford, General Motors, and Dodge. The challenge that arose was that each manufacturer had different items included in their base level and higher level trim packages. As a result of this challenge, Fleet Services cannot specify base level trim because vehicle tenders cannot include trim levels associated to any specific manufacturer. Fleet Services builds vehicle specifications that only include the City's minimum requirements. Vendors bid according to these specifications indicating whichever trim level they believe meets the City's requirements; Fleet Services then selects the lowest responsive bidder. Fleet Services considers this recommendation to be fully implemented.

Management: % complete **100%**

2011 Recommendation 4

That the City conduct a study on the trade in allowance when acquiring vehicles to determine the most economical vehicle.

2011 Management Response

Management agrees with this recommendation.

Fleet Services lifecycle management principles and industry experience leads management to believe this issue merits closer scrutiny. As a result, Fleet will complete an analysis of auction results over the past year involving like City vehicles for both base and higher trim models, comparing the black book forecasts against the actual value received at auction. This review will be complete by mid Q4 2012 and Fleet will report back to Committee and Council on the results and the implications for this recommendation.

Management Representation of Status of Implementation of Recommendation 4 as of July 1, 2013

Implementation of this recommendation is still in progress. Fleet is currently analyzing auction data for the past year. The analysis will be complete by Q1 2014 and Fleet will report back to Committee and Council in the same quarter on the results and the implications for this recommendation.

Management: % complete **75%**

OAG's Follow-up Audit Findings regarding Recommendation 4

Fleet Services management informed us that auction houses would only share data from City disposal sales. Fleet did undertake to analyse this to obtain reliable information on future residual value of vehicles. The analysis was not completed and Fleet informed us that the results were inconclusive. As such, the May 6th, 2013 tender submission for light duty vehicles excluded residual value from the calculation which is consistent with the intent of the recommendation.

A study on the trade in allowance when acquiring vehicles to determine the most economical vehicle will need to be completed for this recommendation to be fully implemented.

OAG: % complete **75%**

Management Representation of Status of Implementation of Recommendation 4 as of February 2, 2015

The Fleet Services Branch's analysis revealed that predicted residual values are impossible to confirm until the vehicle comes to the end of its lifecycle. Since at the time of building the specification Fleet Services cannot definitively predict that residual value, and since the inclusion of the predicted residual value results in acquiring a vehicle with a higher initial capital cost, it is fiscally prudent not to include the residual value in the vehicle tender. As a result, and consistent with the auditor's recommendation, Fleet no longer includes residual value in standard

vehicle tenders. For these reasons, Fleet considers this recommendation fully implemented.

Management: % complete **100%**

2011 Recommendation 5

That the Fleet Services Branch ensure that they realize and document all of the savings achieved through the Fleet Management Transformation Project.

2011 Management Response

Management agrees with this recommendation.

Fleet Services will ensure the Fleet Transformation savings are realized and tracked within the Public Works Balanced Scorecard by Q2 2013.

Management Representation of Status of Implementation of Recommendation 5 as of July 1, 2013

The Fleet Services Transformation savings were realized as projected by December 31, 2012 and the Fleet Services operational budget was reduced accordingly. Implementation of this recommendation is complete.

Management: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 5

Fleet Services demonstrated that it achieved budget-level savings of \$3.94 million annually as of 2013.

Not all actual savings could be linked to the measures identified in the Service Ottawa – Fleet Management Transformation Initiative business case, the introduction of the NAPA contract, or the revised approach to the Efficiency Savings Program.

During its meeting of September 11, 2009, the Executive Committee allowed Departments the flexibility to proactively adjust their budgets in order to achieve the required yearly targeted budgetary reduction allocations. Budgetary reductions could be based on the savings identified in the associated business cases and/or other areas in order to meet the overall targets.

In achieving its target reductions Fleet Services identified approximately 35% of the savings from items not identified in the initial business case.

OAG: % complete **100%**

2011 Recommendation 6

That the City develop a means to review and revise prices for laptops and/or desktops during the contractual period as items approach end-of-life and value diminishes.

2011 Management Response

Management agrees with this recommendation.

Current practice provides a means to review and revise prices for laptops and desktops during the contractual period of the standing offer. Meetings are held with the supplier before bulk purchases are made (2,000 to 3,000 units) in order to review and negotiate unit pricing as well as technical specifications. In support of these negotiations, Supply Branch consults other governmental published standing offer agreements (e.g., PWGSC) and the system's OEM (original equipment manufacturer) published public sector price lists to ensure consistency with the standing offer rates. Following these negotiations, unit pricing is revised to reflect the current market rate, which ensures the best possible pricing for the City of Ottawa.

This recommendation has been fully implemented. No further action is required.

Management Representation of Status of Implementation of Recommendation 6 as of July 1, 2013

As per the management response, this recommendation has been fully implemented.

Management: % complete ***100%*****OAG's Follow-up Audit Findings regarding Recommendation 6**

We reviewed the last three comparisons (i.e., June 2012, October 2012 and October 2013) of standing offer prices against public sector and other suppliers that could provide similar packages and/or that the City has dealt with before.

Through competitors' published retail price lists and government price lists, Supply verifies that the pricing offered by its current supplier is fair market value, and that as a result, the City has not yet had to negotiate lower pricing when placing bulk orders. We confirmed that Supply prepares comparative price reviews by obtaining prices from websites. In our opinion, Supply's comparison against competitors' published retail price lists are not true comparatives (e.g., listed price per unit versus possible pricing for bulk purchases) and may not represent pricing that would be offered to the City for sizeable orders.

The City last standing offer was awarded in October 2013. The RFSO for PC Systems, Peripherals and Support Services includes a means to review and revise prices for laptops and/or desktops during the contractual period.

OAG: % complete ***95%***

Management Representation of Status of Implementation of Recommendation 6 as of February 2, 2015

In support of negotiations with the supplier, Supply Branch consults other governmental published standing offer agreements (e.g., PWGSC) and the system's OEM (original equipment manufacturer) published public sector price lists to ensure consistency with the standing offer rates and factors in an appropriate reduction for a bulk purchase. Following these negotiations, unit pricing is revised to reflect the current market rate, which ensures the best possible pricing for the City of Ottawa. This recommendation has been fully implemented.

Management: % complete **100%**

2011 Recommendation 7

That Supply Branch seek approval for a more pro-active approach, and the functional authority to permit them to identify and dictate where it is beneficial to standardize clothing items and save money.

2011 Management Response

Management agrees with this recommendation.

A Consolidated Clothing Committee was established in November 2011 to define the requirements of their respective stakeholder groups in the development of uniform and service level specifications. The Consolidated Clothing Committee is led by Supply Branch and representation includes Fire Services, By-law and Regulatory Services, Ottawa Paramedic Services, Transit Services, Environmental Services, Parks, Building & Grounds Operations & Maintenance Branch, Fleet Services and Health and Safety.

In addition, as a result of a 2011 investigation into alternative uniform supply chain models, Supply Branch has initiated a Request for Proposal for an externally managed uniform solution; services to include the successful vendor identifying opportunities to standardize clothing items and cost savings.

The functional authority would retain control over the technical specifications, while Supply Branch/the successful vendor would pro-actively bring recommendations on design, fabric and standardization to the committee for consideration when savings opportunities are identified.

This recommendation has been fully implemented. No further action is required.

Management Representation of Status of Implementation of Recommendation 7 as of July 1, 2013

As per the management response, this recommendation has been fully implemented.

Management: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 7

On October 29, 2012, the City entered into an agreement with Logistik Unicorp Inc. to provide a complete uniform management solution (i.e., design development, specification writing, supply chain management, procurement, manufacturing, quality assurance, warehousing, order management, distribution, customer service and reporting). The agreement is in effect from March 01, 2013 to February 28, 2018, with a possibility to extend it for an additional 5 year term.

The project for a new business model for the supply of corporate uniforms was reported on to Community and Protective Services Committee in City Operations' *"Collaboration and Efficiency Opportunities within Emergency Services"* - Interim Report in October 2012 and Final Report in October 2013. It was also reported to City Council in May 2013 as part of Finance department's 2012 – Purchasing Year in Review (Document 1: 2012 Consolidated Delegation of Authority Report Summary (≥ \$10,000)).

OAG: % complete**100%****2011 Recommendation 8**

That Supply Branch develop a plan to continue to identify additional areas where inventory reductions and other savings can be gained and provide quarterly updates on progress against savings forecast.

2011 Management Response

Management agrees with this recommendation.

Supply Branch pro-actively brings recommendations to client departments on opportunities to achieve inventory reductions and/or other savings; however, in accordance with Article 5, Responsibilities and Authorities of the Purchasing By-law, Directors/General Managers are responsible for achieving and reporting on the specific objectives and outcomes of the procurement project, including progress against savings forecast in their financial quarterly reports.

This recommendation has been fully implemented. No further action is required.

Management Representation of Status of Implementation of Recommendation 8 as of July 1, 2013

As per the management response, this recommendation has been fully implemented.

Management: % complete**100%****OAG's Follow-up Audit Findings regarding Recommendation 8**

Supply management demonstrated that they bring recommendations to clients on opportunities to achieve inventory reductions and/or other savings. In turn, any savings to the City as a result of the procurement event is noted (i.e., dollar value and narrative) in the last section of the contract approval request form.

Supply maintains a running total of these savings and reports on as part of internal Finance reports.

OAG: % complete

100%

Summary of the level of completion

The table below outlines our assessment of the level of completion of each recommendation as of March 2014.

Table 3: OAG's assessment of level of completion of recommendations (repeat of Table 1 in Executive Summary)

Category	% Complete	Recommendations	Number of Recommendations	Percentage of Total Recommendations
Little or no action	0 to 24	n/a	n/a	n/a
Action Initiated	25 to 49	n/a	n/a	n/a
Partially Complete	50 to 74	n/a	n/a	n/a
Substantially Complete	75 to 99	3, 4, 6	3	37.5%
Complete	100	1, 2, 5, 7, 8	5	62.5%
Total			8	100%

The table below outlines management's assessment of the level of completion of each recommendation as of February 2015 in response to the OAG's assessment. These assessments have not been audited.

Table 4: Management's assessment of the level of completion of recommendations (repeat of Table 4 in Executive Summary)

Category	% Complete	Recommendations	Number of Recommendations	Percentage of Total Recommendations
Little or no action	0 to 24	n/a	n/a	n/a
Action Initiated	25 to 49	n/a	n/a	n/a
Partially Complete	50 to 74	n/a	n/a	n/a
Substantially Complete	75 to 99	n/a	n/a	n/a
Complete	100	1, 2, 3, 4, 5, 6, 7, 8	8	100%
Total			8	100%

Conclusion

Management has substantially or fully implemented the recommendations from the 2011 audit.

With respect to purchasing entry level vehicles with only the base work related option, Fleet Services surveyed its clients' requirements for ½ and ¾ ton trucks and analyzed those. The analysis related only to the clients indicating their requirements. However, it did not include an analysis of whether the clients' needs could be met with entry level vehicles. Fleet management informed us that the requirements of the vehicles do sometimes cause the need to go to a higher trim level. A study of purchasing entry level vehicles with only base work-related options will need to be completed for this recommendation to be fully implemented.

Due to insufficient data to perform the necessary analysis, Fleet Services could not substantiate the use of residual value in acquisition cost calculations. As such, the May 2013 tender submission for light duty vehicles excluded residual value from the calculation which is consistent with the intent of the recommendation.

In reference to recommendation 6, prior to a new purchase, Supply Branch prepares a comparative pricing analysis for computers and laptops by obtaining prices from websites. In our opinion, these are not true comparatives (e.g., listed price per unit versus possible pricing for bulk purchases) as they may not represent pricing that would be offered to the City for sizeable orders.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.