EP8.12

Exhibition Place

REPORT FOR ACTION

Purchasing and Expenditures Review

Date: November 28, 2019
To: Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All

SUMMARY

The City of Toronto Internal Audit was engaged by Exhibition Place in 2019 for the review of the Purchasing and Expenditures Process Controls. This operational review is the first of the additional 3 year cycle review approved in November 2018 in respect to overall risk assessment of operations. This review covers the 14 months period from March 1, 2018 to April 30, 2019.

This report presents for the information of the Board the results of the review and whether there are:
1) Adequate controls and procedures that exist and are working effectively to ensure accuracy and completeness of employee pay and benefits; and
2) Potential opportunities for operational improvements and process efficiencies.

The Internal Audit Report is attached as Appendix A to this report along with the highlights of the review and summarizes issues of the engagement, the auditor's suggestions and recommendations (Appendix A). Management has provided responses to the audit findings which will help to improve the overall accounting and internal control procedures.

RECOMMENDATIONS

The Chief Executive Officer recommends:

1. That the Board receive this report for information.

FINANCIAL IMPACT

There are no financial implications to this report.

DECISION HISTORY

The Exhibition Place 2017 - 2019 Strategic Plan has a financial goal to effectively monitor costs and revenues. As a strategy to support this goal Board staff will seek to strengthen controls and processes through a review of our financial systems.

At its meeting July 31, 2016, the Finance & Audit Committee approved a three-year cycle to undertake key business / operational audits at Exhibition Place.
https://www.explace.on.ca/files/file/58b6195c6e38a/Item-2-Proposed-Three-Year-Audit-Plan.pdf

At is meeting on November 15, 2018, the Board approved an additional 3 year cycle review to undertake key business / operational audits at Exhibition Place.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EP15.28

COMMENTS

The first three-year plan for Exhibition Place approved in July 2016 identified audits/reviews to take place in the following areas:

2016 Parking Operations (review conducted by PWC)
2017 Revenue/Receivable Process Controls
2018 Payroll, Benefits and related process and procedures

The additional three year cycle review plan for Exhibition Place was approved by the Board at its November 2018 meeting for the following areas:

2019	Purchasing and Expenditures Review
2020	Capital Projects Management Process Review
2021	Review of Parking procedures and processes

Historically, risk assessment by the City Auditor General Office ("AGO") is done every 5 years. The last AGO review of risk assessment of Exhibition Place operations was done in 2014. The risk assessment process is intended to provide the AGO with a risk ranking of Exhibition Place relative to other units across other City divisions, agencies, and corporations.

The Board performs most of its own procurement, with approximately 10% - 15% of the procurement administered by the City Purchasing Materials Management Division ("PMMD"). As per the Board's financial statements for the year ended December 31, 2018, expenditures for the year totaled $50.6 million.

Objectives of Review

The objectives of this review were to assess whether:

1) Adequate controls and procedures exist and are working effectively to ensure compliance with procurement processes, and ensure accuracy and completeness of payment processes; and
2) Potential opportunities for operational improvements and process efficiencies exist.

Audit Methodology

The audit consisted of:
1) An assessment of the purchasing, payables and expenditures processes and procedures;
2) An examination on a sample basis, and data analysis of purchasing and payment transactions, including but not limited to issuance and evaluation of Call documents and bid submissions, vendor management, vendor invoice processing and authorizations of such transactions;
3) Discussions with Exhibition Place staff responsible for administering purchasing, payables and expenditure processes; and
4) A review and examination of other relevant documents and records as required.

Findings, Recommendations and Managements Response

This is the section where management has provided its response to the key issues identified in the audit.

The City Internal Audit has noted in their report that Exhibition Place has effective procedures and controls in place to ensure that purchasing, payables and expenditures processes and procedures are adequate and can be relied upon.

City Internal Audit also identified on pages 3 to 5 of their report, four opportunities for further improvement in the areas of:

1) Access Controls and Segregation of Duties;
2) Vendor Master File;
3) Procurement Process; and
4) Invoicing and payment Process

Management is receptive to the auditor suggestions and recommendations and has since adopted some of the City Internal Audit recommendations and has developed a timetable of implementation to further examine the other opportunities as detailed on pages 6 to 8 of the report.

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - City Internal Audit Report, Purchases and Expenditure Review & Management Action Plan