

## Chapter 30

# SaskPower—Buying Goods and Services Valued Under \$100,000

### 1.0 MAIN POINTS

By March 2017, SaskPower implemented the remaining two recommendations first made in our 2007 audit of its processes to buy goods and services valued at under \$100,000.

SaskPower staff obtained the appropriate approval of purchases prior to finalizing purchase decisions. In addition, SaskPower tracked problems with key suppliers and made this information available to staff making purchasing decisions.

Effective acquisition of goods and services is crucial to SaskPower's operations as the principal supplier of electricity in Saskatchewan.

### 2.0 INTRODUCTION

In 2015-16, SaskPower purchased about \$372 million of goods and services (excluding fuel and purchased power, salaries and benefits, and employee long-term benefits).<sup>1</sup> SaskPower makes a large number of low dollar value purchases (i.e., below \$100,000) each year.

As set out in its procurement policy, SaskPower expects to buy goods and services in a way that achieves best value for SaskPower by being innovative, efficient, and flexible and results in the best possible balance of benefits to its stakeholders and customers.<sup>2</sup>

In our *2007 Report – Volume 3*, Chapter 23 audit of SaskPower's processes to buy goods and services valued at under \$100,000, we made four recommendations. By March 2014,<sup>3</sup> we reported that SaskPower had implemented two of the four recommendations. This chapter reports the results of our follow up of the remaining two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower's management agreed with the criteria in the original audit.

To carry out this engagement, we discussed actions taken with management, and reviewed SaskPower's policies and procedures, reports, and other relevant documentation. We also tested a sample of purchases of goods and services valued at under \$100,000.

<sup>1</sup> SaskPower, *SaskPower 2015-16 Annual Report*, p. 112.

<sup>2</sup> SaskPower, *SaskPower Procurement Policy*.

<sup>3</sup> March 2014 was the time of our last follow-up as reported in our *2014 Report – Volume 1*, Chapter 29.



## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at March 31, 2017, and SaskPower's actions up to that date.

### 3.1 Appropriate Approval Obtained for Purchases

We recommended that SaskPower consistently follow its established processes that require its staff to obtain the appropriate approval of the purchase prior to finalizing the purchase decision. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Implemented

SaskPower consistently followed its established processes about obtaining approval of purchases.

Since 2014 (our last follow-up), SaskPower changed some of its purchasing procedures to help employees follow established policies more consistently. SaskPower regularly monitored non-compliance with its purchasing policies and procedures and reported potential non-compliance to senior management and its internal auditor.

For all of the purchases we tested, SaskPower staff obtained the appropriate approval of purchases prior to finalizing their purchase decisions.

### 3.2 Problems with Key Suppliers Tracked

We recommended that SaskPower track problems with key suppliers and make this information available for purchasing decisions. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Implemented

Since 2014, SaskPower has implemented a Supplier Performance Management process for evaluating and monitoring supplier performance. It focuses on its key suppliers.

SaskPower collected and evaluated key supplier performance information, provided feedback to suppliers, and took corrective action where required. SaskPower made supplier performance information accessible (i.e., on its network) to employees who make purchasing decisions.