

Chapter 49

University of Regina – Procuring Goods and Services

1.0 MAIN POINTS

The University of Regina improved some of its processes for buying goods and services but more improvement is needed. By June 2017, the University had implemented two of four outstanding recommendations. It needs to better co-ordinate the departments that procure goods and services, and establish sufficient contract documentation requirements for all departments allowed to purchase.

The University spent \$60 million in 2015-16 to acquire goods and services. Strong buying processes helps the University protect its reputation and interests, and receive the best value for money in purchasing decisions.

2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on four recommendations that we first made in our *2013 Report – Volume 2*, Chapter 32. In 2013, we concluded that the University had effective processes for the procurement of goods and services except for the areas of our 13 recommendations. By January 31, 2016, as reported in our first follow-up,¹ the University had implemented nine of the thirteen recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the University's progress towards meeting our recommendations, we used the relevant criteria from the 2013 audit. The University's management agreed with the criteria in the 2013 audit.

We reviewed and assessed the information provided, and discussed actions with key individuals. We examined the University's policies and procedures relating to the procurement of goods and services. We reviewed a sample of procurement contracts to test whether they contained expected terms. We tested a sample of items purchased to ensure compliance with University policies.

3.0 STATUS OF RECOMMENDATIONS

We found that the University had implemented two of four outstanding recommendations.

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at June 9, 2017, and the University's actions up to that date.

¹ Provincial Auditor Saskatchewan, *2016 Report – Volume 1*, (2016), Chapter 36.



3.1 Reporting on Procurement Defined

We recommended that the Board of Governors of the University of Regina define its reporting needs regarding procurement activities including non-compliance with procurement policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The Board of Governors defined its reporting needs regarding procurement on March 7, 2016. The Board determined that it did not require reporting on day-to-day operational procurement activities, rather the Vice-President (Administration) is to inform the Board of any major procurement policy violations. One such violation was identified since the Board established these reporting requirements. Management reported this violation appropriately in compliance with the Board decision for reporting of procurement activities.

3.2 Co-ordinated Processes and Improved Written Contractual Agreements Needed

We recommended that the University of Regina implement a process to co-ordinate the departments that procure goods and services, including construction, to efficiently manage procurement in accordance with the University's policies. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

We recommended that the University of Regina establish sufficient contract documentation requirements for the procurement of goods and services. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

Although the Library and Bookstore were co-ordinating with the Supply Management Services department for procurement (e.g., competitive bid exception forms were appropriately approved), the Facilities Management department was not effectively co-ordinating with the Supply Management Services department.

As outlined in the University's purchasing policy, the Supply Management Services department is responsible for co-ordinating purchasing of goods and services by the University. The purchasing policy authorizes the following other University departments to procure goods and services: the Library, Bookstore, and the Facilities Management department.

We found two items purchased by the Facilities Management department that did not follow the formal tendering process required by the University's purchasing policy.

In addition, consistent with our 2013 audit findings, the Facilities Management department uses an insufficient standard contract for purchases of consulting services.² The standard contract does not include all of the expected terms and conditions (e.g., termination, privacy, confidentiality, severability); whereas the standard contract that the Supply Management Services department uses for consulting services does.

An effective structure and co-ordinated processes help staff reach optimum procurement solutions, and reduce risks to the University. Also, well-designed contract templates provide organizations with a useful starting point to developing a contract, and help ensure final contracts include key terms and conditions.

3.3 Signing Authorities Established and Documented

We recommended that the Board of Governors of the University of Regina establish and document an appropriate signing authority policy for use when approving contracts, invoices, and payments to ensure the proper separation of duties. (2013 Report – Volume 2; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The University's Board approved a new Approval Authorities and Execution of Documents policy, with a detailed Signing Authority/Approval Authority Registry on March 17, 2017. The policy documents approval delegations across the University, which support appropriate separation of duties for approving contracts, invoices, and payments.

² Our 2013 audit found that contracts reviewed for other types of purchases were sufficient.

