Internal Audit Report
Corporate Procurement Review
Draft version 0.11

Sep 2018
Project No.1424

Draft Internal Audit Report ver0.11

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No.	Strategic Business Objective, Area Impacted, Objective, Obligation, etc.	Observations and Implications	Recommendations	Relative Risk	Management Response and Action Plan
3. BU shall determine the total procurement value (TPV). TPV increases should be reasonable.					
3.	As per Procurement Standard (STD-17) Para 16. Planning- Determining. Total Procurement Value. Business Units may include a contingency Budget for the purpose of managing total procurement value increases. Contingency Budgets should be reasonable, and should not be used to avoid seeking approval for the provision of goods and services acquired through a non-competitive process.	PO 4132- Procurement of external financial auditing services from KPMG was established in 2010 on the basis of a competitive procurement. In 2016 the approved External Audit fees was 66K, French Translation was 10K and contingency was $10k . In 2017 KPMG was engaged to provide additional services related to the government's efforts to reduce electricity rates. This work was paid for under the existing KPMG contract for external audit services. This additional work totalled $717k: PSAS review $151K Policy changes $26K PSAS and Ontario Fair Hydro Plan $594k However, the actual work was conducted under a	All in POs and all amended POs must include an estimate of the TPV. All additional work for the External Auditor or additional fees must be pre-approved by the Audit Committee of the Board of Directors as outlined in the Audit Committee Charter and Finance Policy. The procurement Standard should be amended to reference this requirement.	High	*Action Plan:* *Completion Date:*

No.	Strategic Business Objective, Area Impacted, Objective, Obligation, etc.	Observations and Implications	Recommendations	Relative Risk	Management Response and Action Plan
		separate statement of work, with different terms of conditions, using different KPMG staff and different fee structure. Two additional statements of work were issued. For neither was there an estimate of the TPV. Given the new statement of work, T&Cs, staff and rates, this was a new contract and should have been managed as such. The approval of Audit Committee of the Board of Directors was not sought to use KPMG for non-audit services or to increase the amount paid to KPMG for the external audit as required by the Audit Charter. Audit Committee was not consulted. With the advice provided KPMG may have impaired them to act as external auditors.			

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