



## AUDITOR GENERAL FOR LOCAL GOVERNMENT

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### NEWS RELEASE

August 31, 2015

#### **OFFICE OF AGLG RELEASES PERFORMANCE AUDIT REPORT ON THE CITY OF VERNON'S OPERATIONAL PROCUREMENT**

**SURREY** – A performance audit on the City of Vernon's operational procurement activities between 2010 and 2012 has found that the City of Vernon has a number of procurement policies, procedures and practices intended to help it achieve value for money, acting Auditor General for Local Government Arn van Iersel said today.

“While our review found some practices that assisted the City of Vernon in obtaining cost efficiencies,” said Mr. van Iersel, “we also found the City needs to strengthen its procurement policies and improve its compliance with those policies”.

The audit report, released today on the Office of the Auditor General for Local Government's website ([www.aglg.ca](http://www.aglg.ca)) includes detailed testing of 25 operational procurement transactions entered into by the City between 2010 and 2012. While policy was followed in some areas, the auditors found that eight of the 25 transactions showed non-compliance with the City's policies.

“In addition, we found that the City needs to improve its information gathering, analysis, monitoring and reporting on operational procurement to senior management and Council,” said Mr. van Iersel.

The audit report says that the AGLG found that Vernon was committed to appropriately managing procurement transactions and related risks, and in obtaining value for money.

“We noted that Vernon has worked to achieve continuous improvement in its procurement, seeking to increase the efficiency and effectiveness of the function. For example, the City “right sized” its inventory so it only keeps on hand what it needs. This resulted in a 21% reduction in its inventory,” said Mr. van Iersel.

The audit report makes three recommendations:

- That the City of Vernon should improve its procurement policies and procedures by addressing gaps and establishing a process to ensure its procurement policies are

complete, clear, reviewed and updated regularly and that all procurement practices are included in its policies.

- That the City of Vernon should monitor and enforce compliance with its procurement policies and procedures including ensuring documentation is kept on file to support procurement decisions.
- That the City of Vernon should manage its operational procurement strategically by improving its data collection, analysis, monitoring and reporting.

“I’m pleased with the City of Vernon’s positive response to the audit and its commitment to act on our recommendations,” said Mr. van Iersel. “The City has made improvements since we completed our field work and we encourage it to improve its practices through implementing our recommendations.”

In addition to releasing the audit report, the acting AGLG will release shortly an AGLG Perspectives booklet on operational procurement providing helpful advice and information to a wide range of local governments. This is in addition to the two AGLG Perspectives booklets released in 2014 and 2015 on the topics of capital procurement and asset management.

The release of the Vernon audit report completes the audit process for the City. Prior to being finalized, the report was reviewed by the independent Audit Council, which has the statutory authority to provide the AGLG with comments to assist with the completion of each performance audit report.

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