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# **Delegation of Authority Follow-up Review**

February 24, 2003

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# Delegation of Authority Follow-up Review

## Introduction

In 1999, the City Manager requested that the Office of the City Auditor (OCA) conduct a review of the delegation of authority process that originated with the City Administration Bylaw No.12005. The OCA assessed the adequacy of mechanisms developed and implemented by departments to effect the delegated authority as well as the reporting process for two quarters in 1999. Opportunities for improving the process were presented to the relevant departments and members of the Senior Management Team and progress made was noted. This information was also included as part of the administration's reports to City Council. A number of changes have taken place in the reporting process since the last review.

The OCA has completed a follow up review of the current delegation of authority and reporting process. This review focussed on determining whether the present process is clear to the users and operating efficiently, whether the required delegation instruments are in place, and whether the reporting process to City Council is operating as intended.

## Background

City Administration Bylaw No.12005 requires the following reporting to Council:

A report listing all agreements, contracts, and legal settlements, approved by the City Manager or any person to whom the City Manager has delegated approval authority, including judgements against the City since the previous reporting, involving an expenditure, revenue or payment greater than \$100,000 and leases to non-profit organizations for a rental rate that is below market value; such report to be submitted every 6 months, or as otherwise directed by Council or its standing Committees.

The Office of the City Manager is responsible for establishing reporting guidelines as well as preparation and routing of reports to Executive Committee. The Law Branch coordinates the delegation and sub-delegation of authority documents, undertakes checks of litigation status of vendors, and approves as to form all non-standard agreements/contracts. The Materials Management Section, Finance Branch, Corporate Services Department is responsible for reporting contracts, agreements, tenders and change orders exceeding \$100,000 that have not received prior Committee/Council approval. The Asset Management and Public Works Department reports land matters, leases, and licenses. Departments are responsible for reporting any other contracts or agreements exceeding \$100,000 that are not executed by Materials Management and have not received prior Committee/Council approval.

## **Objective and Scope**

1. To determine whether there is an adequate mechanism in place to ensure that authority for expenditure over \$100,000 for contracts, agreements, land matters, leases and licenses has been delegated and this results in an appropriate control and accountability structure to safeguard and protect the City's interests.
2. To assess whether all such contracts and agreements are authorized in accordance with the City's delegation or sub-delegation documents, which are kept up to date and have been communicated to all relevant City employees.
3. To evaluate whether a reporting system exists that ensures that all relevant contracts and agreements are tracked and reported to Executive Committee in a complete, accurate and timely manner, and in accordance with the City's Delegation Reporting Guidelines.

## **Methodology**

The OCA conducted a review of the City's delegation and sub-delegation documents and the process in place for keeping them up to date. Meetings were held with staff from the Office of the City Manager, Law Branch, Materials Management and all departments to confirm the current processes. Expenditures for the period January 1 to June 30, 2002 that were reported to the Executive Committee on July 2, 2002 were reviewed for compliance with the Delegation Reporting Guidelines.

## **Summary of Results**

Based on this review, the City has an adequate overall process for ensuring that authority for expenditures exceeding \$100,000 has been delegated and all relevant contracts and agreements are authorized in accordance with the City's delegation and sub-delegation of authority documents. Three opportunities for improvement were identified for ensuring that the delegation documents are kept current and the Reporting Guidelines reflect the current process. These have been accepted by the Administration and appropriate action plans have been developed.

Departments are responsible for conveying to the Law Branch, all organizational changes that require revision to their delegation or sub-delegation documents. Some departments have not kept their documents current. A process is required for the Law Branch to confirm the accuracy and completeness of the delegation and sub-delegation documents with departmental representatives at regular intervals.

Some departments have delegated authority to individuals rather than positions. This requires update every time such an individual transfers or leaves the City. Delegation of authority to positions would ensure that the documents stay current regardless of the individuals that are in these positions.

The Office of the City Manager issued the Delegation Reporting Guidelines in January 2000. A number of changes have taken place in the reporting process since then. The Reporting Guidelines need to be updated to reflect the current process and provide clarification on the responsibilities of the various groups.

**Follow-up Recommendations and Action Plans**

Recommendation	Action Plan	Implementation Date
<p>1. That the City Solicitor confirm the accuracy and completeness of the City’s delegation and sub-delegation documents with departmental representatives at regular intervals and ensure that the documents are revised as required.</p>	<p>The City Solicitor will provide to relevant departmental representatives, an index of delegation and sub-delegation documents on file semi-annually, and request confirmation of its accuracy and completeness.</p> <p>Delegation and sub-delegation documents will be updated as required.</p>	<p>Immediately</p>
<p>2. That the City Solicitor ensure that authority is delegated to positions instead of individuals where ever possible.</p>	<p>The City Solicitor will:</p> <ul style="list-style-type: none"> <li>▪ Review the delegation documents within the Law Branch to ensure that authority is delegated to positions where ever possible.</li> <li>▪ Review the delegation of authority documents with relevant staff in the Planning and Development Department with a view to delegating authority to positions.</li> <li>▪ For all future delegations/changes, encourage departments to delegate authority to positions instead of individuals where ever possible.</li> </ul>	<p>April 30, 2003</p> <p>April 30, 2003</p> <p>On going</p>

<b>Recommendation</b>	<b>Action Plan</b>	<b>Implementation Date</b>
3. That the City Manager ensure that the existing Guidelines for Reporting of Contracts and Agreements are updated to reflect the current process and that the revised guidelines are communicated to all City Departments.	The Project Manager for Delegation will update the Reporting Guidelines, review them with departmental representatives, and communicate them to all City Departments.	March 31, 2003

We would like to acknowledge the cooperation and support we received from all individuals contacted during this follow-up review.