

# Audit of Office Furniture Purchases

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CITY OF  
**VANCOUVER**

Office of the  
Auditor General

- The OAG's second performance audit report
- Office furniture purchases topic from the 2022 audit plan
- Five recommendations to enhance the City's ability to achieve best value in office furniture purchases and mitigate risks
- Action plan on recommendations provided to the OAG by:
  - The Supply Chain Management (SCM) department
  - The Real Estate and Facilities Management (REFM) department
- We received cooperation throughout the audit

- The City purchases new office furniture as part of facilities renovations, to support hiring, to support its ergonomics and office space planning programs, and to replace unusable or broken furniture
- The City spent \$5.96M during the 30-month audit period (according to the City's financial information) to purchase, repair, and install office furniture
- Legislation, common law, policies (such as the City's *Procurement Policy*) and trade agreements guide the City's procurements

- The Supply Chain Management (SCM) department within Finance:
  - Centrally administers the City's procurement of third-party goods and services
- The Real Estate and Facilities Management (REFM) department:
  - Selects specific office furniture models to be used City-wide
  - Manages supplier contracts with office furniture suppliers
  - Manages repairs and maintenance of office furniture under warranty

## **Audit Objective**

- To determine if the City's office furniture purchases were made with due regard for best value within established City policies, guidelines and priorities

## **Audit Scope and Period**

- Office furniture purchases made between January 1, 2020 to June 30, 2022
- Included relevant City policies, guidance, and administrative processes the City produced prior to January 2020 that were in use during the audit period

## We Examined Whether

### Procurement Policy

- The City's *Procurement Policy* met external and internal requirements and aligned with leading procurement practices
- The City ensured its *Procurement Policy* was up-to-date and accessible to staff

### Office Furniture Purchases

- Office furniture purchases were made based on best value, taking economy, ergonomics, space planning and sustainability into account
- The City followed procurement related policies in its selection of office furniture suppliers and when making office furniture purchases

## We Didn't Examine

- Decisions as to whether to make office furniture purchases
- Office furniture for non-staff use in public spaces
- Purchases of telecommunications, computer equipment and office supplies
- Alignment of the City's Ergonomics Program with BC's *Occupational Health and Safety Regulation*
- Ergonomic considerations in the City's *Remote Work Policy*



- The City met, with some exceptions, our audit objective of making office furniture purchases with due regard for best value
- The City had an assessment process to select office furniture, a reasonably comprehensive procurement policy, and used up-to-date supplier agreements
- However, we found exceptions related to the procurement processes the City used to qualify office furniture suppliers
- Additionally, the City had not defined when and how often to conduct assessments to ensure continued best value in office furniture selections



## Procurement Policy

- The City's *Procurement Policy* was accessible to staff and an appropriate schedule was set to review for updates
- The City's *Procurement Policy* was reasonably comprehensive but did not address all trade agreement obligations

# Recommendation 1

In the City's next review of its *Procurement Policy*, scheduled for 2023, the Supply Chain Management and Legal Services departments should make updates to ensure the policy addresses all trade agreement obligations.

## Procurement Process and Selection of Office Furniture Suppliers

- The 2016 RFQ on office furniture was used to seek quotations and to develop a pre-qualified list of suppliers, without sufficient detail on the selection processes
- Although the City stated it intended a non-binding procurement process, the 2016 RFQ contained language that may be binding
- The 2016 RFQ was 76 pages long, yet provided suppliers with only 12 business days to respond

## Procurement Process and Selection of Office Furniture Suppliers (continued)

- Opportunities for potential suppliers to be added to the pre-qualification list were not published after the initial 2016 RFQ and supply agreements were extended past the initial RFQ term
- The 2016 RFQ did not provide sufficient detail on how the City would order from the pre-qualified list of suppliers

## Recommendation 2

The Real Estate and Facilities Management, and Supply Chain Management departments should update the City's procurement strategy for office furniture in preparation for the next procurement of office furniture.

# Recommendation 3

The Supply Chain Management and Legal Services departments should review and revise the RFQ templates, guidelines, and processes to ensure:

- Compliance with trade agreements;
- The use of consistent language and clauses throughout; and,
- That suppliers are provided with sufficient detail on how the selection process and ordering will proceed.

The Supply Chain Management department should ensure that guidelines on how to use the templates include the appropriate length of time for suppliers to respond to procurement opportunities, and a requirement to publish opportunities for suppliers to be added to a pre-qualification list. In addition, the Supply Chain Management department should ensure that guidelines require that any deviations from policy be properly justified and documented.

## Achieving Best Value in Office Furniture Purchases

- REFM relied on weighted assessment processes to guide the achievement of best value in most office furniture purchases
- However, REFM did not have a defined and documented timeline on when and how often to conduct and refresh its assessments to ensure continued best value
- REFM did not conduct weighted assessments for newly introduced furniture items



# Recommendation 4

The Real Estate and Facilities Management department should develop guidelines on when and how often to conduct assessments and re-assessments on office furniture items and systems to ensure best value.

The guidelines should require consideration of new and evolving information relating to factors such as the City's needs, ergonomics, quality and pricing; including their relative impacts in a weighted evaluation process. Additionally, the Real Estate and Facilities Management department should ensure adequate documentation linking assessments to decisions is developed and retained.

## Achieving Best Value in Office Furniture Purchases

- REFM established price lists with suppliers for some but not all office furniture purchases

# Recommendation 5

The Real Estate and Facilities Management department should continue to build upon existing processes and establish price lists in supply agreements for commonly purchased office furniture items, including new furniture items. In addition, guidelines with reasonable price ranges for specific furniture types should inform these price lists.

## Office Furniture Purchasing Transactions

- REFM used up-to-date supplier agreements with pre-qualified suppliers
- Departments throughout the City generally followed appropriate practices in purchasing office furniture by coordinating purchases through REFM and avoiding the use of P-Cards and non-PO invoices

- Auditor General Committee to receive the Auditor General's report on Office Furniture Purchases and endorse the report's five recommendations
- Auditor General Committee to recommend to Council to receive the report and endorse the Auditor General's recommendations

## Management Comments