

SUMMARY OF STATUS OF MANAGEMENT'S ACTION PLANS AT JUNE 30, 2016)

Audit Name	Year Report Issued	Management's Self-Assessment Of The Status Of Their Action Plans And Accomplishments				
		Total # Of Action Plans	Fully or Substantially Implemented	Alternative Action Taken	Action Plan Partially Implemented	No Substantial Action Taken
Roads Miscellaneous Winter Maintenance	2010	32	30	0	2	0
Accounts Payable	2011	19	18	0	1	0
Conventional Transit	2011	16	16	0	0	0
Roads – Impact of Changes To Road Design	2012	13	13	0	0	0
User Fees – Sports Fields	2012	9	5	0	2	2
Transit and Community Arena Advertising Agreement	2013	5	4	0	1	0
Environmental Service Waste Collection Contract	2014	10	1	0	7	2
Competitive Procurement	2014	15	9	0	5	1
Building Services, Building Permits & Committee of Adjustment	2015	11	4	0	7	0
Freedom of Information	2015	5	5	0	0	0
Total		135	105	0	25	5
% By Status		100	78	0	19	4

Conclusion

Approximately 78 percent of the above audit action plans have been fully completed whereas only no substantial action has been initiated yet for only 4 percent. Another status report will be provided to Audit Committee a year from now.

Audit Follow Up Report

June 30, 2016

To: Audit Committee
From: Ron Foster, Auditor General

Re: Roads – Miscellaneous Winter Maintenance

	Audit Report Released	June 2010
	Original # Of Recommendations	32
	# Of Action Plans Previously Completed	29
	# Of Action Plans Now Closed	30
	# Of Action Plans On Next Follow Up	2
	Status as of June 30, 2016	Some Delays

Recommendation and Summary of Progress <small>(Note: Self-Assessment conducted by Roads Division)</small>	Self-assessed Status
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Recommendation 2 (a)

Due to the age of the software and limited ability within current MMMS to associate activities and costs to specific road assets or road segments, management should continue to investigate other available programs in the market place that could be used to support budget planning, work order management, productivity tracking and cost analysis to the infrastructure asset level.

- Complete

Original Management Response

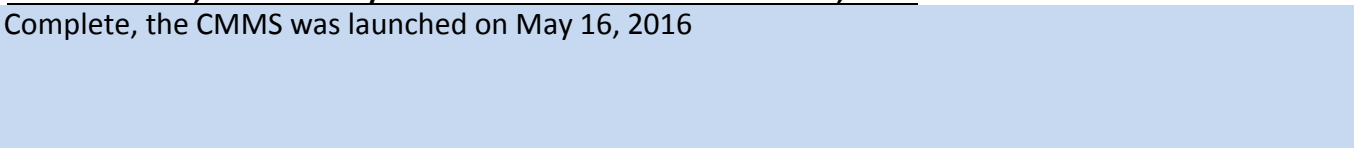
Staff agree that a more updated software program should be pursued to better refine the MMMS system. A Project Development Team is being established to pursue a replacement for the current MMMS system and a new system is expected to be in place by early 2012.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

Phase 1 of the new Computerized Maintenance Management System (CMMS) will be phased in over the next 24 months. Phases 2 and 3 will follow. The CMMS will include these functions.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Complete, the CMMS was launched on May 16, 2016



Recommendation 3 (a)

It is recommended that the City continue to extend the implementation of an AVL/GIS system that will capture the entire roads infrastructure. This will reduce the need for paper based road patrol reports as the information can be captured timely and accurately, right into GIS. Therefore, our road data will be available for reference purposes. It will be complete, accurate and timely. This information will also assist in the investigation of claims by reducing the amount of time required to trace through paperwork. Since an AVL/GIS system contains all the maintenance information, it can also be used to track potholes and plan the most efficient and cost effective repair for a section of road. This will ensure that once a pothole is identified, it is repaired according to minimum maintenance standards. The system should handle work orders, in order to track the productivity of the crews.

• Partially Implemented

Original Management Response

Staff agree. Staff have been investigating an electronic road patrolling system which would be tied to the ACR system. It is anticipated this will be in place with the new MMMS system.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The AVL equipment is 80% installed, and will be completed prior to the start of the 2014/2015 winter control period. The Route Completion Software is in development with a trial expected to start in November 2014.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The AVL equipment is installed in the Winter Control Fleet (both City vehicles and Contract vehicles) and in the Supervisors vehicles. The Route Completion Software trial is ending, and is scheduled to be fully functional by the end of 2016.

Recommendation 3 (b)

Management needs to improve procedures related to road patrol documentation to ensure regulatory requirements for patrols and repairs are consistently met.

• Partially Implemented

Original Management Response

Paper copy road patrol records are being kept and are continuously being improved. Staff follow the province's road patrol documentation process. Staff have been investigating an electronic road patrolling system which would be tied to the ACR system. It is anticipated that this will be in place with the new MMMS system.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The Route Completion software is in development. Following completion, the development of the Road Patrol software will commence.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The Route Completion software is nearing completion, the development/selection of the Road Patrol software will commence afterwards

Audit Follow Up Report

June 30, 2016

To: Audit Committee
From: Ron Foster, Auditor General

Re: Accounts Payable

	Audit Report Released	May 2011
	Original # Of Recommendations	19
	# Of Action Plans Previously Completed	18
	# Of Action Plans Now Closed	18
	# Of Action Plans On Next Follow Up	1
	Status as of June 30, 2016	Some Delays

Recommendation and Summary of Progress <small>(Note: Self-Assessment conducted by Finance)</small>	Self-assessed Status
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Recommendation (g) Invoices should reflect a Purchase Order (PO) generated within PeopleSoft. A PO system allows a three way match between invoice, PO and receipt of good. Therefore, all three must match in order to generate a payment. Once a match is made, the PO is closed and no further payments can be processed; thus preventing a duplicate payment. Although Finance is in the process of moving more PO's to PeopleSoft, it is understood that full implementation is still a few years away.	Partially Implemented
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Original Management Response
 At the time that PeopleSoft was implemented, the business process that was established included using PeopleSoft POs for purchases greater than \$5,000 as well as blanket POs and contract numbers. For purchases less than \$5,000 legacy POs and contract numbers and blanket POs if appropriate were to be used. When purchases are made pursuant to a contract, blanket purchase number or legacy PO, the operating department approves the actual invoice for payment by the appropriate signing authority signing the invoice. The signature is evidence that the operating department has authorized the purchase, received the purchase and confirms that the invoice accurately charges for goods or services that were authorized and received and is in accordance with the contract, blanket order or legacy purchase order and is therefore authorized for payment. We do agree that there is a need to move more purchases to PeopleSoft POs and to this end a project was initiated in the fall of 2009 to review the purchasing and payables cycle.

There are many recommendations that have stemmed from this review and staff continues to work to implement these recommendations. A key recommendation was to move more purchases to PeopleSoft POs. Changes to the purchasing cycle involve extensive changes to business processes as well as cultural change and consequently will take some time.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The City has made progress on the foundational pieces to improve the City's procure to pay cycle. These foundational pieces include: Purchasing By-Law, business process review / policy development, expansion of PeopleSoft functionality and integration with the new CityWorks MMMS system. Once the foundational pieces are complete, and resources are identified in operating departments, management plans to amend City policies to make the use of electronic purchase orders mandatory.

Managing the pace of change in the organization has been top of mind to the Chief Financial Officer, and Senior Management Team. The Finance Strategic plan outlined the required action items to achieve the goals, in a balanced approach, at a pace that the organization can manage with the resources it has.

In June, Finance has scheduled training for authorized employees, and we will take the opportunity to continue to encourage the use of PeopleSoft Purchase Orders, where efficient.

Update on Procurement Contract Functionality and PeopleSoft Purchasing Module

The work on Procurement Contract functionality has been advancing at a slow pace, since challenges were discovered. As reported to City Council, Spyre Consultants was hired and performed a review of the City's use of the PeopleSoft Purchasing functionality. The recommendations from these reports are being reviewed and prioritized. Additional resources will be required to implement the recommendations and business process changes. Finance is in the process of hiring a temporary ERP Project Manager to assist with the implementation.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The City continues to make progress in the use of PeopleSoft functionality specifically for Procurement Contracts. The City has started tracking contracts in PeopleSoft and has established a process to track standing offers and multi-year contracts. Finance continues the work on Procurement Contracts functionality to be able to track spending and has an ERP Project Manager until May 2017 to continue to expand the use of Purchase Orders.

Audit Follow Up Report

June 30, 2016

To: Audit Committee

From: Ron Foster, Auditor General

Re: Conventional Transit

Audit Report Released	August 2011
Original # Of Recommendations	16
# Of Action Plans Previously Completed	15
# Of Action Plans Now Closed	1
# Of Action Plans On Next Follow Up	0
Status as of June 30, 2016	Complete

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Transit Services)	Self-assessed Status
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Recommendation 1

A formal program of route analysis activities, route planning policies and standards considering such things as ridership demographics, citizens' needs and minimum ridership by route need to be established.

• Complete

Original Management Response

Accepting the auditor's recommendation will require more manpower to develop, implement and maintain these new policies and standards.

Actions taken, results and /or actions planned - As Of May 31, 2014

The project is ongoing with much of the information in draft format. Unfortunately the transit planner resigned at the end of 2013. We have recently hired a new planner which is currently being trained and who will resume the task of completing this project.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

A report on Transit Standards and Performance Indicators was presented to Operations Committee on November 16, 2015. The report gave an overview of Transit's Service Designs Standards, Key Performance Indicators and reporting/monitoring service review process. These tools are the foundation for staff to perform a systematic assessment on past and current performance of routes and provide a framework to assess requests for new, modified or extended services.

Audit Follow Up Report

June 30, 2016

To: Audit Committee
From: Ron Foster, Auditor General

Re: Roads – Impact of Changes to Road Design

Audit Report Released	August 2012
Original # Of Recommendations	13
# Of Action Plans Previously Completed	11
# Of Action Plans Now Closed	13
# Of Action Plans On Next Follow Up	0
Status as of June 30, 2016	Complete

Recommendation and Summary of Progress

(Note: Self-Assessment conducted by Roads Division)

**Self-assessed
Status**

Recommendation 1

The City should improve policies, procedures and reports supporting accountability for rejection of inferior products and enhanced follow-up on warranty issues.

• **Complete**

Original Management Response

Management will formulate a reporting procedure for test results. This can be completed within six months (March 2013).

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The City of Greater Sudbury is participating in a pilot project with the Ontario Hot Mix Producers Association, the Ministry of Transportation, and other municipalities in Ontario on the issue of “rejectable samples” and based on the pilot project shall make the appropriate changes or revisions to Ontario Standard Specification 310 – Construction Specification for Hot Mix Asphalt.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Complete, the City will follow the Guidelines and Procedures in accordance to Ontario Provincial Standard Specification (OPSS) as outlined in specification 310 Construction Specification for Hot Mix Asphalt and specification 1150 Material Specification for Hot Mix Asphalt.

Recommendation 7

The City should improve policies, procedures and reports supporting accountability for rejection of incorrect cross fall as specified in the contract and/or drawings in order to comply with City standards.

• **Complete**

Original Management Response

Will research policies and procedures of the Ministry of Transportation and other municipalities in Ontario. Time frame may be 12 to 18 months.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

Research is ongoing and on schedule.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Complete, the City will follow the Guidelines and Procedures in accordance to Ontario Provincial Standard Specification (OPSS) as outlined in Specification 310 for Hot Mix Asphalt.

Audit Follow Up Report

June 30, 2016

To: Audit Committee

From: Ron Foster, Auditor General

Re: User Fees – Sports Fields

Audit Report Released	November 2012
Original # Of Recommendations	9
# Of Action Plans Previously Completed	3
# Of Action Plans Now Closed	2
# Of Action Plans On Next Follow Up	4
Status As Of June 30, 2016	Some Delays

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Community Development)	Self-assessed Status
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Recommendation 1	
Evaluate whether the youth per participant rate should be replaced with an hourly rate. If any changes are required, it should be reflected within the User Fee By-law approved by Council.	<ul style="list-style-type: none"> No Substantial Action Taken

Original Management Response

Review impact of any potential changes to minor sports playfield user fees and prepare a report to Standing Committee with options re: participant rates vs. hourly, etc. The review will be conducted in time for the 2014 playfield season.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The original deadline to submit a report to the Community Standing Committee as identified on June 30, 2013, was not realized. The analysis will be completed and presented to the Community Standing Committee for direction in early 2015.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The analysis regarding youth participant rate vs. hourly rate charges will be presented to Council as part of the 2017 budget process

Recommendation 4

If the City continues to charge a per participant fee for youth associations, Leisure Service should consider including a provision for participant number verification rights within the Facility Agreement for youth leagues similar to other revenue generating contracts within the City.

- No Substantial Action Taken

Original Management Response

Contingent on any decisions made from recommendation #1. The requirements would have to be incorporated into the facility use agreement.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The department will be requesting a signed letter from each minor sports organization confirming the total number of registrations.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

At the beginning of each field season (June), each youth sports group must submit their confirmed registration numbers. Based on this figure, groups are billed their participant rate amounts for the current year. After the season is over in September/October, they are asked to confirm their numbers and a reconciliation process is performed based on any changes in participant numbers over the term of the season.

Recommendation 5

A best practice for user fees is for the City to set a policy framework that provides transparency and clarity, promotes consistency, and makes cost sharing amongst users more equitable. Management should present user fee target recovery options to Council after performing a full cost analysis. Since the decision for establishing user fees rests with Council, full cost analysis will better inform Council of cost recovery target options as well as their impact on user fees. Management may want to consider implementing these recommendations within Leisure Services prior to rolling it out to other departments within the City.

- Partially Implemented

Original Management Response

The City's Base Budget Preparation Policy states "that when establishing user fee rates, the (a) Cost of service, including direct, indirect costs, allocation of capital costs etc. should be considered." In addition, policy #7 of the Long Term Financial Plan states "Ensure operating revenues are sustainable and consider community-wide and individual benefits (taxes versus user fees)". In addition, there are a number of principles that provide guidance to management regarding user fees. For example, principle 3.3 states "Establish target proportions of program costs to be raised through user charges based on reviews of benefits received; Principle 3.6 states "Ensure both operating and capital costs are considered when establishing user fees (full program costing)".

Management agrees that the City should expand the use of the existing policy framework when setting user fees. As a first step, the Finance and Leisure Services department will prepare a report to Finance and Administration Committee which discloses the current and historical user fee recovery percentages for the larger programs in Leisure Services, and to seek the committee's direction regarding increasing user fees to address the City's infrastructure shortfall or to reduce the tax levy.

In addition, as part of the 2013 budget planning session, Council requested a detail breakdown on the operational costs for the following programs:

- a) camp Sudaca / Wassakwa
- b) summer playground programs
- c) fitness facilities
- d) trailer park operations

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The fitness fees are currently being reviewed and a recommendation will be presented to CS Standing Committee in 2015. The department is using the City's base budget preparation policy as a guide in establishing user fee rates. In addition the Parks, Open Space, Leisure Master Plan review as part of the implementation strategy have identified an action plan on user fees & cost recovery. The plan recommends that Staff regularly assess rates and fees for Leisure programs and facilities to ensure that they represent a fair and equitable balance between true costs and public benefits. It is recommended also to include annual capital requirements within the cost recovery targets to provide a true indication of the balance between user fee contributions, taxation, and other funding sources. The master plan review provides recommendations on developing an Affordable Access to Recreation policy in order to bolster universal access to physical activity and recreation opportunities based on an ability -to-pay model. The draft Parks, Open Space, Leisure Master Plan review will be presented to CS Standing Committee on June 16th, 2014.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

As part of the 2013 budget planning process, a user fee strategy was presented for summer programs and adopted by City Council. A similar strategy was presented for fitness facility fees, however was rejected by Council. The Director of Leisure Services will be resubmitting a user fee strategy for fitness fees and an overall user fee strategy to the Community Services Committee in late 2016, early 2017.

Recommendation 6

User fee rates for James Jerome artificial turf should be re-evaluated to ensure it is meeting established program objectives.

• Complete

Original Management Response

User fee rates for James Jerome artificial turf will be re-evaluated in time for the 2014 Playfield season.

Actions taken, results and /or actions planned - As Of May 31, 2014

The original deadline to submit a report to Community Standing Committee on September 16, 2013, was not realized. The analysis will include a 3 year review (2012-2014) of the use of the artificial turf in order to establish an accurate pattern of use. The results of the analysis will be presented to Community Standing Committee in early 2015 for direction.

Actions taken, results and /or actions planned - As Of June 30, 2016

User fees for the James Jerome artificial turf were reviewed prior to the 2016 season. A survey was sent to all groups currently using athletic fields including the James Jerome Artificial Turf. The results of the survey indicated that no changes are required regarding field allocation. Fees have increased through the annual user fee by-law but not beyond these amounts. This decision will be communicated to Council during the budget process.

Recommendation 8

Additional clarification should be made in the User Fee By-law as to which City fields are major or minor complexes. This should include fields covered under Joint Use Agreements for which the City can charge a fee.

• Complete

Original Management Response

Clarification will be captured through the annual user fee by-law review which is circulated to operating departments for input and forwarded to Council for approval annually (December/January).

Actions Taken, Results and /or Actions Planned - As Of June 30, 2013

There are definitions between major and minor fields in the current user fee by-law. School fields have not been included. Staff will review and include the school fields as part of the upcoming amendments to the user fee bylaw.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

There have been definitions added within the user fee by-law for major and minor complexes. While not all locations are listed within the user fee by-law, the definitions are all encompassing and would allow any athletic field to be identified by these definitions.

Recommendation 9

Ensure the Joint Use Agreements are updated in a timely fashion with all school boards participating in this agreement. Ensure they accurately reflect the current understanding amongst all the parties in regards to field maintenance, usage and restrictions.

• Partially Implemented

Original Management Response

Leisure staff have been working on renewing the joint use agreement since the fall of 2011. A number of meetings have been held with representatives from all Boards of Education in order to revise and update the Joint Use Agreement. A draft agreement will be circulated to senior staff and will be presented to Council for feedback. The objective is to finalize the agreement by year end 2013.

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The draft is being reviewed by the respective boards and legal departments. The draft agreement is scheduled to be completed and presented to Council for their review by September 2015.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

This recommendation is ongoing. This is a complex issue which the Director of Leisure Services has taken the lead on. It is the goal of Leisure Services to provide an update to the Community Services Standing Committee in late 2016 or early 2017.

Audit Follow Up Report

June 30, 2016

To: Audit Committee

From: Ron Foster, Auditor General

Re: Transit & Community Arena Advertising Agreement

Audit Report Released	August 2013
Original # Of Recommendations	5
# Of Action Plans Previously Completed	4
# Of Action Plans Now Closed	0
# Of Action Plans On Next Follow Up	1
Status As Of June 30, 2016	On Track

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Transit)	Self-assessed Status
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Action Plan 5

Transit advertising services should be separately contracted out (unbundled). Revise the process for issuing and awarding Transit and Community Arena Advertising Agreement with the objective of maximizing competition and potential advertising revenues for the City.

- Partially Implemented

Management Comment – Action Plan Lead – Timing

Comment - Management agrees with the unbundling of the agreement.

Action Plan Lead – Director of Transit and Fleet Services – Manager of Arenas

Timing - At agreement renewal or new RFP

Actions Taken, Results and /or Actions Planned - As Of May 31, 2014

The agreements will be unbundled prior to issuing and awarding a new Transit and Community Arena Advertising Agreement with the objective of maximizing competition and potential advertising revenues for the City.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The agreements will be unbundled prior to issuing and awarding a new Transit and Community Arena Advertising Agreement in the fall of 2019, with the objective of maximizing competition and potential advertising revenues for the City.

Audit Follow Up Report

June 30, 2016

To: Audit Committee

From: Ron Foster, Auditor General

Re: Environmental Service Waste Collection Contracts

Audit Report Released	June 2014
Original # Of Recommendations	10
# Of Action Plans Previously Completed	0
# Of Action Plans Now Closed	1
# Of Action Plans On Next Follow Up	9
Status as of June 30, 2016	Some Delays

Recommendation and Summary of Progress

(Note: Self-Assessment conducted by Community Development)

**Self-assessed
Status**

Recommendation 1.1

The City's performance indicators relating to community impact, service level and efficiency are comparable with other municipalities in Ontario; potential for cost reduction could be realized from the following:

1. Reducing the number of garbage bags collected per household and
2. Reducing the frequency of garbage collection.

• **Partially
implemented**

Management Response

Management agrees that there are opportunities to reduce garbage collection costs and to increase waste diversion. These items have already been discussed by the Solid Waste Advisory Panel and they are intended to be brought forward for discussion as part of the 5 Year Solid Waste Strategy (tentatively scheduled for the Operations Committee in early 2015).

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

On March 8th, 2016, Council approved the reduction of the garbage bag limit and reducing the garbage collection frequency. The garbage bag limit will be reduced from 3 to 2 units in October 2016. Followed by another decrease from 2 to 1 units in October 2019. The co-collection of garbage and leaf & yard trimmings is scheduled to switch from a weekly service to an every other week service in February 2021.

Observation 1.2

The price paid by the City for collection of garbage and recyclables/organics is based on the size of container and tipping fees payable (only for garbage). Separation of tipping fee reimbursement and collection/lift fee in the next collection tender would facilitate maintaining a consistent price for collection/lift fee for garbage and recyclables/organics.

• Partially Implemented

Management Response

Management agrees that the Contractors have bid differently on front-end collection services for the High Density Residential (HDR) sector.

Management has no objections to the Auditor's request to separate the collection and disposal costs for front-end collection in the next collection tenders.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

This pricing structure will be adopted as part of the next waste collection tender scheduled for October 2016.

Observation 1.3

a. Index

The collection contracts provide an adjustment for increase/decrease in cost for 90% of contracted rates (excluding fuel) based on the year to year "CanaData Composite Construction Cost Index for Ontario". The above comparison illustrates the quantum of additional payments made to waste collectors, if CPI index was used instead of CanaData Construction Cost Index. For 2013, such additional payment amounts to \$305,467 (@ 5.2% of 90% of \$6.5 Million).

• Partially Implemented

b. – Fuel

Payment adjustments for increase/decrease in costs were originally outlined in clause 28 - Division # 3 of tender document. Procedures to calculate payment adjustment for fuel price changes were further clarified by Addendum No. 2 subsequently. However, it was noted during the audit that despite this Addendum No. 2 clarification, actual monthly fuel price adjustments are not in compliance with contract terms.

Management Response

a. - Index

Finance staff had already identified that changing the inflationary index used in Contract tenders from CanaData Construction Cost Index to CPI Ontario would result in annual savings. Waste Management Contracts awarded since July 2009 (ISD 09-15 for Sample Collection and Analysis) have already switched to using CPI Ontario as the inflationary index, and all future waste contracts will continue this trend if an index is incorporated.

b. – Fuel

Management and Supplies & Services staff will ensure that future tenders that contain a fuel escalation clause include an effective date for the base fuel price.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The CPI index is being used for all revised service contracts and will be used in the next waste collection tender scheduled for October 2016.

Observation 2.1

Goals and performance measures for waste management have been defined and stated by certain Municipalities in Canada. Such criteria provide an objective basis for periodic comparison to assess performance relating to waste diversion, recycling and other initiatives over time.

The City of Greater Sudbury has not formally maintained such periodic performance measures. Only certain statistics are tracked for annual reporting to Ministry and funding claims.

In the absence of formal measures, no assessment over time could be performed for the period of waste collection by contractors for the City from 2006.

• Partially Implemented

Management Response

A “5 Year Solid Waste Strategy” is being developed with input from the Solid Waste Advisory Panel. This document will include but not be limited to goals and planned actions. This report is tentatively scheduled for the Operations Committee in early 2015. Once the draft plan is approved, performance measures over and above the current OMBI measures can be developed.

Management believes that the estimated savings provided in the report is high, but supports the Auditors recommendation to conduct a business case that will review the financial and operational impacts.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Management has reviewed the performance metrics with the Auditor General’s Office. A variety of performance metrics will be adopted in the next waste collection tender schedule for October 2016.

Observation 2.2

The auditors attempted to perform a comparative productivity analysis for each of the four designated areas to assess relative efficiencies and cost/price patterns. As the above statistics were not being created and maintained by Environmental services, no productivity/efficiency comparisons could be performed.

• Partially Implemented

Management Response

Management will continue to perform annual audits for approximately 100 households per year. The audit will continue to measure participation rates, set-out rates and capture rates.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Management has reviewed the performance metrics with the Auditor General’s Office. Once the performance metrics are in place, productivity comparisons will be performed. This will commence in 2017.

Observation 3.1

Certain terms and conditions were noted in the contracts that may benefit the City, while certain others may benefit the contractors. These terms and conditions appear to be contrary to the price paid by the City for amount of services received. The net impact in cost to the City could not be estimated as no details to estimate are being maintained.

• Partially Implemented

Management Response

Management agrees that opportunities for improvement exist and will include definitions in the next collection tenders for household dwellings and stops. A more detailed household count process is currently under development and should be available for the next collection tenders (this relates to the new GPS system).

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Enhanced definitions on terms and processes are being prepared and will be included in the next waste collection contract scheduled for October 2016.

Observation 3.2

In Contract #2005-49 clause 20 in Division #3 provides clarification and information on items listed in the 'Schedule of Unit Prices' (Division #2). However, references in Division #3 for the following three items do not match with corresponding items listed in Division #2.

• Partially Implemented

Management Response

Management agrees the three scope items did not match the corresponding item number in the schedule of unit pricing schedule. This administrative error caused no financial impact and would have simply been corrected if the successful contractor had made the request.

Management and Supplies & Services staff will endeavor to minimize this type of error in the future.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Staff will endeavor to minimize this or any other type of error in future contracts including the next waste collection contract scheduled for October 2016.

Observation 4.1

Audit noted that Environmental services did not have individuals with a finance background and experience to facilitate and perform operational financial analysis to support the division, similar to certain Infrastructure Services Divisions.

• No Substantive Action Taken

Management Response

Yes, there is no dedicated Finance position that supports this Division. However, Finance assigned a dedicated Senior Budget Analysis to the Growth & Development Department in June 2010. This position supports the various Divisions of the Growth & Development Department. Finance is supportive in establishing a dedicated financial support position for Environmental Services.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

An additional FTE would require the consent of Council.

Observation 4.2

In light of restrictions imposed by most cities in Ontario on the quantity and frequency of bulk item collected curbside, opportunities for cost reduction may be explored.

- No Substantive Action Taken

Management Response

The unlimited weekly collection of defined bulk items is an approved service level. A change in service level would require the consent of Council.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

A change in service level would require the consent of Council. On March 8th, 2016, Council approved to continue the current program with a new 'Call in/E-mail in' service. Opportunities for cost reduction will be explored as new programs are developed under the new Waste Free Ontario Act.

Observation 4.3

Monthly invoices are supported by a spreadsheet of workings showing calculations for amounts claimed by contractors. This spreadsheet is prepared, updated and maintained by contractors. Significant time and resources are devoted by Environment services to verify calculations in these spreadsheet and workings prior to approving invoices for payment. A suggestion to lock down these spreadsheets with a password for a better control and manage change was made and accepted for implementation.

- Complete

Management Response

Management appreciates the recommendation provided by the Audit Section for locking down the invoice spreadsheets. Management and Supplies & Services staff will endeavor to minimize this type of error in the future.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Completed by the Supervisor of Collection & Recycling.

Audit Follow Up Report

June 30, 2016

To: Audit Committee
From: Ron Foster, Auditor General

Re: Building Services, Building Permits & Committee of Adjustment

Audit Report Released	June 2015
Original # Of Recommendations	11
# Of Action Plans Previously Completed	0
# Of Action Plans Now Closed	4
# Of Action Plans On Next Follow Up	7
Status As Of June 30, 2016	Some Delays

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Building Services)	Self-assessed Status
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Observation 1.1

Delays in updating tax rolls by MPAC could delay tax collections and extended delays over two years could result in unrecoverable taxes in accordance with the provisions of the Assessment Act, 1990.

1. No analysis has been attempted on a similar basis for Building permits issued from 2008 for Industrial and Commercial segments.
2. No analysis appears to have been completed, on a similar basis for Building permits issued for residential properties.

- Partially Implemented

Management Response

As a result of this audit, the current Property Assessment Representative reviewed the sample of 98 building permits from 2001 to 2007. Based on this review in 2015, management believes that assessment returned by MPAC on the 98 permits appears reasonable. The two building permits from 2001, do reflect additional assessment, however further investigation would have to be conducted to determine if the assessment and timing were appropriate.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

A random sampling of permits issued after 2008 was completed. The results were positive and a formal review was deemed to be unwarranted. In our opinion, due the Finance Departments' recent close scrutiny of building permits, MPAC was reactive and addressed the inventory of mining related permits.

More recently, in following the assessment base management procedures, an issue was identified. MPAC was contacted to ensure building permits at mining properties were actioned and as a result it was discovered that legislated time lines were missed resulting in a revenue loss to the municipality.

Observation 1.2

Construction of mining properties may be initiated without a Building Permit. No formal process exists within the Tax department to track such construction activities for inclusion in the tax rolls.

• Partially Implemented

Management Response

Building permits in the mining industry are complex and the City of Greater Sudbury only receives building permit applications in accordance with provincial legislation. Some mining activities and related structures are exempt from assessment and permit requirements. CGS's access to mining properties is driven by building permits and analysis performed when assessment appeals are received. Building services has currently developed an engineering standard with the largest mining company to assist them in knowing what construction attracts a building permit application.

The CGS, through its property assessment representative, will continue to monitor mining activity by liaising with Building Services staff, viewing mining company websites and media reports, as well as identifying assessment growth when analyzing appeals, and inspecting mitigation applications such as commercial vacancy and demolitions.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Finance staff continues to liaise with partners in Building Services and MPAC to ensure permits are actioned within legislated time lines. The draft Service Level Agreement (SLA) agreement between municipalities and MPAC addresses the need for collaboration and holds all parties accountable for the timely exchange of information. Our latest communiqué with MPAC indicates the roll out of the SLA agreement is imminent.

Observation 1.3

The current focus of staff at CGS in the Tax department comprising 11 staff is, providing customer service to residents, distributing tax notices and updating results of appeals; with a single contract resource responsible for maintaining the integrity of tax rolls. The current full time resource (in comparison to the previous part time resource) may not be sufficient to maintain adequate assurance over tax rolls considering the above risks.

• Partially Implemented

Management Response

CGS has volunteered to participate in a pilot project with the proposed service level agreement between MPAC and the municipal sector. By participating in this project, CGS will have a voice in the adoption of

a service level agreement to the mutual benefit of MPAC and the City. This will also improve our ability to formulate and complete an assessment base management policy designed to not only identify and capture assessment growth but also to administer provincially mandated mitigation programs in keeping property tax loss to a minimum.

The timing of our participation in the pilot project and the progress of the service level agreement is dependent on MPAC and the manager of taxation and the City's property assessment representative will collaborate on this initiative.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Our latest communiqué with MPAC indicates the roll out of the SLA agreement is imminent.

Observation 1.4

MPAC periodically updates assessed values based on upgrades and additions to properties noted during field work and market intelligence. The audit noted three properties, where a Building Permit was not obtained prior to construction/upgrade. These properties were part of a list of thirty six properties included in supplementary assessment in June 2014 where maximum arrears of taxes were recovered. A test check by audit of eight of such properties indicated that no Building permit was issued for three properties.

• Partially Implemented

Management Response

As a result of this Audit, management has gained valuable information that will assist in the development of an assessment base management policy which will document the existing procedures which are in place. In addition, the policy will include expanded procedures that will be implemented to monitor the timeliness of MPAC's delivery of supplemental/omitted assessment.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

As mentioned in 1.3, it is anticipated that the SLA will address the timelines of MPACs delivery of supplementary and omitted assessment.

Observation 2.1

The Building Services department relies on multiple systems relating to information such as Building Permits, inspection notes, cash collections, taxes and tracking of issued 'Orders to Comply'. These systems are not integrated and contain limited information about a property that may be more meaningfully used if they were integrated. Integration of multiple systems would be beneficial and may be attempted considering the information need, workflow and privacy provisions.

• Partially Implemented

Management Response

We agree that having a single property database inclusive of all these various legal, departmental interests, impediments or requirements to be dealt with at permit review so they may be conveyed to owners and consultants would be beneficial. This is why we have committed to the development industry to move forward with a new integrated land and property management system. This is why we have committed to the development industry to move forward with a new integrated land and property management system. This would be a City-wide, property centric system that provides a comprehensive history for all properties and land in the City. A scoping study has already been initiated with staff,

Information Technology and an outside consultant including a financial budgeting program, for this Land Property Management System (LPMS). A report was provided to Council on May 12, 2015, on the project. The LPMS would replace a number of pre-existing solutions, simplifying the current complex systems environment and providing key functions.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Although the scoping document for the Land Property Management System software was completed, the financial budget commitments for the larger scope of project with additional departments was not available. However, recently the “Gearing Up For Growth” Advisory Panel of Council Resolution (June 14, 2016) identifies Land Property Management System (LPMS) as key step for the City to become a more development friendly community. As well, the development of a LPMS software package forms part of Council’s Strategic Plan passed earlier this year. A Business Plan is to be presented to Council later this year to assign budget dollars from Building Services’ Reserve funds, to accomplish the smaller scoped project, including Planning and Compliance & Enforcement.

Observation 3.1

The number of complaints, concerns, and other issues received relating to Building Services and recorded in Active Citizens Request (ACRs) indicate a high number is not being followed up and closed on a timely basis. As old inactive orders issued were input into ACR along with active citizen requests received in 2014, a trend analysis of issues relating to 2014 could not be performed. Further, it was noted that all inspectors were not adopting a uniform and consistent approach to update and close assigned cases.

• Complete

Management Response

Although a cursory examination of the Active Citizen Request (ACR) records appears to show a number of them not being followed up and closed in a timely manner, the majority of these form a part of an administratively initiated database record for flagging inactive manually created orders under the Building Code.

This program was initiated by the Chief Building Official in concert with the Upper Canada Law Society (LAW Pro) to facilitate an electronic search of Building Services’ property database as a pilot program to facilitate property searches on land transactions by local lawyers. Next phase of the program will further rationalize these manual Orders.

All ACR’s initiated by citizens in 2014 had been addressed by at least one site inspection and had de facto a 72% completion rate but not properly reported through the ACR system by Building Services staff. All reported instances of unsafe buildings not reported to be completed in the ACR system were safely boarded up and shored. These four (4) sites are awaiting further work by the owners and are being monitored continuously by inspector/manager involved. The Unsafe Building ACR’s have an assigned stipulated time frame for completion of five (5) working days.

At the present time the Information Technology group, Building Services staff and the Citizen Services Centre group are investigating how the ACR system, introduced to the Building Inspectors’ group in 2011, can be integrated with the Permit Services group and Development Engineering to provide a more complete process of addressing ACR’s received.

Building Services acknowledges the requirement for refining ACR use with I.T. and Citizen Service Centers including additional training of field inspectors on the system and extending the system to other areas currently not subscribed to the ACR system. This work is currently underway.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

In response to the Auditor’s report concerning ACRs that was submitted to the Audit Committee, staff and management reviewed the current system of entering the ACRs and responding to the complaints. More categories were added and the timeline on reviewing all of the complaints was refined, resulting in a more efficient process. As a result of this, our completion rate went from 70% in 2014 of the 186 total complaints, to a 95% completion rate of the 267 complaints received in 2015. Further, the Development Engineering Group has been added to the ACR system to provide a more complete process.

Observation 4.1

An analysis of number of inspections performed by each inspector during 2014 indicates a disproportionate work load for residential inspections performed. Certain inspectors were performing a higher number of inspections during the year in comparison to the annual average number of inspections for each category.

• Complete

Management Response

Inspectors who are assigned solely to residential inspections based on work experience and provincial qualifications often undertake more inspections than those doing Industrial, Commercial and Institutional (ICI) inspections based on the size and complexity of the construction. The larger projects require longer timelines per individual inspection than their residential counterparts. Therefore, the number of inspections undertaken is not a direct correlation to a disproportionate workload.

However, we acknowledge that a pilot program for residential Inspectors last year, which assigned zone areas to Inspectors, needed some adjustment to be made both geographic areas wise and administratively to equalize the call counts. These were being manually adjusted last year by the Manager of Building Inspection Services and modifications to these assigned area as well, the assignment procedures should provide for more equity in workload this year.

It is hoped through the data currently being collected by the Automated Vehicle Locator (AVL) System within inspectors’ vehicles and an algorithm with the LMPS software, the inspectors’ call counts will be distributed electronically with a view to equity of workload and efficiency of service.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

In the interim to the automated algorithm assignment of called in inspections, the areas assigned to inspectors has been modified and the process of re-assigning calls to neighbouring Inspector areas has been initiated to provide more equity in Inspectors’ workload.

Observation 4.2

Over 200 applications for Building permits between 2012-14 with an estimated value in excess of \$ 60 Million are appearing as ‘open’ with no permit issued or fees collected. It is likely that some of these applications might have been withdrawn or construction might have been completed under another application.

• Complete

Management Response

The report indicates that there are over 200 open incomplete building permit applications submitted over the last 2 years (less than 1% of the average 2000 building permits issued yearly). These building permit applications result from a customer centric policy which allows for incomplete applications to be submitted while provincial regulations would prevent them from being accepted. The majority are one-time applicants for decks, sheds, pools and garages and are reviewed when field staff resource allows during winter months.

Field verification and follow-up letters to owners cancelling applications are done when staff resource allows. In addition, a number of VALE – AER projects that were put on hold will be migrating off this list now that VALE has established revised its AER program. We affirm the Auditor’s statement that a program is in place to address these applications as manpower resources presents itself in “off peak” times.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Program is in place to address open and incomplete Building Permit files.

Observation 4.3

Building inspections are scored a ‘Pass’ or a ‘Fail’. While the current “Inspectors Plus” system has functionality to record reasons for failure this functionality was not always being used. Recording results of inspection areas that partially pass (or fail) would facilitate a subsequent follow-up inspection. For example, reasons such as “Work-in-Progress”, “Work Not Started”, “Work Suspended”, “No Access to inspect”, etc. can all be documented and acted upon during a follow- up inspection. Such an analysis could potentially result in savings by avoiding repetitive inspections of an area, and a database of such analysis would identify particular weakness of contractors in objectively assessing performance.

● Partially Implemented

Management Response

InspectorPlus has the functionality to record reasons for failure. It includes ability to field print out inspection notices documenting those deficiencies for the information of the contractor/owner and follow-up inspections. The base document is electronically stored in the building permit database and time stamped. With respect to an analysis of particular contractor weakness by having a database of our most frequent deficiencies, we agree that this would be useful and will be built into our Request for Proposal (RFP) for new Land Management Property (LMPS) software discussed in Observation #2.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

See response for 2.1 on the Land Property Management System (LPMS).

Observation 4.4

We were informed during the audit that the Building Permit department is in the process of developing a procedure manual for various functions. Currently a documented manual is not in existence to facilitate reference and training for new employees and knowledge sharing.

● Partially Implemented

Management Response

Policies and procedures do exist. Technical manuals and Bulletins for the industry are issued for new Code changes. Regularly check lists are used both in InspectorPlus and hardcopy for Inspectors, Plans Examiners, Permit Customer Service Clerks and Front Counter Plans Examiners. Technical staff are trained and examined to Provincial standards on an ongoing basis. Further, their status is posted on the Ministry of Municipal Affairs & Housing website for public review. Administrative Permit Customer Service Clerks have procedures issued to them and these are regularly updated for legislative changes such as Source Water Protection, Planning Policy changes and OBC changes. However, we agree with the Auditor that a process flow chart documenting the Building Permit and Inspection process from start to completion may have value for new employees and customers.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The process flow chart documenting the Building Permit and Inspection Process has been initiated and will be completed in the last quarter of 2016.

Observation 5.1

No formal Terms of Reference (ToR) has been defined for The Committee of Adjustment. By-Law 2003-01 outlines the authority and procedures for the Committee of Adjustment (CoA). However, this is not codified in a formal Terms of Reference outlining the parameters against which the work of CoA may be assessed. Certain Municipalities such as Burlington, Niagara-on-the Lake and Chatham-Kent have a defined CoA Terms of Reference.

• Complete

Management Response

We accept the recommendation to develop a Terms of reference for the Committee of Adjustment. We agree that formal terms of Reference can be used as a valuable tool to assess the operations of the Committee. We also agree that it will provide an important opportunity to educate other parties regarding the work of the Committee. With this in mind we commit to developing a formal terms of Reference within a 6 month time frame.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The Committee of Adjustment Terms of Reference (TOR) were completed and approved by City Council on September 15, 2015. The TOR have been posted on the CGS Planning Services website.

Audit Follow Up Report

June 30, 2016

To: Audit Committee

From: Ron Foster, Auditor General

Re: Competitive Procurement

	Audit Report Released	June 2015
	Original # Of Recommendations	15
	# Of Action Plans Previously Completed	0
	# Of Action Plans Now Closed	9
	# Of Action Plans On Next Follow Up	6
	Status As Of June 30, 2016	Some Delays

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Procurement Section)	Self-assessed Status
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Observation 1.1	
The audit confirmed existence of numerous agreements in Supplies and Service's record of Blanket Purchase Order Agreements that were outdated and requiring maintenance and update.	• Completed

Original Management Response

The City's Purchasing By-Law 2006-270 authorized the use of Blanket Order Contracts to be established to purchase repetitive Goods or Services for a specified period of time, when convenience and location are significant factors in determining Total Acquisition Cost and the quantity and demand are unknown. Two types of Blanket Orders existed:

- (1) Convenience/Location and Repetitive: where pricing is obtained and a maximum dollar limit per release is established. (Note: Many did not contain expiry dates)
- (2) Repetitive Supplies/Services: Issued through a Tender/RFP Process

During 2011 and 2012, staff in Supplies & Services cleaned up the inventory of Blanket Orders and deleted numerous Blanket Orders that were no longer required. During this review, management identified that

additional review, renewal and updating of many Blanket Orders was required. This was reported to City Council in two reports related to the updating of the Purchasing By-Law, in April 2013 and in January 2014. As a result of management's review, in April 2013 Finance recommended changes to the Purchasing By-Law which would eliminate Blanket Orders, and that these contracts will be replaced with Standing Offers. The By-Law also clarified that total acquisition costs under the Standing Offers must comply with the procurement thresholds and other provisions of the By-Law. Further, in January 2014, City Council approved the following resolution "That the City's existing Blanket Orders be maintained until they expire, and that any existing Blanket Orders requiring renewal be completed before June 30th, 2015.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The majority of Blanket Orders were completed by December 2015.

Observation 1.2

Finance Services does not maintain a centralized list of contracts with their expiration dates. Instead, reliance is placed on the operating departments. Maintenance of Contract records hold the key to ensuring that competitive bid solicitations are initiated, and communicated to prospective bidders well before the expiration of the contract. By placing reliance on manual systems and processes, there is a risk that existing vendors and suppliers may enjoy extension of contracts and continue to provide goods and services, contrary to City's procurement objectives.

● Partially Implemented

Management Response

Same as noted above for 1.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Spend analysis improvement is expected from implementation of expanded category list. A centralized list of multi-year contracts with expiration dates was established and maintained in PeopleSoft Contracting module.

Observation 1.3

There are opportunities to improve purchasing practices. For example, a vendor was awarded Road Maintenance work on a call by call basis. Since the value of each "call" averaged under \$3 thousand, an opportunity to bid or quote on the work was not publicly advertised. During the period of our audit review, 43 individual awards of work were purchased from this vendor (38 charged to the same department and account). The value of work awarded added up to \$127 thousand. No current blanket purchase order or open competitive RFT or RFP process was found.

● Completed

Management Response

Management concurs with the AG's observation. Management's planned changes as communicated to City Council through the development of the revised Purchasing By-Law will increase opportunities for competitive procurement for low dollar value, repetitive purchases. However, for certain purchases in the AG's sample of transactions the quotation process was utilized by the Authorized Employee in accordance with the Purchasing By-Law 2006-270.

The Purchasing By-Law (2014-01) includes the use of Standing Offers as a tool to achieve purchasing efficiencies and increased competitive procurement for the low dollar value, repetitive purchases. The examples that the AG has provided are included in the Blanket Order renewal process, and will be replaced with Standing Offers, established competitively, where appropriate.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

The Purchasing By-Law was substantially revised in 2014.

Observations 1.4 and 1.5

Methods used to estimate and report on the value of contracts on the City’s website were inconsistent. Similarly, the content of RFT and RFP public advertisements found on the City’s Tender Results Web Page was inconsistent.

• **Completed**

Management Response

Supplies and Services will research the websites of other municipalities to determine best practices for the disclosure of the various types of Contract Awards (ie. Unit Price, Fixed Price, Cost Plus, and the disclosure may vary for the purchase of goods, services or construction). Subsequently procedures and updated templates will be developed to ensure consistency in the wording of CGS’s Contract Awards and notification of bid solicitations on the City’s website. Timeline: September 2014

To enhance transparency and accountability, the Purchasing By-Law 2014-01 also included a new requirement for the Purchasing Agent to provide a report to City Council which summarized the contract awards greater than \$50,000. This report will also be posted on the City’s website. Timeline: Completed; First Report will be provided in August 2014.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Contract award and Council report over \$50,000 implemented in July 2015.

Observation 1.6

Conflicts of interest as described in the Purchasing By-Law (2006-270) were not as inclusive as the Municipal Conflicts Of Interest Act.

• **Completed**

Management Response

The Auditor General provided this feedback in September 2013 during the preparation of the Purchasing By-Law and By-Law 2014-01 includes amended language consistent with the Municipal Conflict of Interests Act.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Incorporated in revised Purchasing By-law.

Observation 2.1

The Auditors noted that Finance purchasing strategies, objectives and goals continue to refer to the need to develop and use foundational elements of PeopleSoft purchasing functionality. The City acquired and rolled out the PeopleSoft Finance system in 2001. This included the Purchasing Module. While business plans of the Finance division highlight the importance of City wide use of PeopleSoft functionality, there is a risk that implementation timelines may slip beyond the 2014 timeline established in the Finance Services Strategic Plan.

• **Partially Implemented**

Management Response

The City has made progress on the foundational pieces to improve the City’s procure to pay cycle. These foundational pieces include: Purchasing By-Law, business process review / policy development and expansion of PeopleSoft functionality. Once the foundational pieces are complete, and resources are identified in operating departments, management plans to amend City policies to make the use of

electronic purchase orders mandatory. Managing the pace of change in the organization has been top of mind to the Chief Financial Officer, and Senior Management Team. The Finance Strategic plan outlined the required action items to achieve the goals, in a balanced approach, at a pace that the organization can manage with the resources it has.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Training was provided in 2014 Q3 and Sept 2015 with the roll out of a new reporting tool.

Observation 2.2

Currently, operating staff place reliance on manual off-line processes and workarounds instead of using automated functionality and features of the PeopleSoft system.

- Such reliance on manual off-line purchase order processes has persisted for the past three years
- Auditors estimated that 75% of dollars or 88% of transactions were supported by freeform references in description fields. Those references were to various forms of manual purchase orders and agreements.
- Only 25% of dollars or 12% of transactions were supported by a PeopleSoft Purchase Order.
- Greater use of electronic, PeopleSoft Purchase Orders could provide the basis for efficient, economical and effective oversight of procurement by management as suggested by the 2nd line of defense of “The Three Lines Of Defense Model”.
- As was previously noted in examples listed in observation 1, this audit revealed significant internal control exceptions that could have been identified and remediated on a timely basis or reported to Council for approval, if automated functionality of PeopleSoft was used for all purchase orders.

• No Substantial Action Taken

Management Response

As above in part 2.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Request for Quotation functionality planned based on assessment of available options.

Observation 2.3

Auditors noted that freeform references in description fields do not facilitate meaningful analysis and monitoring. Such inputs need to be made in appropriate fields defined for this purpose in PeopleSoft.

• Completed

Management Response

As above in part 2.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Training was provided in 2014 Q3.

Observation 2.4

Application of an appropriate effective internal control framework over procurement activities may continue to be negatively impacted until all purchase orders across the City are issued from PeopleSoft.

• Partially Complete

Management Response

As above in part 2.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

In progress

Observation 2.5

A manual Purchasing Activity Report (PARS) was developed by purchasing in 2010 as a tool to manage and track the work load of each Supplies and Services Coordinator. Our review of the PARS reports revealed that Supplies and Service's manual records of contracts and blanket purchase agreements often did not contain contract expiration dates, name of the successful bidder, total acquisition costs and/or annual acquisition costs. In the absence of this critical information, effective management, tracking and projection of workloads for individual Supplies and Services Coordinators may be ineffective.

• Complete

Management Response

As above in part 2.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

PSR reporting tool development completed.

Observation 2.6

In 2012, Finance informed staff that PeopleSoft Commitments Control would be implemented in 2013. In September 2013, the Finance Division reported to Council that the PeopleSoft Purchasing Contracts functionality had been implemented in 2012. However, during the audit, we noted that testing continued for certain contract types during fall of 2013 (e.g. notifications and progress payments).

• Partially Implemented

During the audit, we were advised that the PeopleSoft program still did not allow for all contracts to be entered (e.g., Revenue Bearing, Multiple Account #s, and Blanket Purchase Agreements).

Management Response

As above in part 2.1

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Various improvements are planned subject to resource availability.

Observation 3

Summary

The following principles are included in section 2 of Part II of the Purchasing By-Law

- (a) To encourage competition among suppliers;*
- (b) To maximize savings for taxpayers;*
- (d) To ensure fairness among bidders.*

These principles align with general best practices for public sector procurement across Ontario. The question is whether contracts #2005-45 and ENG11-42 meet these principles and best practices.

1. To maximize savings for taxpayers
2. To encourage competition among suppliers
3. To ensure fairness among bidders

Subject to any commitments already made to the incumbent, the City should consider not extending the existing 2011 Tender contract ENG11-42 for the optional extension years and retender its requirements for its emergency water main and waste water repair work.

As set out above, given the fact that the estimated quantities were significantly lower than the actual spend, the current 2011 Tender contract may not represent the most accurate and competitive pricing available to the City and therefore could be a breach of the spirit of the City's Purchasing By-Law. By retendering the value of work with updated estimates that accurately reflect the City's anticipated spend on water main repair work, the City can assure adherence to the purposes, goals and objectives of its Purchasing By-Law.

Management Response

a) Supplies and Services will develop procedures to clarify and ensure consistency regarding the disclosure of Unit Price Contract awards posted on the City's website.

b) Management will continue the action plans to increase the use of PeopleSoft Purchasing functionality, as outlined under the Action Plans for Observation #2. The work plans also include a review of the business processes related to procurement contract management for the various types of contracts/arrangements, such as, Standing Offers, Unit Price Contracts, Fixed Price Contracts. Timeline: To be determined, since it is dependent on available resources, with the appropriate expertise.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Completed July 2015

• Completed

Observation 4

Recent CGS trends indicate an increase in procurement costs, a decline in the number of bids per bid call, and a decline in the percentage of goods and services purchased through a competitive procurement process.

- It is sound business practice to establish performance measures appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives.
- Purchasing Metrics and Key Performance Measures are not fully in use to monitor the achievement of objectives for Procurement.
- Only a limited set of information for the Ontario Municipal Benchmarking Initiative or OMBI was prepared for 2011 and 2012.
- For the 2011 OMBI reported statistics, the annual number and \$ value of Purchase Orders awarded by Coordinators was reported

• Partially Implemented

Management Response

Supplies and Services will continue to participate in the OMBI Benchmarking Study, and explore opportunities with the OMBI expert panel to expand the number of measures.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Despite the fact that participation in OMBI was suspended in 2015, statistics relating to procurement key operational metrics are being tracked.

Observation 5

Only the Manager, Supplies and Services, Purchasing Agent holds the Supply Chain Management Professional (SCMP) designation in the department.

- Staff members of Supplies and Services need to follow the annual SCMP CPD requirements to keep abreast with developments in the procurement profession, training which can help bring leading practices to discharge an effective procurement mandate.
- New staff members in the department should be encouraged to pursue the SCMP as they will be equipped with a technical certificate in purchasing which will professionalize the purchasing effort and bring best practices to the function and City operations.
- With Finance Services plans for major change to decentralized procurement processes through expanded use of PeopleSoft ERP purchase order, contract and commitments capabilities, there will be increased reliance on the capabilities of purchasing staff.

• Completed

Management Response

- a) Continue to provide training & professional development opportunities for the Supplies & Service staff.
- b) Review the organizational structure in Supplies and Services and assess the sufficiency of the resources.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

A Chief Procurement Officer was appointed in Aug 2014. Periodic training is provided to all staff. The Purchasing Section supports CGS succession planning goals.

Audit Follow Up Report

June 30, 2016

To: Audit Committee
From: Ron Foster, Auditor General

Re: Freedom of Information

Audit Report Released	November 2015
Original # Of Recommendations	5
# Of Action Plans Previously Completed	0
# Of Action Plans Now Closed	5
# Of Action Plans On Next Follow Up	0
Status As Of June 30, 2016	Completed

Recommendation and Summary of Progress (Note: Self-Assessment conducted by Clerk's Office)	Self-assessed Status
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Observation 1

In 9 out of 28 sampled and tested requests that were received in 2014, some of the supporting documents such as proof of application fees payment, acknowledgement letter and notice of decision were not included in the file. This situation could hinder CGS ability to demonstrate compliance with the provisions of the FOI Act. Further, maintenance of a checklist of all supporting documentation would facilitate the process when responding to the IPC requests for information during appeals.

Completed

Original Management Response

MFIPPA files are currently being transitioned to completely electronic, rather than paper, format for efficiency of access and ease in responding to email and telephone inquiries. At this time, most correspondence is maintained electronically by FOI file number and a paper copy can be generated quickly from the electronic copy, as required to respond to appeals.

Clerks Services agrees to introduction of checklists for complex files for ease in responding to the appeal process. Complex files are those with voluminous responsive records and/or that require application of multiple exemptions.

The Clerk's Services Department has amended process to ensure that copies of all payment receipts are filed with the corresponding request while the original receipt is retained with all other receipts issued by the department.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Implementation of checklist from January 2016

Observation 2

CGS maintains a spreadsheet of all the FOI requests received titled - "The tracking list" on a shared drive. This list is shared by authorized users in the City Clerk's office and provides a current summary of all information relating to individual FOI request files. This spreadsheet forms the basis for annual reporting to the Information and Privacy Commissioner (IPC). During testing, we noted errors in 19 instances in the tracking list such as the status of the case, disposition of request, particulars about fee status and nature of exemption applied. 9 of the errors related to 2014 while the remaining 10 related to 2015. The error rate in 2015 was significantly higher at 11% as compared to 4% in 2014. Such errors in the summary spreadsheet will result in wrong statistics submitted to IPC. A system of checks and controls over this spreadsheet to verify updates by another individual could be introduced.

• Completed

Management Response

The spreadsheet was introduced in 2012 as a methodology to track the voluminous and detailed information required for annual reporting to the IPC. The spreadsheet has been significantly amended twice since then to allow for better capture of data across more than 10,000 cells of information annually. In the past year there have been a number of changes in staff assigned to the FOI roles which may have contributed to the increased data entry errors in 2015. In the summer of 2015 the Deputy City Clerk initiated a weekly accuracy review.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

Completed

Observation 3

On receipt of a FOI request, an estimate of fees payable by the requestor is made based on the provisions of the Act. The head of the institution may waive part or all of the fees depending on the circumstances and based on demonstrated financial hardship. Currently no estimate of the actual costs to CGS of complying with information requests is being maintained. Tracking actual costs incurred would provide an idea of actual costs incurred and ways to reduce compliance costs.

• Completed

An instance of excess charge due to a calculation error was noted for a request. The establishment of a review process within the Clerk's office would prevent these types of errors.

Management Response

FOI is a mandatory service as established in Legislation. As noted in the Audit findings, certain costs associated with the processing of each FOI request are charged back to the requestor at the rates

established in the regulations under the Act and the requester has to pay those costs prior to receiving any records responsive to the request.

There is no mechanism allowed under the legislation to recover the full costs of the FOI service and processes. Docketing of staff time associated with each step of each request would add complexity to record keeping without adding value in terms of being able to recover these costs. With limited staff, high volumes and legislated timelines, staffs always endeavour to work efficiently on these files.

The Deputy City Clerk reviews and signs every Notice of Decision letter before it is sent out. The instance mentioned above was a calculation error. The search time allocated to the file was 15 minutes which is charged at a rate of \$7.50/15 minutes and the requester was inadvertently charged \$15.00. The \$7.50 overpayment has since been refunded.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

None proposed

Observation 4a

The notice of decision for a case examined stated that a record was redacted under the provisions of s.14 (1). Inspection of the record indicated no evidence of redaction.

• **Completed**

Management Response

In this instance the Notice of Decision letter incorrectly stated that section 14(1) applied to part of the record. Upon inspection of the FOI file in question the record did not contain any personal information that was protected under the Act. A revised Notice of Decision has been issued, removing the reference to Section 14(1).

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

None proposed

Observation 4b

In an instance of information request received in 2014, a notice of interim decision was not sent to the requestor where the fees were over \$100.

• **Completed**

Management Response

The IPC's Guidelines for Government Institutions entitled Fees, Fee Estimates and Fee Waivers, states that where fees are anticipated to be over \$100, the institution **may** choose not to do all the work necessary to respond to the request, until a fee estimate has been provided and a deposit in the amount of 50% of the value has been paid.

In this instance, the fee estimate was moderately over the \$100 threshold and in the interests of better citizen service; the Notice of Decision was issued without the optional, interim step of collecting a deposit for 50% of the value of the file, before completing the work.

Actions Taken, Results and /or Actions Planned - As Of June 30, 2016

None proposed