Audit 1: Procurement Audit Findings

The Auditor General completed the Procurement Audit on May 4, 2009.

Status of Recommendations:
Overall, there were 20 recommendations made in this audit. Implementation status is identified below:
Total recommendations: 20
Fully Implemented (FI): 19
Yet to be Implemented (YI): 1

Status		
FI	**Fully Implemented**	Recommendations which are fully implemented
PI	**Partially Implemented**	Recommendations which have been implemented in part
YI	**Yet to be Implemented**	Outstanding recommendations
NI	**Not to be Implemented**	Recommendations that will not be implemented, with rationale as to why not, or alternative action taken instead, as appropriate

Audit 1: Procurement Audit Findings

Number	Issue	Recommendation	Status	Actions Taken
1	Procurement Planning	User departments should better plan their procurement needs and communicate the nature and expected timing of their requirements to the Purchasing Department at the start of each year. Regular updates with revised timelines should be provided to the Purchasing Department. User departments should use a standard consistent planning document that can easily be consolidated to get a City wide view of planned procurement actions.	**FI**	Procurement plans were rolled out City wide to all business units utilizing an Excel based tool for capital projects >25k requiring purchasing support. Procurement with the support of ITS in 2010 implemented a web based tool online for the Procurement plan with the G/L accounts >25k downloaded into this web based tool. Capital project funding request forms now include a section for the procurement plan with user departments inputting the expected month requiring procurement support for the particular project.
2		City wide procurement planning should be fully implemented and coordinated by the Purchasing department early in the year. Opportunities to process user requests earlier in the year aligned with vendor planning timelines should be identified and pursued, where practical.	**FI**	Target is to achieve 80% of quotes with a minimum of three or more responses. **Results are as follows:** ○ 2012 – 88% of quotes received a minimum of three or more responses. ○ 2013 – 90% of quotes received a minimum of three or more responses. ○ 2014 – 95% of quotes received a minimum of three or more responses.
3		Service level agreements should be developed between the Purchasing Department and the user departments that clearly define turnaround times, roles and responsibilities	**FI**	Purchasing Service level agreements are as follows: ○ Type Time Business Days (Receipt of Bid to bid closing)

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Number	Issue	Recommendation	Status	Actions Taken
		and service standards.		▪ Quotation 20 ▪ Tender(s) 25 ▪ RFP(s) 25 The Procurement Department also developed a service level for quotations, tenders, and RFPs from bid closure to the commencement of the approval process. Procurement provides a status update to Director's Forum / ELT on a quarterly basis on project workflow performance, in order to monitor the effectiveness of the procurement process. The Procurement Department is working towards a goal of having 85% of projects meet the targeted number of days for its respective procurement type as identified below. Type Time Business Days (Receipt of Bid closing to approval commencement) ○ Quotation 8 ○ Tender 13 ○ RFP 28 ○ Non Competitive 20
4		a) There should be a vendor master file available to the Purchasing Department that includes City vendors and potential vendors for future procurement sourcing.	**FI**	In 2014 a new process was implemented where all Directors and Managers are required to approve the set up of a new vendor. The City has implemented a process that requires Director and Manager approval to set-up a vendor.

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Number	Issue	Recommendation	Status	Actions Taken
		b) Accountability and capabilities for spend analysis should be established to develop regular, repeatable analysis of spending patterns to reduce procurement costs. c) The accounts payable data should be cleansed to incorporate the identification of inactive vendors for purge, flagging duplicate vendors for removal, implementing consistent vendor name and address conventions, and commoditizing the vendor base. Care must be taken to ensure data and payment history is not lost but can be retrieved as necessary for legislative requirements. d) There should be a standardized set up process for new vendors including accepted naming conventions and consistency in the use of data fields for vendor records. Newly created vendors should be verified by a person independent of the set up process and sufficiently senior to assess and question the validity of the new vendor. Approval for multiple vendor records should be obtained.		Purging of vendors is completed annually to maintain an active vendor database to eliminate vendors who are inactive on the system for a period of 24 months. Purchasing Department has an updated database that is used in tandem with the on-line vendor data base through Biddingo. The increased participation is evident when reviewing the number of bids being received in finding # 2. The Purchasing Department continues to monitor spending patterns with vendors through a process that has been implemented in the Accounts Payable module of the financial system that includes data for purchases.
5	Staff	The training effort should be accelerated in 2009 to ensure full participation of all City staff involved in the procurement process. Each commission should identify those staff required to attend the training and ensure that their staff are scheduled and attend. As the City employs new staff, their training needs should be identified. Consideration should be given to providing a certificate of completion to attendees and making the session mandatory before they	**FI**	Training was completed in 2009 with over 380 staff attending; the attendance has been updated in the Learning Management system and is mandatory for all new employees involved in the purchasing process. Training material is posted on the Intranet for Staff. New staff, or staff assuming purchasing duties, are trained by

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Number	Issue	Recommendation	Status	Actions Taken
		are permitted to process purchases or become a signing authority. The training material should be expanded to cover items such as blanket purchase orders and the underlying values and principles of the Purchasing By-law including ethical aspects of procurement.		the respective buyer for each department.
6		a) Staff training on the requirements of the Code of Ethics and Conduct Policy and the Code of Purchasing Ethics should be conducted for all employees. b) Staff should be required to sign off the Policy annually indicating their compliance. The Policy provides that if an employee is in contravention of the Policy, disciplinary action shall be taken, which may include dismissal. All instances of non-compliance should be discussed with the employee and documented. The annual signoff process could be electronically managed to allow for monitoring completion of the signoffs and follow up. A standard template for disclosing conflicts of interest should be developed. c) Disclosure of conflict of interest situations should be reviewed by Director level positions, the disclosure reports should be kept in a central location and be available to the Purchasing Department for ongoing monitoring. d) Where it is in the best interests of the City to do business	**FI**	Sign-off by Staff indicating compliance to Code of Ethics and Conduct policy has been implemented as it is now included in the annual Performance Planning & Review Form (PPRF) which requires Staff to confirm that they have reviewed and understand the policy as well as commit to comply. Conflict of Interest (Disclosure form) is available on-line and is posted on the Intranet.

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Number	Issue	Recommendation	Status	Actions Taken
		with a vendor who has a relationship with a City employee, there should be senior level management approval and adequate segregation of duties.		
7	Compliance with Policies and Procedures	Procurement actions should comply with the Purchasing By-law. Mandatory training should be implemented. The Purchasing Department identified some of the above noted non-compliance after the purchase was completed and alerted both the employees involved and their management. This practice should continue, in addition to ensuring the non-compliance is documented in the employee file and not repeated.	**FI**	Purchasing training sessions have been completed, compliance audits continue on a semi-annual basis. Purchasing Staff bring forward any non-compliant purchases to Directors. This has not been an issue since last update.
8		The Purchasing Department should be more proactive to follow up on vendors picking up a bid document and vendors that were invited to bid but did not. An assessment should be done whenever two or less written quotes are received to determine if the quotes are best value or if action should be taken to obtain further assurances.	**FI**	In 2014, 95% of Request for Quotations (purchases between $25,000 and $99,999) received a minimum of three or more responses. Procurement has proactively followed up with vendors when bids have been released and assessments are undertaken when receipt of less than 3 bids are received. These assessments are maintained in the file folder and utilized for decision making on whether or not to proceed with the award.
9		The evaluation process for bids received in response to Requests for Proposals should be fully evidenced in the procurement files providing an audit trail.	**FI**	Consensus scoring sheets are included in the bid folders. Evidence of who participated in the scoring are maintained in the file folders to ensure an audit trail is available.
10		The Purchasing Department should communicate the results of the compliance test to the Commissioners and Chief Administrative Officer so that they can increase awareness of the requirements in their commissions. The Purchasing Department should consider conducting a follow up test	**FI**	Semi- annual compliance testing has been ongoing since 2009, Procurement Staff bring forward a report to the Executive Leadership Team (ELT) when compliance falls below 90%. A memo will be circulated to Directors Forum and ELT with audit results in Q3 2015.

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Number	Issue	Recommendation	Status	Actions Taken
		before the next regularly scheduled test to determine if the communications were successful.		Results are as follows: • 2012 – 93% of purchases between $5,000 and $24,999 were compliant • 2013 – 92% of purchases between $5,000 and $24,999 were compliant • 2014 – 97% of purchases between $5,000 and $24,999 were compliant
11		The City has implemented a Purchasing Card (P Card) program and associated policies and procedures designed to enable the purchase of low dollar value goods and services within the levels of procurement authority delegated to departments. The P Card process is best practice, and widely accepted as an efficient, economical, and operationally feasible alternative to processing low dollar value purchases. City staff should be encouraged to use the P Card whenever the purchase complies with the P Card program rather than using the GSO process. Although the P Card process and internal controls were not reviewed as part of this audit, the policy and procedures appear to be soundly designed if executed as directed. Ideally, an automated accounts payable solution that removes the manual paper intensive processing by automating the purchase to pay process would resolve the	**FI**	The City has eliminated the GSO process when ordering goods and services <$5,000 and has moved more purchases to P-Cards. The annual charge volume on P-Cards has increased by 13% since 2009. Additionally, the City will be moving to a Visa P-Card by late Fall 2015 with the following anticipated outcomes: • Increase the rebate percentage from the procurement card provider to the City • Opportunity to further increase the rebate amount due to higher vendor acceptance • Improved reporting to the City (based on other P-Card reporting systems) • Improved P-Card User Satisfaction (higher acceptance and better reporting for the users) A business case has being developed and budget approved to implement an automated Accounts Payable process that will enable imaging and online approval of invoices, storage and recording of transactions and payment processing. By

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Number	Issue	Recommendation	Status	Actions Taken
		current processing inefficiencies. In the meantime, City staff should be reminded of the proper procedures and the need for compliance. User departments should ensure all instances of non-compliance are discussed with the employee, documented and repeat occurrences should have consequences.		switching to Visa, staff have incorporated the anticipated increase in "rebates" of $40k in the 2016 operating budget.
12		Staff should ensure that low value purchases are properly processed to ensure the appropriate approvals are obtained, that competitive processes are applied in compliance with City policies. Low value purchases made to one supplier over a period of time should be considered for a competitive process.	**FI**	A process has been set up in the Accounts Payable module that provides data on all low dollar value purchases (less than $5k). This data is analysed to enable discussions with user departments on opportunities to consolidate a buy. The Procurement team developed a process through small dollar value purchases that provides the capabilities for spend analysis and allows for regular, repeatable analysis of spending patterns. Staff review multiple invoices to ensure split purchases is not taking place, Staff utilize spend analysis to consolidate buys to achieve better pricing outcomes. Since 2009, Staff have been able to reduce procurement costs, improved efficiencies and ensure continued compliance to the City's By-law.
13		Until there is a Green Procurement Policy the City should remove references to it in the Purchasing By-law.	**FI**	The Purchasing By-Law was updated to remove the reference to Green Procurement Guide. Additionally, the Sustainable Purchasing Practices Guide was developed by Procurement to provide Staff with tools to find the right sustainable products available in the market place. This guide is posted on the Intranet.

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Number	Issue	Recommendation	Status	Actions Taken
				Additionally, procurement will be updating the Green Procurement Guide to include additional product categories and developing an online sustainable procurement learning tool to educate staff on green procurement options.
14	Security / Data Integration	Sealed bids should be kept in a secure location that is locked overnight. Purchasing department should reconcile bid deposits being held with the Clerk's department on a regular basis to ensure "expired" bid deposits are returned to the bidding companies and that active bid deposits are on file. Current "expired" bid deposits should be returned to the bidding companies.	**FI**	Procurement reconciles on a monthly basis the bid deposits currently being held in Clerks and has a tracking report that gets updated and reviewed every month. The Contract Administrator is tasked with tracking and managing this process to ensure all bid deposits are reconciled.
15		Purchasing management owns the procurement data on the server and needs to regularly review access rights to ensure they continue to be appropriate. When Staff leave the City, all their access rights should be removed from all system applications, not just the network access.	**FI**	Upon the receipt of communication from Human Resources, ITS removes the access rights to all system applications for staff leaving the City unless requested not to do so by the appropriate Director/Commissioner as the circumstances warrant.
16	Operational Effectiveness and Efficiencies	The City should have bid documents available online for all published bids as the standard City process and continue to use this facility for the majority of bids. Exceptions should be agreed with the Purchasing department supported by a documented rationale and kept to a minimum. Potential bidders / suppliers should be provided an incentive to download bids. The incentive could be in the pick up fee structure. The bid advertising should promote the online download option while still offering alternatives for receiving	**FI**	The City results over the past few years for publicly advertizing bids are as follows: • 2012 - 95% advertised on line through bidding portal • 2013 - 94% advertised on line through bidding portal • 2014 - 90% advertised on line through bidding portal Additionally, the City has developed a standard Purchasing E-application template for bid responses, reducing storage of paper bid submissions, and reducing administration time

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Number	Issue	Recommendation	Status	Actions Taken
		the bid documents. The Purchasing department should monitor the pickup patterns to support potential suppliers in using efficient mechanisms.		through automated bid analysis. Procurement has developed a process to ensure all procurement buys less than $100,000 is completed through e-bids. The 2014 results indicated that 38% of bids were completed electronically and the next goal is to achieve 50% by 2016.
17		At the completion of a contract for goods and/or services over a certain threshold, the user should complete a Vendor Performance Evaluation form. The Community Services Commission contractor evaluation report could be adopted by all commissions. Consideration should be given to conducting ongoing evaluations at key milestones for larger or complex awards to proactively manage delivery against contract requirements. All vendor performance evaluations should be available to all user departments to support decision making for future awards. Purchasing is developing a vendor database, and should add the evaluations to allow for quick search of past vendor performance.	**FI**	Since 2009, it is mandated procedure within Procurement to document the follow up and verification of references provided by the bidder. Further the practice of not limiting references to those provided will be followed in instances where the city has not dealt with the vendor and when references are not satisfactory or conclusive. Evidence that references provided by winning bidders are reviewed and verified by City staff is maintained within the Procurement file folder. Purchasing has developed a process requirement of completing a vendor evaluation forms for contracts valued over $50k.
18		When Quotations greater than $25,000 are not advertised, the Purchasing Department should become more involved in selecting vendors for solicitation in conjunction with the User department.	**FI**	Procurement ensures majority of bids are advertised (2012 – 95%, 2013 – 94%, 2014 – 90%) ; however, instances where bids are not advertised are documented with rationale within the procurement file folder. Procurement continues to be involved in selecting vendors and providing additionally suppliers when users request the bid should not be advertised.
19		City staff should consider opportunities to streamline and automate these processes, especially as the department	**YI**	As part of the Information Management program, the requirement of identifying high priority business processes with

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Number	Issue	Recommendation	Status	Actions Taken
		looks to creating a vendor master file and as the City begins to implement the Portal.		particular focus on records inventory has been completed, and technology solution requirements will be revisited. Staff continue to compile requirements for Electronic Document Management, in addition to the experience gained from the Sharepoint electronic document review and approval process, however, prioritization (and dependencies) of technology projects and their implementation will be determined as part of the budget process.
20		The City should consider electronic work flow document management in conjunction with electronic approval. This would allow for documents to be forwarded electronically to the necessary staff for review or approval simultaneously and provide a tracking mechanism. If implementing electronic signoffs, it is important to have front end security controls that can authenticate the user.	**FI**	An electronic approval process (Sharepoint) for staff award reports has been operational since 2009. Similar implementation for General Committee report commenced in 2010.

Audit 2: Overtime & Attendance Audit Findings

The Auditor General completed the Overtime and Attendance Audit on May 26, 2009.

<u>Status of Recommendations:</u>
Overall, there were 48 recommendations made in this audit. Implementation status of the reports is identified below:

Total recommendations: 48
Fully Implemented (FI): 25
Partially implemented (PI): 16
Yet to be Implemented (YI): 7

Status		
FI	**Fully Implemented**	Recommendations which are fully implemented
PI	**Partially Implemented**	Recommendations which have been implemented in part
YI	**Yet to be Implemented**	Outstanding recommendations
NI	**Not to be Implemented**	Recommendations that will not be implemented, with rationale as to why not, or alternative action taken instead, as appropriate

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
1	6.1.1a	Attendance Management Program	The attendance management program should be finalized and implemented in 2009. The draft policy does incorporate key elements that would be expected in such a program. Additional guidance on standard reporting and documentation requirements is recommended, such as standard templates to support attendance review activities.	**PI**	The following policies have been adopted: • Vacation – Regular Full-time Non-union Staff – March 2010 • Employment Standards Act Posting – March 2010 • Leaves of Absence forms– Revised August 2010, 2013 and 2015 • Attendance – August 2010 Hours of Work and Overtime policy has been approved and procedures are being developed for implementation. • To be implemented 2016 Short Term Disability and Long Term Disability policies have been drafted and are in the process of approval and implementation • To be implemented Q4 2015
2	6.1.1b		Attendance management training should be available for people managers.	**PI**	No formal training for people managers has been implemented. However, policies are posted on the City Intranet which identifies Manager/Supervisor responsibility. The Senior Employee and Labour Relations Specialist was hired in 2013 and works closely with HRCs and clients to successfully manage non-occupational employee absenteeism and effective

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					return to work plans. Human Resources provides one on one advice and guidance to Performance Managers on an ongoing basis. HR will provide mandatory attendance management training for people managers in 2016. And, formal attendance tracking training will be provided with the recently revised Excel Attendance Tracking Spreadsheet tool in the Fall of 2015.
3	6.1.1c		The rising trend in the City absence rates needs to be continually monitored and managed against established divisional targets to define success and trigger action as needed.	**PI**	Number of days absent per employee is typically included in department business unit plans as metrics.
4	6.1.1d		Benchmarking should be conducted on an annual basis with comparative numbers.	**PI**	Human Resources obtains Statistics Canada public sector days absent data on an annual basis as benchmarking data.
5	6.1.2a	Management Reporting	Regular reporting should be developed for people managers and senior management to ensure compliance with policy and enable effective monitoring. Consideration should be given to providing people managers direct access to absence information to enable timely action. A short term alternative to consider is redesigning the absence spreadsheets submitted to HR to include a rolling balance of absences. This would allow supervisors the ability to review absences and leaves prior to submission. Since some employee groups are	**PI**	An Excel Attendance Management Tracking Spreadsheet is updated regularly by each department's Attendance Clerk. This spreadsheet has been revised and enhanced to show rolling balances and is being rolled out in Fall 2015 to Attendance Clerks.

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			subject to "pay by exception" (paid full salary unless noted otherwise) a rolling balance would avoid overpayments.		
6	6.1.2b		Anomalies encountered in system reports should be communicated to the vendor for investigation and correction.	**PI**	A number of discussions have been held with the City's HRIS vendor, ADP, and all enhancements or improvements that could be made have been made at this time. Relationship Managers on the side of the City and on the side of ADP were identified in late 2014 and troubleshooting meetings are held as needed. The City continues to investigate the feasibility and costs associated with an upgraded HRIS that includes time and attendance capability. The City continues to look at options for technological improvements which would include an attendance management tool.
7	6.1.2c		Automation of approved absence forms for direct upload would improve efficiency and support data integrity. Without automation, regular departmental absenteeism reporting is critical. There should be independent verification of the data upload. The absence report review is a key control in tracking absences and should always be approved by the supervisor especially for the error corrections.	**PI**	Limitations of current HRIS prevents direct upload of absence information from the attendance spreadsheet. There continues to be a process for Supervisors to sign off on all absence request forms which are then tracked by each department's Attendance Clerk and submitted to HR. HR submits a verification report for departments to review twice a year.
8	6.1.2d		The attendance review process, as noted in the draft attendance management policy, should be	**PI**	The Attendance policy was rolled out in 2010. The Human Resources Department re-allocated specific

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			clarified as to expectation and implemented for all high users of sick leave. Responsibility for follow up on documentation should be clarified. Departments with high sick time, such as Roads, should be more fully supported by Human Resources with an attendance review process.		attendance management responsibilities within HR in 2015 including tracking, occupational and non-occupational absence. The Senior Employee and Labor Relations Specialist provides advice and guidance as needed to departments with respect to attendance management.
9	6.2.1e		The service agreement for the Payroll and HR system should be reviewed on a regular basis to ensure it continues to meet City needs efficiently. Control reports should be obtained from the vendor to provide assurance on data integrity and security.	**PI**	Relationship Managers were identified in late 2014 for both the City and ADP. Regular meetings occurred throughout 2014 and much of 2015 between the City and ADP, and now meetings occur to trouble shoot on an as needed basis. The City has worked with ADP to identify opportunities for improvement. Any opportunities available have been implemented. The Human Resources Department spends significant effort working closely with each department's Attendance Clerk to ensure that the tracking spreadsheet is accurate and up to date.
10	6.1.3a	Medical Certificates (excluding Fire and Library services)	Responsibility for follow up on required medical certificates and ensuring the certificates contain sufficient information to support the employee's absence should be clarified as part of the attendance management program.	**PI**	HR has an attendance review process which includes follow up with managers to ensure required documentation is provided. The Senior Employee and Labor Relations Specialist and HRC's work with the department to ensure appropriate medical certificate is received.
11	6.1.3b		An improved reporting mechanism should be developed to enable Human Resources and people	**PI**	HR has improved its tracking of medical certificates allowing for a more timely follow up with people

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			managers to monitor absences and trigger requests for medical certificates.		managers. Specific HR staff have attendance management responsibilities. Technological systems used to track attendance have remained unchanged. While limitations still exist, issues and anomalies are addressed with the vendor and regular meetings are scheduled to discuss continuing issues and opportunities for improvement.
12	6.1.3c		Human Resources should work with the system vendor to identify opportunities to automate absence tracking, specifically the count of absence occurrences and absence entitlements	**PI**	The City has been working with ADP and has had regular meetings with the vendor to discuss issues and to explore options to improve efficiencies. Most options for change have been addressed by the current ADP platform. The City continues to review other HRIS options given the limitations of the current system.
13	6.1.4	Inefficient Process	Without an investment in technology, there are minimal opportunities for efficiency gains; however the following low cost alternate initiatives may provide some relief. They should be explored further to determine feasibility. •Absences input directly to HR system by the attendance clerks, or approved absence forms in PDF format to be electronically managed, or automation of approved absence forms for direct upload, • Attendance spreadsheets to include rolling balances, • Regular reporting of individual absence on pay stubs,	**FI**	The City is not able to automate the absence tracking process with its current technology. Instead, the Excel Attendance Management Tracking Spreadsheet has been improved and made more user friendly in 2015 including the development of rolling balance functionality. The City's current technology is not capable of reporting absence information on pay stubs. There continues to be a process for Supervisors to sign off on all absence request forms which are tracked by each Attendance Clerk and submitted to HR. HR generates a verification report for departments to

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			• Expand department tracking mechanisms to other departments • Vendor consultation on opportunities to streamline through the system In addition, the following higher cost initiatives could be considered, • Automated call in system with reporting • Move towards employee self serve, consider portal opportunities		review on a semi-annual basis. A review of HRIS systems was undertaken with KPMG in 2013 and further investigation was conducted with York Region to determine the feasibility of sharing HRIS systems. The City is currently reviewing other HRIS options with ADP which will include self-serve functionality. Meetings with the vendor continue to manage and trouble shoot issues as needed. The AG mentioned there are minimal opportunities for efficiency gains without an investment in technology. The City's ability to effectively manage all facets of employee attendance and develop relevant longer term people management strategies relies on systems that are intelligent, integrated and efficient. The City continues to look for technology improvements to efficiently monitor, manage and report attendance and streamlining processes. Excel tracking tool rolled out in Q3 and Q4 of 2015
14	6.1.5	Vacation Entitlement	Supervisors should develop a plan for individuals with excessive carry over as to how the carry over will be reduced going forward and this should be monitored.	**PI**	A City wide mandate was introduced in 2013 to manage and decrease employee vacation carryover amount. Annual vacation carryover reports are reviewed at the beginning of each year throughout the organization
15	6.1.6	Vacation Policy	The vacation policy should be updated to require Staff to take at least a one week block of vacation	**FI**	A vacation policy was developed and rolled out in 2010 and includes the ESA requirements.

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			annually. Management reports should be designed to monitor compliance.		
16	6.1.7a	Records Retention	Records retention By-law should be updated to be consistent for attendance records.	**YI**	The HR Department will confirm and/or update the Retention by-law in 2016.
17	6.1.7b		Medical records should always be kept in a secure location, preferably with Human Resources who have a secure process already in place.	**YI**	Steps have been taken to separate and secure employee medical health records in 2010. This information is now kept in medical health files by employee and is held in locked filing cabinets.
18	6.2.1	Overtime Policy	The overtime policy should be updated to provide guidance to City staff on not only the process for approving and recording overtime but also how overtime should be used and when it is appropriate. The policy should set the tone at the top by acknowledging the significance of overtime and communicating a commitment to use it efficiently.	**PI**	An Hours of Work and Overtime Non Union Full Time Employees policy was drafted in 2010 and was approved in principle by senior management in 2013. Discussions continue to occur and procedures are being developed. It is anticipated that the policy and related procedures will be rolled out in 2016. It is expected that the Hours of Work and Overtime Non Union Full Time Employees policy will be implemented in 2016.
19	6.2.2	Overtime Planning	Budgets are management's authority for expenditures and as such, management should be held accountable. Budget should be developed to reflect actual expectations with regular monitoring against line items. Opportunities to deliver services with improved scheduling or mix of staff should be assessed on a regular basis especially by high overtime user departments. Opportunities to realign work schedules with the work requirements, such as special events should be thoroughly examined.	**FI**	Other than Fire (which has offsets in gapping) and Winter Maintenance in Operations, it is expected that departments be on budget with respect to overtime.

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
20	6.2.3a	Managing and Monitoring Overtime	There should be a higher level of approval, beyond the immediate supervisor, once a certain level of overtime has been reached. Where employees are incurring high overtime (for example greater than $10,000) opportunities to reduce the overtime should be considered, such as reassigning work, stopping non essential activities and scheduling.	**YI**	A revised overtime policy has been drafted (2010) and reviewed a number of times by different levels of staff. Hours of Work and Overtime Policy needs final approval and then needs to be rolled out across organization. Roles between Human Resources and Finance need to be finalized with respect to overtime and lieu time. Departments are responding to a request during the spring of 2015 to quantify their overtime exposure. Expected to be rolled out in 2016.
21	6.2.3b		High overtime user department should analyze their overtime requirements regularly to identify opportunities to minimize the people costs and continuously monitor overtime drivers	**FI**	In February of 2009, Finance initiated a process to report overtime by department on a regular basis to senior staff. This report leads to discussions with respect to variances within each department.
22	6.2.3c		Reports should be available to support departmental management.	**FI**	Finance initiated a process to report overtime on a regular basis by department to senior staff.
23	6.2.4a	Lieu Time	A City wide policy for earning and taking lieu time should be developed for all employee groups subject to exist collective agreements. The policy should set clear boundaries and consider criteria such as how much lieu time can be accumulated, any restrictions on when it can be taken, is it transferable year to year, approval process consistent with overtime process and does it need to be used before vacation time. Can lieu time be used when there are regular work demands such as evening meetings or should the time be better	**YI**	A revised Hours of Work and Overtime Policy has been drafted and reviewed a number of times by different levels of staff. It is anticipated that this policy will be rolled out in 2016.

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			managed adjusting working hours to accommodate the needs?		
24	6.2.4b		Lieu time earned and taken should be recorded in Human Resources "People At Work" system for tracking purposes and regular reporting back to Department Heads.	**YI**	Lieu time is provided to employees as an alternative to overtime. The City's draft Hours of Work and Overtime Policy outlines obligations in this regard and will be reviewed with the senior management team. There is a need to determine roles and system capabilities.
25	6.2.4c		Department Heads should consider adjusting work schedules if the work regularly accumulates lieu time.	**YI**	The draft Hours of Work and Overtime policy includes lieu time protocols and will be reviewed with the senior management team. The policy requires approval and roll out, with the roles of HR, Finance and business units articulated. This is expected to be implemented in 2016.
26	6.2.5a	Recreation Part-Time staff	Recreation management should continue to monitor part time staff hours continuously to identify non compliance.	**PI**	It was the intent of Finance to roll out any automated solution to Operations following a successful implementation of an upgraded HRIS in Recreation. The Recreation implementation is planned for 2010. The Operations implementation will occur in 2011 following budget approval. Overtime report reviewed every pay cycle supervisors are required to authorize OT and if any employee appears on a report that has not been authorized staff must identify why OT worked. For part time staff – sometimes occurs as a result of last

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Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					minute fill in to ensure programs continue. The City monitors part time staff hours on an ongoing basis.
27	6.2.5b		As the City embarks on implementing the automated solution for part time staff in recreation there should be library representation on the advisory committee to share lessons learned and provide a forum for developing automated reports that both departments can use, creating consistency and ease of use. If the automated solution is viable, consideration should be given to expanding to other departments such as Operations.	**FI**	The Library has been actively invited and involved in HRIS system upgrades and related discussions. The Library successfully implemented EZ Labor. The Library was included in KPMG 2013 HRIS feasibility study with City departments.
28	6.3.1a	Overtime Budgets	The City needs to conduct a staffing study to address the optimal staffing model and force size. The staffing study should be aligned with the upcoming City Fire Master Plan update.	**FI**	A staffing model study was completed by York University students. It was concluded that there are too many variables present to develop a staffing model formula that would be effective and valuable.
29	6.1.3b		Detailed variance analysis is needed to better explain the overtime cost drivers, build a realistic budget and enable targeted actions to reduce variances. More refinement is needed in the data captured.	**FI**	Staff continue to identify data required to better analyze the cost drivers for overtime. The recoding of the reasons for absences that was introduced in September 2008 will assist with this. Staff now generate monthly overtime reports that identify the reasons for overtime. A year end review of the 2009 data will be completed with the Finance Department to facilitate changes to the 2010 overtime budget. It may be beneficial to contract a consultant to review the

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					data. The City implemented several new codes into the attendance program to help identify the specific drivers of overtime.
30	6.1.3c		Budget should be set against an agreed staffing model. For 2009 the overtime forecast should be broken down sufficiently for variance analysis and to promote accountability. Variances should be explained monthly and action taken to bring the actual costs back into line with budgets.	**PI**	The staffing study was not able to identify a staffing model. The Master Fire Plan identified several staff initiatives which have not yet received final approval.
31	6.1.3d		Fire Services has planned for a recruitment class in 2009 and expects to have a fully staffed suppression unit 2010. The staffing study should be used to ensure the staffing model in 2010 is appropriate and cost effective.	**FI**	This was completed and the best that could be determined was that the most cost effective staffing was to operate with between 6 and 8 vacancies which would include long term disability, maternity leave etc. and staff with overtime.
32	6.3.2a	Overtime Costs	Identify the optimal level of overtime through the staffing study. Drivers of unacceptable or unplanned overtime should be assessed and corrected as necessary.	**PI**	Staffing study unable to identify a specific staffing model due to the presence of too many variables driving overtime
33	6.3.2b		Opportunities to better plan around vacancies should be explored especially if vacancies are expected to continue in 2009.	**PI**	Staffing study unable to identify a specific staffing model due to the presence of too many variables driving overtime.
34	6.3.2c		The staffing study should identify the threshold for recruitment activity in order to minimize impact of vacancies.	**PI**	Staffing study unable to identify a specific staffing model due to the presence of too many variables driving overtime.
35	6.3.3	Leave and Overtime Costs	There is an opportunity to reduce overtime costs if captains overtime can be managed more effectively. Strengthen the attendance program to minimize	**FI**	The Fire and Emergency Services and Human Resources Departments have been actively managing chronic absenteeism. Attendance must be managed within

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			overtime for chronic sick users.		parameters of the collective agreement.
36	6.3.4	Medical Certificates	Fire Services should formalize standards on when to request medical certificates for employee absences. Consideration should be given to adopting the City standard of requiring medical certificates for 3 or more consecutive absences and for more than 5 absence incidents in the year. There would be a minimal cost to the City if implementing this recommendation because the collective agreement requires the City to pay for the costs of the medical certificates.	**FI**	The Fire Chief disagrees that the process for requiring medical certificates is "haphazard: Sick notes are covered in the collective agreement and the Deputy Chief's standing orders are as follows in the collective agreement: "A firefighter may be required to produce a certificate signed by a qualified medical practitioner for any illness. No firefighter shall draw during his/her active service with the Corporation, sick leave benefits if the absence from work is not due to illness as attested by the medical certificate, if required by a representative of the Corporation. In the case of a prolonged absence, a certificate shall be submitted every 30 days unless waived by representatives of the Corporation. The certificate shall set out any specific limitations that would restrict the firefighter's ability to perform his/her normal work and the prognosis for return. The Corporation shall pay the reasonable cost of any such certificate. (1981) (1198) (2006).
37	6.3.5a	Leave and Overtime Costs	Staff should be discouraged from working overtime during their scheduled vacations.	**PI**	Unfortunately, discouraging staff from working overtime during their scheduled vacation could be problematic with the current high vacancy rate or current staffing levels. Not allowing staff to work overtime while on vacation would not reduce overtime costs. In fact, it may have a negative impact as the overtime at any given time would be distributed amongst fewer people. This option can be reviewed

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					when all current vacancies have been filled and a staffing model developed. Overtime is outlined in the Collective Agreement and subject to negotiations.
38	6.3.5b		Overtime incurred due to vacation should be monitored as part of the decision making on the staffing model and the timing of a new recruit class.	**FI**	Overtime is not incurred due to vacation unless we have a resignation during the calendar year. When this happens Fire management assess the available alternatives and implements the most cost effective method to cover the shortage created by the vacancy. There has never been overtime incurred due to vacation.
39	6.4.1a	Overtime Management – Operations: Roads and Parks	Analyse overtime usage with the goal of reducing overtime through better management practises in work scheduling. Overtime costs for special events should be tracked and provided to decision makers for consideration of funding sources. The service delivery review process underway by City staff may be a good fit for conducting the initial analysis.	**PI**	Operations Managers implemented a new staffing schedule for 2009 to meet the service demands for Special Events. The new schedule includes seasonal staff covering weekend shifts which have significantly reduced overtime demands. In addition, the Operations Department worked with a cross Commission team on the new E3 initiative to create a special event policy, which addresses services-in-kind, opportunities for cost recovery (fees) etc. (2010). This draft policy has not been implemented at this time.
40	6.4.1b		Improve data collection to support improved analysis. Consideration should be given to technology that has one point of entry, allows for approvals, scheduling and identification of potential		Operations, with support from ITS and Finance, completed a detailed process map of the payroll/timesheet and attendance tracking process, identifying gaps and some quick wins, and overall

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			overtime. Currently, the City is implementing a scheduling and time reporting system linked to the current payroll system. Depending on the outcome of that pilot project, Operations should consider its feasibility.		improvements. Operations actively worked with HR toward a 2010 EZ Labour implement date. Due to several software issues, the project planning and framework did not progress. Project review resumed again in Feb 2011, however, shortly thereafter the Corporation introduced the Enterprise Asset Management (EAM) initiative, which negated the need for EZ Labour. Operations participated in the Corporate-wide EAM Assessment Review to determine functional requirements was completed in 2011. At this time, there has not been a corporate decision to proceed with EAM.
41	6.4.1c		In conjunction with the current City initiative to implement a job costing system, Operations should ensure it is identified as a user of that system and its processes are included as requirements.	**PI**	Operations and Finance Departments have met and confirmed that the Operations Department requirements will be included in the procurement process for new job costing software. The main purpose of this project is to track and report costs associated with our various maintenance activities. We expect to have the Request for Proposal for the job costing system issued by the end of the year. It is recognized by the Finance Department that the Operations apartment will be the key user of a job costing system, and that its system requirements will be primary.

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					The EAM system is not being pursued by the City at this time. The City is exploring the use of work order processing technology available in other systems being implemented.
42	6.4.1d		Guidelines on which circumstances and activities are appropriate for overtime should be developed. Defining discretionary and non discretionary overtime provides supervisors direction in making overtime decisions and should help to reduce overtime by deferring non essential work to regular work hours. Overtime should normally be in response to emergency or sick coverage for essential services. Work schedules should be revisited to ensure alignment with the work, such as supervising contractors.	**FI**	The Operations Department developed guidelines specific to operational activities, circumstances and/or customer service demands for both discretionary and nondiscretionary overtime requirements. Managers review overtime reports monthly. Overtime is pre-approved by management. In addition, Operations Managers, in preparation for 2010 collective bargaining, worked with Human Resources to identify opportunities to implement flexible hours of work to better align with contractors' schedules.
43	6.4.2a	Overtime Approvals - Parks	Supervisors should be aware when scheduling staff for work if overtime will be incurred. The decision to allow overtime should not be taken lightly. Timesheets should clearly indicate the hours eligible for overtime.	**FI**	Through the third quarter of 2009 the daily timesheets were re-designed to clearly identify both regular and overtime hours worked during all shifts. Scheduled overtime is pre-authorized by the employees' Supervisor/Mgr and clearly indicated on the daily timesheets is the activity, circumstance or service requirement. Staff training sessions for all full and part time staff were conducted to ensure daily time sheets are properly filled out and signed off by both the employee and Supervisor.

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
44	6.4.2b		Discretionary overtime should be defined and require additional approvals.	**FI**	Summer & Winter schedules were created and distributed. The Service Planning initiative reviewed Operations service levels in an effort to identify areas for improvement. As a result two 150-Day persons are scheduled for week-end field monitoring, and four 115-day persons are scheduled to support special events on weekends. Managers reviewed current 'service level response times', and the current levels do not impact overtime, unless there is a health & safety issue.
45	6.4.2c		A mechanism needs to be in place to support supervisors in identifying overtime situations and to manage overtime to a minimum.	**FI**	Operations reviewed emergency and non-emergency response protocols and currently all requested responses to emergencies are reviewed and approved by a Supervisor or above first.
46	6.4.2d		With the current time reporting system in place, there are limitations to improving the approval process. Consideration should be given to scheduling staff in advance so that additional work requests are more easily identified and assessed as to costs and benefits.	**FI**	The Special Events staffing schedule implemented in June 2009 significantly reduced weekend overtime requirements for Parks maintenance staff.
47	6.5.1	Medical Certificates: Library Services	Library Services should adopt the City standard policy and remove the discretion, improving	**FI**	The Library's "Sick Leave and Family Illness Leave Policy" was revised in 2010 per this recommendation,

Audit 2: Overtime & Attendance Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			employee equity and achieving consistency within Library Services and the City.		and has been applied consistently since then. Managerial discretion with respect to the requirement for medical certificates was removed.
48	6.5.2	Overtime – Library Services	The budgeting process should reflect planned expenditures rather than prior year budgets. Projects should have separate budgets that can be tracked and monitored. Overtime for projects should be necessary and demonstrate economical reason, or service delivery rationale.	**FI**	Overtime budgets are now used only for very specific purposes and not for routine or special work projects. Total overtime expenditures have been reduced from $24,815 in 2008 to an average of only $8,719 over each of the last three years (2012 – 2014). This was achieved despite a 10% expansion of the workforce in 2012 with the addition of a new branch (Cornell Library).

Audit 3: Centennial Community Centre Audit Findings

The Auditor General completed the Centennial Community Centre Expansion Audit on September 15, 2009.

Overall, there were 17 recommendations made in this audit. Implementation status is identified below:

Total recommendations: 17
Fully Implemented (FI): 14
Partially Implemented (PI): 2
Not to be Implemented (NI): 1

Status		
FI	**Fully Implemented**	Recommendations which are fully implemented
PI	**Partially Implemented**	Recommendations which have been implemented in part
YI	**Yet to be Implemented**	Outstanding recommendations
NI	**Not to be Implemented**	Recommendations that will not be implemented, with rationale as to why not, or alternative action taken instead, as appropriate

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
1	5.1.1	Pre-Qualification Process	Standardize, formalize and document the pre-qualification process, including the scoring criteria and evaluation threshold. Require approval when using non standard evaluation criteria. The City needs to consider how, when, and why references are to be used and the role ranking may play. Of the 9 pre-qualifications done in 2009, only the most recent (3) used the higher evaluation threshold. Weighting used were not consistent for the criteria of experience, team qualifications, and project delivery and the role of references. It is not clear what standard the City wishes to use.	**FI**	A Supplier Pre-Qualification Policy was implemented. The policy applies to all requests from user departments to pre-qualify contractors/consultants prior to the competitive bidding process and establishes guidelines and processes for the selection of vendors bidding on City projects.
2	5.1.2		All pre-qualifications completed in 2009 should be "peer reviewed" to identify gaps in execution that may require additional risk management activities. Because of the smaller volume of pre-qualifications and having new processes implemented, a "peer review" should be continued into 2010.	**FI**	All prequalification documents issued in 2009 were reviewed and inconsistencies were noted. These were addressed in the development of the policy/process document.
3	5.1.3		Concerns identified in external references should be followed up for clarification. Internal references should be obtained.	**FI**	The Supplier Pre-Qualification Policy includes a clause which stipulates that Reference checks may not be limited to those supplied by the bidder within the pre-qualification document. The City will expand these references to include internal and may further use additional external references as circumstances dictate.

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					Establish pre-emptive "Issues Management team" for each project was created. August 2010 update: Completed – each major project has team assigned.
4	5.1.4		Agree with recommendation from City staff in the lessons learned exercise, as to responding to the knowledge that a contractor is not qualified by either cancelling the call or disqualification. The City should clarify their position in these circumstances. An amendment to the City's general Terms and Conditions would be required to strengthen the ability of the City to not award while maintaining a fair and competitive process.	**FI**	The process to cancel a call or disqualify a contractor has been addressed in the updated general terms and conditions (GTC) that has been reviewed with Legal. The updated GTC is included with all bid documents effective Oct. 2010. Further, the Supplier Pre-Qualification Policy includes the following: In the event that the City becomes aware of any new information regarding a Prequalified Contractor, any false or misleading information provided by a Contractor, or any changes regarding a Prequalified Contractor's financial viability, experience, performance or any other criteria evaluated under this RFPQ process, the City reserves the right (in its sole discretion and at any time) to re-evaluate the Contractor and/or withdraw the Contractor's prequalification status.
5	5.2.1	Contract Management	Adopt standardized project management methodology with procedures including governance, reporting, and standard operating procedures along with financial control practices. The City is implementing a project management system (Eclipse) that has significant potential to support robust project management including governance and reporting aspects. However, implementing the system without a	**FI**	Cross Commission team established in 2009 with terms of reference that included: 1. Adopt and implement project management methodology 2. Establish a Corporate Project Management Team as part of a governance framework 3. Adopt standardized project management reporting

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			project management methodology, clear City direction on its use and lack of standard procedures is concerning. Information integrity is compromised. The potential value from the system in improving project management increasing the value for money spent may not be realized. All projects should be required to follow the City standard methodology, regardless of who is managing the project, internal resource or external contracted services. As the City moves forward with the multitude of infrastructure funded projects, it will become imperative that the City exercise a sound approach in managing projects and not rely solely on contracted services. External project managers (contracted) will require internal City oversight of their activities. The City should take responsibility for monitoring the external project managers and reporting on those activities. The implementation of Eclipse is in its infancy and cannot yet be relied on for an accurate portfolio or project view. Asset management has begun to use Eclipse, but as at Oct 29, 2009, of the 7 infrastructure projects only a few are using Eclipse, the rest are set up but not yet fully operational as external project managers are just starting.		including reporting costs/progress and 4. Implement escalation procedures Adopted by Council in December 2013 Report “Project Management Coordination and Reporting” outlined the City’s project management methodology including: • Governance practices including establishment of a Project Management Team • Executive Steering Committee structure • Project reporting framework

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
6	5.2.2		Establish a project management oversight function (Project Management Office – PMO) as part of a governance framework. A PMO provides governance and oversight on the City portfolio of projects through the establishment and maintenance of project management methodology and standards, and monitors project execution for compliance, in addition to consolidating project status updates for a portfolio view of risks. Project managers would still remain under the accountability of the particular user department and would be responsible for managing assigned projects for agreed deliverables. Refer to appendix E for further details on the establishment of a PMO.	**FI**	PMSO will not be a centralized project management office that delivers projects. A Project Management Support Team was established in 2009 to: • Adopt standard project management practices • Establish continuous improvement processes • Sharing Lessons learned/best practices
7	5.2.3		Increased inspection services should be retained for high risk projects.	**FI**	Inspection services have been added for large facility projects and criteria established for determining when to add inspection services. Fully Implemented in 2010 and included in the East Markham CC project (Cornell Community Centre).
8	5.2.4		The City should insert a clause within all upcoming construction contracts that states: general contractor or construction manager is responsible to provide the City proof that funds have been paid to the prime contractor on behalf of their subcontractors and material vendors, using the	**NI**	Requiring releases to be provided from the sub-contractors is not an accepted practice within the construction industry. Staff completed review of the alternative approaches to this issues in 2010 – outcome is to rely on the Construction Lien Act practice of obtain Statutory

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			partial and/or final lien waiver accumulation process. The legal department at the City should develop partial and final standard release forms that will be used to verify timely payments from the general contractor to their lower tiered subcontractors and material vendors.		Declaration from General Contractors that they have made the payments.
9	5.2.5		Change Orders should be quantified and classified for amounts attributable to the parties involved at the time of issue Architects should receive formal notification when an owner incurs costs that are deemed to be back chargeable.	**FI**	Change order template was revised to include type of changes. Completed in Q3 2010, Change order template was revised to include type of changes.
10	5.3.1		Selection of any contractor to perform work should adhere to the City's purchasing by-laws, specifically in terms of approvals for emergency purchases.	**FI**	Purchasing By Law training is provided to all staff when they assume purchasing duties. City-wide training for all staff is planned for 2016.
11	5.3.2		Financial governance framework for project should be developed as part of an overall project management methodology. This should include financial cost tracking such as regular ongoing analysis of work performed and invoiced. Financial expertise to support the framework should be assessed and made available to the user department. Develop criteria to include cost of internal project	**FI**	Financial governance framework for project was developed as part of an overall project management methodology. This includes include financial cost tracking such as regular ongoing analysis of work performed and invoiced. Financial expertise to support the framework is assessed and made available to the user department. Criteria were developed to include cost of internal

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			resources in project budgets in accordance with generally accepted accounting practices.		project resources in project budgets in accordance with generally accepted accounting practices.
12	5.3.3		Whenever a contractor is replaced, either for abandonment or non performance, a categorized list of incomplete work items should be completed prior to the replacement contractor taking control of the project.	**PI**	Current standard practice does include listing incomplete items prior to replacing the contractor. It is being completed on a case by case basis and communicated through appropriate escalation protocol. PMSO will document the current standard practice for consistent application across departments.
13	5.4.1	Performance Bond	The City should have one point of contact for the bonding companies and for the management of bond. This individual should monitor all aspects of bonds and obtain expertise in strategizing the course of action when matters indicate the City may need to call on the bond. City staff managing and supporting projects should strengthen their knowledge of bonding protocols with respect to contract management, knowing when to obtain expert advice. The City should regularly assess their concentration risk with bond companies. If the City holds a large amount of their bonds with one company, there is a risk if that company fails and the bonds are not available.	**FI**	In the event of a default by any Contractor, the Legal Department will act as the point of contact with the Bonding Company (supported by the Purchasing Department and the User Department).
14	5.4.2		The bonding company must be notified of the amount of approved change orders and what their	**FI**	The terms of the bonds do not require that the bonding company be notified of change orders. The bond is

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			material impact on the contract value is.		generally set at the 50% of contract price level. In most cases, the bond plus remaining project budget are sufficient to complete the project at any stage of completion. Complete – bonding company does not need notification of change orders. No further action required.
15	5.5.1	Governance and Reporting	Adopt standardized project management reporting in a manner that is fit for purpose for the various stakeholders. Various levels of reporting are required, from project managers to their steering committees; steering committees to Project Management support office (or oversight body), to CCC, and finally to Council. A project governance structure would flush out the necessary levels and a project management methodology would ensure consistency of reports for comparability. Reporting should be an ongoing process, performed on a regular pre-determined timeframe. Council through General Committee should be receiving regular "dashboard" reports on high dollar City projects. Management reporting should include a cost report, as well as a schedule report that clearly identifies the "critical path" of the project. The critical path is the series of events that must occur in order for the	**PI**	Completed in 2013 through the Project Management methodology - Consistent reporting framework for capital projects has been established including templates, budget and schedule concern indices, and semi-annual dashboard reporting to Council for projects greater than $350K. Interim monthly status chart was completed in early 2010 and used by Land and Building Committee. Eclipse reporting was fully Implemented in early 2010 by Asset Management and used by the Cross Commission team for the Stimulus Projects. As of 2015, projects in Asset Management, IT and Environmental Services are tracked through Eclipse.

Audit 3: Centennial Community Centre Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			project to be completed on time and on budget. The two key forms of reporting: construction cost reporting and construction schedule reporting, as described in appendix 4, should be conducted with assistance from the party conducting the independent risk assessment.		
16	5.5.2		Implement issue escalation procedures as to how, what when and who to report.	**FI**	Issue escalation procedures are included in the dashboard report tool.
17	5.5.3		Staff recommendations and Council resolutions should be very clear on which staff position is authorized to carry out directions that involve legal agreements. There should be adequate segregation of duties between the person negotiating and the person approving and signing agreements. Clarify process for not following legal opinions, ensuring adequate risk management strategies are in place. Staff should demonstrate the City's position and rationale for not following legal advice and the risks thereof.		When there are legal issues that have complex risks, financial or performance implications, an issue note will be generated in consultation with the Legal Department and then escalated to the Commissioner and CAO.

Audit 4: Contract Administration Audit Findings

The Auditor General completed the Contract Administration Audit on December 18, 2009.

Status of Recommendations:
Overall, there were 15 recommendations made in this audit. Implementation status is identified below:

Total recommendations: 15
Fully Implemented (FI): 14
Partially Implemented (PI): 1

Status		
FI	**Fully Implemented**	Recommendations which are fully implemented
PI	**Partially Implemented**	Recommendations which have been implemented in part
YI	**Yet to be Implemented**	Outstanding recommendations
NI	**Not to be Implemented**	Recommendations that will not be implemented, with rationale as to why not, or alternative action taken instead, as appropriate

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
1	5.1.1	Processes that can be improved	Establish contract summary worksheets that identify key dates, key oversight activities, key contract terms and conditions that should be monitored and any other information that impacts contract outcomes. Consider feasibility of expanding the existing contract database and sharing the information with contract owners.	**FI**	The program is fully implemented and reviewed / updated annually utilizing Excel worksheets that are linked to all contract administration documents.
2	5.2.1		Require that the established contract tracking and billing processes are used for all contracts that involve repetitive work orders.	**FI**	All contracts in Operations are now managed through established Contract Admin processes. Blanket POSs are now tracked and shared by the contract owners that enables better management of commitments against POs and Budgets.
3	5.1.3		Clarify roles and responsibilities of the contract owner, particularly during contract extensions and renewals.	**FI**	Program fully implemented and reviewed / updated annually utilizing Excel worksheets that are linked to all contract administration documents
4	5.2.1	Consistent approach to contract terms	a) Establish a consistent approach to formalize the "Contract" when there are negotiated changes to the proponent's bid. Ensure all contract documents are in agreement. B) Revisit City's general terms and conditions, which do list the order of precedence for contract documents, to ensure clarity on the order of precedence of contract documents and sufficient	**FI**	Review of active contracts was completed to confirm documents are in agreement. The contract summary document was rolled out by to enable the ongoing review and conformance.

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			flexibility for negotiations. c) Refer to recommendation 5.1.1		
5	5.2.2	Contract terms differed among documents	Clarify the contract terms where there are differences between the contract documents for active contracts.	**FI**	Operations staff will review all active contracts to ensure proper alignment of purchase order to tender document. Where differences exist, staff will work with Purchasing Dept and vendors to record agreed to terms and provide formal documentation for inclusion in new summary worksheet. Work completed by the end of the 3rd quarter 2010 Review of active contracts was completed to confirm documents are in agreement. The contract summary document was rolled out to enable the ongoing review and conformance.
6	5.3	Approval of goods and services	Establish more efficient payment process with the upcoming automation of accounts payable, including improved tracking of blanket purchase orders and processes to support approval of purchases before the goods and services are received.	**FI**	Through 2009 and first quarter 2010, Operations moved contract administration for all maintenance/repair contracts to established departmental contract tracking and billing processes (complete). Program fully implemented and reviewed / updated annually utilizing Excel worksheets that are linked to all contract administration documents.
7	5.4	Tracking unexpected costs	Clarify responsibilities for tracking and following up on potential recoveries for costs incurred through third party damages. Ensure appropriate efforts are	**FI**	Clerks and Operations staff have met internally to review the insurance claim process relative to these circumstances. It is clear that the claims submission

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			made to recover the costs. Ensure the budget for maintenance of traffic control devices includes some amount for unexpected costs.		process in the past 2-3 years has been inconsistent due to the fact that the receipt of Police Incidents Reports from YRP has been inconsistent. The City's ability to recoup costs from the party responsible requires access to the YRP's reports. YRP had previously indicated that they were not able to provide the requested reports due to their interpretation of the privacy provisions of the Municipal Freedom of Information and Protection of Privacy Act. Staff are working to clarify the City's access rights with respect to police reports. Estimated value of third party damages for traffic signals for 2009 was approximately 25K. In the absence of access to police reports, Operations and Clerks staff review data related to third party damages resulting from traffic accidents and report back as requiredClerks and Operations will document the process for recovery for costs for third party damages. Clerks is responsible for the tracking and follow up. Operations will request additional funding in 2011 to cover unexpected costs for maintenance of traffic control devices. A trend analysis completed and funding requests if required are addressed during annual Budget process.
8	5.5	Oversight activities	Staff should rethink the existing contract conditions as to feasibility and relevance, in particular focusing	**FI**	Contract Summary Worksheet prepared with tender document by the Operations Dept will cover contract

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			on effective and efficient City monitoring and oversight of the contract work. With the current contract expiring in December 2009 and staff developing the contract documents for tendering through a competitive process, there is an opportunity to improve the contract conditions. Establish a contract summary sheet that outlines the nature and timing of all required quality assurance tests for reference by the contract owner (refer to recommendation 5.1.1).		terms, conditions and specifications including all testing, analysis, reporting and inspection requirements (i.e., field tests, equipment inspection, equipment testing reports etc.) Contract owner to monitor and ensure compliance with all terms and conditions included throughout the term of the contract Program is fully implemented and reviewed / updated annually utilizing Excel worksheets that are linked to all contract administration documents.
9	5.6	Bonding	Establish consistent standardized practices for ensuring sufficiency of bonds for multi-year or extended contracts. Bonds for multi-year contracts, including extensions, should either reflect the contract value for the contract period or be renewed as needed. The City could consider the use of renewable performance bonds for multi-year contracts. Contract documents should clearly specify the performance bond requirements for renewal items. Refer to recommendation 5.1.1.	**FI**	After discussion with Legal and other sureties, it has been confirmed that the City's current procedures adhere to risk thresholds and established practice. However effective October 2010 bid documents that have multi-year contracts include the requirement of bond renewal each year.
10	5.7	Material delivery tickets	Staff should be made aware of this practice and review the weighing practices of the contractor.	**FI**	Program fully implemented and reviewed / updated annually utilizing Excel worksheets that are linked to all contract administration documents.
11	5.8	Change orders	Prices for change orders should be reviewed against current market prices to ensure reasonable and all	**FI**	Prices for change orders are currently reviewed to ensure fair market pricing, including MTO OPS127 rates;

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			contract terms considered.		best value for Corporation, and adhere to Purchasing policies.
12	5.9.1	Performance indicators	Performance indicators should be developed to effectively measure the pavement management program. Specifically, the targets set should be developed with regard to the value obtained from the investment required. How the indicators are calculated, the assumptions, and source data used should be clearly identified and consistently applied and well documented to allow for verification.	**FI**	University of Waterloo was retained to provide guidance and assist the staff in data collection, frequency and analysis, as well as establishing a documented process for performance indicators, and training staff on all aspects. The Project kicked off in September 2010 and is on track for completion by December 2012. In 2011, Operations field staff completed "Hot Mix Best Practices" training course provided by consulting engineering firm DBA. A review of Pavement Management manuals and research papers from the Ministry of Transportation has provided an updated model on which to base pavement performance indicators. An in house field assessment of roadway segments, model generated performance indicators and trigger values has validated the model and values. Pavement condition assessment and traffic loading surveys has been modified based on the recommendations from the University of Waterloo report. Completed and subject to continuous improvement annually.
13	5.9.2	Pavement management program	The pavement management program should be documented to allow for reliable assessment and reporting of progress in achieving goals.	**FI**	Same as above in 5.9.1.

Audit 4: Contract Administration Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
14	5.10.1		Strengthen data collection and analysis activities. This will support staff in their intent to "monitor, track performance, and condition to ensure that the network remains in good repair" (as stated in recent presentations). Determine if the pavement management system (PMM) is a viable option, any other alternatives, or if the current staff developed database meets the future needs of the program. If the PMM is a "book of record", the 2008 data needs to be input, models developed and staff training provided. If the in house database is considered the "book of record" on a go forward basis, then documentation of the database design and proper change control processes with security need to be implemented.	**PI**	New rating model provided by U of W in 2014 has been used to generate updated data of the 2013 assessment and to revise the specifications for the 2015 condition assessment tender. The 2015 data collection is currently underway. This will be a benchmark for comparison against the 2013 collection. U of W has been requested to review both and provide further assessment of inventory in Q1, 2016.
15	5.10.2		Implement a plan with a timeline that would have the entire road network surveyed at least once using measurable testing mechanisms that produce auditable condition indexes. Determine the frequency and cycle of required future testing. Visual inspections by City staff should have standard criteria and results documented.	**FI**	New rating model provided by U of W in 2014 has been used to generate updated data of 2013 assessment and to revise the specifications for the 2015 condition.

Audit 5: Engineering Capital Audit Findings

The Auditor General completed the Engineering Capital Audit on May 13, 2010.

Status of Recommendations:

Overall, there were 10 recommendations made in this audit. Implementation status is identified below:

- **Total recommendations:** 10
- **Fully Implemented (FI):** 6
- **Partially Implemented (PI):** 3
- **Not to be Implemented:** 1

Status		
FI	**Fully Implemented**	Recommendations which are fully implemented
PI	**Partially Implemented**	Recommendations which have been implemented in part
YI	**Yet to be Implemented**	Outstanding recommendations
NI	**Not to be Implemented**	Recommendations that will not be implemented, with rationale as to why not, or alternative action taken instead, as appropriate

Audit 5: Engineering Capital Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
1	5.1	Project reporting framework	a) Working with the newly implemented Project Management Office b) Refine the project status reports to clearly identify issues, rate/assess their significance and any key deadlines, and include risk mitigation actions c) Develop and adopt project reporting framework that includes reporting process to Council and Senior City staff, executive summary project dashboards that focus on project status as to time, cost, and quality issues. d) Develop/adopt issue tracking mechanism with an escalation process.	**PI**	a) Cross Commission team established in 2009 with Terms of Reference. General Committee Dec. 2 ,2013 Report "Project Management Coordination and Reporting" outlining the City's project management practices b) Capital staff are undergoing training to use Eclipse which will update project status reports to identify funding update and key deadlines. Currently, staff report directly to the Senior Management and Director with any potential risks and issues on a regular basis. c) Major issues on capital projects that have a significant cost and schedule impact are escalated by providing a briefing note to CAO/ELT in a form of an email. Director and Senior Manager will typically present the issues and recommendations to ELT for implementation. d) Staff are required to provide an update to Senior Manager/Director of Engineering on a regular basis and discuss issues that require escalation to Senior Management.
2	5.2.1	Project closure process	a) The close out process for projects should be documented, similar to the documentation maintained by the department for the other project	**PI**	Staff are in the process of creating and implementing a process for delivering capital projects including project close out. Process is being completed in conjunction

Audit 5: Engineering Capital Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
			phases. b) Project close out should include a "lessons learned" activity for continuous improvement.		with Project Charters. A Project close out form has been created and is currently being utilized by Staff. The Project close out form includes lessons learned. As part of the monthly meetings, Capital works staff has been incorporating the "lessons learned" from other projects.
3	5.2.2		Engineering should adopt the use of the new City standard project management software (Eclipse) to ensure key project documents are retrievable in the future. Develop a checklist of standard required documents in engineering projects.	**PI**	Staff are in the process of creating and implementing a process for delivering capital projects. Any documents relating to the project are saved on a standard project folder and are readily available for access. A separate general folder for standards and guidelines are also being created and implemented.
4	5.3.1		a) Consultants hired as preferred suppliers should have a contract document created and executed to support the purchase of services. The contract document/consultant quote should at least include the scope, expected activities, mandatory documents, and performance measurements for the consultant. b) In selecting a preferred supplier for services, there is no required City "Request for Quote" document. It is recommended that standard requirements for contract administration be developed to ensure all necessary services and documents have been included in the consultant quote.	**FI**	a) In accordance with the Purchasing By-law, a consultant contract document is comprised of the following items: 1. Purchase Order 2. Request for Proposal Document 3. Consultant Proposal All consultants that are hired on a "preferred supplier" basis are now required to issue a proposal identifying the scope of work, expected activities, expected documentations (i.e., inspection reports, etc.). b) In addition, capital staff has now implemented a "Project Initiation Meeting" with consultants, for major projects, prior to start of construction in order to identify the City's requirements and expectations from

Audit 5: Engineering Capital Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
					the consultant (i.e., inspection reports, payment certificates, change orders, etc.).
5	5.3.2	Consultant contract and contract administration	Contract documents should be logged in the contract database as a project separate from the construction contract to ensure the agreement with the consultant is identified, properly executed and managed.	**FI**	The Contract Administration component has been incorporated into the selection of consultant engineers during the design stage. Engineering department is looking into doing Contract Administration for some component of its future work.
6	5.3.3		City project managers should have a copy of the consultant quote/agreement/ contract to ensure that services are delivered as agreed to.	**FI**	Project Managers are now required to have a digital copy and a hard copy of the consultant quote / agreement / contract. The Project Managers are also advised to review the document and ensure that the works that are being completed / submitted are in accordance to the terms of the contract
7	5.4.1	Change order processes	Change orders should be logged at the time they are proposed and a copy of that log kept with City staff.	**FI**	Project Managers are now required to have a separate file / folder specifically to deal with change orders. A Change Order summary form is prepared for each contract and all documents relating to change orders (i.e. forms, backup document) are kept on this file / folder. The Project Managers are also required to keep a digital copy of the change order file in the system.
8	5.4.2		City approval for the work, request should be formalized outside of the site meeting minutes or emails.	**FI**	City has a Policy regarding approvals for Change Orders and identifies approval levels based on change order value. A formal change order form is now required to be prepared and signed off by the required approval authority and the document is filed with the change order folder.

Audit 5: Engineering Capital Audit Findings

Number	Recommendation Number	Issue	Recommendation	Status	Actions Taken
9	5.4.3		Change orders should be categorized as to the reason.	**FI**	The change order form has been revised to incorporate categories for the work order. The categories included in the change orders are: 1. Unexpected circumstances 2. Change in scope of work 3. Design change 4. Other
10	5.4.4		Proposed change orders that cannot be identified as valid, should be resolved prior to the contractor starting the work or else formal notification that the City may not approve should be provided by the contractor.	**NI**	If a Change Order cannot be identified as “valid” prior to the commencement of work, the contractor can still submit a claim to the City to recover the cost of the work after the work is completed. It is the responsibility of the Contract Administrator to review the legitimacy of the claim and provide a recommendation to the City on how to respond.