Minutes – Executive Policy Committee – November 18, 2009

Minute No. 34
Report – Alternate Service Delivery Committee – November 2, 2009

Item No. 1 Operational Reviews of the Special Operating Agencies
eFile GL-5.6.1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submits the following to Council:

1. That the Audit Department proceed with an operational review of the Winnipeg Parking Authority. Based on bids received Audit will require up to $60,000.00 for professional services to conduct the operational review for the Winnipeg Parking Authority. The Audit Department will charge the Winnipeg Parking Authority for the cost of professional services.

2. That the Audit Department proceed with an operational review of the Winnipeg Golf Services. Based on bids received Audit will require up to $30,000.00 for professional services to conduct the operational review for the Winnipeg Golf Services. The Audit Department will charge the Winnipeg Golf Services for the cost of professional services.

3. That the Audit Department not proceed with an operational review of the Winnipeg Animal Services Agency at this time because of the on-going negotiations with the Humane Society with respect to the provision of certain animal services.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Alternate Service Delivery Committee be concurred in and forwarded to Council.

Carried

COMMITTEE RECOMMENDATION:

On November 2, 2009, the Alternate Service Delivery Committee concurred in recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

COUNCIL DECISION:

On March 25, 2009, Council concurred in the recommendation of the Alternate Service Delivery Committee and adopted that the Winnipeg Public Service report back, within 60 days, on the cost of having an operational review conducted by an outside firm on the Winnipeg Fleet Management Agency SOA, Winnipeg Parking Authority SOA, Winnipeg Golf Services SOA, and Animal Services SOA.

ADMINISTRATIVE REPORT

ISSUE: Operational Reviews of the Special Operating Agencies

Critical Path: Alternative Service Delivery Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Mansky	B. Whiteside	M. Ruta	A. Robinson Deputy CAO

RECOMMENDATIONS

1. We recommend the Audit Department proceed with an operational review of the Winnipeg Parking Authority. Based on bids received Audit will require up to $60,000 for professional services to conduct the operational review for the Winnipeg Parking Authority. The Audit Department will charge the Winnipeg Parking Authority for the cost of professional services.
2. We recommend the Audit Department proceed with an operational review of the Winnipeg Golf Services. Based on bids received Audit will require up to $30,000 for professional services to conduct the operational review for the Winnipeg Golf Services. The Audit Department will charge the Winnipeg Golf Services for the cost of professional services.
3. We recommend that the Audit Department not proceed an operational review of the Winnipeg Animal Services Agency at this time because of the on-going negotiations with the Humane Society with respect to the provision of certain animal services.
4. We recommend that the Alternative Service Delivery Committee authorize the public service to carry out the above recommendations.

IMPLICATIONS OF THE RECOMMENDATIONS

Financial Implications:

None.

Other:

- RFPs for operational audits for the two recommended SOAs to be reviewed are closed, the bids have been evaluated and are ready to award.
- The Audit Department will charge the Winnipeg Parking Authority and Winnipeg Golf Services in the amount of $60,000 and $30,000 respectively, for the costs of external professional services to conduct the operational reviews. We are not recommending that an operational review of Winnipeg Animal Services be conducted at this time. These funds are required in order to award the contracts.
- A delay in receiving approval to charge the SOAs with the costs of external consulting services will delay the award of the contracts and the completion date of the projects. Once a consultant has been retained for these projects, the work will take three months to complete.
- A further delay will also jeopardize the Request for Proposal (RFP) process. The terms of the RFPs issued stipulate that the offer is only valid for a period of thirty (30) days after the submission deadline. Therefore the decision deadlines are as follows:

  Winnipeg Parking Authority **September 18, 2009** *revised deadline* **November 18, 2009**
  Winnipeg Golf Services **September 30, 2009** *revised deadline* **November 30, 2009**.

  The Audit Department has requested that the bidders for the Parking Authority and Golf Services operational reviews provide an additional 30-day extension for the City to accept their submission. We have received the bidder's approval to extend the deadline.
- Audit has consulted with the Special Operating Agencies and they are aware of the costs to be charged to them for the operational reviews. The Special Operating Agencies have provided Audit with the accounts where these costs are to be charged to.
- We understand that the City has initiated negotiations with the Humane Society to perform some services currently performed by the Animal Services Agency. As a result it is appropriate to defer the organization review until the outcome of the negotiations is known.

HISTORY

An Operational Review of the Special Operating Agencies was included in the City Auditor's 2009-2010 Audit Plan at the request of the CAO and endorsed by Audit Committee on April 27, 2009. The request to include the Review of Special Operating Agencies in the Audit Plan was made in response to the Alternate Service Delivery Committee request made on March 6, 2009:

> "That the Winnipeg Public Service be requested to report back to the Alternate Service Delivery Committee, within 60 days, on the cost of having an operational review conducted by an outside firm on the Winnipeg Fleet Management Agency SOA, Winnipeg parking Authority SOA, Winnipeg Golf Services SOA and on the Animal Services SOA."

The objective of the operational reviews is to:

- review the operational performance of the agency,

- provide recommendations to improve the operational efficiency, and effectiveness of the agency, and to
- review the extent to which reported service performance results are complete, relevant, accurate, balanced and meaningful.

Resources to complete these audits will include a combination of external consultants and staff from the Audit Department. Audit proposed using external consultants to varying degrees on all projects.

Winnipeg Fleet Management Agency - The Audit Department has completed audit work on the Winnipeg Fleet Management Agency (WFMA) audit. We contracted with a consultant with specific expertise to supplement Audit resources. Audit Department staff have also been involved in the review of WFMA. The Audit Department will cover the cost of the external consultant.

The Audit Department has a list of consultants identified for the two recommended reviews. Audit staff have completed a Request for Qualifications (RFQ) and subsequent Request for Proposal (RFP) process to select the consultants. Consultants have been selected for each of the remaining three projects.

Scope of Reviews

Winnipeg Parking Authority

The operational review is to cover the following key areas of the Winnipeg Parking Authority:

- Parking services delivery – efficiency and effectiveness of the delivery of parking services including but not limited to price competitiveness, utilization rates, cost structure, staff utilization.

- Enforcement – adequacy and effectiveness of enforcement activities as compared to industry and other jurisdictions.

- Asset management – adequacy and effectiveness of current asset management processes including but not limited to the condition assessment, maintenance and investment in key assets. Also a review of the inventory to identify any divestiture opportunities.

- Customer service – adequacy and effectiveness of processes to assess and respond to customer requirements and adequacy of employee hiring and training processes.

- Collections – adequacy and effectiveness of collection, cash handling, revenue control procedures.

- Contract management – adequacy and effectiveness of processes to manage key service contracts to ensure service provider provides value for services contracted for.

- Performance reporting – adequacy and accuracy of current performance reporting processes to drive strategic planning and to assess progress against current strategic goals and objectives.

Winnipeg Golf Services

The operational review is to cover the following key areas of the Winnipeg Golf Services:

- Golf services delivery – efficiency and effectiveness of the delivery of golf services.
- Asset management – adequacy and effectiveness of current asset management processes including but not limited to the condition assessment, maintenance and investment in key assets. Also a review of the inventory to identify any divestiture opportunities.
- Customer service – adequacy and effectiveness of processes to assess and respond to customer requirements and adequacy of employee hiring and training processes.
- Collections – adequacy and effectiveness of collection, cash handling, revenue control procedures.
- Contract management – adequacy and effectiveness of processes to manage key service contracts to ensure service provider provides value for services contracted for.
- Performance reporting – adequacy and accuracy of current performance reporting processes to drive strategic planning and to assess progress against current strategic goals and objectives.

The Audit Department is awaiting approval to proceed with the operational reviews of the Winnipeg Parking Authority and Winnipeg Golf Services and to charge the costs of the related external professional services to the respective SOA in order to award the contracts for external professional services. Once a consultant has been retained for these projects, the work should be completed within three months.

Reporting

Interim reporting to the SOA Board of Directors would occur during the reviews as requested or warranted. We would anticipate providing updates in October and November.

A draft report on each operational review will be prepared as completed. The report will be provided to the SOA Board of Directors and the COO of each agency for review and comment. Once we have incorporated the feedback, the summary of common issues and associated best practices will be prepared for review and comment.

Finally, all the individual reports will be compiled into a single comprehensive report. The formal report will be presented to Audit Committee.

FINANCIAL IMPACT

Capital										
Capital Expenditures Required	$	-	$	-	$	-	$	-	$	-
Less: Existing Budgeted Costs		-		-		-		-		-
Additional Capital Budget Required	$	-	$	-	$	-	$	-	$	-
Funding Sources:										
Debt - Internal	$	-	$	-	$	-	$	-	$	-
Debt - External		-		-		-		-		-
Grants (Enter Description Here)		-		-		-		-		-
Reserves, Equity, Surplus		-		-		-		-		-
Other - Enter Description Here		-		-		-		-		-
Total Funding	$	-	$	-	$	-	$	-	$	-
Total Additional Capital Budget Required	$	-								
Total Additional Debt Required	$	-								
Current Expenditures/Revenues										
Direct Costs	$	90,000	$	-	$	-	$	-	$	-
Less: Incremental Revenue/Recovery		-		-		-		-		-
Net Cost/(Benefit)	$	90,000	$	-	$	-	$	-	$	-
Less: Existing Budget Amounts		90,000		-		-		-		-
Net Budget Adjustment Required	$	-	$	-	$	-	$	-	$	-

Additional Comments:

Existing Budget Amounts are from the Winnipeg Parking Authority ($60,000) and Winnipeg Golf Services ($30,000).
An estmaited budget for Winnipeg Animal Services Agency ($20,000) is not included as it is not recommended that we proceed at this time..

Department Controller

CONSULTATION

In preparing this Report there was consultation with: n/a

SUBMITTED BY

Department: Audit
Division: n/a
Prepared by: B. Mansky
Date: October 5, 2009
File No.