Minute No. 248
Report "A"– Executive Policy Committee – March 16, 2011

Item No. 10 Local Improvements Audit Report

Council concurred in the recommendation of the Executive Policy Committee, as amended, and adopted the following:

1. That the recommendations of the City Auditor contained in the Local Improvements Audit Report, be concurred in, and the City of Winnipeg Public Service be directed to immediately commence the implementation of such recommendations.

2. That the Director of Legal Services / City Solicitor be directed to prepare an amendment to the Local Improvement Regulation By-Law to be submitted to Council at its meeting of April 27, 2011, which amendment shall have the effect of implementing Recommendation 5 of the Audit Report for all future development agreements for the following types of basic infrastructure:
    - land drainage sewers
    - combined sewers
    - wastewater sewers
    - watermains
    - roadway pavement

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

Report "A"– Executive Policy Committee – March 16, 2011

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,
That the recommendation of the Executive Policy Committee be adopted.

In amendment,

Moved by His Worship Mayor Katz,
Seconded by Councillor Browaty,

WHEREAS the City Auditor has submitted a report to Council entitled "Local Improvements Audit Final Report" (July 2010) (the "Audit Report");

AND WHEREAS Recommendation 5 of the Audit Report states "We recommend that the Assessment and Taxation Department work with other city representatives to amend the Local Improvement Regulation By-Law to state the exclusion of imposing local improvement taxes for basic infrastructure installation that developers are already obligated to install in their development agreements.";

AND WHEREAS Recommendation 5 of the Audit Report provides a prospective manner of addressing such "inside-development local improvements" to ensure that they are not permitted to occur in the future;

AND WHEREAS it is desirable to implement Recommendation 5 of the Audit Report in a timely and expedient manner;

THEREFORE BE IT RESOLVED that the item be amended to include the following, and that all existing recommendations be renumbered accordingly:

2. That Council direct the Director of Legal Services / City Solicitor to prepare an amendment to the Local Improvement Regulation By-Law to be submitted to Council at its meeting of April 27, 2011, which amendment shall have the effect of implementing Recommendation 5 of the Audit Report for all future development agreements for the following types of basic infrastructure:
   - land drainage sewers
   - combined sewers
   - wastewater sewers
   - watermains
   - roadway pavement

Report "A"– Executive Policy Committee – March 16, 2011

DECISION MAKING HISTORY (continued):

The motion by His Worship Mayor Katz and Councillor Browaty was put and declared carried.

The motion for adoption of the item, as amended, was put and declared carried.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee recommended to Council that the recommendations of the City Auditor contained in the Local Improvements Audit Report be concurred in, and the City of Winnipeg Public Service be directed to immediately commence the implementation of such recommendations.

On November 17, 2010, the Executive Policy Committee further laid over the matter for 90 days.

On July 14, 2010, the Executive Policy Committee laid over the Local Improvements Audit Report to its meeting in November 2010.

COMMITTEE RECOMMENDATION:

On July 6, 2010, the Audit Committee received as information the Local Improvements Audit Report dated June 25, 2010, and forwarded the matter to the Executive Policy Committee and Council.

AUDIT REPORT

ISSUE: Local Improvements Audit

Critical Path: Audit Committee – Executive Policy Committee - Council

AUTHORIZATION

Author	City Auditor / Chief Performance Officer		
B. Mansky	B. Whiteside		

RECOMMENDATIONS

The Audit Report contains 9 recommendations to:

- Strengthen oversight of the local improvement service
- Revise the rate methodology for some improvement projects so that the taxes imposed better approximate the actual project costs.
- Adjust accounting treatments so they are consistent and in accordance with GAAP.

The report is attached as an Adobe PDF.



Local Improvements Audit Final Report.pd

IMPLICATIONS OF THE RECOMMENDATIONS

The responsibility for delivery of the service was a collaboration of effort between six departments. We recommended the Assessment and Taxation Department expand their oversight role and implement a more thorough quality review processes. The responsibility for implementation of the recommendations contained within the Audit Report resides with these departments. When implemented the implications of the recommendations should be:

- to ensure local improvement taxes imposed are consistent with the *Charter*
- to ensure local improvement projects are consistent with the *Charter*
- provide back-ups of local improvement project files that critical to administering the service
- to ensure the taxes imposed reflect the actual costs of the local improvement project

HISTORY

An audit of Local Improvements was included in the City Auditor's 2009-2010 Audit Plan that was approved by Audit Committee.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 28, 2010

Project Name:
Local Improvements Audit

First Year of Program

	0	1	2	3	4
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The financial impact cannot be quantified at this time. Financial benefits should be realized as the Audit recommendations are implemented.

Department Controller

CONSULTATION

In preparing this Report there was consultation with:

The management and staff of the Assessment and Taxation Department, Public Works Department, Water and Waste Department, Property, Planning and Development Department, City Clerk's Department and the Legal Services Department.

SUBMITTED BY

Department: Audit Department
Division
Prepared by: B. Mansky
Date: June 25, 2010
File No.