Winnipeg

Real Estate Management Review
Status of Audit Recommendations
As at December 31, 2014

- Revised April 2015

Leaders in building public trust in civic government

Audit Department

TABLE OF CONTENTS

History 5

Status of Audit Recommendations 6

Audit Observations 7

Recommendations and Updates 8

Additional Recommendations adopted by Council 20

Appendix 1 22

History

On September 27, 2012, Winnipeg City Council passed a motion that an external and objective Real Estate Management Audit be conducted, going back a minimum of 5 years, which will review the processes and policies used for all major land Acquisition, Sales, Transfers and External leasing activities, including all transactions where commissions or management fees were paid with City of Winnipeg funds.

On December 7, 2012 a contract to conduct the Audit was awarded to Ernst & Young.

On July 2, 2014 EY Reported to Audit Committee and EPC. The *Real Estate Management Review* contained 17 recommendations.

On July 9, 2014 Council had a special meeting to deal with the *Real Estate Management Review* and adopted 21 recommendations (see Appendix 1).

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is an update of the first status report on the implementation of the recommendations from the *Real Estate Management Review*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Status of Audit Recommendations

December 31, 2014

How was the Status of Audit Recommendations report produced?

The Audit Department provided a template of the audit recommendations to the Acting CAO who identified staff that would be responsible for providing a status update on the implementation of the recommendations. The completed templates are forwarded to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented as at December 31, 2014. The Audit Department summarized the status of implementation and prepared a brief overview for Audit Committee. Starting in 2015, documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Percent Complete	Not to be implemented	1st Qtr 2015	2nd Qtr 2015	3rd Qtr 2015	4th Qtr 2015
Real Estate Management Review	17	1	6%	2	2	-	-	12

Audit Observations

- Recommendation 12 was implemented in 2014.

- Fourteen recommendations are in progress at December 31, 2014. Two recommendations (15 and 16) are targeted for implementation in the 1st quarter of 2015. Another twelve recommendations (1,2,3,4, 7,8,9,10,11,13,14, and 17) are to be addressed through the engagement of an external consultant to develop and recommend a Real Estate Management Framework. This work is expected to be complete in the 4th quarter of 2015. The development of the Real Estate Management Framework is linked to the implementation of three recommendations (4, 8 and 12) from the Report on *New Fire Paramedic Station Construction Project*.

- Two recommendations will not be implemented. The Public Service indicated that the Standing Policy Committee on Property and Development has given direction to no longer utilize external real estate brokers. Two recommendations (5 and 6) that deal with guidelines for the retention of external real estate brokers and documented roles for real estate brokers will not be implemented at this time.

- Given that the Planning, Property and Development Department is planning on using an external agency to recommend a Real Estate Transaction Management Framework, Council may want to consider if funding the Audit Department to hire an external agency to oversee the implementation is still required.

Date: January 15, 2015

Revised: April 16, 2015

Recommendations and Updates

No.	Recommendation	Status	Update – December 31, 2014
1	**Develop a real estate transaction management framework** A framework (or similar) would serve a number of purposes and meet the needs of various internal City and external stakeholders. The framework would: ► Provide guidance and direction to personnel involved in real estate transactions ► Demonstrate to City Council, senior management and the general public that appropriate policies, directives, guidelines, standards, instructions, etc. are approved and implemented Based on EY's review of other Canadian municipalities, the following are elements for consideration in establishing a public sector real estate transaction framework: 1. Governance structure 2. Policy, directives, and guidelines 3. Transactions 4. Performance management 5. Reporting, monitoring, and audit	In progress	The Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). The work timeline and deliverables are as follows: 1) Pre-work: prepare and issue the RFP; review submissions, award the contract (2015-Q2). 2) Phase I - Current State and Best Practice / Cross Jurisdictional Analysis (2015- Q2). 3) Phase II - Recommended Real Estate (RE) Transaction Management Framework and Implementation Plan - including: a Governance Structure; documented directives, guidelines, checklists and procedures for all transactions types; a performance management and reporting program (2015-Q3). 4) Phase III - Implementation of the new Real Estate Transaction Management Framework and Reporting Program- based on a detailed Implementation Plan (2015-Q4). The role of the Independent Fairness Commissioner (IFC) will also be integrated into the recommended Framework. Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
2	**Establish PPD directive for more complete reporting and provide checklist to assist with disclosures** a) Establish a PPD directive to outline alternatives, evaluations, and supporting analyses for decision making that will facilitate more complete reporting. The checklist noted in Recommendation 1, outlining key elements, will assist in improved disclosures. b) A review should continue to be undertaken of the submission prior to it being put forward to assess that the information is complete and accurate. This may involve a review of the transaction file to verify that key information is included in the Administrative Report. If input from other departments (i.e. Finance, Legal Services, etc.) is included, a review by that department of the final submission should be undertaken to ensure accuracy of information submitted. c) When it may not be advisable to share information publicly to respect privacy and the City's bargaining position, consideration should be given to establishing protocol for discussing such matters in a Council seminar or through other means, with the results of the discussions documented in summary notes or the transaction file.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, the PPD Directive for more complete reporting and a checklist to assist with disclosures will be recommended and established in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
3	**Establish appraisal guidelines** a) Establish guidelines regarding the requirement for appraisals b) Timing of appraisals and updates c) Consistency between assumptions d) Explanation for significant differences e) Documentation	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, the appraisal guidelines will be recommended and established in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
4	**Engage Materials Management more consistently to ensure openness, fairness and transparency of procurement processes.** Guidelines should be established outlining when to engage the Materials Management. Consideration can be given to size, complexity, and other characteristics of a transaction (leases, acquisitions, etc.) or retention of broker or advisory services. By utilizing the services of Materials Management more consistently, the Real Estate division would benefit from additional support and expertise and potentially improve the oversight and accountability of real estate procurement processes. ► Ensuring information is shared fairly (at the same time and in the same level of detail) to all proponents in procurement processes ► Allocation of work to prequalified proponents (managing that process for PPD to ensure fair allocation) ► Assistance with RFP/EOI/RFQ documents – determining which is most appropriate process to undertake, considerations of what base services to include / what would need to go to a separate new procurement process – or what would require a further competition between prequalified proponents	In progress	The Public Service engages the Materials Management Division in real property transactions when an RFP, RFQ or EOI is warranted. Documentation regarding this established process will be integrated into the newly developed Real Estate Transaction Management Framework. Implementation Date: 2015 Qtr 4

No.	Recommendation	Status	Update – December 31, 2014
5	**Establish guidelines on retention of external real estate brokers.** Guidelines should be established on when external real estate brokers are to be engaged as well as defining explicitly what services will be provided as part of their engagement. The following should be considered: ► Requirement to document the basis for why external resources are required ► If additional services are required that were not contemplated in an original procurement document (due to transaction size, complexity of the transaction, or service not contemplated by an RFQ, RFP, EOI, EOIQ), a separate procurement process should be initiated for those transactions / services ► Specific documentation, identification and inclusion in final contracts if certain items are contemplated to be paid for even if a transaction did not close	Not to be implemented	As directed by the Standing Policy Committee on Property and Development (SPCP&D), the Public Service no longer utilizes an external Real Estate Broker Program. If directed to reinstate the Program at some future date, guidelines on the retention of external real estate brokers will be established and integrated into the Real Estate Management Framework. 2014 Qtr 3
6	**Establish guidelines to document real estate brokers' roles** Guidelines should be established and consideration given to the following: ► Any work being completed by an external broker should be under specific contracts which have been subject to legal review ► If any perceived conflict could arise given involvement by the broker for other parties beyond the City in a given transaction, approval of that involvement by the City would be required and a Confidentiality Agreement put in place. Policy on the appropriate level of authority to approve this circumstance should be established	Not to be implemented	As supported by discussions at the October 9, 2012 Standing Policy Committee on Property and Development (SPCP&D), the Public Service no longer utilizes an external Real Estate Broker Program. If directed to reinstate the Program at some future date, guidelines to document real estate broker's roles will be established and integrated into the Real Estate Management Framework. 2014 Qtr 3

No.	Recommendation	Status	Update – December 31, 2014
7	**Establish guidelines when negotiating and establishing commission rates with external real estate brokers** a) Establish guidelines on commission rates to be paid on real estate transactions, ensuring they are reflective of industry standards, and comparable to the conventions of other municipalities for transactions of a similar nature. The level of transparency and rationale should increase relative to the magnitude of the transaction. b) Commission rates for large transactions should be negotiated rather than applying the commission rate that was set for a much lower transaction value. This may result in lower fees.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Written guidelines for negotiating and establishing commission rates with external real estate brokers will be developed and integrated into this recommended Framework in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
8	**Retain documentation of internal communication in the transaction file** a) The Real Estate division is in the process of developing a formal checklist for transactions, including verification of Councillor consultation. EY agrees with the Real Estate division's initiative to implement a formal checklist to ensure that consultation with the Ward Councillor occurs and results are retained in the file. b) Copy of Circular letters should be retained in the transaction file. If a Circular Letter was not issued, a valid justification for not doing so should be included in the file. When a circular letter is not retained in the file, there is no means to confirm that the appropriate parties have been notified.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7, 8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, current internal communication procedures will be reviewed and enhanced. Updated formal checklists and procedures regarding documentation and retention of consultation and communication with internal City stakeholders will be recommended and established in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
9	**All significant agreements and contracts should be reviewed by Legal Services. Standard templates for all Real Estate transactions should be developed.** All significant agreements and contracts should be reviewed by Legal Services. Consideration should always be given to adherence to standard City terms and conditions for the provision of services. Standard City templates which do not already exist, such as leasing transactions where the City is the lessee, real estate consultant agreements, should be developed and approved by Legal Services. Significant changes to the standard terms should be approved by Legal Services. This will limit contact risk to the City.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7, 8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, standard City templates currently in use will be reviewed, enhanced as required, and integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Standard templates which do not already exist will be developed and implemented based on this same schedule. All Real Estate transaction agreements are currently reviewed by Legal Services. Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
10	**Develop standardized index and checklist for transaction files and standardized approach for document retention** a) A standardized index and checklist should be developed to facilitate more consistent document retention and file organization. A checklist will help ensure procedures are not inadvertently missed. The City should consider a centralized option for document sharing across all related departments. All relevant documents to a real estate transaction should be accessible by PPD and their file documentation should contain support for all critical documents. A system of this nature could consist of a central database of documents, with access granted to certain aspects of the system as necessary for given departments (for example all final legal documents from real estate transactions would be accessible by Legal Services and PPD).	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, current procedures, practices and tools for document retention will be reviewed. Existing checklists for transaction files will be reviewed, enhanced as required and integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
11	**Guidelines should be established for a comprehensive procurement process for significant lease or acquisition transactions over a certain size** Guidelines should be established for undertaking a comprehensive procurement process (including an open market process) for leases \ or acquisitions of a significant dollar size or complexity in order to determine the best options and rates for the City.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, current procedures will be reviewed and enhanced as required to ensure that guidelines are in place for a comprehensive procurement process when lease or acquisition transactions are over a certain size. These guidelines will be integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
12	**Incorporate flexibility into lease terms** Where possible leases should include shorter base terms with options to renew, or cancellation clauses should be included to protect the City's interest and provide flexibility in lease agreements.	Implemented	Where possible, the Public Service incorporates flexibility into lease terms. The Department has in place delegated authority to approve specific leases of a shorter duration, with cancellation clauses and renewal options. Implemented: 2014 Qtr 3

No.	Recommendation	Status	Update – December 31, 2014
13	**Perform market analysis for establishing lease rates** When entering into a lease agreement, an analysis should be performed of various comparable properties in the area to determine market rates. External data should be obtained to corroborate estimates and validate the lease is consistent with market rates (incorporating all aspects of occupancy costs). The Public Sector Comparator tool or other comprehensive model should be used in order to determine whether a proposed arrangement is cost effective for the City.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, current procedures for performing market analysis for establishng lease rates will be reviewed, enhanced as required, documented and integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3). The Framework will be implemented as part of Phase III (2015-Q4). Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
14	**Develop tracking mechanism** Develop a formal tracking mechanism to flag delays and highlight where additional actions or decisions may be required. Establishing protocols and milestones that trigger follow up when certain transactions have reached various stages will assist in reducing delays in the process. This will identify when follow-up action is required. Consideration of levels of management that should be notified at what stages should be included as part of this monitoring. Management has indicated that a directive is being established whereby expropriations more than two years in process will be reported to the CFO and CAO to determine whether to conclude a settlement or to proceed to LVAC.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, a tracking mechanism to monitor the progress of real estate transactions and flag when transactions have reached various stages will be developed and integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3). The intention is to implement the new system as part of Phase III (2015-Q4). As part of this work, the Public Service is investigating the potential for use of the existing AMANDA data base as a basis for a real estate transaction monitoring system. Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

No.	Recommendation	Status	Update – December 31, 2014
15	**Restrict the use of personal email accounts for City business and establish policies for removal of City files offsite** To reduce the risks associated with sending sensitive data through unsecure emails, consideration should be given to restricting City employees to send or copy sensitive data through unapproved methods such as personal email accounts. Consideration should be given to updating policies relating to use of City email, such as Administrative Directive No. IT-002 (Management of Electronic Mail), to include policies around use of personal emails for City business. All City information, particularly confidential and sensitive information contained the in real estate transaction files should be held in a secure, City premise to reduce the risk of sensitive information being misplaced or stolen. A department policy should be implemented to restrict files from going offsite (or if it's deemed necessary to do so, have appropriate sign-off by senior resource to authorize).	In progress	The Planning, Property and Development (PP&D) Department will work with Corporate Support Services (CSS) to update Administrative Directive No.IT-002 to include direction on not using personal email accounts for City business purposes. In addition, a departmental (PP&D) directive will be issued prescribing procedures to be followed when operational requirements necessitate the removal of Real Estate files from the premises. Implementation Date: 2015 Qtr 1
16	**Update Industrial park policy** The Real Estate division should prepare a report for SPCPD's consideration to update the policy for the valuation and sale of industrial park land. This policy should specifically address the frequency of valuations and how transactions are dealt with that occur during a change in value.	In progress	The Public Service is preparing a report for consideration by the SPC on P&D regarding an updated policy on the valuation and sale of Industrial Park Land. Implementation Date: 2015 Qtr 1

No.	Recommendation	Status	Update – December 31, 2014
17	**Develop an ESA procedure** An ESA procedure should be developed that determines when an ESA is required for an acquisition, the rules for the engagement of the assessor, the qualifications necessary to review an ESA and how to determine if a more in depth ESA is required.	In progress	As described in recommendation #1, the Public Service is working to prepare and issue an RFP to engage an external consultant to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan incorporating and addressing Real Estate Management Review (REMR) recommendations # 1,2,3,7,8,9,10,11,13,14, and17 (11 of the total 17 recommendations). Based on the work timeline and deliverables outlined in recommendation #1, an ESA procedure will be developed and integrated into the Real Estate Transaction Management Framework in Phase II (2015-Q3) and implemented as part of Phase III (2015-Q4). In addition, a "Brownfield" Strategy will be developed for consideration by Council or a Committee thereof. Implementation Date: 2015 Qtr 4 Update – February 2015 PP&D does not have designated budget funds to cover the cost of this consultant engagement. The required funds will need to be identified from within the Department's existing Operating Budget. An additional budget appropriation may be required. PP&D is working with Material Management (MM) and Audit to finalize and issue the draft RFP. The final copy of the RFP will be on the City's Bid Opportunities page of Winnipeg.ca.

Additional Recommendations adopted by Council

No.	Recommendation	Status	Update – December 31, 2014
18	a) Forward the full Ernst and Young "Real Estate Management Review" to Manitoba Justice for review; b) Request that Manitoba Justice respond to the request through the City of Winnipeg Auditor to Council.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014. On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.
19	a) That the City of Winnipeg create an Independent Fairness Commissioner (IFC), who would have the power to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council, and that they would report directly to Council, via and under the Office of the City Auditor. b) That the power to review and comment on all real estate transactions by the IFC, be retroactive to all potential transactions now underway and that the said IFC be review by Council in 5 years. c) That the Auditor, in consultation with the City Solicitor, report to Council for the purpose of approving the mandate/model for the IFC and the financial resources required for the operation of the said Independent Fairness Commissioner.	In progress	A Draft Report of the Implementation of an Independent Fairness Commissioner was provided to the City Solicitor in December 2014 for review and comment. The Report should be presented to Audit Committee in the 1st Quarter of 2015.

No.	Recommendation	Status	Update – December 31, 2014
20	That the City Auditor be delegated authority to acquire an external agency, other than Ernst and Young, to oversee the implementation of all the recommendations from Ernst and Young's report by the Public Service in a timely and efficient manner, to report back to Council on the implementation of the recommendations via the Auditor's Report to Council.	On-going	The Audit Department did not have the funds in its 2014 or in its target 2015 budget to contract for an external agency to oversee the implementation of the recommendations. The Audit Department has identified the funding for the external agency as a risk in the 2015 Budget submission. Given that the Planning, Property and Development Department is planning on using an external agency to recommend a Real Estate Transaction Management Framework Council may want to consider if funding the Audit Department to hire an external agency to oversee the implementation is still required.

Appendix 1

SPECIAL MEETING OF COUNCIL– JULY 9, 2014
DISPOSITION OF ITEMS

Minute No. 622
Report - Executive Policy Committee – July 2, 2014

Item No. 1 Real Estate Management Review

COUNCIL DECISION:

Council adopted and forwarded the following to the Administration for implementation, namely:

1. Develop a real estate transaction management framework.
2. Establish a Planning, Property and Development (PPD) directive for more complete reporting and provide checklist to assist with disclosures.
3. Establish appraisal guidelines.
4. Engage Materials Management more consistently to ensure openness, fairness and transparency of procurement processes.
5. Establish guidelines on retention of external real estate brokers.
6. Establish guidelines to document real estate brokers' roles.
7. Establish guidelines when negotiating and establishing commission rates with external real estate brokers.
8. Retain documentation of internal communication in the transaction file.
9. All significant agreements and contracts should be reviewed by Legal Services. Standard templates for all Real Estate transactions should be developed.
10. Develop standardized index and checklist for transaction files and standardized approach for document retention.
11. Establish guidelines for a comprehensive procurement process for significant lease or acquisition transactions over a certain size.
12. Incorporate flexibility into lease terms.
13. Perform market analysis for establishing lease rates.
14. Develop a formal tracking mechanism to flag delays and highlight where additional actions or decisions may be required.
15. Restrict the use of personal email accounts for City business and establish policies for removal of City files offsite.
16. Update Industrial park policy.
17. Develop an Environmental site assessment (ESA) procedure.

18. a) Forward the full Ernst and Young “Real Estate Management Review” to Manitoba Justice for review;
    b) Request that Manitoba Justice respond to the request through the City of Winnipeg Auditor to Council.
19. a) That the City of Winnipeg create an Independent Fairness Commissioner (IFC), who would have the power to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council, and that they would report directly to Council, via and under the Office of the City Auditor;
    b) That the power to review and comment on all real estate transactions by the IFC, be retroactive to all potential transactions now underway and that the said IFC be reviewed by Council in 5 years;
    c) That the Auditor, in consultation with the City Solicitor, report to Council for the purpose of approving the mandate/model for the IFC and the financial resources required for the operation of the said Independent Fairness Commissioner.
20. That the City Auditor be delegated authority to acquire an external agency, other than Ernst and Young, to oversee the implementation of all the recommendations from Ernst and Young’s report by the Public Service in a timely and efficient manner, to report back to Council on the implementation of the recommendations via the Auditor’s Report to Council.
21. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.