Winnipeg

Report to Audit Committee
Status of Audit Recommendations
Quarterly Report Card - Summary
2016 – Quarter 1

To be leaders in building public trust in our civic government

Audit Department

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Status of Audit Recommendations
Quarterly Report Card – 2016 Quarter 1

What is the Quarterly Report Card?

The Audit Department's work does not end when an audit report is presented to City Council. The most important component of an audit recommendation is its implementation. The Public Service provides a response to each audit recommendation in the Audit Report along with an action plan. The subsequent implementation of the audit recommendations in accordance with the action plans is the responsibility of the Public Service. The Audit Department has traditionally provided Audit Committee with an update on the status of the implementation of outstanding audit recommendations in its annual report.

In 2006, the *Status of Audit Recommendations Quarterly Report Card* was introduced at the request of Audit Committee. The *Quarterly Report Card* is produced at the end of March, June, September and December and is presented at the next Audit Committee. The *Quarterly Report Card* presents management's representations as to the status of recommendations implemented, in progress or not to be implemented. 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.

How is the Quarterly Report Card produced?

The Audit Department provides a template of outstanding audit recommendations to the Department Director responsible for implementing the recommendation. The templates are forwarded to the Audit Department for review and compilation. The Audit Department summarizes the results and prepares a brief overview for Audit Committee. We review the supporting documentation to confirm that recommendations have been implemented. The completed *Quarterly Report Card* is presented to Audit Committee by the City Auditor along with any observations he may have.

Quarterly Report Cards are typically completed for five years following the issue date of an audit report, which may be extended as circumstances warrant. After the reporting period, the Audit Department prepares a final report to Audit Committee that provides a summary of recommendations implemented, in progress and not to be implemented. Included is a complete history of status updates relating to those recommendations not implemented. After presentation of this final report, the status of audit recommendations will no longer be tracked by the Audit Department. If there are significant concerns that cannot be satisfactorily addressed by the Public Service, the Audit Committee may propose a new audit of the subject entity.

Status of Audit Recommendations
2016 Quarter 1

AUDIT REPORTS	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be Implemented	Percent Complete	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016 or later	Target Date Unknown
Capital Projects Management, 2009	6	4	2					
	23	22		96%			1	
Traffic Signals Branch Performance Audit, 2011	19	14	1	79%	2	2		
Operational Review of the Winnipeg Parking Authority, 2011	27	24	2	96%			1	
Animal Services By-law Enforcement Audit, 2011	13	10	1	85%			2	
Review of the Winnipeg Public Library Services, 2012	9	7	1	89%		1		
Review of the Hired Equipment Process, 2012	9	4		44%			5	
Safety Review of Aquatics Services, 2013	15	13	1	93%			1	
Non-Monetary Real Estate Grants Audit, 2013	12	10		83%		1	1	
Workplace Safety Audit, 2013	7	6		86%	1			
311 Contact Centre Audit, 2014	13	12		92%	1			
Waverley West Arterial Road Project Audit, 2014	6	5		83%			1	
Community By-law Enforcement Services Audit, 2015	6	3	1	67%			2	
TOTAL	165	134	9	81%	4	4	14	

1st Quarter 2016 Commitments

AUDIT REPORTS	1st Qtr Target for Implementation	Complete	NEW TARGET	
			Recommendation	Date
Workplace Safety Audit, 2013	1	-	#2	2016 Qtr 2
311 Contact Centre Audit, 2014	1	1	-	-
TOTAL Number of Recommendations	2	1		

This table summarizes the status of the two recommendations targeted for review in the 1st Quarter of 2016.

Recommendations Implemented 2016 Qtr 1

311 Contact Centre Audit, 2014

#3 We recommend that the 311 Contact Centre work with departments to establish formal Service Level Agreements which would include the following:
- o The responsibilities of each party
- o The level of service required by each party
- o How costs are charged back to the Department or SOA
- o Dispute resolution procedures
- o Access, roles, and responsibilities related to departmental data and systems

Community By-law Enforcement Services Audit

#3 We recommend that the Community By-law Enforcement Division review the Public Performance Reporting Principles issued by the Canadian Comprehensive Auditing Foundation for guidance in potential further improvements in its public performance reports.

Operational Review of the Winnipeg Parking Authority

#8 It is recommended that the WPA conduct full condition appraisals for all city-owned surface parking lots.

Recommendations Not To Be Implemented 2016 Qtr 1

Community By-law Enforcement Services Audit

#6 We recommend that the Community By-law Enforcement Division continue to explore the deployment of tablet technology by analyzing the extra capacity in service that employing tablets can achieve.

The recommendation is now identified to not be implemented. The Division is currently focusing on other capital requirements recommended in the audit. Mobile technology will be given consideration for future capital requests. A Corporate Enterprise Content Management initiative is ongoing, mobile technology will be re-evaluated based on the outcome of this project.

Audit Observations

Two recommendations were targeted for implementation in the 1st Quarter of 2016 and one recommendation was implemented. An additional two recommendations were implemented ahead of schedule and one recommendation is now identified to not be implemented.

The number of audit reports changed slightly from thirteen to twelve, as the Building Permits and Inspections Service Audit was removed from the quarterly report card listing and a final status report is provided.

As at March 31, 2016, 134 of the 165 recommendations (81%) contained in this Report Card have been completed and there are 22 recommendations in progress.

The Public Service has reported that 4 of the 22 recommendations in progress should be implemented by June 30, 2016. The status of the recommendations in progress will be the focus of our next report card.

Building Permits and Inspections Service Audit (2009) - Final Status Report

Quarterly Report Cards are typically completed for five years following the issue date of an audit report and extended as circumstances warrant. This quarter, the Audit Department is providing a final status report on the Building Permits and Inspections Service Audit. After presentation of this final report, the status of audit recommendations will no longer be tracked by the Audit Department. Included is a summary of all recommendations, the date of implementation and a final management status update relating to the two recommendations in progress.

Status of Recommendations as at March 31, 2016

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016	1st Qtr 2017 or later
Building Permits and Inspections Service Audit	6	4	-	89%	-	-	2	-

No.	Recommendation	Status
1.	The Division should re-evaluate its current practices and procedures and move to a more risk-based plan examination and inspection methodology. In the short term, a methodology similar to that proposed for the Certified Builder Program in that the Division will be able to rely on the inspection work of Certified Builders but will still maintain a risk-based audit function of the work that is relied on. In the longer term, the Division should continue to work towards fully implementing the Certified Professional Program.	Implemented 2012 Qtr 1
1.a.	The Division should continue to reevaluate the building activities that require permits with a mind in reducing and eliminating the requirements for building activities that are considered to be low risk.	Implemented 2012 Qtr 1

No.	Recommendation	Status
1.b.	The Division should analyze the backlog of residential permits to better assess the risk posed by leaving these permits open. Steps should be taken to implement formal processes for closing permits that pose a minimal or low safety risk or where the permit is open beyond the term of the permit (i.e., six months unless original term has been extended by the Division).	Final Management Status Update: The resolution of this recommendation has involved a complete analysis of the residential permit backlog, and closure of identified aged permits which has been completed. The formal procedure to preventing a back log has been researched and a plan has been developed. The procedure is a multipronged approach which includes: additional resources for all aspects of the permit process, working collaboratively with industry, an innovative fee structure that provides financial incentive to close permits within the appropriate time frame and improved customer service through an automated notification system which will provide courtesy email reminders to ensure the timelines are adhered to. The components of this initiative will be on-going and part of a continual process improvement plan which will also include regular benchmarking measures. This will be fully implemented by Q4 2016.

No.	Recommendation	Status
2.	We recommend that the Division develop enforcement guidelines that provide decision criteria with respect to the utilization of various enforcement mechanisms. The enforcement guidelines should also clearly outline the parameters where the inspectors have authority to use judgment.	Implemented 2013 Qtr 1
2.a.	We recommend that the Division establish formal procedures for follow-up in situations where there are known violations or where permits are approaching the end of their term (i.e., six months unless original term has been extended by the Division). Priority should be given to developing these procedures in the Housing/Existing Buildings Branch.	Final Management Status Update: Formal procedures have been developed and will be implemented as part of the June 1st 2016 change in fee structure which includes financial incentives to close permits within the appropriate time frame and financial penalties if failure to follow up on known violations/or completion within the designated time frame. Customer service will be enhanced with increased communication through an automated notification system which will provide courtesy email reminders. This will be fully implemented by Q4 2016.
2.b.	We recommend that the Division formally track and report on its enforcement activities, which include the number of violation notices verbal and written, stop work orders, and the number of monetary penalties assessed.	Implemented 2013 Qtr 2

No.	Recommendation	Status
3.	PP&D should complete a full costing of services (i.e., residential permits, non-residential permits, occupancy permits, etc.), which includes the costs incurred by Public Works and Water and Waste in delivering the service.	Implemented 2011 Qtr 1
3.a.	Once the full costs of providing these services are known, PP&D should review the fee structure and recommend to Council any policy changes that may be required regarding the setting of Building Fees.	Implemented 2011 Qtr 1
3.b.	PP&D needs to establish a process for capturing and compiling detailed costing information of the Development Approvals, Building Permits and Inspections Service which is inclusive of all departments that assist in providing the service. The total cost to deliver the service needs to be transparent to enable the Department to support the fees charged to provide the service.	Implemented 2011 Qtr 1
3.c.	The Fund manager should ensure that the use of Permit Reserve Fund is restricted to stabilizing development and building fees and to support the delivery of the Development Approvals, Building Permits and Inspections Service. Any excess reserve funds should be used to make service improvements or to allow for a reduction in fees.	Implemented 2010 Qtr 4

No.	Recommendation	Status
4.	We recommend the Division review their service delivery strategy and determine the level of service they want to provide and adjust the staffing levels accordingly to be able to provide the determined level of service. If staffing levels cannot be adjusted, processes and strategy of the Division should be amended to adjust to the level of service that can be offered with the available staff resources.	Implemented 2012 Qtr 3
4.a.	We recommend the Division develop a succession plan to deal with the significant number of retirements expected in the near future. A strategy to effectively retain and recruit the employees with the necessary skills should be given priority.	Implemented 2012 Qtr 3
4.b.	The Division should take the necessary measures to improve the work environment within the Division to ensure they are a workplace of choice. Some of these measures would include ensuring the City's total compensation package is competitive and ensuring a healthy work life balance.	Implemented 2012 Qtr 3
4.c.	The Division should develop training manuals and guidance to prevent the loss of business knowledge that could be lost with the retirement of staff.	Implemented 2013 Qtr 2
4.d.	We recommend supervision policies and procedures be established by the branch and division management. The role of every position in a supervisory function should be reviewed to ensure adequate time is allocated to effectively perform the supervisory duties. Division management should ensure this function is being carried out.	Implemented 2013 Qtr 4

No.	Recommendation	Status
5.	We recommend that the Division use Amanda for commercial inspections and that the necessary resources be allocated to accomplish this in a timely manner.	Implemented 2010 Qtr 2

No.	Recommendation	Status
6.	We recommend that the Division establish measurable performance goals and service standards. These performance goals and service standards should be established to be used to evaluate the performance at the Service, Division, Branch and staff level. The service standards should also be communicated to the customer.	Implemented 2013 Qtr 4
6.a.	We recommend that the Division establish processes to track and review available performance information in order to improve the efficiencies and effectiveness of the Division and contribute to the decision making process.	Implemented 2013 Qtr 4
6.b.	We recommend that the Division establish formal processes to report to Department management on a monthly, quarterly or annual basis regarding the Division's performance with respect to the established performance goals and service standards for the permits and inspections processes and services. The performance information and the frequency of reporting should be tailored to each level of management.	Implemented 2011 Qtr 4