AUDIT COMMITTEE

Item No. 4 Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project Audit – Report 1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit for the Period of Project Initiation to March 31, 2016, be received as information.

DECISION MAKING HISTORY:

Moved by Councillor Gilroy,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Title: **Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project Audit – Report 1**

Critical Path: **Audit Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
M. Giles	B. Mansky	N/A	N/A

RECOMMENDATIONS

That the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit for the Period of Project Initiation to March 31, 2016 be received as information.

REASON FOR THE REPORT

The report is being submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee."

EXECUTIVE SUMMARY

The Audit Department will provide quarterly audit reports on the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Project ("the Project"). This is the first quarterly report on the Project, which examines reports published from project approval in the capital budget to March 31, 2016. Quarterly audit reports will be provided until construction ends on the Project.

The objectives of the audit are:

- To provide assurance that appropriate reporting is occurring for the Project based on regulatory requirements, City policies and procedures, and agreements with third parties.
- To provide assurance that appropriate financial status reporting is occurring for the Project.
- To provide assurance that appropriate risk management is occurring in the Project.

The most significant observations of the audit include:

1. The reports required by legislation, by-law, administrative standards, and contractual agreements have been issued by the Public Service for the period of June 25, 2014 (when the Project was added to the capital budget) to March 31, 2016.
2. The financial status reports issued for the Project to the period ended March 31, 2016 meet the City's administrative requirements for such reports. The Public Service is in the process of updating the guidance on information that should be included in financial status reports to enhance public communications on major capital projects. Further enhancements to the drafted updates can be made for the City to meet the recommended capital project reporting practices of the Government Finance Officers' Association.
3. The City's project management team has created a risk management plan and an issue tracking and monitoring system that was regularly discussed and updated at City project management team and Major Capital Projects Advisory Committee meetings.

IMPLICATIONS OF THE RECOMMENDATIONS

The most important component of an audit recommendation is its implementation. The Public Service is responsible for a response to our audit report that states whether the recommendations of the audit will be implemented or not. The response to our recommendation has been included in the audit report. In the event that the Public Service does not agree to implement our recommendations, the City Auditor's responsibility is to report to Council on what the residual risk to the City is for not implementing the recommendations.

The Public Service has reviewed and responded to our audit report, and has agreed to implement the single recommendation in the attached report. The recommendation is addressed to enhancing major capital project financial status report disclosure to meet the recommended practices of the Government Finance Officers' Association.

HISTORY

An audit of the Southwest Transitway Capital Project was endorsed by the Audit Committee in the City Auditor's *Audit Plan 2015-2018* adopted by Council on July 15, 2015.

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 17, 2016

Project Name:
Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Capital Integration Project Audit – Report 1

COMMENTS:

This report is received as information only and has no financial impact.

Original signed by R. Hodges
Ramona Hodges
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

Winnipeg Transit
Corporate Finance Department

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity - Direction 1 - Provide Efficient and Focused Civic Administration and Governance

This report supports the demonstration of accountability through reporting and to continuously pursue innovative, streamlined service delivery and decision-making processes.

SUBMITTED BY

Department: Audit Department
Prepared by: M. Giles, Deputy City Auditor
Date: August 26, 2016

ATTACHMENT:

SWRTII Audit Report 1.pdf