Minutes – Executive Policy Committee – December 7, 2016

AUDIT COMMITTEE

Item No. 5 Real Estate Management Review – Status Report 2016 Quarter 3

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 Real Estate Management Review – Status of Audit Recommendations 2016 Quarter 3 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: **Real Estate Management Review**
Status of Audit Recommendations 2016 Qtr 3

Critical Path: **Audit Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
K. Fox	B. Mansky City Auditor		

RECOMMENDATIONS

That the Report on Real Estate Management Review - Status of Audit Recommendations 2016 Qtr 3 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."

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.

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 report provides information on the 17 recommendations from the Real Estate Management Review and the 3 additional recommendations adopted by Council on July 9, 2014.

IMPLICATIONS OF THE RECOMMENDATIONS

The Quarterly Report Card process enables the City Auditor to provide Audit Committee with assurance that the Public Service has implemented recommendations from past audit reports. The report also provides status updates on the implementation progress of outstanding recommendations.

HISTORY

On July 9, 2014 Council had a special meeting to deal with the Real Estate Management Review and adopted 20 recommendations. Council further directed 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.

The City has engaged Deloitte LLP to provide professional consulting services related to the review and oversight of the implementation of recommendations outlined in the Real Estate Management Review dated June 19, 2014.

The attached report outlines Deloitte's review of the status of the implementation of the 20 recommendations for the three months ended September 30, 2016. Where applicable, supporting documentation, including the Real Estate Transaction Management Framework dated May 16, 2016, was obtained to support the status updates provided.

With respect to the 17 recommendations from the Real Estate Management Review, Deloitte's report confirms that Phase 1 of implementation is deemed to have been completed in this quarter. Of the three additional recommendations adopted by Council on July 9, 2014, one recommendation is in progress. This recommendation relates to the establishment of an Independent Fairness Commissioner (IFC). On September 28, 2016, Council adopted the model for the IFC role, which will perform compliance reviews of real estate and management services transactions on a case by case basis.

The IFC will produce an independent report on whether each transaction is compliance with all applicable City of Winnipeg policies and procedures including the Real Estate Transaction Management Framework and the requirements for fairness, openness and transparency.

The Audit Department will issue an RFP in Q4 2016 to seek a qualified external firm to act in the capacity of the IFC role.

FINANCIAL IMPACT

Financial Impact Statement **Date:** November 3, 2016

Project Name:
Real Estate Management Review Status of Audit Recommendations 2016 Qtr 3

COMMENTS:

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

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

CONSULTATION

Deloitte LLP

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Audit Department
Prepared by: K. Fox
Date: November 1, 2016

ATTACHMENTS:

REMR Update Q3'16.pdf