Minutes – Executive Policy Committee – June 13, 2018

AUDIT COMMITTEE

Item No. 1 Audit of the Effectiveness of Current Systems and Processes in Relation to the Sterling Lyon / William Clement Parkway Study

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 Audit of the William R. Clement Parkway / Sterling Lyon Parkway Extension Project report be received as information.

DECISION MAKING HISTORY:

Moved by Councillor Gillingham,

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

Carried

COUNCIL DECISION:

On April 26, 2018, Council concurred in the recommendation of the Executive Policy Committee in its capacity as the Audit Committee, namely:

1. That an extension of time be granted for the Winnipeg Public Service to report back to Council through the Audit Committee at the June 13, 2018 meeting of Executive Policy Committee.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 17, 2018, 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 an extension of time be granted for the Winnipeg Public Service to report back to Council through the Audit Committee at the June 13, 2018 meeting of Executive Policy Committee.

COUNCIL DECISION:

On January 25, 2018, Council concurred in the recommendation of the Executive Policy Committee, as amended, and adopted the following:

1. That Council request the City Auditor / Chief Performance Officer conduct an audit of the effectiveness of the current systems and processes in place to support city staff and Council for identifying and communicating relevant and material information to decision makers through the City of Winnipeg report process; giving specific attention to the adherence of such current systems and processes by individuals in relation to the Sterling Lyon / William Clement Parkway study, with a particular focus on the accountability of elected and non-elected City officials that were either directly or indirectly involved in this study from its inception to the present time.

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

2. That the City Auditor / Chief Performance Officer conduct an audit of the file on the William R. Clement Parkway and the surrounding study area also referred to as the "Extension of the Sterling Lyon Parkway", "Expansion of Wilkes" or "East/West Alignment" with a chronological timeline, identifying authorizations and knowledge of and direction for planning and engagement of Public Service members, external consultants and elected officials.

3. That the City Auditor / Chief Performance Officer conduct an audit of the capital expenditures with timeline, authorization of, and size and scope of the William R Clement Parkway file and study area referred to as the "Extension of the Sterling Lyon Parkway", "Expansion of Wilkes" or "East/West Alignment"

4. That the City Auditor / Chief Performance Officer conduct an audit of the scope and execution of work performed by WSP/MMM starting November 25th, 2014, until current, focusing on who provided direction to WSP/MMM from the Public Service.

5. That the City Auditor / Chief Performance Officer complete and report back to Council by May 1st, 2018 (90 days).

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

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 17, 2018, the Executive Policy Committee passed the following motion:

WHEREAS questions have been raised regarding the processes and overall management pertaining to the Sterling Lyon / William Clement Parkway extension study

AND WHEREAS specific questions have been raised about what details are sufficiently material to be highlighted in documents for consideration by the public service, Council and the public.

AND WHEREAS The City Auditor / Chief Performance Officer is a Statutory Officer appointed by City Council under The City of Winnipeg Charter.

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS The City Auditor / Chief Performance Officer reports to Council through the Audit Committee (Executive Policy Committee) and is independent of the City's Public Service.

AND WHEREAS The City Auditor / Chief Performance Officer conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations.

AND WHEREAS after communication to City Council, an audit report becomes a public document.

THEREFORE BE IT RESOLVED that Council request the City Auditor / Chief Performance Officer conduct an audit of the effectiveness of the current systems and processes in place to support city staff and Council for identifying and communicating relevant and material information to decision makers through the City of Winnipeg report process; giving specific attention to the adherence of such current systems and processes by individuals in relation to the Sterling Lyon / William Clement Parkway study.

THEREFORE BE IT FURTHER RESOLVED that the City Auditor / Chief Performance Officer immediately propose a revised schedule for 2018 audits to prioritize this audit.

and submitted the matter to Council.

ADMINISTRATIVE REPORT

Title: Audit of the William R. Clement Parkway / Sterling Lyon Parkway Extension Project

Critical Path: Audit Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Mansky	B. Mansky City Auditor		

EXECUTIVE SUMMARY

The objectives of this audit were to:

- Evaluate whether the City has appropriate systems, templates, guidance and training in place to support staff in executing these types of projects and for identifying and communicating relevant and material information.
- Assess the scope and execution of work performed by the consultant and compile the capital expenditures incurred as part of this project to date.
- Develop a project chronology identifying authorizations and knowledge of key events of the William R. Clement Parkway / Sterling Lyon Parkway Extension project.

The key observations of the audit include:

- The WRCP / SLP Project followed the City's capital planning process and received the approvals established in that process up to the point where the project was put on hold in December 2017. In developing the chronological timeline and identifying key milestones and communications related to the project, miscommunication in various areas throughout this project emerged as a consistent theme.
- The capital planning process should be clearly described and communicated to City staff, elected officials and the public. The process has not been commonly defined, mapped, or widely communicated, and this created a situation where both members of the public and the Public Service were unaware that the intent to replace Wilkes with Sterling Lyon Parkway had been included in the secondary plan for the area. Uncertainty in processes can cause a number of ramifications including damaging public trust.
- To ensure relevant and material information is effectively and clearly communicated to Council and the public, a sufficient description of any material changes to a project scope should be highlighted in the capital project detail sheets and any administrative reports. The reports for this project did not sufficiently describe the material changes to the project scope. Internal communications through a briefing note should ensure risks in a project are clearly communicated and highlighted. Critical information related to changes from what had been previously presented to the public resulting in material

impacts to a new group of citizens should have been highlighted to ensure decision makers are clearly aware of all critical information.

- Public engagement was identified as a component of this project. Throughout this project there were numerous communications with the public through various forms of media and events. Documenting and clearly defining all aspects of a public engagement program is critical to ensure that both staff and the public are aware of the process, where the public has opportunities to provide input, and how public input will be incorporated. Ensuring all the roles and responsibilities within the public engagement process are clearly defined and communicated will help achieve a consistent understanding.
- Capital expenditures for the project were properly authorized, approved, within budget, and followed established City processes as of May 4, 2018. WSP met the required terms and deliverables for the project as agreed to until the point that the project was put on hold.
- The Audit Department did not identify any evidence that was conclusive in confirming that either the area Councillor or the CAO had knowledge of the refinements to Conceptual Option 2: Sterling Lyon Parkway North Alignment prior to that route being disclosed to the public through the posting of the Environment Act Proposal.
- Appendix 9 in the report includes a map overlay that highlights the differences between the Conceptual Option 2: Sterling Lyon North and the refined route. Many engineers we interviewed viewed the final preferred route as a refinement of Conceptual Option 2. Presentation of options as “conceptual” at the Open House was intended to inform the public that the road lines on the maps were general paths that would be adjusted as the project planning progressed. Since those refinements result in material impacts to a new set of property owners, we believe the shift should be viewed as significant. From our review of correspondence, there did not appear to be any intent to purposely withhold information from senior administrators, elected officials or the public.

RECOMMENDATIONS

1. Audit of the William R. Clement Parkway / Sterling Lyon Parkway Extension Project report 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.”

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 responses to our audit recommendations have been included in the attached 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 all fifteen (15) of the recommendations of our audit. The implementation of the recommendations will:

- Provide better information throughout the capital planning process for City staff, elected officials and citizens. Mapping the process from initial planning through to capital budgeting, and outlining the opportunities for public input, will help to facilitate a consistent understanding by all parties. Expanding the information supporting major capital projects in the capital budget detail sheets, or associated administrative reports, will align the disclosure with the Government Finance Officers' Association's best practices and provide better information to decision makers.
- Create a consistent approach to public engagement activities related to major capital projects. Defining the minimum set of communications, activities and events will provide consultants with necessary details for their bid submissions. Communicating to citizens when and how their input will be and was factored into the decision making process will result in a more transparent public engagement process. Minimizing the use of technical language will afford all citizens the ability to understand project details regardless of their technical background or English language proficiency.
- Support City staff tasked with writing reports for senior management and elected officials. Providing training and more detailed guidance will enhance the quality of reports and help to ensure the communication of all relevant and material information.

HISTORY/DISCUSSION

On January 25, 2018, Council approved a motion directing the City Auditor conduct an audit of the effectiveness of the current systems and processes in place to support City staff and Council for identifying and communicating relevant and material information to decision makers through the City of Winnipeg report process. The motion also directed the City Auditor to conduct a detailed review of the Sterling Lyon / William Clement Parkway study, with a particular focus on the accountability of various parties, to develop a chronological timeline of key milestones and communications, to audit associated capital expenditures, and to audit the scope and execution of work performed by consultants.

The project was added to the Audit Plan January 2018 Update, which was approved by Audit Committee on February 13, 2018 and adopted by Council on February 22, 2018. On April 26, 2018 Council granted an extension to report back by June 13, 2018.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 25, 2018

Project Name:

Audit of the William R. Clement Parkway / Sterling Lyon Parkway Extension Project

Comments:

There are no financial implications related to the recommendation of this report.

original signed by T.Yanchishyn

Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Office of the Chief Administrative Officer

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
Prepared by: B. Mansky, City Auditor
Date: May 24, 2018

Attachment: Audit of the William R. Clement Parkway / Sterling Lyon Parkway Extension Project