City of Winnipeg – Audit Department

New Fire Paramedic Stations Construction Project

Quarterly Report Card –2019 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:
Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:
An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

October 21, 2013:
Ernst & Young reported to Audit Committee and Executive Policy Committee (EPC) and made 14 recommendations. On October 22, 2013, City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf

On January 22, 2014:
The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:
EPC requested the City Auditor 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.

View all previous quarterly reports at: https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports

May 2019:
Quarterly Report Card produced for 2019 Quarter 1.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: https://winnipeg.ca/audit/reports.stm. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation

	Recommendations				Target date for implementation			
	total	**implemented**	**not to be implemented**	**% complete**	**2019 Qtr 1**	**2019 Qtr 2**	**2019 Qtr 3**	**2019 Qtr 4**
New Fire Paramedic Stations Construction Project	**14**	**12**		**86%**		**2**		

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services and are in progress.

Recommendations in Progress – 2019 Qtr 1 Updates

No.	Recommendation	Update – 2019 Qtr 1
9	Legal Services should establish clear policies regarding: ► Land acquisition agreements; ► Construction contracts related to land acquisition; and ► Authorities to be sought for LOI or similar documents	As information was not provided by Legal Services, we are unable to provide an update at this time 2018 Qtr 4 update Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q2 of 2019.
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services "gatekeeper" function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	We are unable to provide an update at this time; the draft report has been prepared but has not been submitted. 2018 Qtr 4 update Revisions are being made to the draft report for re-submission to Senior Management in Q2 of 2019. Implementation Date: 2019 Qtr 2

Recommendations implemented

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3

1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above $10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.