# City of Winnipeg – Audit Department

# Quarterly Report Card – Audit Recommendations

## 2019 – Quarter 3 Summary

For more information visit:  Winnipeg.ca/audit

# Quarterly Report Card– 2019 Quarter Three- Summary

## Audit Recommendations

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 the Audit Committee 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

The Quarterly Report Card summarizes the status of:

- recommendations targeted for completion in the current quarter (as indicated by the Public Service)
- recommendations currently in progress and the target date for completion
- the number of recommendations implemented to date

Quarterly reports are typically completed for 5 years following the issue date of an audit report.

# Recommendations in Progress in 2019 Quarter 3:

| Audit Report | Recommendation numbers implemented | Recommendation numbers not to be implemented | Recommendation numbers in Progress | Targeted for Completion in: | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 2019 Qtr 4 | 2020 Qtr 1 | 2020 Qtr 2 | 2020 Qtr 3 | 2020 Qtr 4 | 2021 & beyond |
| Traffic Signals Branch Performance Audit, 2011 | 1, 2, 4, 5, 7, 8, 11,12, 13, 14, 15, 16, 17,18, 19 | 3 | 6, 9, 10 | 6, 9 | | 10 | | | |
| Review of the Hired Equipment Process, 2012 | 1, 3, 7, 8, 9 | - | 2, 4, 5, 6 | 2,4,5,6 | | | | | |
| Non-Monetary Real Estate Grants Audit, 2013 | 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 | - | 2 | 2 | | | | | |
| By-Law Amalgamation Audit, 2018 | - | - | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 | 11 | | 8,9,10 | | 1,3,4, 5,6 | 2,7 |
| Legal Services Department Audit, 2018 | 1, 2, 5, 8, 9 | | 3, 4, 6, 7 | | 3,4,7 | | | 6 | |
| Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018 | 3, 5, 7, 8, 9, 10, 21, 23, 27, 28, 29, 32 | 6, 16 ,17, 19, 24, 34 | 1, 2, 4, 11,12,13, 14,15, 18, 20, 22, 25, 26, 30, 31, 33, 35, 36 | 12, 18 | | 2,11,13 | 1,4,14,15 20,22,25, 26,30,31, 33,35,36 | | |
| William R. Clement Parkway / Sterling Lyon Parkway Extension Project Audit, 2018 | 1, 3, 4, 5, 7, 13, 15 | | 2, 6, 8, 9, 10, 11, 12, 14, | 6, | 8, 9,10, 11,12,14 | | | 2 | |
| Independent Fairness Commissioner-Summary Report Recommendations-July2019 | 1.1, 1.2, 1.4, 1.5, 1.10, 1.11, 2.1, 2.3<br><br>*1.8, 4.2<br><br>*to be confirmed by City Auditor in 2019 Qtr 4 | 1.3, 1.6, 2.2, 5.2 | 1.7, 1.9, 3.1 , 4.1, 5.1, 5.3, 5.4, 5.5 | 1.7, 1.9, 3.1, 4.1, 5.1, 5.3, 5.4, 5.5 | | | | | |
| **TOTAL** | **65** | **11** | **57** | **19** | **9** | **7** | **13** | **7** | **2** |

# Recommendations implemented in 2019 Quarter Three:

| Legal Services Department Audit, 2018 | | |
|---|---|---|
| **No.** | **Recommendation:** | **Action** |
| **1** | The City Solicitor should review organizational structure options with the aim to implement a structure that supports risk management, management development and succession planning within the available compensation schedules. | The new organizational structure has been implemented to support risk management, management development and succession planning. |

| William R. Clement Parkway / Sterling Lyon Parkway Extension Project Audit, 2018 | | |
|---|---|---|
| **No.** | **Recommendation** | **Action** |
| **4** | We recommend that the Chief Administrative Officer ensure that any project detail sheets related to a major capital project in the capital budget include the following minimum disclosures:<br>1. Description of the major components (project scope)<br>2. Reference to the City planning by-law from which the project originated<br>3. Major benefits of constructing the projects<br>4. Significant risks of constructing the project<br>5. Significant risks of not constructing or deferring the project | Capital budget training and departmental budget presentations include documenting the required disclosures. |

| Independent Fairness Commissioner-Summary Report Recommendations-July2019 | | |
|---|---|---|
| **No.** **1.1** | **Recommendation** Management should consider the following: • Additional ongoing training at regular intervals to ensure file preparers are versed in how to appropriately address specific items and related documentation in the Complete Reporting Checklist. • Identify a process for Management to contact the auditor to discuss any items of uncertainty identified as part of their review as it relates to provided sufficient and appropriate audit evidence. | **Action** Staff training is ongoing, all checklists /documentation are re reviewed by the Real Estate Administrator, and discussions with the IFC are held as required. |
| **No.** **1.2** | **Recommendation** • Management should consider how to ensure that documentation of diligence associated with its review of the draft administrative report, Complete Reporting Checklist, and related attachments against the RETMF requirements is completed prior to submitting the administrative report to SPCPDHDD/Council for approval. • Management should consider where modifications to the Complete Reporting Checklist template may be required to provide for the documentation of their review and approval of these documents, prior to submission. | **Action** The Real Estate Administrator reviews all RETMF materials, the checklist has been revised. |
| **No.** **1.4** | **Recommendation** Management should consider if a standardized template should be created to assist in the documentation of the rationale relating to each of the considerations noted in our observation, as well as evidence of approval of the associated determinations by Management and the Appraisal Branch (as required by the RETMF). This template should be developed with consideration to the level of documentation and rigor of analysis that would be appropriate to satisfy the intent of the RETMF. | **Action** Management has issued an IFC checklist to employees that outline common file deficiencies as well as the common report deficiencies Should other common items of non-compliance be identified; the checklist will be updated accordingly. |

| No. | Recommendation | Action |
|---|---|---|
| 1.5 | The Transaction Appraisal Template should include a requirement to document, where an external appraiser is required, the Appraisal Branch's considerations regarding:<br>• Management's considerations relating to the use of a competitive procurement process and engagement of Materials Management in the selection of an external appraiser, in accordance with the RETMF; and<br>• In cases where an external appraiser was selected from the pre-approved list, confirmation of the appraiser's pre-approval with respect to the particular type of appraisal required. | The RETMF is clear where an external appraiser is required. Management consulted with Materials Management and Legal Services with respect to the competitive bid process, pre-approved list and the creation of an appraisal contract. The Canadian Uniform Standards of Professional Appraisal Practice dictate the type of property which a professional can appraise. |
| **No.** | **Recommendation** | **Action** |
| 1.8 | • Management should consider formalized and documented guidelines that are clear as to the required recipients of Information Circulars under various applicable circumstances.<br>• The RETMF Complete Reporting Checklists should be amended to include documentation of responses received to Information Circulars. | Real Estate information circulars are standardized and do not change from property to property or from employee to employee. The circulation is addressed through an established email distribution list. Circulation responses will be included in the RETMF checklist. |
| **No.** | **Recommendation** | **Action** |
| 1.10 | Management and Legal Services should consider how it can formalize a process to ensure that Legal Services' confirmation and approval of transaction legal documentation in its final form is documented and retained in the Transaction file. | Legal Services will provide email confirmation that the terms and conditions are finalized – this document will be included in the file. |
| **No.** | **Recommendation** | **Action** |
| 1.11 | Management should ensure that a Risk and Complexity tool is completed, reviewed, and retained within each Transaction file, as required by the RETMF. | Risk and Complexity Tools are completed, reviewed and filed in the transaction file. |
| **No.** | **Recommendation** | **Action** |
| 2.1 | Management should formalize and document clear guidelines as to the required recipients of Information Circulars under various applicable circumstances and types of transaction. | Real Estate information circulars are standardized and do not change from property to property or from employee to employee. The circulation is addressed through an established email distribution list. Circulation responses will be included in the RETMF checklist. |

| No. | Recommendation | Action |
|---|---|---|
| 2.3 | Management should consider an amendment to the Framework which removes this criterion (Criteria 4.01 delegation of transaction approval), and consider the implementation of an alternate process, if required, to ensure compliance with the criterion. | Maintaining the delegation of transaction approval (Criterion 4.01) within the RETMF is necessary for management's purposes to confirm completion of all steps in the transaction process. As this step takes place after IFC review, discussion between management, Audit and IFC will be initiated to discuss removal of Criteria 4.01 from the Compliance Framework. |
| **No.** | **Recommendation** | **Action** |
| **4.2** | A review of the current status of the Tracking Database and requirements to complete and implement the database should be undertaken. This implementation process should be formalized and progress against it monitored by City Audit. | The sales tracking and the leasing database are updated monthly and will be integrated into AMANDA. The acquisition tracking database already resides in AMANDA. . |

# Recommendations Targeted for Completion in 2019 Quarter Three:

| Audit Report | Recommendation # Targeted for Completion in Quarter 3 | Revised implementation date |
|---|---|---|
| Traffic Signals Branch Performance Audit, 2011 | 9 | 2019 Qtr 4 |
| Review of the Hired Equipment Process, 2012 | 6 | 2019 Qtr 4 |
| Non-Monetary Real Estate Grants Audit, 2013 | 2 | 2019 Qtr 4 |
| By-Law Amalgamation Audit, 2018 | 11 | 2019 Qtr 4 |
| Legal Services Department Audit, 2018 | 1<br>Implemented in 2019 Qtr 3 | |
| Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018 | 11 | 2020 Qtr 2 |
| Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018 | 36 | 2020 Qtr 3 |
| William R. Clement Parkway / Sterling Lyon Parkway Extension Project Audit, 2018 | 2 | 2020 Qtr 4 |
| William R. Clement Parkway / Sterling Lyon Parkway Extension Project Audit, 2018 | 4 | Implemented |

## Recommendations that will not be implemented:

| Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018 | | |
|---|---|---|
| **No.** | **Recommendation** | **Rationale** |
| **34** | Review the placement of the buoy line that separates the deep end from the shallow end. | Current practice exceeds the Manitoba Health Regulations by having buoy lines. Non-swimmers are restricted to the shallow end. |

| Independent Fairness Commissioner-Summary Report Recommendations-July2019 | | |
|---|---|---|
| **No.** | **Recommendation** | **Rationale** |
| **1.3** | Management should consider how it can evidence that the appraisal requirement is considered for all Transactions. A standardized template (the "Transaction Appraisal Template") is an example of what can be created to provide documentation and evaluation by the Appraisal Branch of the rationale where it is deemed an appraisal is not required. | Management has elected to order appraisals for all transactions, including non-profit leases/sales. Management does not intend to bring forward administrative reports without an appraised value. It is noted that appraisals are not required where Council has a preapproved rent/price (e.g. Fees and Charges Schedule). |
| **No.** | **Recommendation** | **Rationale** |
| **1.6** | Management should consider how the Complete Reporting Checklist should be amended to provide for documentation of review of the property appraisal by an accredited member of the AIC as well as a member of RED or PMB (as applicable to the Transaction). This documentation should include the name of the reviewer, date of review, verification that the form of documentation is compliant with the RETMF, as well as evidence of the reviewed document in the file. | The checklists and appraisal reviews can function independently and combining the two may impact productivity. The Checklist and Appraisal Review Memo now provide a sufficient level of review. |

| No. | Recommendation | Rationale |
|---|---|---|
| 2.2 | A review as to the relevance of an appraisal with respect to particular types of transaction should be undertaken by PP&D. To the extent that it is agreed and determined appropriate that an appraisal would not be warranted for a specific Transaction or circumstance, the RETMF should be amended to provide for these situations. | Management has elected to order appraisals for all transactions, including non-profit leases/sales. Management does not intend to bring forward administrative reports without an appraised value. It is noted that appraisals are not required where Council has a preapproved rent/price (e.g. Fees and Charges Schedule). |
| **No.** | **Recommendation** | **Rationale** |
| 5.2 | • Appraisal requirements with respect to non-monetary or non-market transactions should be formalized in order to clarify the conditions that would warrant an appraisal to be performed (e.g. driven by nature of transaction or order-of-magnitude estimate of value).<br>• Appraisal requirements and complete reporting requirements related to opportunity costs and non-monetary Transactions should be reviewed by PP&D to ensure the objectives of the RETMF are fully met, and the RETMF amended accordingly. | Management has elected to order appraisals for all transactions, including non-profit leases/sales. Management does not intend to bring forward administrative reports without an appraised value. It is noted that appraisals are not required where Council has a preapproved rent/price (e.g. Fees and Charges Schedule). |

# Summary of Audit Recommendations

| Report | Number of Recommendations | Recommendations Implemented | Recommendations Not to be Implemented | Percent Complete |
|---|---|---|---|---|
| Traffic Signals Performance Audit, 2011 | 19 | 15 | 1 | 84% |
| Review of the Hired Equipment Process, 2012 | 9 | 5 | | 56% |
| Non-Monetary Real Estate Grants Audit, 2013 | 12 | 11 | | 92% |
| By-Law Amalgamation Audit, 2018 | 11 | | | 0% |
| Legal Services Department Audit, 2018 | 9 | 5 | | 56% |
| Safety Review of the City of Winnipeg Outdoor Aquatic Facilities Audit, 2018 | 36 | 12 | 6 | 50% |
| William R. Clement Parkway/Sterling Lyon Parkway Extension Project Audit, 2018 | 15 | 7 | | 47% |
| Independent Fairness Commissioner-Summary Report Recommendations-July2019 | 22 | 10 | 4 | 54% |
| **TOTAL** | **133** | **65** | **11** | 55% |