Agenda – Executive Policy Committee – November 12, 2019

AUDIT COMMITTEE

Item No. 3 Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Capital Integration Project Audit – July 1 to November 30, 2018

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit for the Period of July 1 to November 30, 2018 be received as information.

ADMINISTRATIVE REPORT

Title: Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Capital Integration Project Audit – July 1 to November 30, 2018

Critical Path: Audit Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Nowell	B. Mansky City Auditor	N/A	N/A

EXECUTIVE SUMMARY

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 Public Service has produced the appropriate legislated and agreed upon reports for the period of July 1 to November 30, 2018. However, during this period, one of these reports did not include the additional requirement for a status update of the Project's contingency fund.

Appropriate financial status reporting occurred for the period of July 1 to November 30, 2018. The City's project management team has followed established process requirements for the approval and review of change orders, and changes are within project budget and scope at November 30, 2018.

Appropriate risk management for this project occurred during the period of July 1 to November 30, 2018. The City's project management team has used its risk management plan to identify, monitor, communicate and address project risks. We found that project risks were regularly discussed and updated at City project management team and Major Capital Projects Advisory Committee meetings.

RECOMMENDATIONS

1. That the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Audit for the Period of July 1 to November 30, 2018 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) which states 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 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 help ensure that new/additional reporting requests are consistently included existing reporting to elected officials.

HISTORY/DISCUSSION

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.

Beginning with the first quarter of 2016, the Audit Department has provided quarterly audit reports on the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Capital Integration Project.

In October 2018, the civic election affected the meeting schedules of the City's Standing Policy Committees, and therefore, the reporting schedules to these Committees. As a result, the 2018 third quarter reporting period for the Southwest Transitway Capital Project was extended to November 30, 2018. We were informed by the City's project management team that for the remainder of this project, each quarter will be adjusted forward accordingly.

- Quarter Four (2018): December 1 – February 28
- Quarter One (2019): March 1 – May 31
- Quarter Two (2019): June 1 – August 31
- Quarter Three (2019): September 1 – November 30

This audit report covers the period of July 1 to November 30, 2018. The Audit Department will be releasing periodic audit reports that provide assurance on the reporting processes and selected key project management areas until the substantial completion date for the project.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 18, 2019

Project Name:

Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Capital Integration Project Audit – Period 3, 2018

COMMENTS:

There are no financial implications associated with receiving this report as information.

original signed by

Tanis Yanchishyn, CPA, CA
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- Winnipeg Transit
- Office of the CAO

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.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Audit Department
Prepared by: C. Nowell, Auditor
Date: October 10, 2019
File No: N/A

Attachments: