ADMINISTRATIVE REPORT

Title: Review of proposed acquisition of 120 Softley Road

Critical Path: Standing Policy Committee on Property and Development, Heritage and Downtown Development - Executive Policy Committee - Council

AUTHORIZATION

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

EXECUTIVE SUMMARY

Since January 2018, the Independent Fairness Commissioner (IFC) has been reviewing real estate transactions and submitting the associated compliance reports to the SPC PDHDD.

Deloitte LLP is engaged to provide compliance reporting as part of the IFC role.

Related to the proposed acquisition of 120 Softley Road (the "Transaction"), a company affiliated with Deloitte LLP, Deloitte Restructuring Inc. is acting on behalf of the third party selling the identified property to the City. This business relationship creates the perception of a conflict of interest and renders Deloitte LLP unable to provide an independent IFC compliance report for the Transaction. The timing of the Transaction going forward and the Committee meeting did not allow for an alternate firm to act as the IFC.

The Transaction meets the criteria for IFC review as it is an acquisition of property with a transaction price over $100,000. A transaction risk and complexity assessment tool was developed by PPD staff in consultation with the role of the IFC and City Auditor. This tool uses several criteria to assess risk and complexity and assign a final rating, which has been determined to be "routine" for the purposes of IFC Transaction Classification.

RECOMMENDATIONS

That the requirement for the Independent Fairness Commissioner to conduct a compliance review of the proposed acquisition of 120 Softley Road be waived.

REASON FOR THE REPORT

Council mandated the creation of the IFC role reporting under the authority of the City Auditor. The IFC is in a potential conflict situation and after consultation between the IFC and City Auditor and a review of the report timing; a decision was made to not have an external review of the Transaction.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications to the recommendation.

HISTORY/DISCUSSION

Council created the role of the Independent Fairness Commissioner (IFC) to review all Real Estate Transactions and Management Services before they are presented to the Standing Policy Committee and/or Council. In June 2017, the City Auditor engaged Deloitte LLP to provide certain services as part of the IFC role.

Related to the proposed acquisition of 120 Softley Road, a company affiliated with Deloitte LLP, Deloitte Restructuring Inc. is acting on behalf of the third party selling the identified property to the City. This business relationship creates the perception of a conflict of interest and renders Deloitte LLP unable to provide an independent IFC compliance report for the Transaction. The timing of the transaction going forward and the Committee meeting did not allow for an alternate firm to act as the IFC.

The Transaction meets the criteria for IFC review as it is an acquisition of property with a transaction price over $100,000. A transaction risk and complexity assessment tool was developed by PPD staff in consultation with the role of the IFC and City Auditor to evaluate proposed real estate transactions. This tool uses five (5) high-level criteria and nine (9) sub-points to assess risk and complexity and calculate a final rating. The rating has been determined to be “routine” for the purposes of IFC Transaction Classification.

FINANCIAL IMPACT

Financial Impact Statement **Date:** December 13, 2019

Project Name:

Review of proposed acquisition of 120 Softley Road

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

(Original signed by T.Yanchishyn)
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:
Planning Property and Development Department

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

The City of Winnipeg Audit Department provides assurance on the efficiency, effectiveness and economy of City programs and activities, thus enabling an organizational operating environment that promotes support of the vision and targets of the Winnipeg Climate Action Plan."

SUBMITTED BY

Department: Audit Department
Prepared by: Bryan Mansky, City Auditor
Date: December 12, 2019