



2011 Annual Report

Office of the Auditor General

November 29, 2012

Presentation

- **Introduction: Alain Lalonde, Auditor General**
- **11 Audit Reports:**
 - **Dan Presse, Deputy Auditor General**
 - **Ray Kostuch, Deputy Auditor General**
- **Fraud and Waste Hotline: Alain Lalonde**
- **6 Follow-up Audit Reports: Alain Lalonde**
- **2012 Audit Plan: Alain Lalonde**
- **2013 Approved Audit Plan: Alain Lalonde**

Acknowledgement

My colleagues and I wish to express our appreciation for the continued cooperation and assistance afforded the audit teams by management and staff.

Staff of the Office of the Auditor General – 2011

Suzanne Bertrand

Ray Kostuch

Alain Lalonde

Shoshana Moss

Dan Presse

Louise Proulx

Lise Renaud

Laura Roe

1. Management of Vacant Positions

- 1.a Motion 82/27 - positions vacant (no owner) greater than two years must be reported to Council**
- 1.b 21 vacant positions not reported to Council**
- 1.c Over 100 positions unoccupied (owner in another position) greater than two years**
- 1.d Over 600 “temporary” unbudgeted positions (\$58M) not approved by Council**
- 1.e Policy allowing unbudgeted positions not approved by Council**

Management agreed with 5 of 7 recommendations

2. Corporate Communications Function

- 2.a Lack of consistent strategic direction, clear mandate/authority, priorities**
- 2.b Many departments losing confidence and adding their own resources to compensate**
- 2.c Corporate Communications: 51 positions and \$4.4M budget**
- 2.d Additional 20 positions within departments, costing an estimated \$1.05M**

2. Corporate Communications Function (Continued)

2.e Regarding the Source Separated Organics strategy:

- **target audience(s) not properly identified**
- **most effective methods for reaching target audience(s) not adequately assessed and pursued**
- **strategic messaging to target audience(s) not developed**
- **communications initiatives never evaluated to determine their effectiveness**

Management agreed with all 22 recommendations

3. Performance Measurement

- 3.a Link new “Balanced Scorecards” to departmental priorities as well as Council priorities**
- 3.b Little evidence that measures used in past to inform budget and operational decision-making**
- 3.c Eight City services examined including Social Housing - recommending using Housing Services Corporation performance database and Lifecycle Asset Management toolkit rather than waiting list figures**
- 3.d OMBI has not delivered the benefits intended**
- 3.e Monitor cost/benefit of any PM program**

Management agreed with all 21 recommendations

4. OC Transpo Scheduling Process for Bus Operators

- 4.a Control over scheduling granted to management does not offset post strike arbitration-imposed constraints**
- 4.b Arbitration award did not create expected “control of the day” operational model envisioned by management**
- 4.c New scheduling model - less efficient and more expensive**
- 4.d Management unable to realize expected annual operational savings from the strike in the range of \$3.1 million to \$4.5 million.**

4. OC Transpo Scheduling Process for Bus Operators (Continued)

- 4.e Additional cost savings, totaling approximately \$350,000 per year, could be obtained by using Internet-based scheduling sign-up software**

Management agreed with all 9 recommendations

5. OC Transpo Communication of Cancelled Bus Trips

- 5.a Process for communicating cancelled bus trips needs improvement**
- 5.b Process not entirely automated and relies on human initiation and interaction at key steps before the ridership is notified of a trip cancellation**

5. OC Transpo Communication of Cancelled Bus Trips (Continued)

5.c The audit determined that:

- **Trip cancellations inconsistently sent to passengers' text alerts or e-mails**
- **Only 7 of the 55 separate cancellation communications were accurate and timely**
- **OC Transpo had not registered 15 of 141 possible bus routes for alerts to be sent to passengers who had requested them**

Management agreed with all 3 recommendations

6. Procurement Practices – General

- 6.a Potential annual savings of over \$800,000 for procurement of vehicles and snow removal**
- 6.b Implementing a competitive process for haulage and snow removal requirements**
- 6.c Opportunities for the City to achieve some savings by purchasing entry level vehicles with only the base work-related options**
- 6.d Good competitive process for acquisition of laptops/desktops**

6. Procurement Practices – General (Continued)

- 6.e Possible opportunities to achieve some savings through greater participation in co-operative procurement with other local members of the broader public service**
- 6.f City has some major procurement-related initiatives underway to review operations for possible savings**
- 6.g Participating in the Canadian Municipal Collaboration for Sustainable Purchasing initiative that dovetails with the overall corporate approach to sustainability**

Management agreed with all 8 recommendations

7. Procurement Practices - Hedging Activities

- 7.a A hedge is defined as making an investment to reduce the risk of adverse price movements in an asset**
- 7.b City involved in hedging activities for two commodities; diesel and natural gas**
- 7.c Hedging of natural gas prices resulted in paying \$2.1M more than if City had purchased the gas directly from the supplier - losses will continue unless City changes its approach to procuring natural gas**
- 7.d Diesel hedges resulted in an overall loss of \$267,000 in 2009 and savings of approximately \$5M in 2010**

7. Procurement Practices - Hedging Activities (Continued)

- 7.e Discontinuance of hedging related to natural gas could prevent the estimated annual losses for the next 2 years**

- 7.f Finance Department should play a key role in the acquisition of natural gas in the future**

- 7.g City does not do performance benchmarking against market rates in order to establish if the hedging efforts have resulted in lower prices**

- 7.h Information provided to Council on hedging practices should be improved**

Management agreed with all 6 recommendations

8. Occupational Health and Safety

- 8.a Improvements to OHS program needed to meet legislative and policy requirements**
- 8.b OHS program is decentralized with limited performance measurement made available to management**
- 8.c OHS Branch does not monitor the implementation of OHS program across City, nor does it explicitly address contraventions of policy or legislation**
- 8.d In Long-Term Care and Solid Waste branches, many conventional OHS practices are not fully applied, including hazards assessment, Joint Health and Safety Committees, training of contract employees, objective setting and evaluation of performance**

8. Occupational Health and Safety (Continued)

- 8.e Improving these practices would strengthen the OHS program, improve the safety culture of the City, and help reduce occupational injuries and illnesses**

- 8.f City could achieve estimated reductions in WSIB costs of up to \$721,000 per year if it could reduce its injury rate to the average rate of similar employers**

Management agreed with all 26 recommendations

9. Human Resources Master Plan

- 9.a Human Resources (HR) Department should provide a more prescriptive and integrated approach to HR planning**
- 9.b Standardized methods and processes for medium and longer-term workforce planning should be used and workforce data should be more formally identified and analyzed for planning purposes**
- 9.c HR Department should lead a workforce needs analysis across all departments to develop a City-wide long-term workforce plan**
- 9.d Improve reporting e.g., on target and results**

Management agreed with all 9 recommendations

10. Budgeting for Growth Funding

- 10.a City has an established process for budgeting for growth related projects, and the controls for the budgeting of growth funding information were operating as intended**

- 10.b Need to improve communication to Council in order to properly inform the public**

- 10.c Key assumptions used to calculate development charges are appropriate and consistent with the legislated requirements in the Development Charges Act**

10. Budgeting for Growth Funding (Continued)

- 10.d 2009 Development Charges Background Study did not include a specific list of parks capital projects for Committee and Council to review and approve**

- 10.e In 2010, staff have established a 4 and 10 year forecast for parks, and the audit recommends that this be provided to Council for approval**

- 10.f Opportunities to improve the communication of information on the calculation, collection, and spending of development charges to City Council and the public**

Management agreed with all 6 recommendations

Fraud and Waste Hotline

Reports by Reporter Type

Reporter Type	Number of Reports	Percentage
Public	114	63%
Employee	68	37%
Total	182	100%

Follow-up of 2008 and 2009 Audits

Significant progress had been made on 80% (72/90) of the recommendations we reviewed:

- 1. 2008 Audit of Grants and Contributions**
- 2. 2009 Audit of Specific House Drawings**
- 3. 2009 Audit of the Bridge Maintenance Process for a Specific Bridge**
- 4. 2009 Audit of Payroll**
- 5. 2009 Audit of Eight Specific Building Code Services Files**

Follow-up of 2008 and 2009 Audits (Continued)

- **One area of concern is the 2009 Audit of Five Specific Staffing Processes where gradual progress has been made.**

2012 Audit Plan

- 1. Treasury**
- 2. Corporate Credit Cards**
- 3. Environmental Risk Assessment**
- 4. Client Service Centres**
- 5. Ontario Works Eligibility Assessment Process**
- 6. Construction Supervision**

2012 Audit Plan (Continued)

7. Follow-up of audits including:

- a) Use of City Vehicles and Mileage Claims;**
- b) Selected Grant Recipients – Signed Agreements and Audit Clauses;**
- c) Sugarbush (Action Vanier) Agreements;**
- d) Revenue Branch;**
- e) A Staffing Process in the Children’s Services Branch;**
- f) City’s Management of a Loan Agreement;**
- g) City’s Role regarding a Canada Day Event;**
- h) Internet and Email Usage Policies and Procedures;**

2012 Audit Plan (Continued)

7. Follow-up of audits including:

- i) Mackenzie King Bridge Rehabilitation;**
- j) Compressed Work Week Agreements;**
- k) West End Flooding and the Development Review Processes within the Carp Watershed;**
- l) Ottawa Municipal Campground;**
- m) Bridge Maintenance Process;**
- n) Nepean Sailing Club Agreement;**
- o) Pine View Municipal Golf Course; and,**
- p) Procurement Process for the SmartBus Next Stop Announcement System.**

2013 Audit Plan Approved by Council on October 10, 2012

- 1. Fleet Services – NAPA Contract**
- 2. Ethics**
- 3. IT Governance**
- 4. OC Transpo Business Strategic Planning Processes**
- 5. Environmental Legislated Approval Processes**
- 6. Infrastructure Services Department**
- 7. Follow-up of audits including:**
 - a) Management of Vacant Positions;**
 - b) Corporate Communications;**

Approved 2013 Audit Plan (Continued)

7. Follow-up of audits including:

c) Procurement Practices;

d) Performance Measurement;

e) Occupational Health and Safety;

f) Human Resources Master Plan;

g) Budgeting for Growth Funding;

h) OC Transpo Communication of Cancelled Bus Trips; and,

i) OC Transpo Scheduling Process for Bus Operators.

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Questions?

Thank you