



Office of the Auditor General / Bureau du vérificateur général

FOLLOW-UP TO THE 2006 AUDIT OF SURFACE OPERATIONS

2007

Chapter 13

**SUIVI RELATIF À LA VÉRIFICATION DE 2006 VISANT LA
DIRECTION DES OPÉRATIONS DE SURFACE**

2007

Chapitre 13

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Appendix A: Assessment and Comments - Status of Recommendation Implementation

EXECUTIVE SUMMARY

In the fall of 2007, a limited follow-up audit was conducted to assess progress on the 39 recommendations of the 2006 Audit of Surface Operations.

Surface Operations has made significant progress since the fieldwork phase of the original audit during the summer of 2006. While full implementation of some significant and extensive recommendations (e.g., operational planning and zero-based budgeting) is not yet complete, some basic fundamentals are now in place to facilitate continued progression towards desired results. Management's acknowledgement of many of the issues and the commencement of the Strategic Alignment Initiative (SAI) prior to the audit contributed to the progress to date.

It is premature to determine the full benefit, which will be obtained by implementation of the new management framework, financial and other reporting systems and reports, strategic plans and operational planning as well as the Strategic Alignment Initiative. However, we are cautiously optimistic that the Branch has rounded the corner and is heading in the right direction.

A summary of our assessment follows:

- **Management Framework and Strategic Planning** - The Branch has undergone substantive and widespread change and has successfully initiated a change management program, which addresses deep organizational, structural and management system problems identified in the original audit.
- **Financial and Human Resources Reporting** - Human resources and financial reports have been greatly improved in content, frequency and on-line access. They continue to be modified and enhanced by the Technical Support Services Division staff. Operations clerks reporting to Technical Support Services Division have been hired and are physically located in the field to perform data entry, provide support for human resources, etc.
- **Staffing, Overtime and Training** - Staffing requirements are being addressed but are not yet complete. The Operations Planning Framework project will determine the basic staffing levels required for each activity by month. Policies and procedures to ensure consistent use of overtime are being developed. Training has improved, in particular for rural roads and urban roads.
- **Forestry** - Advances have been made with the TREE program and other Council supported initiatives. However, some initiatives identified in approved strategy documents cannot be implemented pending Council approval to the forestry budget.
- **Fleet** - We are satisfied with the progress of Surface Operations Branch in these areas. A complete follow-up audit of Fleet Services is planned for 2009.

- **Performance Measurement/Data Collection** –Progress is being made. As this function evolves and the Operational Planning Framework Project advances, it is intended that more data will be captured and the reports will advance to more levels of detail and usefulness such as measuring activities and accomplishment units.
- **Operational Planning** - While some beats have been developed, the Branch is still too reactive and does not take a consistent proactive approach to routine maintenance. Work prioritization continues to be determined largely based on public complaints and requests for service records (311).
- **Standards, Standard Operating Procedures, and Independent Monitoring** - The Branch continues to show limited advancement in the development of maintenance standards, standard operating procedures and quality assurance programs. Road patrols have not been reinstated and a quality assurance function for Roads Division has not been implemented.
- **2008 Budget** - The development and implementation of required financial and other reporting systems, which will enable management to prudently manage the Surface Operations budget, are underway.

With other areas now progressing towards stabilization, it is time to devote more attention to operational planning to ensure consistent, efficient and effective approaches to work. That is, the interrelated areas of standards, standard operating procedures, operational planning and independent monitoring should be given increased focus and priority. This is key to addressing many of the operational issues within the Branch, such as staffing, scheduling of work, controlling overtime and streamlining of supervisory levels.

In order to effectively achieve acceptable standards of work, standard operating procedures must be developed, documented and communicated. These procedures will then drive the operational planning requirements. Then independent monitoring must be conducted to identify problems, which may require refinement of procedures, training or planning. This monitoring must be done independently of the day-to-day supervisors who have a different focus.

In the original 2006 audit, we recommended that the Surface Operations budget not be increased until Surface Operations has a good understanding of their financial situation. We had recommended that this restriction be placed because Surface Operations has not completed its operational planning (standards, standard operating procedures, planning of work and quality assurance) initiatives. This is key to addressing many of the operational issues within the Branch, such as staffing, scheduling of work, controlling overtime and streamlining of supervisory levels. Once these projects are completed, the Branch will have a better understanding of financial requirements. Although not yet complete, Surface Operations Branch now has a better understanding of their financial situation.

Overall Management Comment

Management agrees with the recommendation.

As noted in the Auditor General's letter and report dated November 22, 2007, the report reflects the discussion between both parties at the November 15, 2007 meeting.

We would like to thank the Auditor General's office for their strong endorsement of the significant progress achieved to date and alignment by the branch relating to the Auditor General's recommendations.

Conclusion

We believe that Surface Operations has made significant progress since the fieldwork phase of the original audit during the summer of 2006. While full implementation of some significant and extensive recommendations (e.g., operational planning and zero based budgeting) are not yet complete, some of the basic fundamentals are now in place to facilitate continued progression towards desired results.

There continues to be many areas requiring improvement. It is premature to determine the full benefit, which will be obtained by implementation of the new management framework, financial and other reporting systems and reports, strategic plans, which address enterprise-wide risk management, standard operating procedures and operational planning as well as the Strategic Alignment Initiative. However, we are cautiously optimistic that the Branch has rounded the corner and is heading in the right direction.

In the original 2006 audit, we recommended:

Recommendation 12: That the Surface Operations Branch's budget not be increased until the Branch has a good understanding of their financial situation.

Recommendation 13: That the Surface Operations Branch's budget not be increased while the Branch refines the manner in which it formulates its budget requests and redirects existing funds to programs, which do have a strategic plan and related specific budget, specifically the Forestry program.

As Surface Operations now has a better understanding of their financial situation, we recommend that Council should evaluate any 2008 budget requests based on their own merit.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

RÉSUMÉ

À l'automne 2007, une vérification de suivi a été menée pour évaluer les progrès réalisés relativement aux 39 recommandations formulées dans le rapport de vérification de 2006 des Opérations de surface.

La Direction des opérations de surface a fait des progrès considérables depuis l'étude menée sur le terrain au cours de l'été 2006 dans le cadre de la vérification initiale. La mise en œuvre intégrale de certaines recommandations importantes et détaillées (notamment en ce qui concerne la planification opérationnelle et l'établissement de budgets à base zéro) n'est pas encore terminée, mais certains principes fondamentaux visant à faciliter la progression vers l'obtention des résultats souhaités sont en place. La reconnaissance par la direction de bon nombre des points à améliorer et le lancement de l'initiative d'harmonisation stratégique avant la vérification ont contribué aux progrès réalisés jusqu'à présent.

Il est prématuré de déterminer tous les avantages pouvant découler de la mise en œuvre du nouveau cadre de gestion, des systèmes de production de rapports financiers et d'autres types de rapport, des plans stratégiques et opérationnels, ainsi que de l'initiative d'harmonisation stratégique. Toutefois, nous faisons preuve d'un optimisme prudent et croyons que le plus difficile est fait et que la Direction est sur la bonne voie.

Voici un résumé de notre évaluation :

- **Cadre de gestion et planification stratégique** – La Direction a subi des changements considérables et généralisés et a mis en place un programme efficace de gestion du changement qui vise à résoudre les problèmes profonds liés à l'organisation, à la structure et à la gestion relevés dans le premier rapport de vérification.
- **Rapports financiers et rapports sur les ressources humaines** – Le contenu, la fréquence de publication et l'accès en ligne des rapports financiers et des rapports sur les ressources humaines ont été grandement améliorés, et le personnel de la Division des services de soutien technique continue de modifier et de parfaire ces documents. Des commis aux opérations relevant de la Division des services de soutien technique ont été embauchés et travaillent sur place, notamment pour effectuer la saisie des données et assurer un soutien aux ressources humaines.
- **Dotation en personnel, heures supplémentaires et formation** – Les exigences en matière de dotation en personnel sont en cours de préparation mais ne sont pas encore tout à fait au point. Le projet de cadre de Planification opérationnel déterminera à tous les mois les niveaux minimums de dotation requis pour chaque activité. En outre, l'élaboration de politiques et de procédures visant à assurer une utilisation uniforme des heures supplémentaires est en cours. La formation des employés a été améliorée, surtout en ce qui touche les routes rurales et urbaines.

- **Services forestiers** – Des progrès ont été réalisés au chapitre du Programme « TREE » et d’autres initiatives appuyées par le Conseil municipal. Certaines, proposées dans des documents stratégiques approuvés, ne peuvent toutefois pas être mises en œuvre tant que le Conseil n’aura pas approuvé le budget de Services forestiers.
- **Parc automobile** – Nous sommes satisfaits des progrès accomplis par la Direction des opérations de surface dans ce secteur. Une vérification de suivi exhaustive de Services du parc automobile figure au Plan de vérification de 2009.
- **Collecte de données/mesure du rendement** – Ce secteur d’activité progresse, et à mesure que cette fonction et le projet de cadre de Planification opérationnel avancent, plus de données seront recueillies, ce qui permettra de rendre les rapports plus pertinents, notamment en ce qui a trait à l’évaluation des activités et des réalisations.
- **Planification opérationnelle** – Plusieurs méthodes efficaces ont été mises au point au chapitre de l’entretien périodique, mais la Direction adopte encore généralement une attitude trop réactive plutôt que proactive. La plupart du temps, les priorités sont encore établies en fonction des plaintes du public et des demandes de service reçues (par l’entremise du service 3-1-1).
- **Normes, procédures de fonctionnement uniformisées et surveillance indépendante** – La Direction progresse toujours lentement dans l’élaboration de normes d’entretien, de procédures de fonctionnement uniformisées et de programmes de contrôle de la qualité. Les patrouilles de surveillance des routes n’ont pas été rétablies et un programme de contrôle de la qualité pour la Division des routes n’a pas encore été mis en œuvre.
- **Budget de 2008** – L’élaboration et la mise en place des systèmes requis de production de rapports financiers et autres, qui permettront à la direction de gérer de façon vigilante le budget d’Opérations de surface, sont en cours.

Comme les autres secteurs d’activité sont de plus en plus stables, la Direction des opérations de surface doit prêter plus d’attention à la planification opérationnelle afin que ses méthodes de travail soient uniformes, efficaces et efficientes. Il faut donc mettre davantage l’accent sur les outils interreliés que sont les normes, les procédures de fonctionnement uniformisées et la surveillance indépendante, et y accorder une plus grande priorité, ce qui permettra de résoudre bon nombre des problèmes opérationnels de la Direction, comme la dotation en personnel, l’établissement des horaires de travail, la surveillance des heures supplémentaires et la rationalisation des niveaux de supervision.

Afin de parvenir efficacement à des normes de travail satisfaisantes, des procédures de fonctionnement uniformisées doivent être élaborées, documentées et communiquées, et ces procédures permettront d’établir les exigences en matière de planification

opérationnelle. Ensuite, une surveillance indépendante doit être menée pour cerner les problèmes qui pourraient exiger l'amélioration des procédures, de la formation ou de la planification. Cette surveillance doit être effectuée par des personnes autres que les superviseurs, qui ont un objectif différent et envisagent leur travail au jour le jour.

Dans le rapport de vérification initial de 2006, nous avons recommandé de ne pas augmenter le budget de la Direction des opérations de surface tant que celle-ci n'aura pas bien compris la situation financière dans laquelle elle se trouve. Nous avons recommandé cette restriction étant donné que la Direction n'a pas mis au point son projet de planification opérationnelle (normes, procédures de fonctionnement uniformisées, planification du travail et contrôle de la qualité), lequel est particulièrement important pour résoudre bon nombre de ses problèmes opérationnels, comme la dotation en personnel, l'établissement des horaires de travail, la surveillance des heures supplémentaires et la rationalisation des niveaux de supervision. Une fois ces projets achevés, la Direction pourra mieux discerner ses besoins en financement. Même si ces projets ne sont pas tout à fait achevés, la Direction des opérations de surface a présentement une meilleure compréhension de sa situation financière.

Réponse globale de la direction

La direction est d'accord avec les recommandations.

Tel que l'indiquent la lettre et le rapport du vérificateur général datés du 22 novembre 2007, le rapport reflète l'échange qui a eu lieu entre les deux parties à la réunion du 15 novembre 2007.

Nous remercions le Bureau du vérificateur général d'appuyer fermement la Direction à l'égard des progrès considérables qu'elle a réalisés jusqu'à présent et de sa capacité à se conformer aux recommandations du vérificateur général.

Conclusion

Nous croyons que la Direction des opérations de surface a fait des progrès considérables depuis l'étude menée sur le terrain au cours de l'été 2006 dans le cadre de la première vérification. La mise en œuvre intégrale de certaines recommandations importantes et détaillées (notamment en ce qui concerne la planification opérationnelle et l'établissement de budgets à base zéro) n'est pas encore terminée, mais certains principes fondamentaux visant à faciliter la progression vers l'obtention des résultats souhaités sont en place.

Bon nombre de secteurs d'activité doivent encore être améliorés. Il est prématuré de déterminer tous les avantages pouvant découler de la mise en œuvre du nouveau cadre de gestion, des systèmes de production de rapports financiers et d'autres types de rapport, des plans stratégiques, qui portent sur la gestion des risques à l'échelle de la Direction, des procédures de fonctionnement uniformisées et des plans opérationnels, ainsi que de l'initiative d'harmonisation stratégique. Toutefois, nous faisons preuve

d'un optimisme prudent et croyons que le plus difficile est fait et que la Direction est sur la bonne voie.

Dans le rapport de vérification initial de 2006, nous avons formulé les recommandations suivantes :

Recommandation 12 : Que le budget de la Direction des opérations de surface ne soit pas majoré jusqu'à ce que celle-ci comprenne bien sa situation financière.

Recommandation 13 : Que le budget de la Direction des opérations de surface ne soit pas majoré pendant que la Direction améliore la façon dont elle formule ses demandes budgétaires et réoriente son financement actuel vers les programmes dotés d'un plan stratégique et d'un budget connexe précis, plus particulièrement vers le programme des services forestiers.

Comme la Direction des opérations de surface comprend maintenant mieux sa situation financière, nous recommandons au Conseil d'examiner toutes les demandes de crédits budgétaires de 2008 en fonction de leur mérite.

Remerciements

Nous tenons à remercier la direction de sa bienveillante collaboration et de l'aide qu'elle a apportée à l'équipe de vérification.

1 INTRODUCTION

In 2006, the Office of the Auditor General conducted a comprehensive audit of Surface Operations (summer programs)¹.

In the fall of 2007, a limited follow-up audit, requested by City Council motion², was conducted to assess progress on the 39 recommendations of the 2006 audit. The scope of the follow-up audit was to objectively evaluate the progress of each recommendation and to formulate an overall assessment on the progress and direction by the Branch.

2 ASSESSMENT

An assessment and contextual comments for each recommendation may be found in Appendix A of this report. An overall assessment is summarized below. This opinion was based on reviewing Branch documents and interviewing staff. Overall there is evidence of the progress the Branch has been able to achieve since the initial audit. The conclusion to this report provides a brief synopsis of areas we believe require additional effort.

As indicated in this report and the supporting Appendix A, progress has been made in many areas. Changes and accomplishments to date, demonstrate a commitment on the part of management to implement most recommendations. Additional effort should be directed to the general area of operation planning, specifically standards, standard operating procedures, planning of work and quality assurance, as discussed in the sections below. This is key to addressing many of the operational issues within the Branch, such as staffing, scheduling of work, controlling overtime and streamlining of supervisory levels.

Full implementation of all recommendations is very dependent upon the completion of these operational planning items. As a result, the full impact of the audit recommendations and changes to the organization will not be realized for some time.

¹ The City has jurisdiction and manages 5,500 km of roads, 37 km of Transitway, 200,000 right-of-way trees, and 890 parks covering 3,220 hectares. The primary task of the Surface Operations Branch is to carry out the maintenance, operations and stewardship of these assets. Other operating groups have been charged with the responsibility to maintain vehicles, equipment and facility assets related to Surface Operations.

² MOTION NO. 14/3 - Moved by Councillor S. Desroches, Seconded by Councillor P. Feltmate WHEREAS the City's Surface Operations provides an important service to the citizens of Ottawa; WHEREAS the OAG's 2006 annual report stated in recommendation 12 "that the Surface Operations Branch's budget not be increased until the Branch has a good understanding of their financial situation." WHEREAS City Council should have all the relevant information in advance of the 2008 City of Ottawa Budget approvals process; THEREFORE BE IT RESOLVED that the Council Audit Working Group report back to City Council prior to the 2008 Budget process on the progress made by the Surface Operations Branch in implementing all of the OAG's recommendations, and include an assessment by the OAG.

2.1 Management Framework and Strategic Planning

Several recommendations on this topic were interrelated, specifically recommendations 1 (Strategic Alignment Initiative visioning), 2 (Enterprise-wide risk management), 3 (Annual plans), and 24 (Streamline organizational charts).

Consistent with Branch Management's representations, the Branch has undergone substantive and widespread change and has successfully initiated a change management program, which will address deep organizational, structural and management system problems identified in the original audit.

We have reviewed the 2007 Branch Risk Identification and Response Plan, which identifies the highest enterprise-wide risks and the identified action items to address these risks. For the most part, we are in concurrence with the identified approach and priorities.

Technical Support Services Division Management Team has been hired (staffed fall 2006 to summer 2007); including Program Managers responsible for the Operations Planning Unit, and the Performance Measurement and Business Services Unit (includes financial), administrative services (includes human resources), operations research and stakeholder relations. This has had a significant impact on the ability of the Branch to plan and respond at a proactive and strategic level.

2.2 Financial and Human Resources Reporting

Several recommendations on this topic were interrelated, specifically recommendations 5 (Weekly reporting), 16 (Financial actual vs. budget reports), 17 (Impact of cut-backs), 18 (Impact of capital plans on operational budget), and 19 (Human resources reports).

As mentioned throughout the original audit report, many of the shortfalls of the Branch stemmed back to a lack of supporting management systems. In the follow-up audit, we noted significant recent development in these areas. Human resources and financial reports have been greatly improved in content, frequency and on-line access. They continue to be modified and enhanced by the Technical Support Services staff. Operations clerks reporting to Technical Support Services Division have been hired (staffed spring 2007) and are physically located in the field to perform data entry, provide support for human resources, etc. We anticipate continued improvement as recently hired staff evolve in the newly created positions.

In the original report, it was noted that to maximize the preservation of City-owned capital assets, Surface Operations needed to be consulted more since capital decisions, particularly for roads, both those to take and not take action, have a significant impact on the Branch's operational costs and efficiency. Interviews with Surface Operations

staff indicated increased communication with the Infrastructure Services Branch to meet this requirement.

While significant improvements in accountability and reporting were noted, we did not see evidence of narrative reports, which explained variances, short-term plans, etc.

As stated in the original report, "If Maintenance Coordinators, Zone Supervisors and Managers were all required to prepare a regular report for their superiors it would increase accountability. Weekly reports, discussing both the past and upcoming week, indicating items such as the weather conditions past and forecast, overtime encountered, overtime anticipated and the reasons for each, accomplishments for the past week and plans for the coming week, hurdles overcome and anticipated, and the status vis-à-vis goals for the season would provide a tracking and monitoring tool. These reports would also force coordinators and supervisors to justify decisions for overtime, etc. to their managers as well as keep their superiors informed of the work being achieved. These reports should be of a narrative and analytical nature, not just statistical; they should explain why decisions were made or why plans stated in the previous report were not accomplished."

2.3 Staffing, Overtime and Training

Several recommendations on this topic were interrelated, specifically recommendations 20 (Supervisory overtime), 21 (Staff overtime), 22, 23, 25, 26 (Staffing), and 27-28 (Training).

Staffing requirements are being addressed but are not yet complete. A Project Coordinator Staffing has been hired (August 2007) to focus on work force planning, required staff qualifications, Master Assignment Board (MAB), summer students, etc. A Project Coordinator Health and Safety and Training has been hired (October 2007) to focus on identifying required skill sets and related deficiencies. Many new positions involved redeployment of existing resources, not creation of new positions.

In the original report, it was noted that the average employee in Surface Operations made more than \$8,000 per year in overtime³. With more than \$6 million in overtime costs, we recommended that staffing levels be reviewed to ensure adequate service levels while striking a balance between overtime and the number of full time staff to be carried during slower seasons. This review will form part of the Operations Planning Framework project, in terms of determining the basic staffing levels required for each activity by month. The Roads District Manager is currently investigating continued overtime incurred by some supervisory staff to determine the cause and to develop policies and procedures to ensure consistencies.

³ This excludes shift premiums, on call premiums, etc.

Planning, coordination and delivery of management training to managers and supervisors has improved in particular for rural roads and urban roads. However, training has largely focused on management and supervisory skills with less on standards and techniques. Job descriptions are being revised, with union cooperation, to include required specific equipment qualifications no longer just based on seniority. A Crew Leader and Maintenance Coordinator comprehensive training program is near finalization. The new Project Coordinator Training will be responsible for maintaining an inventory of training received by each employee.

Management indicated that there were improved relations with the union as evidenced by progress made in various areas, specifically MAB, job qualifications and training requirements. Implementation of fluctuating pay changes has resulted in reduced grievances and likely improved morale and reduced absenteeism.

2.4 Forestry

Several recommendations on this topic were interrelated, specifically recommendations 30-34.

Advances have been made with the TREE program and other Council supported initiatives. However, some initiatives identified in approved strategy documents can only be implemented pending Council approval to the Forestry budget. Tree trimming by Hydro crews continues to weaken the structural integrity of older trees. Costs of systematically stabilizing vulnerable trees now (e.g., cabling, pruning, injections) will not only be more cost effective than emergency removal following storms, but will also prolong the life of the trees and aesthetics of the neighbourhoods and minimize potential costs to the City through property or personal damages.

2.5 Fleet

Several recommendations on this topic were interrelated, specifically recommendations 35-39. We are satisfied with the progress of Surface Operations Branch in these areas. Some recommendations requiring attention by Fleet Services will require continued monitoring, via the follow-up audit of Fleet Services.

2.6 Performance Measurement/Data Collection

Several recommendations on this topic were interrelated, specifically recommendations 10 (Accomplishment units), 14 (Activity sheets), and 15 (Data entry in the field).

As noted above, a Program Coordinator, Performance Measurement and Business Services Unit, was hired in the summer of 2007. Initially "performance measurement indicators" have focused on responsiveness to the 311 notifications and variances in budgets. As this position evolves and the Operational Planning Framework Project advances the development of accomplishment units, it is intended that more data will

be captured and the reports will advance to more levels of detail and usefulness such as measuring activities and accomplishment units.

2.7 Operational Planning

Several recommendations on this topic were interrelated, specifically recommendations 6 (Proactive planning), 8 (Approach to work), and 9 (Notifications).

Operational planning has started. For example, analysis has been conducted to determine crew requirements including equipment and number of staff for various activities as well as the core area now has dedicated crews for beats (routine maintenance) and other for notifications (311 system and complaints). Roads Division Area Managers are now supported by Operations Technicians (new positions) in the field to provide operational planning support. As part of the realignment of the Master Assignment Board (assignment of winter and summer crews), the sizes of crews have been adjusted taking into account the type of work, legislative requirements (e.g., traffic control) and rural/suburban requirements.

However, while some beats have been developed, the Branch is still too reactive and does not take a consistent proactive approach to routine maintenance. Work prioritization continues to be determined largely based on public complaints and requests for service records (311). In particular the prioritization of work within the pre-amalgamation City of Ottawa area is neither described in writing nor is the conduct of work recorded, measured nor assessed against performance benchmarks.

Should the Branch continue to operate under a work-planning model that simply responds to 'hot spots' and public demands, they will be unable to address Council on risk management, cost effectiveness of service delivery or on optimization opportunities for service delivery.

Refer to section 3 for additional information.

2.8 Standards, Standard Operating Procedures, and Independent Monitoring

Several recommendations on this topic were interrelated, specifically recommendations 7 (Standard operating procedures), 4 (Quality assurance function) and 29 (Road patrols).

The Branch continues to show limited advancement in the development of maintenance standards, standard operating procedures, and quality assurance programs. While longer term plans provide for the development of best practices and maintenance standards, the follow-up audit identified that senior Branch staff were unable to provide details on plans for development of standard operating procedures, that the Branch had very few professionals able to guide the development of standards

development and those qualified professionals who remain were offered such limited work scope and authority as to make their ability to assist in standards development and implementation doubtful.

In the original report, it was recommended that Road patrols be reinstated to at least the levels specified in provincial Minimum Maintenance Standards for Municipal Highways (MMSMH) in order to ensure the preservation of capital investments through both routine and preventive maintenance, as well as the safety of municipal roads. No progress has been made in this area, although the Branch has indicated they will review this in 2008.

In addition, the original audit recommended, “that the Branch create a Quality Assurance function for Roads...to provide checks and balances to the quality of road maintenance including appropriate preventive maintenance.” Management disagreed with this recommendation. Recent discussions with management indicate that they are now willing to investigate this recommendation to determine the best approach to meet the intention of this recommendation.

Refer to section 3 for additional information.

2.9 2008 Budget

Several recommendations on this topic were interrelated, specifically recommendations 11 (Bottom-up/zero based budget), and 12- 13 (Budget freeze).

When we started the original audit, the most frequent complaint from Surface Operations Branch was inadequate funding. However, upon review we believed that funds, especially within the Roads Division, were likely adequate but needed to be better managed. At the time, it was not possible to assess properly due to a lack of sufficient supporting financial systems. Based on our recent review, we believe that the development and implementation of required financial and other reporting systems, which will enable management to prudently manage the Surface Operations budget, are underway.

Refer to Section 3 for additional information.

3 AREAS REQUIRING ADDITIONAL EFFORT

As mentioned above, the implementation of most of our recommendations is progressing well. Management’s acknowledgement of many of the issues and the commencement of the Strategic Alignment Initiative prior to the audit contributed to the progress to date. With other areas now progressing towards stabilization, it is time to devote more attention to operational planning to ensure consistent, efficient and effective approaches to work. That is, the interrelated areas of standards, standard

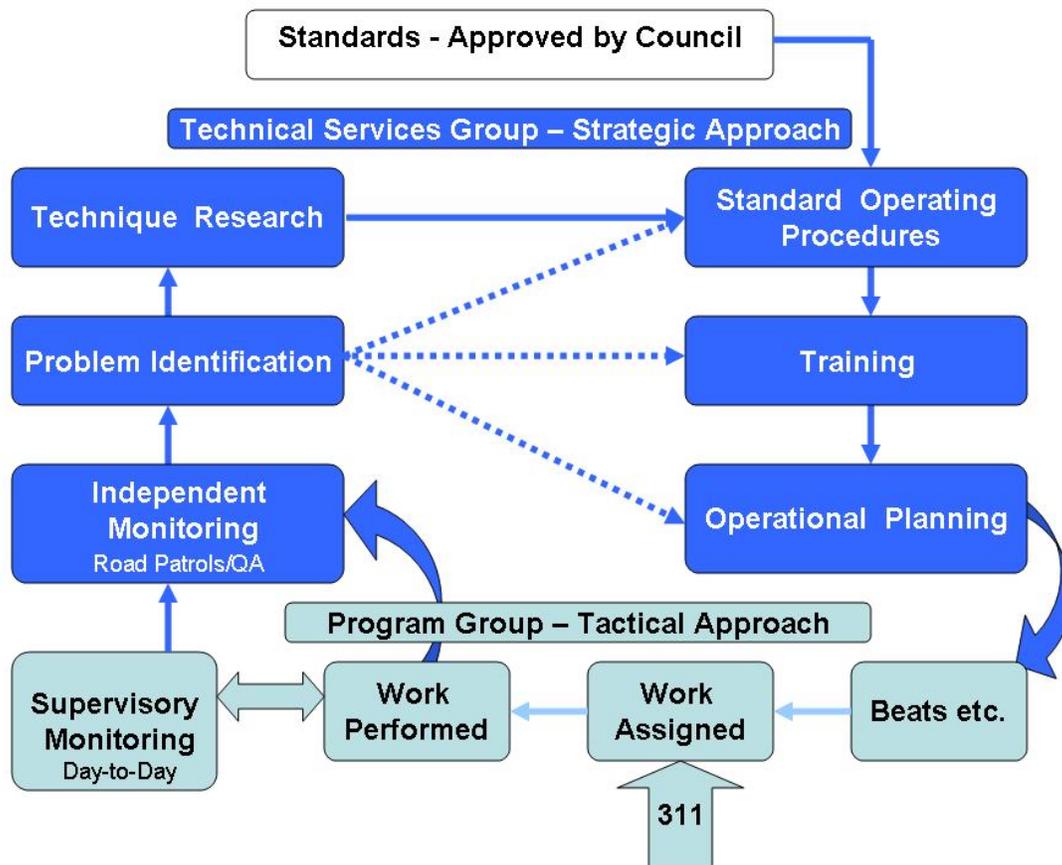
operating procedures, operational planning and independent monitoring should be given increased focus and priority.

The Technical Support Services Division was formed in part to provide a strategic approach to work. This includes operational planning, training and operations research. Other functions include administrative services, performance measurement and stakeholder relations. To date the Manager, Technical Support Services Division has focussed largely on structuring and hiring for the group. This group has made great strides, with a focus largely on systems, reporting and strategic initiatives.

While some standards were adopted by Council several years ago, based in part on the provincial MMSMH, they are not consistently being met. As noted in the initial audit, there are erratic work procedures and approaches across the City resulting in inefficiencies and inconsistent work quality. These continue to plague the Branch. This is due in part to a lack of standard operating procedures, which clearly state how and when to do work. In addition, while work is monitored on a day-to-day basis by supervisory staff to some extent, the monitoring and acceptable quality varies across the City. Supervisors are occupied with the day-to-day tactical work requirements and, given those priorities, cannot be focussed on the larger picture of ensuring efficiencies and effectiveness without guidance and approved procedures. There is no independent monitoring through road patrols or a quality assurance function.

As shown in the schematic below, in order to effectively achieve acceptable standards of work, standard operating procedures must be developed, documented and communicated. These procedures will then drive the operational planning requirements. Then independent monitoring must be conducted to identify problems, which may require refinement of procedures, training or planning. This monitoring must be done independently of the day-to-day supervisors who have a different focus. We believe this monitoring function should rest with the Technical Support Services Division. To achieve efficiencies, it could also perform some of the road patrol legislative requirements (with the balance conducted by Roads Division supervisory staff).

Strategic vs. **Tactical** Work Approach



As stated in the original report, “Area Managers, Zone Supervisors and Maintenance Coordinators typically plan work in their own manner, without the benefit of standard forms/work orders, standard approaches to determining priorities, etc. In the absence of this, some Zone Supervisors and some Maintenance Coordinators have designed their own planning process for tracking purposes but not to the level required.

‘The creation of a quality assurance function for roads would assist the Branch in moving towards improvements. This should be a separate group, which provides checks and balances to the quality of road maintenance including appropriate preventive maintenance. The qualifications of this group should include technical certification and training to address all areas of expertise under review; members of this group should have a sound knowledge of new technologies relating to asphalt/road repairs, snow removal, ice treatment, etc. The group should have the authority to issue work orders and receive confirmation of follow-up/completion, inspect repairs, raise issues to a higher level, provide input to the proposed standard operating procedures, etc. This group should report directly to either the Director, Surface Operations or Manager, Technical Support Services, and act to verify the City’s compliance with existing laws, regulations, by-laws (standards, Official Plan, etc.) and should be outside

CUPE 503 – to avoid potential conflicts of interest. Finally, this group should develop a strong working relationship with the Infrastructures Services Branch and provide input into major infrastructure projects.”

4 OVERALL MANAGEMENT COMMENT

Management agrees with the recommendation.

As noted in the Auditor General’s letter and report dated November 22, 2007, the report reflects the discussion between both parties at the November 15, 2007 meeting.

We would like to thank the Auditor General’s office for their strong endorsement of the significant progress achieved to date and alignment by the branch relating to the Auditor General’s recommendations.

5 CONCLUSION

We believe that Surface Operations has made significant progress since the fieldwork phase of the original audit during the summer of 2006. While full implementation of some significant and extensive recommendations (e.g., operational planning and zero based budgeting) are not yet complete, some of the basic fundamentals are now in place to facilitate continued progression towards desired results.

There continue to be many areas requiring improvement. It is premature to determine the full benefit, which will be obtained by implementation of the new management framework, financial and other reporting systems and reports, strategic plans, which address enterprise-wide risk management, standard operating procedures and operational planning as well as the Strategic Alignment Initiative. However, we are cautiously optimistic that the Branch has rounded the corner and is heading in the right direction.

In the original 2006 audit, we recommended:

Recommendation 12: That the Surface Operations Branch’s budget not be increased until the Branch has a good understanding of their financial situation.

Recommendation 13: That the Surface Operations Branch’s budget not be increased while the Branch refines the manner in which it formulates its budget requests and redirects existing funds to programs, which do have a strategic plan and related specific budget, specifically the Forestry program.

As Surface Operations now has a better understanding of their financial situation, we recommend that Council should evaluate any 2008 budget requests based on their own merit.

6 Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.