



Office of the Auditor General / Bureau du vérificateur général

FOLLOW-UP TO THE 2006 AUDIT OF PROPERTY MANAGEMENT

2009

SUIVI DE LA VÉRIFICATION DE LA GESTION DES BIENS

IMMOBILIERS DE 2006

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EXECUTIVE SUMMARY

Introduction

The Follow-up to the 2006 Audit of Property Management was included in the Auditor General's 2009 Audit Plan.

The key findings of the original 2006 audit included:

- Funding for the maintenance of City properties has been inadequate to ensure facilities remain in proper condition over the long-term;
- The City has an effective property management function with thorough operating systems and procedures. However the Branch is struggling to maintain the condition of City properties within its current funding levels;
- Ensuring fire safety provision are examined during building assessments;
- Completing threat and risk assessments at all City facilities; and,
- Developing a long-term plan for Lansdowne Park.

Summary of the Level of Completion

The table below outlines our assessment of the level of completion of each recommendation as of Fall 2009.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	1, 3	2	17%
ACTION INITIATED	25 – 49	9	1	8%
PARTIALLY COMPLETE	50 – 74	4, 5, 6	3	25%
SUBSTANTIALLY COMPLETE	75 – 99	-	-	-
COMPLETE	100	2, 7, 8, 10, 11, 12	6	50%
TOTAL			12	100%

Conclusion

The majority of the recommendations made in the original 2006 audit have at least partially been implemented including six, which have been fully completed. Progress on some recommendations appears to have been somewhat slowed as a result of organizational changes at the City, some of it only recently finalized. This reorganization had significant implications for the property management function including Asset Management which was only formally transferred to Infrastructure in July 2009 as part of the final phase of the realignment. As a result, there has been only limited progress on recommendations related to the Life Cycle Renewal Policy document and a plan to complete and update the building condition assessments for all major facilities.

Acknowledgement

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

RÉSUMÉ

Le Suivi de la vérification de la gestion des biens immobiliers de 2006 était prévu dans le Plan de vérification du Bureau du vérificateur général de 2009.

Les constatations principales de la vérification initiale de 2006 sont les suivantes :

- Le financement de l'entretien des propriétés de la Ville est inadéquat en vue du maintien en bon état des installations à long terme;
- La fonction de gestion des biens immobiliers de la Ville est efficace et dotée de systèmes et de procédures opérationnels complets. Cependant, les niveaux de financement actuels, permet à peine de maintenir l'état des biens de la Ville;
- La Ville doit investir davantage dans l'entretien prolongé de ses immeubles si elle veut éviter qu'ils se détériorent;
- La garantie que les dispositions en matière de sécurité incendie sont examinées durant l'évaluation des bâtiments;
- La réalisation des évaluations des risques et des menaces dans toutes les installations de la Ville;
- L'élaboration d'un plan à long terme pour le parc Lansdowne.

Sommaire du degré d'achèvement

Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation à l'automne 2009 :

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	1, 3	2	17 %
ACTION AMORCÉE	25 – 49	9	1	8 %
COMPLÉTÉE EN PARTIE	50 – 74	4, 5, 6	3	25 %
PRATIQUEMENT COMPLÉTÉE	75 – 99	-	-	-
COMPLÉTÉE	100	2, 7, 8, 10, 11, 12	6	50 %
TOTAL			12	100 %

Conclusion

La majorité des recommandations formulées dans le rapport de vérification original de 2006 ont été au moins partiellement mises en œuvre, six ayant été dûment achevées. En ce qui a trait à certaines recommandations, les progrès réalisés semblent avoir été quelque peu ralentis en raison des changements organisationnels à la Ville, certains de ces changements n'ayant été finalisés que récemment. Cette réorganisation a eu d'importantes répercussions sur la fonction de gestion des biens immobiliers, notamment la Gestion des biens qui n'a été transférée officiellement

aux Services d'infrastructure qu'en juillet 2009 dans le cadre de la dernière phase de la restructuration. Par conséquent, seuls des progrès modestes ont été réalisés en ce qui concerne certaines recommandations liées à la Politique de renouvellement du cycle de vie et au plan visant à l'achèvement et à l'actualisation des évaluations de l'état des bâtiments pour toutes les installations d'importance.

Remerciements

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.

1 INTRODUCTION

The Follow-up to the 2006 Audit of Property Management was included in the Auditor General's 2009 Audit Plan.

The key findings of the original 2006 audit included:

- Funding for the maintenance of City properties has been inadequate to ensure facilities remain in proper condition over the long-term;
- The City has an effective property management function with thorough operating systems and procedures. However the Branch is struggling to maintain the condition of City properties within its current funding levels;
- Ensuring fire safety provision are examined during building assessments;
- Completing threat and risk assessments at all City facilities; and,
- Developing a long-term plan for Lansdowne Park.

2 KEY FINDINGS OF THE ORIGINAL 2006 AUDIT OF PROPERTY MANAGEMENT

1. Adequacy of funding levels for capital renewal/repair and maintenance

Our major observation is that the capital budget development process, although taking into consideration the comments of the decision makers, often results in a financial allocation being provided to RPAM for its projects (life cycle, repair, and maintenance) based on the availability of funds versus funds needed. The Long-Term Strategic Asset Plan identifies capital expenditures for life cycle renewal and repairs on an industry standards basis. However, the number of items that need to be postponed as a result of the review to attain the target budget figure provided by Finance is significant. Under-capitalization of assets requires the annual deferment of necessary life cycle renewal and repair activities for the physical plant. This deferment could result in interruption or loss of program services and higher maintenance costs.

The following table summarizes the extent of the current and projected shortfall within the capital life cycle renewal programs for general buildings, heritage facilities, libraries and transit facilities (excludes Police assets and utilities infrastructure), using data from August of 2005.

Life Cycle Renewal Forecast (in millions of dollars)

Year	Requirements Projected	Funding from LRF	Variance
2004	25.9	5.5 ¹	20.4
2005	39.1	12.8 ¹	26.3
2006	19.5	9.5 ¹	10.

Year	Requirements Projected	Funding from LRF ¹	Variance
2007	24.9	16.1 ²	8.8
2008	23.7	14.5 ²	9.2
Totals	133.1	58.5	75

¹ Actual budget figures for referenced programs.

² Figures from updated LRF², these target projections do not traditionally get reflected in annual approved capital budgets.

As reflected above, the issue of under-funding of life cycle renewal represents a growing issue for the City. Furthermore, current life cycle projections for Parks and Sites forecast an additional shortfall of more than \$10 million over the next three years.

We recommend these funding challenges and their long-term implications be clearly articulated during the 2007 budget process.

2. Absence of a fully articulated long-term vision for Lansdowne Park

The lack of a long-term plan and vision for Lansdowne Park means the City may not be able to maximize the use of the park as a financial investment or cultural facility.

In order to provide clearer direction on the use of Lansdowne Park and in order that future usage of the park be done in conjunction with the citizens' expectations, we recommend that a long-term plan and vision be developed by City Council.

3. State of Service Level Agreement documents

Maintenance standards have in the past been developed and agreed to with program stakeholders through the preparation of detailed Service Level Agreements (SLA).

Clearly, delineated performance standards need to be developed, tailored to specific program types based on what is required and what is sustainable. While RPAM has identified the development of a pilot "Lease" Client Service Agreement as part of the new model of client chargeback to replace the SLA's, there still exists a requirement at the moment to provide individual SLA's with the major program portfolios.

The absence of updated, detailed SLA's, in general, restricts the ability of RPAM to establish a cohesive cost of ownership model, a primary objective of total asset management, on a program-by-program basis.

We recommend that the City identify the resources necessary to renew and/or create SLA's for all major program and facility type clients.

4. Compliance to health and safety provisions of the Ontario Building Code

The building condition report (Type II) audit includes, in part, an audit of the life safety systems to examine the building for code compliance with respect to provisions for fire and life safety in general, and specifically those related to fire fighting access routes, adequate water supply and distance to hydrants. Our review of several building condition reports, however, indicates that provisions for fire fighting (Section 3.2.5 of the OBC) have not formed part of the Building Condition review.

The Branch should develop a plan to complete and update the building condition assessments for all major facilities. As part of this plan, the Branch should identify for City Council all facilities requiring a review to confirm compliance with the fire fighting provisions of the Ontario Building Code and the funding required to complete these assessments on a priority basis.

3 STATUS OF IMPLEMENTATION OF 2006 AUDIT RECOMMENDATIONS

2006 Recommendation 1

That the Branch establish guidelines governing the negotiation of fees and charges based on a volume and type of business by defining scales of fees to be charged to their various clients.

2006 Management Response

Management agrees with this recommendation.

There is already in place a published schedule of fees and charges, for the use of Lansdowne Park facilities. This includes a sliding scale for potential rental discounts when other revenue streams are taken into account, which is applied in a consistent, transparent and equitable manner. Commercial activities, such as entertainment events, require that a degree of flexibility be exercised by management in order to attract business in an extremely competitive environment. In 2007, management will review the largely market-driven fees and charges schedule and associated application guidelines to Vallée Blanche from Aiguille du Midi on Mont Blanc ensure that they are in line with good business practices.

Management Representation of the Status of Implementation of Recommendation 1 at December 31, 2008

Management: % complete

100%

OAG's Follow-up Audit Findings regarding Recommendation 1

New rental rates have been published effective January 2008 for new business and in September 2008 for current clients. The new fees/charges schedule includes various fees based on the type of activity and area to be rented. Any license

agreements issued for Lansdowne Park since September 2008 have closely followed Lansdowne's published schedule of fees and charges. Any exceptions have been presented and approved by the City Council.

The new fees and charges schedule does not include guidelines with respect to possible rebates based on volume and the City still has the ability to negotiate fees and charges below the established rates, as authorized by the delegation of authority By-law No. 2006-484.

As a result, there can still be subjectivity over the negotiation of the fees and charges, as the new schedule does not provide guidelines based on volume by defining scales of fees.

OAG: % complete *0%*

Management Representation of Status of Implementation of Recommendation 1 as of Winter 2010

Management disagrees with the OAG's follow-up audit finding that there has been little to no action taken to implement this recommendation.

As stated in the OAG's follow-up audit findings, new rental rates were published effective January 2008 for new business and, in September 2008 for current clients. The new fees/charges schedule includes various fees based on the type of activity and area to be rented and includes a sliding scale through the use of a mathematical formula wherein the percentage of food and beverage sales in excess of the basic rental rate is used to calculate a rental discount. In practice, there must be significant food and beverage sales before an event is eligible for a rental discount.

Any license agreements issued for Lansdowne Park since September 2008 have followed Lansdowne's published schedule of fees and charges. Any exceptions have been presented and approved by City Council.

However, management agrees with the OAG's audit finding that a guideline is required for the negotiation of fees and charges outside the established schedule and will work at documenting these requirements by Q4 2010.

Management: % complete *75%*

2006 Recommendation 2

That the Branch develop, for City Council approval, a long-term plan and vision for Lansdowne Park in order that future usage of the park be done in conjunction with the citizens' expectations.

2006 Management Response

Management agrees with this recommendation.

Studies completed prior to amalgamation recommended long-range plans for Lansdowne Park that did not come to fruition. In 2002, Lansdowne undertook a

full operations review and since amalgamation the Lansdowne Park operating budget has gone from a \$1.2M deficit to a \$250K deficit. However, the annual revenue stream does fluctuate from year to year. The lack of vision and long-term planning has impeded the development of long-term, sustainable business strategies for the site in the face of increasing competition in the event industry.

Lansdowne Park initiated an Economic Impact Study that is currently out for RFP. The results of that study, lead by the Economic Development Division, Planning, Transit and the Environment, are due at the end of the first quarter 2007.

Over the years Lansdowne has successfully supported a variety of activities and events ranging from professional and amateur sporting activities, entertainment events, social activities and expositions, including the annual Exhibition. However, a long-term vision along with a strategic plan for implementation is required to identify and secure the necessary resources to ensure a long-term viable and sustainable site. A long-term plan and vision for Lansdowne Park will be in front of City Council for approval in Q4 2007.

Management Representation of the Status of Implementation of Recommendation 2 at December 31, 2008

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 2

The Design Lansdowne process which Council approved on 28 November 2007 was intended to be the mechanism by which a long-term strategy for the Park would be developed. Successful completion of the process would have likely been an effective way for Council to debate options for the use of the Park and enabled Council to have greater assurance of the value-for-money of various alternatives. It may have also afforded Council the opportunity to debate the larger issue of the desired strategy for the Park in the future.

Although the Design Lansdowne process was never completed, Council does now have a specific proposal for the Park to consider. The Lansdowne Live Proposal provides Council with an opportunity to debate the future use of the site and as such, while not as proactive a process as would have been the case with Design Lansdowne, it does address the issue raised by this recommendation.

OAG: % complete *100%*

2006 Recommendation 3

That the Branch renew or create service level agreements for all major program and facility type clients.

2006 Management Response

Management agrees with this recommendation.

The Service Level Agreements (SLA) drafted and approved in 2001/2002 were dramatically impacted by the UPR exercise in response to the 2004 operating budget process. Since that time, clients and service providers have been focusing on specific issues needing immediate attention. In 2006 a program was initiated that involves all COE Branches and their clients that will address SLAs on a more comprehensive basis. This program is being managed from the office of the Chief Corporate Services Officer.

Management Representation of the Status of Implementation of Recommendation 3 at December 31, 2008

Phase 1 of the Shared Services Review has been completed and a report has been presented to the DCM - City Operations for consideration. As a result of the organizational realignment, updates to SLA's have been deferred until Q3 2009.

Management: % complete 10%

OAG's Follow-up Audit Findings regarding Recommendation 3

Based upon discussions with the Co-ordinator, Strategic Support, City Operations, all SLA between "suppliers" and clients are being redeveloped under the umbrella project Integrated Management of Shared Services. At the time of the follow-up there was a tentative target of Q1 2010 for completion.

OAG: % complete 10%

Management Representation of Status of Implementation of Recommendation 3 as of Winter 2010

Management agrees with the OAG's follow-up audit finding.

Service Level Agreements between Shared Service providers and clients will be completed by Q2 2010.

Management: % complete 10%

2006 Recommendation 4

That the Branch, as part of its 2007 budget submission, clearly articulate the need for adequate funding for life cycle renewal/repair and maintenance and the implications of reduced funding on the long-term condition of City facilities.

2006 Management Response

Management agrees with this recommendation.

Although a report entitled, "Comprehensive Asset Management Strategy for Buildings and Parks" was tabled at City Council in 2004, which raised and quantified the level of deferred life cycle renewal and proffered several approaches to address the concern, further communication is warranted. The manner in which

RPAM will inform City Council of inadequate funding for life cycle renewal and the consequences of the shortfall will be coordinated with the budget process.

Management Representation of the Status of Implementation of Recommendation 4 at December 31, 2008

As part of the 2008 budget process, a 2% levy for infrastructure renewal was approved to address the deferred life cycle renewal requirements. This levy resulted in an increased investment of \$4M toward life cycle renewal work for buildings and parks. Funding requirements to address additional deferred renewal requirements will continue to be communicated as part of the annual budget process.

Management: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 4

As part of the Long-Range Financial Plan III (LRFP III) presented in 2006, the City clearly presented the funding gap for its capital requirements for the years 2007-2011. In addition, as part of the 2008 budget process, a 2% levy for infrastructure renewal was approved to address the deferred life cycle renewal requirements. The capital funding shortfall for life cycle renewal has been communicated and actions have been taken to address the problem over the years 2006 to 2008. However, the impact of the 2% levy on the shortfall previously identified and the potential consequences of this lack of funding does not appear to have been integrated as part of the annual budget process. This could result in the capital funding shortfall being considered resolved, while it is clear from the LRFP III that the 2% levy does not address the requirements completely.

OAG: % complete **50%**

Management Representation of Status of Implementation of Recommendation 4 as of Winter 2010

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

As part of the 2010 Budget process, the Director of Infrastructure Services issued a memo dated 26 November 2009 to Mayor and Members of Council with information related to building, facility and park investments that could be of assistance for the 2010 Draft Capital Budget deliberations. The memo provided information on the inventory, annual spending requirements and impacts should the 2% levy not be approved.

Management considers implementation of this recommendation to be complete.

Management: % complete **100%**

2006 Recommendation 5

That the Branch present the draft Life Cycle Renewal Policy document, based on the principles presented to City Council in 2004 and finalized in 2006, to City Council in the second quarter of 2007 for review and approval.

2006 Management Response

Management agrees with this recommendation.

The draft policy was reviewed by the Management Advisory Committee and will require Executive Management Committee (EMC) review and approval prior to its tabling at a City Council meeting. This is anticipated to be complete by the end of Q1 2007.

Management Representation of the Status of Implementation of Recommendation 5 at December 31, 2008

It is expected that the Lifecycle Renewal Policy will go forward to EMC in Q1 2009 for review and approval.

Management: % complete *90%*

OAG's Follow-up Audit Findings regarding Recommendation 5

According to the 2009 update to the Council Audit Working Group (CAWG), the draft Life Cycle Renewal and Asset Capacity Policy Document was to be presented to the EMC in Q1 of 2009 prior to going to City Council. However, as per discussions with senior managers within Infrastructure, the presentation has been deferred until Q1 of 2010.

Although a comprehensive policy was prepared by City staff some time ago, the rationale for the deferral is that since the time of the initial recommendation the office of primary responsibility, RPAM, has been disbanded. Subsequently, Asset Management was only formally transferred to Infrastructure in July 2009 as part of the final phase of the realignment. Therefore the existing draft policy needs to be reviewed and potentially amended to reflect changes and/or updates to organizational and operational practices.

OAG: % complete *60%*

Management Representation of Status of Implementation of Recommendation 5 as of Winter 2010

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

The existing draft policy is being reviewed to reflect changes and/or updates to organizational and operational practices. This is expected to be presented to Executive Committee in Q2 2010.

Management considers implementation of this recommendation to be substantially complete.

Management: % complete *75%*

2006 Recommendation 6

That the Branch develop a plan to complete and update the building condition assessments for all major facilities.

2006 Management Response

Management agrees with this recommendation.

RPAM has audited over 5 million square feet of building area since amalgamation. The City building inventory measures approximately 11 million square feet. RPAM will define the costs associated with undertaking Type II building condition audits on the remaining building portfolio that has not undergone this type of assessment. The condition audits are funded from the life cycle capital program and, as such, the requisite timeframe to complete these assessments is dependent on the level of capital funding afforded to the Branch. A master schedule will be developed to reflect the funding allotment. Timelines, that will be included in the plan for completion of building condition assessments, will be dependent on funding.

Management Representation of the Status of Implementation of Recommendation 6 at December 31, 2008

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 6

Plans for the completion and updating of building condition assessments for major facilities are maintained in RIVA (an asset management tool) which enables users to manage the assets (above a pre-defined threshold) from an operational standpoint. In RIVA there is a report which provides a 10-year cycle that identifies all major facilities and tracks them by facility name, number, ward, last audit (condition assessment), audit type, next scheduled audit and estimated cost. These facilities are audited by external resources.

In a report produced by RPAM (Update on the Real Property Life Cycle Renewal Forecast & Impact on the Long Range Financial Plan) in 2005 it lists the 110 major facilities that have been subject to a Type II Condition Audit (Type II audit normally provided through outsourced professional services and represents a major engineered evaluation of the building providing a more detailed and accurate documentation of facility conditions). As of the time of this follow-up, the City can demonstrate that approximately 40 additional major facilities have been audited and that there are approximately 250 major facilities scheduled for review in the current 10-year cycle. However, it is not easy to determine if this list is complete as

there are varying estimates for the number of major buildings (typically greater than 10,000 square feet).

Based on discussions with City staff, it is generally accepted that there are between 300 and 400 major facilities. Based on an estimate of 350 major facilities with a current schedule for approximately 250 major facilities to be audited, the audit recommendation has been 70% completed.

OAG: % complete *70%*

Management Representation of Status of Implementation of Recommendation 6 as of Winter 2010

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

The audit recommendation was to “develop a plan to complete and update the building condition assessments for all major facilities”. As the auditor notes, “Plans for the completion and updating of building condition assessments for major facilities are maintained in RIVA ... which enables users to manage the assets ... from an operational standpoint. In RIVA there is a Report which provides a 10-year cycle that identifies all major facilities and tracks them by Facility name, Number, Ward, Last Audit..., Audit Type, Next Scheduled Audit and Estimated Cost. These facilities are audited by external resources”.

Management considers implementation of this recommendation to be complete.

The auditor notes that it is difficult to determine the number of buildings completed as there are varying estimates for the number of major buildings. To clarify, the City has a total of 481 buildings that are subject to Types II and III condition audits, representing approximately 9.9 million square feet. Of this total, 236 buildings, representing 9.0 million square feet or over 90% of the inventory on a square footage basis, are subject to Type II audits and the balance are subject to Type III audits. On the basis of square footage, 54% of Type II audits have been completed to the end of December 2009. All building facilities subject to a Type II audit are expected to have been audited at least once by 2018, subject to anticipated funding levels and annual budget approvals.

Management: % complete *100%*

2006 Recommendation 7

That the Branch review all facilities without access to City water service to confirm compliance with Section 3.2.4 (Fire Alarm & Detection) and Section 3.2.5 (Fire Fighting Provisions) of the Ontario Building Code.

2006 Management Response

Management agrees with this recommendation.

Management will ensure that the compliance reviews will provide the level of detail necessary to identify the non-compliance issues, the scope of remedial actions required for compliance and the resourcing required to implement the retrofit work. The results of these reviews will be shared and coordinated with the Fire Services Branch, Community and Protective Services. The review of all facilities will be completed in time for the 2008 budget process.

Management Representation of the Status of Implementation of Recommendation 7 at December 31, 2008

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 7

The Branch has completed the review all facilities without access to City water service to confirm compliance with Section 3.2.4 (Fire Alarm & Detection) and Section 3.2.5 (Fire Fighting Provisions) of the Ontario Building Code. The results are summarized in the OBC Fire Protection Audit Primary Facility Outcome Summary.

OAG: % complete *100%*

2006 Recommendation 8

That the Branch ensure that all building condition assessments include a compliance review of Sections 3.2.4 (Fire Alarm & Detection) and 3.2.5 (Fire Fighting Provisions) of the Ontario Building Code.

2006 Management Response

Management agrees with this recommendation.

The existing protocol and content of the Branch's condition auditing process are focused, in part, on identifying non-compliant, deficient or otherwise absent building assemblies or components which are required for safe and proper building operation. The inclusion of specific code review requirements within the building condition audit is a logical next step. This recommendation will be implemented in Q2, 2007.

Management Representation of the Status of Implementation of Recommendation 8 at December 31, 2008

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 8

All building condition assessments include a compliance review of Sections 3.2.4 (Fire Alarm & Detection) and 3.2.5 (Fire Fighting Provisions) of the Ontario Building Code.

OAG: % complete *100%*

2006 Recommendation 9

That the City provide the funding required to conduct the reviews, and any corrective measures identified as a result, referred to in Recommendations 7 and 8.

2006 Management Response

Management agrees with this recommendation.

Capital funding to implement corrective measures associated with compliance retrofit work will be identified separately from the life cycle renewal program with funding need to be identified and recommended to City Council in the 2008 capital budget.

Management Representation of the Status of Implementation of Recommendation 9 at December 31, 2008

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 9

As stated at Recommendation 7, the Branch has completed the review of all facilities without access to City water service to confirm compliance with Section 3.2.4 (Fire Alarm & Detection) and Section 3.2.5 (Fire Fighting Provisions) of the Ontario Building Code. The results are summarized in the OBC Fire Protection Audit Primary Facility Outcome Summary.

The Fire Protection Audit Primary Facility Outcome Summary has a comment box for each facility reviewed that includes a tentative target date to complete remedial action, generally the installation of underground tanks. All work is scheduled before 2012. Six tank installations were scheduled for 2009. As of September 22, 2009, the design work had been completed for four and of those six and contracts had been issued for the actual installation of three.

No separate and traceable funds have been established, but rather the work was being funded from 2009 Contingency accounts. Management confirmed that they have made provision in the 2010 for the installation of tanks at the remaining two sites originally scheduled for 2009. Given that there are 11 sites scheduled for corrective measures (primarily the installation of underground tanks), the audit recommendation has been 30% completed.

OAG: % complete *30%*

Management Representation of Status of Implementation of Recommendation 9 as of Winter 2010

Management disagrees with the OAG's follow-up audit finding that action has been initiated to implement this recommendation but it is not yet considered partially complete.

A total of 23 sites have been identified as requiring the installation of underground tanks. Three of the six tank installations scheduled for 2009 have been completed. The remaining three plus an additional five for a total of eight are scheduled for completion by the end of Q4 2010 and funding has been identified and approved (representing approximately 50% of the installations).

The remaining 12 installations are being planned for 2011 and 2012, subject to annual budget approvals.

Management considers implementation of this recommendation to be partially complete.

Management: % complete *50%*

2006 Recommendation 10

That the Branch review priorities for the completion of threat risk assessments for all City facilities and establish a timeframe for completion.

2006 Management Response

Management agrees with this recommendation.

Corporate Security has visited all City facilities and continues to conduct threat and risk analysis as resources permit, based upon the level of incidents and threat level inherent in the location and operation of the facility. Formal analysis will continue in this vein on an ongoing basis, as threat and risk analysis needs to be regularly revisited in order to remain current. Threat and risk analysis priority will be given to facilities where the risk level is identified as elevated by the Corporate Security Division. Implementation of this recommendation will be ongoing and dependent on funding.

Management Representation of the Status of Implementation of Recommendation 10 at December 31, 2008

As indicated above, this is an ongoing operational requirement. The Threat and Risk Analysis process is proceeding as scheduled. With current resources, approximately six facilities per quarter are being reviewed.

Management: % complete *100%*

OAG's Follow-up Audit Findings regarding Recommendation 10

A timeframe was established for the completion of threat risk assessment (TRA). At the present time approximately 50% of all City facilities have had a TRA. It is expected that all facilities will have a TRA performed by the end of the year 2011. The timeline is highly dependent on the funding/resources availability. In that context, TRA are performed based on priority facilities, to greater or lesser degrees of analysis, taking into consideration threats, risks, social conditions, technology, etc., (which evolves over time). A TRA policy exists to provide the framework

under which TRA will be conducted, including the facilities that should be subject to a TRA first.

The Corporate Security Division has partnered with the Algonquin College Security Management Program to increase the resources available in order to complete TRA for all outstanding facilities.

OAG: % complete **100%**

2006 Recommendation 11

That the Branch re-confirm the timeframe for the completion of the Integrated Security Management System (ISMS) implementation and monitor this implementation to ensure its completion.

2006 Management Response

Management agrees with this recommendation.

The schedule for the completion of the base ISMS in 2009 is still the timeframe within which Corporate Security is working. However, this time frame is dependent upon funding availability, changes to facility usage and the addition of new facilities, etc. Corporate Security has ongoing project monitoring in place to ensure that the timeframe is respected and that all projects are completed on schedule as funding allows.

Management Representation of the Status of Implementation of Recommendation 11 at December 31, 2008

Management: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 11

The budget allotment for completion of the ISMS was reduced significantly in the 2008 budget, resulting in the ISMS implementation being extended until 2016.

OAG: % complete **100%**

2006 Recommendation 12

That the Branch finalize and bring forward for City Council approval draft policies regarding security.

2006 Management Response

Management agrees with this recommendation.

Corporate Security has finalized the draft policies and is able to bring them forward for the appropriate approvals. It is not expected that all draft policies will require City Council approval; many may be able to be approved and adopted by Senior Management. Corporate Security will bring forward draft policies, along with the

Divisional Standards for ISMS projects, for Director's approval and actioning to the appropriate approval authority in 2007.

Management Representation of the Status of Implementation of Recommendation 12 at December 31, 2008

Management: % complete **100%**

OAG's Follow-up Audit Findings regarding Recommendation 12

Following a review of approval requirements, it has been determined that the outstanding policies/procedures required Real Property Asset Management Branch Management Team (RPAM BMT) approval only. All corporate policies have been approved by the RPAM BMT on June 24, 2008.

OAG: % complete **100%**

4 SUMMARY OF THE LEVEL OF COMPLETION

The table below outlines our assessment of the level of completion of each recommendation as of Fall 2009.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	1, 3	2	17%
ACTION INITIATED	25 – 49	9	1	8%
PARTIALLY COMPLETE	50 – 74	4, 5, 6	3	25%
SUBSTANTIALLY COMPLETE	75 – 99	-	-	-
COMPLETE	100	2, 7, 8, 10, 11, 12	6	50%
TOTAL			12	100%

5 CONCLUSION

The majority of the recommendations made in the original 2006 audit have at least partially been implemented including six, which have been fully completed. Progress on some recommendations appears to have been somewhat slowed as a result of organizational changes at the City, some of it only recently finalized. This reorganization had significant implications for the property management function including Asset Management which was only formally transferred to Infrastructure in July 2009 as part of the final phase of the realignment. As a result, there has been only limited progress on recommendations related to the Life Cycle Renewal Policy document and a plan to complete and update the building condition assessments for all major facilities.

6 ACKNOWLEDGEMENT

We wish to express appreciation to the staff and management for their cooperation and assistance throughout the audit process.