



*Office of the Auditor General / Bureau du vérificateur général*

**FOLLOW-UP TO THE 2008 AUDIT OF THE CITY OF OTTAWA**

**WATER RATE**

**2010**

**SUIVI DE LA VÉRIFICATION DE LA REDEVANCE D'EAU DE LA**

**VILLE D'OTTAWA DE 2008**



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## EXECUTIVE SUMMARY

### *Introduction*

The Follow-up to the 2008 Audit of the City of Ottawa Water Rate was included in the Auditor General's Audit Plan.

The key findings of the original 2008 audit included:

- The water rate being charged to the Township of Russell by the City of Ottawa includes all known City costs;
- The water rate charged to the Township of Russell is the same as the rate being charged to all City of Ottawa consumers and covers all currently known City costs. However, some water related expenditures are currently unknown, such as source water protection and long-term asset requirements and are not included in the current water rate;
- The City does not, at present, have a detailed asset management plan in place;
- A water cost of service analysis (including an asset management plan study) would be required to verify if water reserve balances are sufficient for long-term system sustainability;
- The water rate should be revised to ensure full cost recovery once new financial regulations take effect in 2010; and,
- The current fire protection charge is based on water meter size rather than the value of the asset being protected resulting in below average revenues for a municipality the size of Ottawa.

### *Summary of the Level of Completion*

1. 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	-	-	-
ACTION INITIATED	25 – 49	3	1	12.5%
PARTIALLY COMPLETE	50 – 74	1, 2, 4, 6, 7	5	62.5%
SUBSTANTIALLY COMPLETE	75 – 99	5	1	12.5%
COMPLETE	100	8	1	12.5%
TOTAL			8	100%

2. The table below outlines management’s assessment of the level of completion of each recommendation as of Summer 2010 in response to the OAG’s assessment. These assessments have not been audited.

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

**Conclusion**

We believe that progress has been made with regards to the recommendations put forward in the 2008 Audit of the City of Ottawa Water Rate. While full implementation of some significant and extensive recommendations (i.e., the Cost, Revenue and Rate Study) are not yet complete, the basic fundamentals are in place/in progress, and a steady progression towards the desired results has been observed.

The Cost, Revenue and Rate Study is intended to incorporate information on the fire supply charge, the integrated asset management plan, and the inclusion of the requirements of O. Reg. 453/07 within financial plans.

**Acknowledgement**

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

## RÉSUMÉ

### *Introduction*

Le Suivi de la vérification de la redevance d'eau de la Ville d'Ottawa de 2008 était prévu dans le Plan de vérification du Bureau du vérificateur général.

Les constatations principales de la vérification initiale de 2008 sont les suivantes :

- La redevance d'eau actuellement payée par le canton de Russell à la Ville d'Ottawa inclut tous les coûts connus de la Ville.
- La redevance d'eau payée par le canton de Russell est pareille à celle payée par l'ensemble des consommateurs de la Ville d'Ottawa, et elle couvre tous les coûts de la Ville actuellement connus. Cependant, certains coûts, telles que la protection de l'eau douce et les exigences en matière d'actifs à long terme, ne sont pas connus à l'heure actuelle et ne sont pas incluses dans la présente.
- La Ville n'a pas, à l'heure actuelle, de plan détaillé de gestion des biens.
- Une analyse du coût de service de l'eau (comprenant une étude relative à un plan de gestion des biens) serait nécessaire afin de vérifier si les soldes de la réserve d'eau sont suffisants pour la viabilité d'un système à long terme.
- La redevance d'eau devrait être révisée pour assurer un recouvrement intégral des coûts une fois que les nouveaux règlements financiers entreront en vigueur en 2010.
- Les redevances d'eau-incendie courantes sont calculées en fonction de la taille du compteur d'eau utilisé plutôt que de la valeur du bien couvert, ce qui a pour conséquence de générer des revenus inférieurs à la moyenne pour une municipalité de la taille de celle d'Ottawa.

## Sommaire du degré d'achèvement

1. 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	-	-	-
ACTION AMORCÉE	25 - 49	3	1	12.5 %
COMPLÉTÉE EN PARTIE	50 - 74	1, 2, 4, 6, 7	5	62.5 %
PRATIQUEMENT COMPLÉTÉE	75 - 99	5	1	12.5 %
COMPLÉTÉE	100	8	1	12.5 %
TOTAL			8	100 %

2. Le tableau ci-dessous présente l'évaluation de la direction concernant le degré de réalisation de chaque recommandation à l'été 2010 en réponse à l'évaluation du Bureau du vérificateur général. Ces évaluations n'ont pas fait l'objet d'une vérification.

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

## Conclusion

Nous croyons que des progrès ont été réalisés en ce qui a trait aux recommandations mises de l'avant dans la Vérification de la redevance d'eau de la Ville d'Ottawa de 2008. Bien que la mise en œuvre intégrale de certaines recommandations importantes et de grandes ampleurs (c.-à-d. L'étude des coûts, des recettes et des taux) ne soit pas achevée, les données de base sont en place et en cours et des progrès réguliers vers les résultats souhaités ont été notés.

L'étude des coûts, des recettes et des taux vise à intégrer les renseignements concernant la redevance eau-incendie, le plan de gestion intégrée des biens et l'inclusion des exigences du Règlement de l'Ontario 453/07 aux plans financiers.

## 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 2008 Audit of the City of Ottawa Water Rate was included in the Auditor General's Audit Plan.

The key findings of the original 2008 audit included:

- The water rate being charged to the Township of Russell by the City of Ottawa includes all known City costs;
- The water rate charged to the Township of Russell is the same as the rate being charged to all City of Ottawa consumers and covers all currently known City costs. However, some water related expenditures are currently unknown, such as source water protection and long-term asset requirements and are not included in the current water rate;
- The City does not, at present, have a detailed asset management plan in place;
- A water cost of service analysis (including an asset management plan study) would be required to verify if water reserve balances are sufficient for long-term system sustainability;
- The water rate should be revised to ensure full cost recovery once new financial regulations take effect in 2010; and,
- The current fire protection charge is based on water meter size rather than the value of the asset being protected resulting in below average revenues for a municipality the size of Ottawa.

## **2 KEY FINDINGS OF THE ORIGINAL 2008 AUDIT OF THE CITY OF OTTAWA WATER RATE**

1. The overall revenues from the water rate, the fire protection service charges and other miscellaneous water related revenues cover all currently known water system related expenditures. Some water related expenditures are currently unknown, such as source water protection and long-term asset requirements.
2. The water rate that will be charged to the Township of Russell will be the same as the rate being charged to all City of Ottawa consumers. This rate will cover all currently known City costs related to the supply of water to the Township of Russell.
3. The City does not, at present, have a detailed asset management plan developed and in place for use in long-term planning.

4. The 2008 City Budget projected water reserve fund balances over a ten-year period (2008 to 2017). The balance varies from a low of \$1.8 million in 2008 climbing to a projected high of \$50 million in 2017. The balances projected are very low for a system the size of Ottawa. A water cost of service analysis (including an asset management plan study) would be required to verify if the balances are sufficient for long-term system sustainability.
5. The new financial regulations will take effect in 2010 and the City is planning on completing appropriate studies and introducing new financial accounting principles to meet the new regulations. Once all the studies are completed, the water rate should be revised to ensure full cost recovery.
6. The revenue from the City's fire supply charge is below average for a municipality the size of Ottawa. The City's fire supply charge should be calculated so that all infrastructure and water resources that are dedicated to fire protection services are included in the calculation. The current fire protection charge is based on water meter size. Best practices suggest that the fire protection charge should be based on the value of the asset being protected.

### **3 STATUS OF IMPLEMENTATION OF 2008 AUDIT RECOMMENDATIONS**

#### **2008 Recommendation 1**

**That the City consider establishing water rates based on a fixed meter charge plus a consumption charge as this will provide the Water and Wastewater Services Branch a more predictable and stable cash flow. In this fashion, a customer that may not consume any water for a prolonged period (e.g., vacant building) would have a minimal meter charge that should cover the cost of the basic infrastructure that is required to provide water to the property.**

#### **2008 Management Response**

Management agrees with this recommendation.

The City has initiated a comprehensive Cost, Revenue and Rate Study. The development of appropriate water and sewer rates are an important element of this study. Among the concepts to be considered will be the development of fixed and variable rate components consistent with the overall service delivery goals of the City. It is anticipated that this comprehensive study will be completed by April 2010.

#### **Management Representation of the Status of Implementation of Recommendation 1**

June 2009 - Staff has identified three options for including a fixed meter charge in its report to Committee and Council in June. Public consultation will follow and a rate structure will be confirmed in Fall 2009.

December 2008 - The consulting work for a comprehensive Cost, Revenue and Rate Study, which is anticipated to be complete by April 2010, is currently underway. Public consultation is anticipated for Q2/3 in 2009. The concepts for the establishment of water rates will be tabled with Council for consideration and review in Q2 2009.

*Management: % complete* *50%*

### **OAG's Follow-up Audit Findings regarding Recommendation 1 as of September 2009**

A report was presented to Council on June 5, 2009 that reviews the water, sanitary, and storm rate structure. Three options were presented as alternatives to the current rate structure. Each option was evaluated with regards to the City's key objectives and the preferred alternative has been chosen.

Documentation reviewed shows that the City is currently undertaking public consultations with regards to the change in the water rate.

*OAG: % complete* *50%*

### **Management Representation of Status of Implementation of Recommendation 1 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

In April 2010, staff submitted a report to Committee and Council recommending the introduction of a "base plus volumetric" rate structure. Committee and Council chose not to proceed with this option at this time, and directed staff to report back when the Automated Meter Infrastructure project is completed and operational, and a greater range of options may be available. Staff expects the new meters to be in place by Q4 2012.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

### **2008 Recommendation 2**

**That the calculation method for establishing fire protection costs should be reviewed to make certain that all infrastructure and water resources that are dedicated to fire protection services are included in the calculation.**

### **2008 Management Response**

Management agrees with this recommendation.

The Cost, Revenue and Rate Study will also include a review of all service delivery costs, including those associated with installation, operation, maintenance and rehabilitation/replacement of the fire protection infrastructure to ensure they are

included in the overall cost recovery strategy. It is anticipated that this comprehensive study will be completed by April 2010.

### **Management Representation of the Status of Implementation of Recommendation 2**

June 2009 - Fire costs have been recalculated and will be finalized in Fall 2009.

December 2008 - This key component of the work associated with the Cost, Revenue and Rate Study will be developed by April 2010. The City, consultant and the departments are in the process of collecting information related to costs associated with the delivery of fire protection services.

*Management: % complete* *80%*

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### **OAG's Follow-up Audit Findings regarding Recommendation 2 as of September 2009**

The Cost, Revenue and Rate Study currently in progress is to address the calculation method of fire protection costs.

*OAG: % complete* *50%*

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### **Management Representation of Status of Implementation of Recommendation 2 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

The Cost, Rate & Revenue study examined the cost of delivering fire supply services and found that current fire charges are sufficient to meet those requirements.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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### **2008 Recommendation 3**

**That the City undertake a cost of service study which would include a detailed asset management study of the system. Preparation of the asset management plan would include a complete infrastructure inventory and valuation; detailed condition assessments; and repair, replacement, and refurbishment plans. Once all the studies are completed, the water rate should be revised to ensure full cost recovery.**

### **2008 Management Response**

Management agrees with this recommendation.

One of the key elements in the Cost, Revenue and Rate Study will be the inclusion of an asset management plan. A City of Ottawa Corporate Asset Management

Working Group is in the process of developing an integrated asset management plan, expected in Q4 2009.

It is anticipated that this report will provide the necessary information for the Cost, Revenue and Rate Study. Further refinement and development of these plans will occur beyond Q4 2009, which will include the continuing development of condition based assessment and individual asset replacement schedules.

**Management Representation of the Status of Implementation of Recommendation 3**

June 2009 - Staff anticipate tabling a Financial Plan in April 2010 that will forecast revenue requirements and rate increases to ensure sustainable funding. The work is currently underway.

December 2008 - The consulting work for a comprehensive Cost, Revenue and Rate Study, which is anticipated to be complete by April 2010, is currently underway. One of the key elements in the Cost, Revenue and Rate Study will be the inclusion of an asset management plan. A City of Ottawa Corporate Asset Management Working Group is in the process of developing an integrated asset management plan, which will be completed by Q4 2009. Following that, further refinements to the plan will be made on an ongoing basis.

*Management: % complete* **40%**

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**OAG's Follow-up Audit Findings regarding Recommendation 3 as of September 2009**

The Cost, Revenue and Rate Study is currently in progress.

*OAG: % complete* **40%**

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**Management Representation of Status of Implementation of Recommendation 3 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

In accordance with *Ontario Financial Plan Regulation 453/07*, on June 23, 2010, Council approved the *Financial Plan for Drinking Water* for submission to the Province by July 1, 2010. This financial plan includes a cost of service study that was in large part dependent upon an asset management plan.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

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**2008 Recommendation 4**

**That the City prepare an integrated asset management plan in conjunction with the streets and sewers that address the following six questions.**

1. What assets does the City own?
2. What is the condition of those assets?
3. What level of service are the assets providing?
4. When will the assets need to be replaced?
5. What is the cost of replacement? and,
6. Are the reserve fund balances sufficient?

### **2008 Management Response**

One of the key elements in the Cost, Revenue and Rate Study will be the inclusion of an asset management plan. A City of Ottawa Corporate Asset Management Working Group is in the process of developing an integrated asset management plan, expected underway or have been completed, the remaining items will be addressed as part the further refinement of this plan beyond Q4 2009.

### **Management Representation of the Status of Implementation of Recommendation 4**

June 2009 - The work is in progress.

December 2008 - The consulting work for a comprehensive Cost, Revenue and Rate Study, which is anticipated to be complete by April 2010, is currently underway. One of the key elements in the Cost, Revenue and Rate Study will be the inclusion of an asset management plan. A City of Ottawa Corporate Asset Management Working Group is in the process of developing an integrated asset management plan, which will be completed by Q4 2009. Following that, further refinements to the plan will be made on an ongoing basis.

*Management: % complete* *50%*

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### **OAG's Follow-up Audit Findings regarding Recommendation 4 as of September 2009**

The Cost, Revenue and Rate Study currently in progress is to address the Integrated Asset Management Plan.

*OAG: % complete* *50%*

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### **Management Representation of Status of Implementation of Recommendation 4 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

In accordance with *Ontario Financial Plan Regulation 453/07*, on June 23, 2010, Council approved the *Financial Plan for Drinking Water* for submission to the Province by July 1, 2010. This financial plan includes a cost of service study that was in large part dependent upon an asset management plan.

Management considers implementation of this recommendation to be complete.

*Management: % complete*

*100%*

### **2008 Recommendation 5**

That the City meet the new financial report standards as per the Public Sector Accounting Board PS 3150, i.e., amortization of tangible capital assets.

### **2008 Management Response**

Management agrees with this recommendation.

The City will meet the new financial report standards as per the Public Sector Accounting Board PS 3150. This will be completed in Q1 of 2010.

### **Management Representation of the Status of Implementation of Recommendation 5**

June 2009 - The work is progressing well.

December 2008 - The implementation project is progressing on schedule. The process and IT solution is 100% developed. Four out of 28 asset groups have been converted (14%).

*Management: % complete*

*75%*

### **OAG's Follow-up Audit Findings regarding Recommendation 5 as of September 2009**

Tangible Capital Assets Policy was created on February 20, 2009 and revised on July 21, 2009. This Policy stipulates the accounting treatment for tangible capital assets, and follows the standards as per the PSAB PS 3150. A blueprint for tangible capital asset reporting has been created and implementation has begun. More information should be provided with regards to the status of implementation.

*OAG: % complete*

*75%*

### **Management Representation of Status of Implementation of Recommendation 5 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

On June 23, 2010, City Council received the audited Financial Statements for the year ended December 31, 2009. The statements were in compliance with PSAB PS 3150.

Management considers implementation of this recommendation to be complete.

*Management: % complete*

*100%*

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**2008 Recommendation 6**

That the City include in their Financial Plans all requirements of O. Reg. 453/07's Guideline document and Best Management Practices, i.e., a separate cost item associated with source water protection.

**2008 Management Response**

Management agrees with this recommendation.

To comply with the requirements of the *Clean Water Act*, the Rideau Valley/Mississippi Valley Source Protection Authority and the South Nation/Raison River Source Protection Authority are in the process of developing detailed source water protection plans by the provincially mandated timeline of 2012. Implementation will follow municipal and provincial approval of these plans.

The City is required to submit its first financial plan in July 2010. Therefore, it will not be possible to incorporate source protection plan costs into the first plan submission. The first financial plan, being submitted in July 2010, and valid until 2016, will only include those costs that have been determined as of 2010. The financial plan will be developed to allow for inclusion of additional source protection costs, as they become known to the City.

In accordance with Section 5 of *Ontario Financial Plans Regulation 453/07*, there is no restriction on the amendment of financial plans following their submission. Should further costs be identified after the submission of the financial plan in 2010 and as part of the source water protection plan approved in 2012, it may be necessary for the City to revise and re-submit its financial plan.

**Management Representation of the Status of Implementation of Recommendation 6**

June 2009 - The Cost, Revenue and Rate Study has identified potential new costs commencing in 2012 for implementation of (yet undetermined) measures under the *Source Water Protection Act*. Rate model numbers will be adjusted as measures and costs are confirmed by Council.

December 2008 - Source Water Protection costs are currently under development by the relevant source protection authorities. The rate will be developed such that when these costs are identified, they can be incorporated into water and wastewater rates.

*Management: % complete* 50%

**OAG's Follow-up Audit Findings regarding Recommendation 6 as of September 2009**

The Cost, Revenue and Rate Study currently in progress is to address requirements of O. Reg. 453/07 within financial plans.

*OAG: % complete* 50%



### **Management Representation of Status of Implementation of Recommendation 6 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

In accordance with *Ontario Financial Plan Regulation 453/07*, on June 23, 2010, Council approved the *Financial Plan for Drinking Water* for submission to the Province by July 1, 2010. This plan covers the period of 2010-2019 and conforms to new accounting standards set by the Public Service Accounting Board for municipal governments. Source protection authorities are in the process of developing detailed Source Water Protection plans by the provincially mandated timeline of 2012. Should Source Water Protection plans identify additional costs, it may be necessary for the City to revise and re-submit its Drinking Water Financial Plan.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

### **2008 Recommendation 7**

**That the City consider recovering the Fire Supply Charge from users based on the value of the assets being protected, (i.e., assessed value of the property).**

#### **2008 Management Response**

Management agrees with the recommendation.

The City will consider a number of revenue options as a part of the Cost, Revenue and Rate Study. Fire supply charges were moved to the water and sewer bill based on Council direction on January 25, 2006 in report ACS2006-CRS-FIN-0001.

While management will review the recovery of these charges, through its Cost, Revenue and Rate Study, it should be noted that fire supply costs and recovery charges must be developed in the context of an overall cost recovery program, and adjusted to the particulars of the municipality for which the revenues are being recovered. A number of factors may affect the strategy in recovering fire supply charges, including the large number of properties owned by other levels of government for which taxes are not collected. It is anticipated that development of an overall cost recovery program that would include fire supply charges would be completed by April 2010.

### **Management Representation of the Status of Implementation of Recommendation 7**

June 2009 - Staff will be bringing an interim report on rate structure to Committee and Council in June. Public consultation will occur through the summer and a final rate structure report will be brought back in October 2009.

December 2008 - Management is in the process of developing all costs associated with the provision of fire supply protection. However, it should be noted that the uniqueness of the City of Ottawa setting may result in a policy consideration.

*Management: % complete* 85%

### **OAG's Follow-up Audit Findings regarding Recommendation 7 as of September 2009**

The interim report on the Cost, Revenue and Rate Study submitted to Committee and Council, and reviewed for this Audit, contained some information with regards to the Fire Supply Charge.

*OAG: % complete* 50%

### **Management Representation of Status of Implementation of Recommendation 7 as of Summer 2010**

Management agrees with the OAG's follow-up audit finding as at September 2009, however further progress has now been made with respect to the implementation of this recommendation.

Alternative methods of recovering fire supply costs were considered as part of the Cost, Revenue and Rate study. It was determined that the current approach, namely a base charge applied to each account, was appropriate and met the financial needs of the fire supply program.

Management considers implementation of this recommendation to be complete.

*Management: % complete* 100%

### **2008 Recommendation 8**

**That the City, in the development of the next Development Charge Bylaw (July 2009), carry out a review of the process followed to ensure that full cost recovery of project costs is in fact taking place.**

### **2008 Management Response**

Management agrees with this recommendation.

The full cost recovery policy will continue to be one of the guiding principles, as outlined in the City's Fiscal Framework, of the Development Charge (DC) Bylaw update, to recover the costs of growth to the full extent permitted by legislation (thereby minimizing the financial burden of the costs of growth on existing residents) with the target of applying them to the full extent permitted by legislation. This review will be completed by August 2009.

### **Management Representation of the Status of Implementation of Recommendation 8**

June 2009 – The DC Bylaw is scheduled for consideration in June and acceptance by Council in July.

December 2008 – Staff are in the process of identifying all water-related capital project costs required to provide for future growth.

*Management: % complete* **50%**

### **OAG's Follow-up Audit Findings regarding Recommendation 8 as of September 2009**

The By-law was approved by Council on June 24, 2009. The progress with regards to this recommendation was deemed 'essentially complete' because the increase in development charges will be phased in over the next five years. The new By-law was provided for the audit; however, the outdated version of the By-law still exists on the City website. It is recommended that all by-laws be updated shortly after approval by Council.

*OAG: % complete* **100%**

### **Management Representation of Status of Implementation of Recommendation 8 as of Summer 2010**

The revised Development Charges By-law 2009-09 is posted on the City's website.

*Management: % complete* **100%**

## **4 SUMMARY OF THE LEVEL OF COMPLETION**

1. 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	-	-	-
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COMPLETE	100	8	1	12.5%
TOTAL		-	8	100%

2. The table below outlines management’s assessment of the level of completion of each recommendation as of Summer 2010 in response to the OAG’s assessment. These assessments have not been audited.

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LITTLE OR NO ACTION	0 – 24			
ACTION INITIATED	25 – 49			
PARTIALLY COMPLETE	50 – 74			
SUBSTANTIALLY COMPLETE	75 – 99			
COMPLETE	100	1, 2, 3, 4, 5, 6, 7, 8	8	100%
TOTAL			8	100%

## 5 CONCLUSION

We believe that progress has been made with regards to the recommendations put forward in the 2008 Audit of the City of Ottawa Water Rate. While full implementation of some significant and extensive recommendations (i.e., the Cost, Revenue and Rate Study) are not yet complete, the basic fundamentals are in place/in progress, and a steady progression towards the desired results has been observed.

The Cost, Revenue and Rate Study is intended to incorporate information on the fire supply charge, the integrated asset management plan, and the inclusion of the requirements of O. Reg. 453/07 within financial plans.

## 6 ACKNOWLEDGEMENT

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