

Audit of OC Transpo Scheduling Process for Bus Operators

Post-Strike Arbitration Makes Scheduling Less Efficient and More Costly

Ottawa, November 29, 2012 – Auditor General Alain Lalonde has identified that an arbitration award after the 2008 transit strike has resulted in a new scheduling model that is less efficient and more expensive. The audit of OC Transpo Scheduling Process for Bus Operators was presented today as part of the 2011 annual report.

“Control over scheduling granted to management has not been able to offset the post strike arbitration-imposed constraints,” said Mr. Lalonde. “Therefore management is unable to realize expected annual operational savings from the strike in the range of \$3.1 million to \$4.5 million.”

The audit states that the arbitration award after the strike did not create the expected “control of the day” operational model envisioned by management. The impact of the arbitration is a systemically inefficient scheduling model that nullified management’s cost savings opportunities envisioned during collective bargaining negotiations and the strike.

The audit also found that additional cost savings, totaling approximately \$350,000 per year, could be obtained by using Internet-based scheduling sign-up software.

The audit recommends that the City use the upcoming collective bargaining process to reduce the financial and operational deficiencies of the scheduling model. The audit also recommends monitoring and quality control reviews of scheduled work and pursuing automated alternatives to the manual scheduling process. Management has agreed with all nine audit recommendations.

The **Audit of OC Transpo Scheduling Process for Bus Operators** is available on the Auditor Generals’ Web site at www.ottawa.ca.

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Audit of OC Transpo Communication of Cancelled Bus Trips

Communication of Cancelled Bus Trips Inconsistent

Ottawa, November 29, 2012 – The City’s process for communicating cancelled bus trips to the travelling public needs improvement. The process is not entirely automated and relies on human initiation and interaction at key steps before the ridership is notified of a trip cancellation. The comments are contained in the Audit of OC Transpo Communication of Cancelled Bus Trips as part of the Auditor General’s 2011 annual report to Council.

OC Transpo’s trip cancellations are inconsistently sent to passengers’ text alerts or e-mails. “Of the 55 separate cancellations we examined, communication was accurate and timely in only 7 cases,” states Alain Lalonde.

The audit also found that OC Transpo had not registered 15 routes out of 141 possible bus routes to send alerts to passengers who had requested them.

The audit recommends that the City correct the email and text issues and regularly monitor notifications to ensure accuracy. Management agrees with the audit’s three recommendations.

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Audit of Procurement Practices - General

Over \$800,000 in Potential Annual Savings Identified

Ottawa, November 29, 2012 - The City could save over \$800,000 per year by initiating a competitive tender for snow removal and by changing its specifications for some vehicles. That is the main finding of an audit by Auditor General Alain Lalonde as part of his 2011 annual report to Council.

“The City has some major procurement-related initiatives underway to review operations for possible savings. However, there are additional opportunities that should be pursued,” concludes Mr. Lalonde. “There are opportunities for the City to achieve some savings by purchasing entry level vehicles with only the base work-related options.”

In addition, the audit found that:

- The City’s participation in the Canadian Municipal Collaboration for Sustainable Purchasing initiative is a logical step that is consistent with the overall corporate approach to sustainability;
- There may be an opportunity to achieve some savings through greater participation in co-operative procurement with other local members of the broader public service; and,
- The City has a competitive process for the acquisition of laptops and desktops which is consistent with other major public sector entities.

The audit recommends that the City pursue cooperative purchasing opportunities with the broader public service, initiate competitive tenders for snow removal and general haulage and purchase entry-level vehicles with only base work-related options. Management has agreed with all eight recommendations presented in the audit.

The **Audit of Procurement Practices - General** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Procurement Practices – Hedging Activities

Mixed Results from City’s Fuel Price Hedging Practices

Ottawa, November 29, 2012 – The City’s approach to hedging of natural gas prices resulted in it paying \$2.1 million dollars more than it would have if it had purchased the gas directly from the supplier. These losses will continue unless the City changes its approach to procuring natural gas. In addition, hedging transactions for diesel in 2009 resulted in an overall loss of \$267,000. On the positive side, the 2010 diesel hedges resulted in a savings of approximately \$5 million. The findings are included in Alain Lalonde’s 2011 annual report to Council.

A hedge is defined as making an investment to reduce the risk of adverse price movements in an asset.

“The City is actively involved in hedging activities for two commodities; diesel and natural gas,” says Mr. Lalonde. “Discontinuance of hedging related to natural gas could prevent the estimated annual losses for the next two years.”

The audit goes on to state that the Finance Department should play a key role in the acquisition of natural gas in the future.

The audit indicates that the City does not do performance benchmarking against market rates in order to establish if the hedging efforts have resulted in lower prices. The audit also found that information provided to Council on hedging practices should be improved.

The audit recommends that the City evaluate natural gas hedging activities to ensure its effectiveness and track all hedging performance with regular reporting to Council. The audit also recommends that the Finance Department take a more active oversight role in hedging. Management has agreed with all six recommendations.

The **Audit of Procurement Practices – Hedging Activities** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Management of Vacant Positions

Vacant Positions Not Reported to Council

Ottawa, November 29, 2012 – An audit of the City of Ottawa’s Management of Vacant Positions shows that 21 positions which have been vacant for more than 24 months were not reported to Council as required by a 2010 motion. The estimated cost of these positions is \$1.8 million. This is one of the findings of the audit presented in Alain Lalonde’s 2011 annual report to Council.

“Council’s Motion 82/27 requires that positions left vacant for more than two years must be reported to Council for a decision on whether to keep the position. This was not done,” said Mr. Lalonde.

In addition, the audit uncovered over 100 positions that have been vacant or unoccupied for more than two years. The audit recommends that all of these positions be accounted for and reported to Council for discussion.

The audit also found that there are well over 600 unbudgeted positions in use at the City, representing approximately \$58 million. These positions were never approved by Council. In addition, the policy which allows managers to create unbudgeted positions was never approved by Council.

The audit recommends that the City report all vacant, unoccupied and unbudgeted positions to Council and confirm Council’s agreement with the policy allowing for the creation of unbudgeted positions. Of the seven recommendations, Management agrees with five.

The **Audit of the Management of Vacant Positions** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of the Corporate Communications Function

Lack of Consistent Strategic Direction for City Communications

Ottawa, November 29, 2012 – The City’s Communications group lacks consistent strategic direction and a clear mandate and authority. This is a key finding of an audit of the Corporate Communications Function included in the Auditor General’s 2011 annual report to Council.

“Without a clear strategy or mandate, many departments have lost confidence in Corporate Communications and have added their own internal resources to compensate,” said Alain Lalonde.

In addition to the 51 positions and \$4.4 million budget for communications, the audit reveals another 20 positions within various departments with some communications duties, costing an estimated \$1.05 million.

The audit goes on to state that the Corporate Communications Function lacks a prioritization framework to support and communicate resource allocation as well as a consistent and disciplined approach to planning, organizing and monitoring work. This has led to the group providing uneven client services.

The audit’s review of the communications strategy for the Source Separated Organics program confirmed the lack of clear mandate, role and authority for the Corporate Communications Function. Of the Source Separated Organics strategy the audit states:

- target audience(s) were not properly identified;
- the most effective methods for reaching these target audience(s) were not adequately assessed and pursued;
- strategic messaging to these target audience(s) was not developed; and,
- communications initiatives were never evaluated to determine their effectiveness.

The audit recommends that the City clearly define the mandate, authority, roles and responsibilities and structure of Corporate Communications versus departments and that Corporate Communications develop a performance measurement framework to ensure objectives are achieved. Management has agreed with all of the audit’s 22 recommendations.

The **Audit of the Corporate Communications Function** is available on the Auditor General’s Web site at www.ottawa.ca.

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Audit of Performance Measurement

City's New Performance Measurement Framework Needs Greater Focus on Programs and Services

Ottawa, November 29, 2012 – There is a risk that the City of Ottawa's Balanced Scorecards will not measure performance at the service or program level. This is the conclusion of an audit presented to Council as part of the Auditor General's 2011 annual report.

“It will be important that Scorecards are linked to departmental plans and operational priorities as well as Council priorities,” states Alain Lalonde. “We found little evidence that performance measures were used in the past to inform budget and operational decision-making.”

The audit examined eight specific City services and identifies a series of performance measures that should be implemented. One of these areas is social housing where the audit recommends implementing the Housing Services Corporation performance database and the Lifecycle Asset Management toolkit rather than continuing to rely simply on waiting list figures as a measure of performance.

The audit also indicates that the Ontario Municipal Benchmarking Initiative (OMBI) has not delivered the benefits intended. It recommends that redeploying resources towards more promising performance measurement projects should be pursued.

Finally, the audit suggests that management monitor the cost-benefit of the new program. If it is not generating the anticipated benefits, there is the potential for savings by discontinuing it.

The audit recommends that the Balanced Scorecards be linked to operational priorities and that the cost-benefit of any performance measure framework be monitored to ensure it is adding value. The audit also recommends several specific performance measures be considered in the areas examined, in particular the social housing program. Management has agreed with all 21 of the audit's recommendations.

The **Audit of Performance Measurement** is available on the Auditor General's Web site at www.ottawa.ca.

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Audit of Occupational Health and Safety

City's Health and Safety Program Needs Improvement to Meet Legislative Requirements

Ottawa, November 29, 2012 – An audit of the City's Occupational Health and Safety (OHS) Program showed that improvements are needed to meet legislative and policy requirements. This is the main finding in the audit presented in Alain Lalonde's 2011 annual report to Council.

“While the OHS policy defines high level responsibilities and a series of hazard-specific programs, we found that the control framework needs improvement to meet the City's needs and comply with legislative requirements,” concludes Mr. Lalonde.

The audit found that:

- The OHS program is decentralized with limited performance measurement made available to management;
- The OHS Branch does not monitor the implementation of the its program across the City, nor does it explicitly address contraventions of policy or legislation;
- In the Long-Term Care Branch and Solid Waste Branch, many conventional OHS practices are not being fully applied, including hazards assessment, Joint Health and Safety Committees (JHSC), training of contract employees, objective setting and evaluation of performance;
- Improving these practices would strengthen the OHS program, improve the safety culture of the City, and help reduce occupational injuries and illnesses.

The audit estimates that the City could achieve reductions in its WSIB costs of up to \$721,000 per year if it could reduce its injury rate to the average rate of similar employers.

In order to be compliant with legislation and reduce costs, the audit recommends that the City develop a multi-year plan for implementation of an OHS framework and establish clear objectives and targets for OHS. Management has agreed with the audit's 26 recommendations.

The **Audit of Occupational Health and Safety** is available on the Auditor General's Web site at www.ottawa.ca.

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Audit of the Human Resources Master Plan

A More Integrated Approach to Human Resources Planning Needed

Ottawa, November 29, 2012 - The Auditor General concludes that the City's Human Resources (HR) Department should provide a more prescriptive and integrated approach to HR planning. The key finding is part of an audit of the City's Human Resources Master Plan presented in Alain Lalonde's 2011 annual report to Council.

The audit found that standardized methods and processes for medium and longer-term workforce planning should be used and that workforce data should be more formally identified and analyzed for planning purposes.

“Our Human Resources Department should lead a workforce needs analysis across all departments to develop a City-wide long-term workforce plan,” says Mr. Lalonde.

The audit concludes that analysis and reporting are required to support longer term workforce planning. More robust analytical and reporting capabilities would serve to enhance regular information provided to departments about their current and future workforce needs, targets and results.

The audit recommends that Corporate HR provide a more prescriptive approach to HR planning and lead a City-wide workforce planning needs analysis. The audit also recommends that the City implement three- and five-year workforce plans and identify critical positions in all departments. The audit makes nine recommendations which Management agreed to.

The **Audit of the Human Resources Master Plan** is available on the Auditor General's Web site at www.ottawa.ca.

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Audit of Budgeting for Growth Funding

Sound Process for Budgeting of Growth-Related Projects

Ottawa, November 29, 2012 - The Auditor General concludes that the City has an established process for budgeting for growth related projects, and the controls for the budgeting of growth funding information were operating as intended. The finding is part of an audit of Budgeting for Growth Funding in Alain Lalonde's 2011 annual report to Council.

“While the process is sound, we need to improve communication to Council in order to properly inform the public,” says Mr. Lalonde.

The audit found that these key assumptions used to calculate development charges are appropriate and consistent with the legislated requirements in the Development Charges Act.

The audit also states that the 2009 Development Charges Background Study did not include a specific list of parks capital projects for Committee and Council to review and approve. In 2010, staff have established a four and ten year forecast for parks, and the audit recommends that this be provided to Council for approval.

The audit identifies opportunities to improve the communication of information on the calculation, collection, and spending of development charges to City Council and the public.

The audit recommends that the City examine opportunities to include Corporate Finance in growth management planning, establish a standard level of detail and support in the budgeting for growth funding and associated reporting to Council, and put controls in place to facilitate tracking of growth and non-growth portions of projects. The audit makes six recommendations which Management agreed to.

The **Audit of Budgeting for Growth Funding** is available on the Auditor General's Web site at www.ottawa.ca.

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Auditor General Releases Six Follow-up Audits

Significant Progress Reported in Implementing the Majority of Recommendations

Ottawa, November 29, 2012 – In almost all cases, the follow-up audits conducted by Auditor General Alain Lalonde demonstrate that Management is moving towards implementing the majority of his original audits' recommendations. These follow-up audits are part of Mr. Lalonde's 2011 annual report to Council.

“I am pleased that Management has seriously considered our audit work and acted on the vast majority of our findings,” says Mr. Lalonde.

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

The six **follow-up audits** are available on the Auditor General's Web site at www.ottawa.ca

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Fraud and Waste Hotline

City's Fraud and Waste Hotline Continues to be Well-Used

Ottawa, November 29, 2012 – In 2011, 182 reports to the City of Ottawa's Fraud and Waste Hotline were made by employees and members of the public. The information was presented today by Auditor General Alain Lalonde in his 2011 annual report.

The City's Hotline, which was launched in November 2005, became available to the public on May 21, 2009. In 2011, 114 reports (63%) were submitted by members of the public and 68 (37%) by City employees.

"Based on the continued high number of reports received from members of the public and our employees, it would appear interest in using the service remains strong," states Alain Lalonde.

All Hotline reports have been provided to the offices of the Mayor and City Manager. Based on Council direction, all reports are also sent to the Chair of the Audit Sub-Committee.

The full 2011 annual report on **the Fraud and Waste Hotline** is available on the Auditor General's Web site at www.ottawa.ca.

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