

New Fire Paramedics Stations Construction Project

**Audit Recommendation Implementation Quarterly Updates:
2015 Qtr 1 to 2021 Qtr 2**

The final report was received by Council on September 29, 2021

<https://clkapps.winnipeg.ca/dmis/September 29, 2021 disposition>



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2015 Qtr 1*

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Audit Department

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 1*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations (see Appendix 1).

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2015 Qtr 1 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 1

Summary of Audit Recommendations
 2015 Qtr 1

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2015 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Percent Complete	Not to be implemented	2 nd Qtr 2015	3 rd Qtr 2015	4 th Qtr 2015	1 st Qtr 2016 or later
New Fire Paramedic Stations Construction Project	14	6	43%	-	1	1	2	4

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 1

Audit Observations

- The Public Service has reported that six recommendations have been implemented.
- At the end of 2015 Qtr 1, 8 recommendations are in progress:
 - One recommendation (10 dealing with obtaining specific information from Materials Management and Legal Services prior to issuing Building Permits) is targeted for implementation in the 2nd quarter of 2015.
 - One recommendation (7 ensuring that all transactions be conducted in accordance with Council adopted policies) is targeted for implementation in the 3rd quarter of 2015.
 - Two recommendations (9 Legal Services establishing clear policies on contracts and agreements, and 13 Corporate Finance to determine a standardized protocol for the challenging of capital budget submissions and project reporting) are both targeted for implementation in the 4th quarter of 2015.
 - Four recommendations are scheduled for implementation in the 1st quarter of 2016. (4, 8, 11 and 12 are associated with the development of a Real Estate Transaction Management Framework)

Date: May 2015

Recommendations In Progress – 2015 Qtr 1 Updates

No.	Recommendation	Update – 2015 Qtr 1
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has prepared a report for Council consideration in Q2 of 2015. <u>Implementation Date:</u> 2015 Qtr 2
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	All transactions should be conducted in accordance with Council adopted policies. The Public Service continues to make best efforts to ensure all Council policies are complied with. A discussion with Audit for further clarification occurred regarding the intent of this recommendation and further guidance will be incorporated into the Asset Management Administrative Standard FM-004 and Asset Management Project Management Manual. <u>Implementation Date:</u> 2015 Qtr 3
9	Legal Services should establish clear policies regarding: ► Land acquisition agreements; ► Construction contracts related to land acquisition; and ► Authorities to be sought for LOI or similar documents	Formulation and finalization of drafts is ongoing with Legal Services & PP&D staff. <u>Implementation Date:</u> 2015 Qtr 4
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	The Public Service continues to implement its Asset Management Program Initiative. Departments continue to incorporate the processes identified in the Investment Planning Manual. Several business cases were reviewed during the 2015 Capital Budget process by the Infrastructure Planning Division. Going forward additional positions approved in the 2015 budget process need to be established at both the corporate and departmental level to fully implement this recommendation. <u>Implementation Date:</u> 2015 Qtr 4

No.	Recommendation	Update – 2015 Qtr 1
4	<p>The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>In Q1 2015 the Public Service issued RFP 257-2015 for Professional Consulting Services for the Development of a Comprehensive Real Estate Transaction Management Framework and Implementation Plan. See http://www.winnipeg.ca/finance/findata/matmgt/bidres/Past/2015.asp</p> <p>The Scope of Services outlined in RFP 257-2015 was based on the need for the development and implementation of a comprehensive Real Estate Transaction Management Framework (RETMF) as outlined in recommendation #1 of the June 2014 Real Estate Management Review (REMR). Section D4.1 of RFP 257-2015 describes how the work to be done under the contract consists of consulting services to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan that incorporates 11 of the 17 recommendations in the REMR. In addition, Section D4.4 of RFP 257-2015 describes how recommendation #4 of the October 2013 New Fire Paramedic Stations Construction Project Report (concerning a review of City land acquisition practices as they relate to future RFPs) must be included as part of the recommended RETMF. RFP 257-2015 closed on May 1, 2015. Any proposal(s) will now be evaluated with the intent of awarding the contract by May 22, 2015.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

No.	Recommendation	Update – 2015 Qtr 1
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	<p>The Scope of Services outlined in RFP 257-2015 was based on the need for the development and implementation of a comprehensive Real Estate Transaction Management Framework (RETMF) as outlined in recommendation #1 of the June 2014 Real Estate Management Review (REMR). Section D4.1 of RFP 257-2015 describes how the work to be done under the contract consists of consulting services to develop and recommend a Real Estate Transaction Management Framework and Implementation Plan that incorporates 11 of the 17 recommendations in the REMR. In addition, Section D4.4 of RFP 257-2015 describes how recommendation # 8 of the October 2013 New Fire Paramedic Stations Construction Project Report (concerning the process for land exchange transactions) must be included as part of the recommended RETMF. RFP 257-2015 closed on May 1, 2015. Any proposal(s) will now be evaluated with the intent of awarding the contract by May 22, 2015.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	<p>Section D4.4 of RFP 257-2015 describes how recommendation # 11 of the October 2013 New Fire Paramedic Stations Construction Project Report (concerning the process for obtaining specific information from Materials Management and Legal Services prior to issuing Building Permits) must be included as part of the recommended RETMF. RFP 257-2015 closed on May 1, 2015. Any proposal(s) will now be evaluated with the intent of awarding the contract by May 22, 2015.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	<p>Section D4.4 of RFP 257-2015 describes how recommendation # 12 of the October 2013 New Fire Paramedic Stations Construction Project Report (concerning clarifying at what stage of a proposed transaction Council approval is to be sought) must be included as part of the recommended RETMF. RFP 257-2015 closed on May 1, 2015. Any proposal(s) will now be evaluated with the intent of awarding the contract by May 22, 2015.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

Recommendations Implemented – 2015 Qtr 1

No.	Recommendation	2015 Qtr 1
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	<p>On January 28, 2015, Council approved a recommendation to reduce the Single Source Negotiation authority of the Chief Administrative Officer from \$5 million to \$1 million.</p> <p>The Materials Management Policy defines the basis under which single source negotiations are allowed.</p> <p>Proof of Action: See Materials Management Policy, Council Minute and 2015 Procurement Course Outline - Day 1.</p>
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. This recommendation has been addressed in Appendix H - Land Acquisitions and Expropriations.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2015 Qtr 2*

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 2*

History

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On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations (see Appendix 1).

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2015 Qtr 2 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 2

Summary of Audit Recommendations
 2015 Qtr 2

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
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New Fire Paramedic Stations Construction Project	14	6	43%	-	2	1	1	4

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 2

Audit Observations

- The Public Service has reported that six recommendations have been implemented.
- At the end of 2015 Qtr 2, 8 recommendations are in progress:
 - Two recommendations (13 Corporate Finance to determine a standardized protocol for the challenging of capital budget submissions and project reporting, and 10 reporting structure for Legal Services) are targeted for implementation in the 3rd quarter of 2015.
 - One recommendation (9 Legal Services establishing clear policies on contracts and agreements) is targeted for implementation in the 4th quarter of 2015.
 - One recommendation (7 ensuring that all transactions be conducted in accordance with Council adopted policies) is targeted for implementation in the 1st quarter of 2016.
 - Four recommendations are scheduled for implementation in the 2nd quarter of 2016. (4, 8, 11 and 12 are associated with the development of a Real Estate Transaction Management Framework)

Date: August 2015

Recommendations In Progress – 2015 Qtr 2 Updates

No.	Recommendation	Update – 2015 Qtr 2
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	<p>Legal Services has prepared a report for Council consideration in Q3 of 2015 (final revisions being made prior to submission to the Report Information System).</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	<p>This recommendation has been partially implemented. As part of the implemented Investment Planning process, Departments are reviewing/challenging their Business Cases. The Major Capital Project Business Cases will be reviewed/challenged by the Infrastructure Planning Division for the 2016 Budget Process. As additional resources are hired the processes will be further refined.</p> <p>With regard to project reporting, the Public Service issued the new Asset Management Administrative Standard FM-004 in Q1 of 2015. Section A.4.7 Committee Composition & Responsibility provides that Major Capital Projects Advisory Committees (MCPAC) must be established for projects greater than \$10 million dollars. MCPAC are required to report financial status to SPC Finance on at least a quarterly process.</p> <p>The established process is that the quarterly financial status reports are authored by the Project Manager/Project Director and approved by the Advisory Committee. Subsequent to the Committee approval, the reports go through the normal approvals for Administrative Reports, specifically Department Head, Chief Financial Officer and Chief Administrative Officer. (Implemented).</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>

No.	Recommendation	Update – 2015 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Formulation and finalization of drafts is ongoing with Legal Services & PP&D staff.</p> <p><u>Implementation Date:</u> 2015 Qtr 4</p>
7	<p>Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.</p>	<p>The Public Service continues to work at implementing this recommendation. A draft revision to Appendix H (Land Acquisitions and Expropriations) as well as Section A.2.4 of the Asset Management Project Management Manual to address that real estate transactions are to be led by the PP&D Real Estate Division. A draft revision to Appendix 4 of FM-002 has been made to address splitting contracts. Further revisions will be made to address the commencement of construction in advance of contract award and Legal Services will be drafting a response to address legal agreements not having been approved by Legal Services.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
4	<p>The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>In late May 2015 the City of Winnipeg awarded a contract to Ernst & Young Orenda Corporate Finance Inc. for Proposal (RFP) No. 257-2015 for Professional Consulting Services for the development of a Comprehensive Real Estate Transaction Management Framework (RETMF) and Implementation Plan. Work on the RETMF Project got underway immediately (in June of 2015). Accomplishments to date include: identification of RETMF Project Sponsors (Manager of Real Estate & Manager of Municipal Accommodations); the establishment of a RETMF Project Steering Committee (with representatives from RE, MA and Legal Services); commencement of bi-weekly RETMF Project Update Meetings for the Project Steering Committee and E&Y; and, work on Phase I of the Project - Current State Analysis and Best Practice / Cross Jurisdictional Research. Given that Phase 1 of the Project was initially predicted to be completed in Q2 2015 it would be prudent to adjust the completion date for Phase 1 of the RETMF Project to Q3 2015 and the completion of Phase 2 to Q1 2016. That would shift completion of Phase 3 (Implementation of the new RETMF) to Q2 2016.</p> <p><u>Implementation Date:</u> 2016 Qtr 2</p>

No.	Recommendation	Update – 2015 Qtr 2
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2

Recommendations Implemented – 2015 Qtr 2

No recommendations implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



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Status of Audit Recommendations
2015 Qtr 3*

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Audit Department

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 3*

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This is the status report for 2015 Qtr 3 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 3

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Percent Complete	Not to be implemented	4 th Qtr 2015	1 st Qtr 2016	2 nd Qtr 2016	3 rd Qtr 2016 or later
New Fire Paramedic Stations Construction Project	14	7	50%	-	1	1	5	-

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 3

Audit Observations

- The Public Service has reported that seven recommendations have been implemented.
- At the end of 2015 Qtr 3, 7 recommendations are in progress:
 - One recommendation (10 reporting structure for Legal Services) is targeted for implementation in the 4th quarter of 2015.
 - One recommendation (7 ensuring that all transactions be conducted in accordance with Council adopted policies) is targeted for implementation in the 1st quarter of 2016.
 - Five recommendations are scheduled for implementation in the 2nd quarter of 2016 (4, 8, 11 and 12 are associated with the development of a Real Estate Transaction Management Framework; 9 Legal Services establishing clear policies on contracts and agreements).

Date: November 2015

Recommendations In Progress – 2015 Qtr 3 Updates

No.	Recommendation	Update – 2015 Qtr 3
4	<p>The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>Phase I of the RETMF extended slightly longer than anticipated due to summer availabilities and the project is approximately six weeks behind schedule. However, EY is optimistic that the Q1 2016 completion date for Phase II will be met.</p> <p>Phase I has nearly been completed, with the Phase I deliverable (i.e. best practices) to be provided at the same time as the draft deliverable for Phase II (i.e. draft framework/recommendations) during Q4 2015.</p> <p>Accomplishments since the last update include: consultations between EY and the Real Estate Division/Property Management Branch in Q3 2015, supply of documentation/policy/templates/etc. to EY for review in Q4 2015 and a workshop will occur in Q4 2015 to discuss recommendations and best practices. Consultations provided clearer direction for EY which will likely result in a more useful and robust Phase I deliverable.</p> <p><u>Implementation Date:</u> 2016 Qtr 2</p>

No.	Recommendation	Update – 2015 Qtr 3
7	<p>Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.</p>	<p>Draft revisions have been made to Appendix H (Land Acquisitions and Expropriations) as well as Section A.2.4 of the Asset Management Project Management Manual to address that real estate transactions are to be led by the PP&D Real Estate Division have been finalized. Next steps will be to issue addendums to the Project Management Manual and Asset Management Administrative Standard.</p> <p>The Draft revision to FM-002 Appendix 4 to address the commencement of construction in advance of contract award will be finalized after meeting with Legal Services scheduled for October 29, 2015.</p> <p>Section 9 of The City of Winnipeg Execution of Documents Bylaw No. 7367/99 states the following:</p> <ul style="list-style-type: none"> - "With the exception of section 2 and 5.1, the authority given in this By-law to execute documents, instruments or agreements is subject to approval as to legal form of the document, instrument or agreement by the Director of Legal Services/City Solicitor or delegate in writing." - Pursuant to this section of the Execution Bylaw all agreements (and other documents) are required to be approved by Legal Services prior to execution. Administrative Standard No. AS-014 - Review, Approval and Execution of Agreements was implemented in May, 2015 and sets out roles and responsibilities for business and legal review of agreements, including what Legal Services has reviewed prior to signing off that an agreement has been Approved as to legal form/Legally Reviewed and Certified as to Form. <p><u>Implementation Date:</u> 2016 Qtr 1</p>

No.	Recommendation	Update – 2015 Qtr 3
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	See update for Recommendation #4 above <u>Implementation Date:</u> 2016 Qtr 2
9	Legal Services should establish clear policies regarding: ► Land acquisition agreements; ► Construction contracts related to land acquisition; and ► Authorities to be sought for LOI or similar documents	Formulation and finalization of drafts is ongoing with Legal Services and PP&D staff through the RETMF process. For information the status of that process, see response to Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 2
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has prepare a report for Council consideration in Q4 of 2015 (final revisions being made prior to submission to the Report Information System). <u>Implementation Date:</u> 2015 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2

Recommendations Implemented – 2015 Qtr 3

No.	Recommendation
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2015 Qtr 4*

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Audit Department

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 4

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2015 Qtr 4 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 4

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2015 Qtr 4. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	1 st Qtr 2016	2 nd Qtr 2016	3 rd Qtr 2016	4 th Qtr 2016 or later
New Fire Paramedic Stations Construction Project	14	7	-	50%	2	5	-	-

New Fire Paramedic Stations Construction Project
Status of Recommendations
2015 Qtr 4

Audit Observations

- The Public Service has reported that seven recommendations have been implemented.
- At the end of 2015 Qtr 4, 7 recommendations are in progress:
 - Two recommendations (#7 ensuring that all transactions be conducted in accordance with Council adopted policies and #10 reporting structure for Legal Services) are targeted for implementation in the 1st quarter of 2016.
 - Five recommendations are scheduled for implementation in the 2nd quarter of 2016 (#4, #8, #11 and #12 are associated with the development of a Real Estate Transaction Management Framework; #9 Legal Services establishing clear policies on contracts and agreements).

Date: January 2016

Recommendations In Progress – 2015 Qtr 4 Updates

No.	Recommendation	Update – 2015 Qtr 4
4	<p>The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>Ernst & Young (EY) conducted a consultation with the Public Works Department in November 2015 to gain a better understanding of the needs of the client departments for the Planning Property & Development (PP&D) Department. PP&D and EY completed a second workshop in December 2015 to discuss and review the current deliverables. The workshop was attended by the steering committee, together with the Manager of the Real Estate Division. EY has now provided to PP&D, all guidelines, directives, policies and tools related to the Real Estate Transaction Management Framework (RETMF), and has also provided the final draft copy of the RETMF. All recommendations within the Real Estate Management Review (REMR) have now been addressed by EY through a deliverable noted above. PP&D continues to review all draft deliverables in conjunction with Legal Services and intends to provide comments to EY by January 15, 2016. EY has proposed finalizing the draft RETMF by the end of January 2016 and also providing an implementation plan at that time. Completion of the RETMF is still on track for 2016 Q2.</p> <p><u>Implementation Date:</u> 2016 Qtr 2</p>

No.	Recommendation	Update – 2015 Qtr 4
7	<p>Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.</p>	<p>The revised Asset Management Administrative Standard FM-004 has been approved by the CAO and posted on the Infrastructure Planning intranet site. Section A.2.4 as well as Appendix H address that real estate transactions are to be led by PP&D. This part of the recommendation is considered complete.</p> <p>Both the Administrative Standard AS-014 "Review, Approval and Execution of Agreements ("The Administrative Standard") and the Execution of Documents By-law No. 78-2015 ("The By-Law") address concerns with respect to legal agreements not having been approved by Legal Services. The Legal Services Department drafts many of the agreements entered into by the City, and in such cases where Legal Services is not drafting the agreement (ie. the draft comes from a third party), the Administrative Standard, which was implemented in May 2015, provides that all draft agreements shall be forwarded to Legal Services for legal review as soon as they are received by a departmental representative. In addition, the By-law provides that authority to execute a document on behalf of the City is only valid if the City Solicitor or delegate has conducted a legal review and provided written certification of the document as to form (see subsections 5(1) and 5(2) of the By-law). Legal Services held two leadership presentations in 2015 to communicate this information to Departments. This part of the recommendation is considered complete.</p> <p>Revisions to FM-002 Appendix 4 to address any recommendations of the Award Report that are not in compliance with the Materials Management Policy, Administrative Standard FM-002 and/or the Agreement on Internal Trade (AIT) (e.g. commencement of construction in advance of contract award or the splitting of contracts due to lack of approved funding) are complete and are expected to be posted to the City's Intranet website by January 29, 2016.</p> <p>Proof of Action - See 2015 Q4 FPSA Rec 7 FM 004 - Asset Management Administrative Standard V1.1.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

No.	Recommendation	Update – 2015 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	See update for Recommendation #4 above <u>Implementation Date:</u> 2016 Qtr 2
9	Legal Services should establish clear policies regarding: <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	Formulation and finalization of drafts is ongoing with Legal Services and will be done in conjunction with the RETMF process. For further information on the status of that process, see response to Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 2
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has prepared a report for Council consideration. It is anticipated the report will be submitted in Q1 2016. <u>Implementation Date:</u> 2016 Qtr 1
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2

Recommendations Implemented – 2015 Qtr 4

No recommendations implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2016 Qtr 1*

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 1*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2016 Qtr 1 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 1

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2016 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2 nd Qtr 2016	3 rd Qtr 2016	4 th Qtr 2016	1 st Qtr 2017 or later
New Fire Paramedic Stations Construction Project	14	8	-	57%	6	-	-	-

New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 1

Audit Observations

- The Public Service has reported that eight recommendations have been implemented.
- At the end of 2016 Qtr 1, six recommendations are in progress:
 - All recommendations are scheduled for implementation in the 2nd quarter of 2016.
 - #4, #8, #11 and #12 are associated with the development of a Real Estate Transaction Management Framework;
 - #9 is associated with Legal Services establishing clear policies on contracts and agreements; and
 - #10 is regarding the reporting structure for Legal Services

Date: April 2016

Recommendations In Progress – 2016 Qtr 1 Updates

No.	Recommendation	Update – 2016 Qtr 1
4	<p>The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>Subsequent to the December workshop and receipt of all deliverables, the Steering Committee completed a full review of all the deliverables. The Steering Committee provided suggested edits to the deliverables to EY in January 2016. After a joint discussion, EY provided a revised set of deliverables in February 2016. The Steering Committee has completed a review of the revised deliverables and has additional suggested edits for EY. The revised deliverables have not yet been provided to EY as the Steering Committee requires consultations with Legal Services and Materials Management. Once these consultations have occurred, the Steering Committee will be in a position to forward the revised deliverables to EY. EY provided a full narrative report along with an implementation plan in March 2016, which is currently under review by the Steering Committee. Completion of the RETMF is still on track for 2016 Q2.</p> <p>Implementation Date: 2016 Qtr 2</p>

No.	Recommendation	Update – 2016 Qtr 1
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	See update for Recommendation #4 above <u>Implementation Date:</u> 2016 Qtr 2
9	Legal Services should establish clear policies regarding: <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	Formulation and finalization of drafts is ongoing with Legal Services and will be done in conjunction with the RETMF process. For further information on the status of that process, see response to Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 2
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has prepared a report for Council consideration. It is anticipated the report will be submitted in Q2 2016. <u>Implementation Date:</u> 2016 Qtr 2
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4 above. <u>Implementation Date:</u> 2016 Qtr 2

Recommendations Implemented – 2016 Qtr 1

One recommendation was implemented in this quarter.

No.	Recommendation	Update – 2016 Qtr 1
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	<p>Real estate transactions not having been led by PP&D have been addressed in Section A.2.4 as well as Appendix H of the Asset Management Administrative Standard FM-004. This part of the recommendation was considered complete in 2015 Q4.</p> <p>Legal Agreements not having been approved by Legal Services has been addressed in Administrative Standard AS-014 as well as the Execution of Documents By-law No. 78/2015 subsections 5(1) and 5(2). This part of the recommendation was considered complete in 2015 Q4.</p> <p>The commencement of construction in advance of contract award and splitting of contracts due to lack of approved funding have been addressed in the Revised FM-002 Appendix 4. Under the checklist for approving reports the appendix states "For construction contracts, include a statement that construction will not commence prior to the award of contract". Also under the checklist are two questions for review of reports: "Can the work be completed within the budget funds available" and "Is the Report going to Committee or Council for approval of additional funds". This part of the recommendation is now considered complete.</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2016 Qtr 2*

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 2

History

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Summary of Audit Recommendations

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	3 rd Qtr 2016	4 th Qtr 2016	1 st Qtr 2017	2 nd Qtr 2017 or later
New Fire Paramedic Stations Construction Project	14	8	-	57%	5	-	-	1

Audit Observations

- The Public Service has reported that eight recommendations have been implemented.
- At the end of 2016 Qtr 2, six recommendations are in progress:
 - Five recommendations are scheduled for implementation in the 3rd quarter of 2016.
 - #4, #8, #11 and #12 are associated with the development of a Real Estate Transaction Management Framework; and
 - #10 is regarding the reporting structure for Legal Services
 - One recommendation is scheduled for implementation in the 2nd quarter of 2017.
 - #9 is associated with Legal Services establishing clear policies on contracts and agreements

Date: July 2016

Recommendations In Progress – 2016 Qtr 2 Updates

No.	Recommendation	Update – 2016 Qtr 2
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	EY provided the final version of the Real Estate Transaction Management Framework Report in May 2016. The final version of the Report includes background, structure, current state, framework and responses to the recommendations, as well as all of the necessary deliverables (policies, directives, guidelines & tools). Senior management within Planning, Property & Development (PPD) have been provided the Report, which included a presentation of the content. PPD will author an administrative report to Council in September 2016 advising Council of the content and findings of the EY Report. Subsequent to the report to Council, PPD will initiate the implementation plan provided by EY within the Report. Implementation Date: 2016 Qtr 3
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	See update for Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 3
9	Legal Services should establish clear policies regarding: <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	Legal Services is working with PP&D under the RETMF process. The formulation and finalization of draft is on-going and will be consistent with PP&D's implementation plan for the RETMF. For further information on the status of that process, see response to Recommendation #4. <u>Implementation Date:</u> 2017 Qtr 2

No.	Recommendation	Update – 2016 Qtr 2
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has prepared a report for Council consideration. It is anticipated the report will be submitted in Q3 2016. ¹ <u>Implementation Date:</u> 2016 Qtr 3
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 3
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 3

¹ The Audit Department notes that the supporting documentation was not provided for review.

Recommendations Implemented – 2016 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2016 Qtr 3*

To be leaders in building public trust in our civic government

Audit Department

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 3

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2016 Qtr 3 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2016 Qtr 3. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2016	1 st Qtr 2017	2 nd Qtr 2017	3 rd Qtr 2017 or later
New Fire Paramedic Stations Construction Project	14	8	-	57%	5	-	1	-

Audit Observations

- The Public Service has reported that eight recommendations have been implemented to date.
- At the end of 2016 Qtr 3, six recommendations are in progress:
 - Five recommendations are scheduled for implementation in the 4th quarter of 2016.
 - #4, #8, #11 and #12 are associated with the development of a Real Estate Transaction Management Framework
 - #10 is regarding the reporting structure for Legal Services
 - One recommendation is scheduled for implementation in the 2nd quarter of 2017.
 - #9 is associated with Legal Services establishing clear policies on contracts and agreements

Date: October 2016

Recommendations In Progress – 2016 Qtr 3 Updates

No.	Recommendation	Update – 2016 Qtr 3
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	<p>The Real Estate Division will advise the Executive Policy Committee of the findings of the Real Estate Transaction Management Framework through a PowerPoint presentation before the end of 2016 Q4. The presentation will include suggested actions from the Real Estate Management Review recommendations, possible enhancements and next steps. Implementation of the RETMF is intended to occur after the EPC presentation.</p> <p>Implementation Date: 2016 Qtr 4</p>
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	<p>See update for Recommendation #4.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services is working with PP&D under the RETMF process. The formulation and finalization of draft is on-going and will be consistent with PP&D's implementation plan for the RETMF. For further information on the status of that process, see response to Recommendation #4.</p> <p><u>Implementation Date:</u> 2017 Qtr 2</p>

No.	Recommendation	Update – 2016 Qtr 3
10	We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.	Legal Services has submitted a report for senior management consideration which will be submitted to Council through the regular report process. <u>Implementation Date:</u> 2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	See update for Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	See update for Recommendation #4. <u>Implementation Date:</u> 2016 Qtr 4

Recommendations Implemented – 2016 Qtr 3

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2016 Qtr 4*

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Audit Department

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2016 Qtr 4

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2016 Qtr 4 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2016 Qtr 4. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	1 st Qtr 2017	2 nd Qtr 2017	3 rd Qtr 2017	4 th Qtr 2017 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	-	-	2	-

Audit Observations

- The Public Service has reported that twelve recommendations have been implemented to date.
- At the end of 2016 Qtr 4, four recommendations were implemented and two recommendations are in progress:
 - Two recommendations are scheduled for implementation in the 3rd quarter of 2017.
 - #9 is associated with Legal Services establishing clear policies on contracts and agreements
 - #10 is regarding the reporting structure for Legal Services

Date: January, 2017

Recommendations In Progress – 2016 Qtr 4 Updates

No.	Recommendation	Update – 2016 Qtr 4
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q3 of 2017.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q2.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>

Recommendations Implemented – 2016 Qtr 4

No.	Recommendation	Update – 2016 Qtr 4
4	<p>The competitive nature of the original RFP was considerably limited by the City’s desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP’s. The use of design/build or build only RFP’s rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.</p>

No.	Recommendation	Update – 2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2017 Qtr 1*

To be leaders in building public trust in our civic government

Audit Department

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2017 Qtr 1*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

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This is the status report for 2017 Qtr 1 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2 nd Qtr 2017	3 rd Qtr 2017	4 th Qtr 2017	1 st Qtr 2018 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	-	2	-	-

Audit Observations

- The Public Service has reported that twelve recommendations have been implemented to date.
- At the end of 2017 Qtr 1, two recommendations are in progress:
 - Two recommendations are scheduled for implementation in the 3rd quarter of 2017.
 - #9 is associated with Legal Services establishing clear policies on contracts and agreements
 - #10 is regarding the reporting structure for Legal Services

Date: April, 2017

Recommendations In Progress – 2017 Qtr 1 Updates

No.	Recommendation	Update – 2017 Qtr 1
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q3 of 2017.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q3.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>

Recommendations Implemented – 2017 Qtr 1

No.	Recommendation	Update – 2017 Qtr 1
4	<p>The competitive nature of the original RFP was considerably limited by the City’s desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP’s. The use of design/build or build only RFP’s rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.</p>	<p>The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.</p>

No.	Recommendation	Update – 2017 Qtr 1
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	The Real Estate Division did not provide the Executive Policy Committee with a PowerPoint presentation, but it is noted that an EPC presentation was not required. The EY report has been circulated among Senior Management and the Real Estate Division has been provided direction from Senior Management to rely on the deliverables included in the Report. Since the deliverables addressed specific audit recommendations, implementing the deliverables implies that all recommendations associated with the NFPSCP audit are considered to have been implemented as well.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2017 Qtr 2*

To be leaders in building public trust in our civic government

Audit Department

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2017 Qtr 2

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 2 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2017 Qtr 2. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	3 rd Qtr 2017	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	-	1	1	-

Audit Observations

- The Public Service has reported that twelve recommendations have been implemented to date.
- At the end of 2017 Qtr 2, two recommendations are in progress:
 - One recommendation is scheduled for implementation in the 4th quarter of 2017.
 - Recommendation #10 is regarding the reporting structure for Legal Services
 - One recommendation is scheduled for implementation in the 1st quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements

Date: August, 2017

Recommendations In Progress – 2017 Qtr 2 Updates

No.	Recommendation	Update – 2017 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q1 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 1</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q4.</p> <p><u>Implementation Date:</u> 2017 Qtr 4</p>

Recommendations Implemented – 2017 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2017 Qtr 3*

To be leaders in building public trust in our civic government

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2017 Qtr 3

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 3 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2017 Qtr 3. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018	3 rd Qtr 2018 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	1	1	-	-

Audit Observations

- The Public Service has reported that twelve recommendations have been implemented to date.
- At the end of 2017 Qtr 3, two recommendations are in progress:
 - One recommendation is scheduled for implementation in the 4th quarter of 2017.
 - Recommendation #10 is regarding the reporting structure for Legal Services
 - One recommendation is scheduled for implementation in the 1st quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements

Date: October, 2017

Recommendations In Progress – 2017 Qtr 3 Updates

No.	Recommendation	Update – 2017 Qtr 3
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q1 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 1</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q4.</p> <p><u>Implementation Date:</u> 2017 Qtr 4</p>

Recommendations Implemented – 2017 Qtr 3

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2017 Quarter 4*

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2017 Qtr 4*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 4 on the implementation of 14 recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2017 Qtr 4. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018	3 rd Qtr 2018 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	1	1	-	-

Audit Observations

- The Public Service has reported that twelve (12) recommendations have been implemented to date.
- At the end of 2017 Qtr 4, two (2) recommendations are in progress:
 - One (1) recommendation was scheduled for implementation in the 4th quarter of 2017. The recommendation did not receive management update and there was no revised implementation date provided.
 - Recommendation #10 is regarding the reporting structure for Legal Services
 - One (1) recommendation is scheduled for implementation in the 1st quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements

Date: January, 2018

Recommendations In Progress – 2017 Qtr 4 Updates

No.	Recommendation	Update – 2017 Qtr 3
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q1 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 1</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q4.</p> <p><u>Implementation Date:</u> 2017 Qtr 4</p>

The recommendations did not receive management update and there was no revised implementation date provided.

Recommendations Implemented – 2017 Qtr 4

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2018 Quarter 1*

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2018 Qtr 1

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Qtr 1 on the implementation of fourteen (14) recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2 nd Qtr 2018	3 rd Qtr 2018	4 th Qtr 2018	1 st Qtr 2019 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	-	2	-	-

Audit Observations

- The Public Service has reported that twelve (12) recommendations have been implemented to date.
- At the end of 2018 Qtr 1, two (2) recommendations are in progress:
 - One (1) recommendation is scheduled for implementation in the 3rd Quarter of 2018.
 - Recommendation #10 is regarding the reporting structure for Legal Services
 - One (1) recommendation is scheduled for implementation in the 3rd quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements

Since the original report, one (1) recommendation was originally scheduled for implementation in Q4 2015, and one (1) other recommendation was originally scheduled for implementation in Q2 2015. Both recommendations have been postponed several times.

Date: April, 2018

Recommendations In Progress – 2018 Qtr 1 Updates

No.	Recommendation	Update – 2018 Qtr 1
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 3</p>

Recommendations Implemented – 2018 Qtr 1

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2018 Quarter 2*

To be leaders in building public trust in our civic government

Audit Department

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New Fire Paramedic Stations Construction Project
Status of Recommendations
2018 Qtr 2

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Qtr 2 on the implementation of fourteen (14) recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Qtr 2. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	3 rd Qtr 2018	4 th Qtr 2018	1 st Qtr 2019	2 nd Qtr 2019 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	-	2	-	-

Audit Observations

- The Public Service has reported that twelve (12) recommendations have been implemented to date.
- At the end of 2018 Qtr 2, two (2) recommendations are in progress:
 - One (1) recommendation is scheduled for implementation in the 4th Quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements
 - One (1) recommendation is scheduled for implementation in the 4th quarter of 2018.
 - Recommendation #10 is regarding the reporting structure for Legal Services

Since the original report, one (1) recommendation was originally scheduled for implementation in Q4 2015 and has been postponed six (6) times. One (1) other recommendation was originally scheduled for implementation in Q2 2015 and has been postponed ten (10) times. Current targeted implementation dates for both recommendations is Q4 2018.

Date: July, 2018

Recommendations In Progress – 2018 Qtr 2 Updates

No.	Recommendation	Update – 2018 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>

Recommendations Implemented – 2018 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2018 Quarter 3*

To be leaders in building public trust in our civic government

Audit Department

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2018 Qtr 3*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

On November 15, 2012 an award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

On October 21, 2013 Ernst & Young reported to Audit Committee and EPC and made fourteen recommendations. On October 22, 2013 City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

On January 22, 2014 the Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to Executive Policy Committee.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Quarter 3 on the implementation of fourteen (14) recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service's representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Quarter 3. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2018	1 st Qtr 2019	2 nd Qtr 2019	3 rd Qtr 2019 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	2	-	-	-

Audit Observations

- The Public Service has reported that twelve (12) recommendations have been implemented to date.
- At the end of 2018 Qtr 3, two (2) recommendations are in progress:
 - One (1) recommendation is scheduled for implementation in the 4th Quarter of 2018.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements
 - One (1) recommendation is scheduled for implementation in the 4th quarter of 2018.
 - Recommendation #10 is regarding the reporting structure for Legal Services

Both recommendations did not receive management update in Q3 2018, and there was no revised implementation dates provided.

Since the original report, one (1) recommendation was originally scheduled for implementation in Q4 2015 and has been postponed six (6) times. One (1) other recommendation was originally scheduled for implementation in Q2 2015 and has been postponed ten (10) times. Current targeted implementation dates for both recommendations is Q4 2018.

Date: October, 2018

Recommendations In Progress – 2018 Qtr 3 Updates

No.	Recommendation	Update – 2018 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q3 of 2018.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>

Both recommendations did not receive management update and there was no revised implementation date provided.

Recommendations Implemented – 2018 Qtr 3

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



*New Fire Paramedic Stations Construction Project
Status of Audit Recommendations
2018 Quarter 4*

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Audit Department

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*New Fire Paramedic Stations Construction Project
Status of Recommendations
2018 Qtr 4*

History

On September 24, 2012, upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

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On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Quarter 4 on the implementation of fourteen (14) recommendations from the *Report on the New Fire Paramedic Stations Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

Summary of Audit Recommendations

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	1 st Qtr 2019	2 nd Qtr 2019	3 rd Qtr 2019	4 th Qtr 2019 or later
New Fire Paramedic Stations Construction Project	14	12	-	86%	1	1	-	-

Audit Observations

- The Public Service has reported that twelve (12) recommendations have been implemented to date.
- At the end of 2018 Qtr 4, two (2) recommendations are in progress:
 - One (1) recommendation is scheduled for implementation in the 1st quarter of 2019.
 - Recommendation #10 is regarding the reporting structure for Legal Services
 - One (1) recommendation is scheduled for implementation in the 2nd Quarter of 2019.
 - Recommendation #9 is associated with Legal Services establishing clear policies on contracts and agreements

Since the original report, one (1) recommendation was originally scheduled for implementation in Q4 2015 and has been postponed seven (7) times. One (1) other recommendation was originally scheduled for implementation in Q2 2015 and has been postponed eleven (11) times. Current targeted implementation dates for both recommendations is Q1 2019 and Q2 2019.

Date: January, 2019

Recommendations In Progress – 2018 Qtr 4 Updates

No.	Recommendation	Update – 2018 Qtr 4
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q2 of 2019.</p> <p><u>Implementation Date:</u> 2019 Qtr 2</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Revisions are being made to the draft report for re-submission to Senior Management in Q4 of 2019.</p> <p><u>Implementation Date:</u> 2019 Qtr 1</p>

Recommendations Implemented – 2018 Qtr 4

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



City of Winnipeg – Audit Department

New Fire Paramedic Stations Construction Project

Quarterly Report Card –2019 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

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<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

May 2019:

Quarterly Report Card produced for 2019 Quarter 1.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation

	Recommendations				Target date for implementation			
	total	implemented	not to be implemented	% complete	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
New Fire Paramedic Stations Construction Project	14	12		86%		2		

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services and are in progress.

Recommendations in Progress – 2019 Qtr 1 Updates

No.	Recommendation	Update – 2019 Qtr 1
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>As information was not provided by Legal Services, we are unable to provide an update at this time</p> <p>2018 Qtr 4 update Legal Services will develop the policies in collaboration with PP&D through the process of implementing the Real Estate Transaction Management Framework. It is anticipated that the policies will be established by Q2 of 2019.</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>We are unable to provide an update at this time; the draft report has been prepared but has not been submitted.</p> <p>2018 Qtr 4 update Revisions are being made to the draft report for re-submission to Senior Management in Q2 of 2019.</p> <p><u>Implementation Date:</u> 2019 Qtr 2</p>

Recommendations implemented

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1
13	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3

1	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4
3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2019 – Quarter 2

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

October 21, 2013:

Ernst & Young reported to Audit Committee and Executive Policy Committee (EPC) and made 14 recommendations. On October 22, 2013, City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

August 2019:

Quarterly Report Card produced for 2019 Quarter 2.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation

	Recommendations				Targeted for completion in:					
	total	implemented	not to be implemented	% complete	3 rd Qtr 2019	4 th Qtr 2019	1 st Qtr 2020	2 nd Qtr 2020	3 rd Qtr 2020	4 th Qtr 2020
New Fire Paramedic Stations Construction Project	14	12		86%	Due to employee transition the implementation dates will be provided in 2019 Quarter 3					

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services and are in progress.

Recommendations in Progress – 2019 Qtr 2 Updates

No.	Recommendation	Update – 2019 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	Due to employee transition the implementation dates will be provided in 2019 Quarter 3
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	Due to employee transition the implementation dates will be provided in 2019 Quarter 3

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3		
	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2019 – Quarter 3

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

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October 2019:

Quarterly Report Card produced for 2019 Quarter 3.

Audit Recommendations Implementation Status

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	Recommendations				Targeted for completion in:					
	total	implemented	not to be implemented	% complete	Qtr 3 2019	Qtr 4 2019	Qtr 1 2020	Qtr 2 2020	Qtr 3 2020	Qtr 4 2020
New Fire Paramedic Stations Construction Project	14	12		86%		*#10		#9		

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services and are in progress.

*The implementation date for Recommendation # 10 will be determined in 2019 Quarter 4.

Recommendations in Progress – 2019 Qtr 3 Updates

No.	Recommendation	Update – 2019 Qtr 3
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Due to departmental changes, the expected implementation is by end of Q2 2020.</p> <p>Implementation date: 2020 Qtr 2</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Due to departmental changes, a further update will be provided in 2019 Qtr 4.</p> <p>Implementation date: will be determined in 2019 Qtr 4.</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3		
	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2019 – Quarter 4

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

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<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

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View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

February 2020:

Quarterly Report Card produced for 2019 Quarter 4.

Audit Recommendations Implementation Status

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	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 1	2020 Qtr 2	2020 Qtr 3	2020 Qtr 4
New Fire Paramedic Stations Construction Project	14	12		86%			9, 10	

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services.

Recommendations in Progress – 2019 Quarter 4 Updates

No.	Recommendation	Update – 2019 Qtr 4
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Work is continuing on the development and implementation of the policies.</p> <p>Implementation date: 2020 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Now that the new City Solicitor is in place (December 16, 2019) work is continuing and an update will be provided in 2020 Qtr 3.</p> <p>Implementation date: 2020 Qtr 3</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
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Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
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	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

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6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2020 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

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The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

April 2020:

Quarterly Report Card produced for 2020 Quarter 1.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 1	2020 Qtr 2	2020 Qtr 3	2020 Qtr 4
New Fire Paramedic Stations Construction Project	14	12		86%			# 9 #10 (update to be provided)	

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services.

Recommendations in Progress – 2020 Quarter 1 Updates

No.	Recommendation	Update – 2020 Qtr 1
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Work is continuing on the development of policies. Due to changes in operations arising from Covid 19 changes to processes are being implemented which, if retained following the crisis, will need to be incorporated into policies.</p> <p>Implementation date: 2020 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>An update will be provided in 2020 Qtr 3</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3		
	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2020 – Quarter 2

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

October 21, 2013:

Ernst & Young reported to Audit Committee and Executive Policy Committee (EPC) and made 14 recommendations. On October 22, 2013, City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

July 2020:

Quarterly Report Card produced for 2020 Quarter 2.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 3	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2
New Fire Paramedic Stations Construction Project	14	12		86%	# 9	#10		

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services.

Recommendations in Progress – 2020 Quarter 2 Updates

No.	Recommendation	Update – 2020 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Work is continuing on the development of policies. Changes in operations arising from Covid 19 pandemic will be considered in any new policies.</p> <p>Implementation date: 2020 Qtr 3</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>Research is being conducted into both the positive and negative consequences of a change in reporting structure. In this quarter information about reporting structures was requested from other municipalities. This information will inform the position of the City Solicitor. In order to fully consider the additional input, and as a result of other demands on legal services arising from Covid 19 pandemic, the updated target is now Q4 2020.</p> <p>Implementation date: 2020 Qtr 4</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3		
	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2020 – Quarter 3

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

October 21, 2013:

Ernst & Young reported to Audit Committee and Executive Policy Committee (EPC) and made 14 recommendations. On October 22, 2013, City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

October 2020:

Quarterly Report Card produced for 2020 Quarter 3.

Audit Recommendations Implementation Status

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Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2	2021 Qtr 3
New Fire Paramedic Stations Construction Project	14	12		86%	#9, 10			

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services.

Recommendations in Progress – 2020 Quarter 3 Updates

No.	Recommendation	Update – 2020 Qtr 3
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Work is continuing on the development of policies. Changes in operations arising from Covid 19 pandemic will be considered in any new policies.</p> <p>Implementation date: 2020 Qtr 4</p>
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>In 2020 Qtr 2, information about reporting structures was requested from other municipalities. Replies to the request resulted in only a limited number of replies. Legal Services is targeting completion of a report in 2020 Qtr 4.</p> <p>Implementation date: 2020 Qtr 4</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3		
	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Quarterly Report Card –2020 – Quarter 4

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

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November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

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<https://winnipeg.ca/audit/pdfs/reports/2013/NewFireParamedicStationsConstructionProject.pdf>

On January 22, 2014:

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January 7, 2015:

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View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

January 2021:

Quarterly Report Card produced for 2020 Quarter 4.

Audit Recommendations Implementation Status

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	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2	2021 Qtr 3
New Fire Paramedic Stations Construction Project	14	12		86%			# 9, #10	

Two recommendations are in progress for the New Fire Paramedic Stations Construction Project; both recommendations are the responsibility of Legal Services.

Recommendations in Progress – 2020 Quarter 4 Updates

No.	Recommendation	Update – 2020 Qtr 4
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	No update was provided.
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	Discussions are ongoing.

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
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7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
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6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.



New Fire Paramedic Stations Construction Project

Implementation of Audit Recommendations Report

2021 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

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November 15, 2012:

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[2013/NewFireParamedicStationsConstructionProject.pdf](#)

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

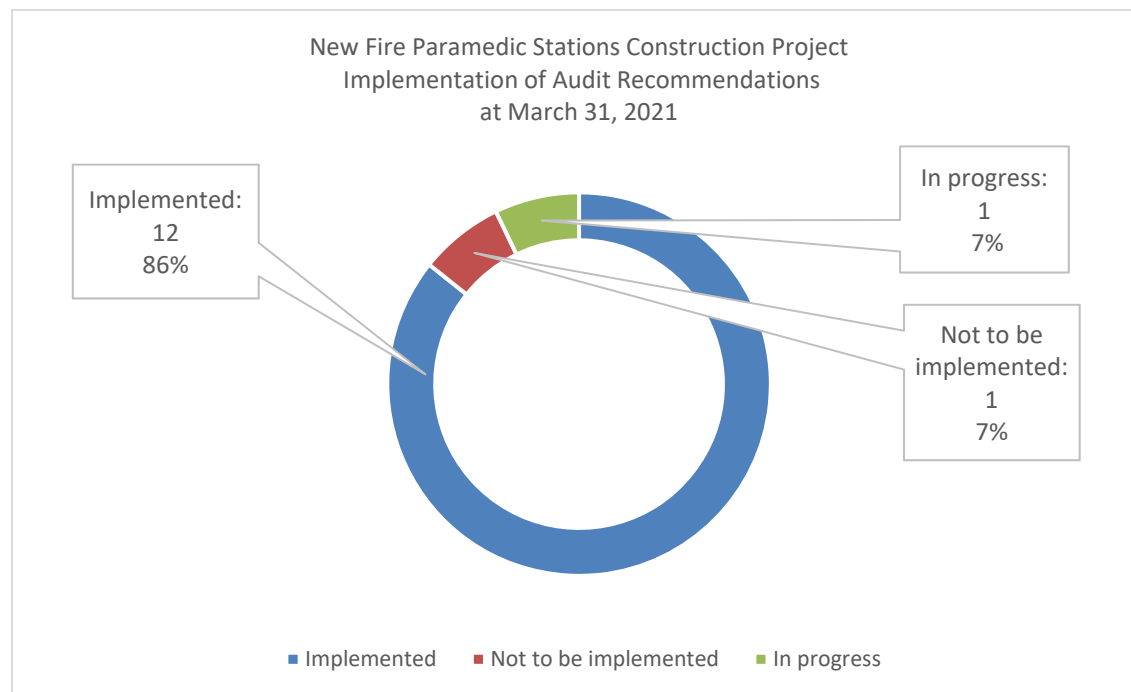
View all previous quarterly reports at: winnipeg.ca/audit/reports-Quarterly Reports

April 2021: Quarterly Report on the Implementation of Audit Recommendations for the period ending March 31, 2021

Implementation of Audit Recommendations Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: winnipeg.ca/audit/-Quarterly Reports. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.



Implementation of Recommendations in Progress Status– 2021 Quarter 1 Updates

No.	Recommendation	Update – 2021 Qtr 1
9	Legal Services should establish clear policies regarding: <ul style="list-style-type: none">▶ Land acquisition agreements;▶ Construction contracts related to land acquisition; and▶ Authorities to be sought for LOI or similar documents	Work is continuing on the development of policies as part of a larger review of processes and procedures involving property and development matters, as well as operational changes being considered as part of the review of Legal Services internal procedures. Timing is somewhat dependent on the progress made in these projects. Target date for Implementation of Recommendation: 2021

Recommendation that is not to be implemented

No.	Recommendation	Update – 2021 Qtr 1
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally, we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>The City Auditor has reviewed the memo: Implementation of Ernst & Young Firehall Audit Report Recommendation #10 – City Solicitor Reporting to City Council dated 21.03.04) submitted by the Director of Legal Services-City Solicitor in reference to Audit Recommendation #10. (Appendix 1)</p> <p>There are two assertions in Audit report recommendation #10 noted as follows:</p> <p>1.” We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City.”</p> <p>The Director of Legal Services -City Solicitor has identified a number of standard’s provisions included within in the Manitoba Law Society of Manitoba Code of Professional Conduct. These provisions guide the conduct of legal professionals and provide an avenue for an individual to pursue if they believe a lawyer has not met those standards.</p> <p>2.”The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO.”</p> <p>The Director of Legal Services -City Solicitor highlights potential challenges/barriers to altering the reporting structure of the Legal Services Department.</p> <p>The conclusion of the Director of Legal Services - City Solicitor is that no further action to implement the recommendation is required.</p> <p>The City Auditor did not author the Audit Report recommendation and the current Director of Legal Services City Solicitor was not employed by the City of Winnipeg at the time of the audit. As such, some degree of independence is afforded with the current review. Based on the information presented by the Director of Legal Services City Solicitor, the City Auditor is in agreement that no further action on the recommendation is required.</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
4	The competitive nature of the original RFP was considerably limited by the City's desire to try and identify properties to be used for construction of new stations. We recommend that the City, via PP&D, conduct a detailed assessment of City owned properties potentially available and/or conduct land only acquisitions in advance of similar future RFP's. The use of design/build or build only RFP's rather than ones that include the provision of land will create a more competitive environment that should help ensure good value to the City.	2016 Qtr 4
8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
11	Prior to issuing building permits on City projects, PP&D should be required to obtain from MM signed statements that appropriately awarded contracts are in place and from Legal Services that all ownership rights in the subject property are unconditionally held by the City.	2016 Qtr 4
12	We recommend that City policies regarding real estate transactions, including the declaration of surplus properties, be clarified as to identify at what stage of a proposed transaction Council Approval is to be sought.	2016 Qtr 4
7	Clear policies must be established which document expected disclosure to Council, when transactions have not occurred in a manner that is established by City Policies. For example, disclosure to Council should be required when the following situations occur: the commencement of construction in advance of contract award, splitting of contracts due to lack of approved funding, real estate transactions not having been led by PP&D, and Legal agreements not having been approved by Legal Services.	2016 Qtr 1

Recommendations implemented in 2015

1	Corporate Finance should determine a standardized protocol for the challenging of capital budget submissions and project reporting.	2015 Qtr 3
3	The City needs to examine the basis under which they allow single source contracting. We believe that Council needs to consider at what threshold single source negotiation decisions are brought to their attention. Council also should consider the contract award delegation limits as it relates to single source contracts.	2015 Qtr 1
14	Corporate Finance should develop a means under which non cash transactions, such as a land exchange, are captured so that the true costs of projects can be reported against the approved capital budget.	2015 Qtr 1

Recommendations implemented in 2014

No.	Recommendation	Implemented
2	Currently City procurement policies allow for proponents to propose substitutes for City RFP specifications during the procurement process. We concur that proponents should be encouraged to offer suggestions or substitutes to be considered by the City. We however, suggest that the City change its current approach of not informing other proponents during the bidding process, of the City's acceptance of a substitute. A truly open and transparent process requires such.	2014 Qtr 4

3	Shindico was provided information not available to other proponents in respect to both RFP's. Prior to issuance of a RFP, MM should obtain the details of all discussions that have taken place with proponents from the user departments in order to develop a strategy to inform all proponents of information that may not be known and not disclosed in the RFP. Such action is required to ensure all proponents are bidding from a level playing field.	2014 Qtr 4
5	Project management of real estate construction projects and the lead in all real estate transactions should reside with PP&D. If capacity constraints exist, a plan to address such needs should be developed.	2014 Qtr 4
6	We are concerned that certain policies such as the establishment of a Major Capital Steering Committee and delegations established by Council, including the authority to enter into contracts above \$10 million can be by passed if a project is split into a number of smaller contracts. Council should make a clear statement to the Public Service in respect to their expectations in this regard.	2014 Qtr 4

Additional Recommendations Adopted by Council

No.	Recommendation	Status	
15	That the report be revisited by Ernst and Young (EY) (Auditor) and all members of Council be interviewed and the results incorporated into the report.	Complete	EY reported to Audit Committee and EPC on July 2, 2014. Report was tabled in Council on July 9, 2014.
16	Whereas that the report recommendations affect at least four departments throughout the City of Winnipeg, that regular, quarterly reports cards be provided to Council about the implementation of the recommendations including regular Council seminars over the next year.	On-going	The City Auditor has incorporated quarterly reporting as part of the QRC process.

Appendix 1:



INTER-OFFICE MEMORANDUM

TO:	Bryan Mansky	FROM:	Doug Brown
	City Auditor		City Solicitor
	Audit Department		Legal Services Department
	3 rd Floor – 185 King Street		3 rd Floor – 185 King Street
		DATE:	March 4, 2021

RE: Implementation of Ernst & Young Firehall Audit Report Recommendation #10 – City Solicitor Reporting to City Council

Executive Summary

As Director of Legal Services, I reviewed the Ernst & Young report dated October 7, 2013 entitled “Confidential Report to Winnipeg City Council Re: New Fire Paramedic Stations Construction Project” (the “E&Y Report”). The report made 14 recommendations including the following:

“10. We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally, we

believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure for at least one major city in Canada.”

On October 23, 2013 Council adopted all 14 recommendations contained in the E&Y Report.

In reviewing the report and the basis for the recommendation, it is clear there are gaps in the analysis, as well as subsequent changes in legislation and Administrative Standards that have now addressed the objective that was intended to be achieved by the recommendation. The purpose and intent of the recommendation has been effectively implemented without the need to make changes to the Legal Services reporting structure.

Of additional concern is the E&Y report provides no operational cost-benefit analysis to examine the significant consequences (both financial and operational) that would result from a change in Legal Services reporting structure. Without such an analysis, there is no basis to conclude that the change will enhance the gatekeeper function. Without a proper analysis, there is also a serious risk that making the changes required to implement the recommendation will result in operational inefficiencies and additional costs to the City. It is important to note the E&Y retainer did not include this critical work. The recommendation to make the structural change was essentially an add-on that is not necessary to implement the core recommendation to enhance the gatekeeper function of Legal Services.

Reason For The Report

Recommendation #10 in the E&Y Report was intended to enhance the ability of Legal Services to perform a “gatekeeper” role in situations where there was evidence of irregularities and possibly misconduct. This recommendation has been implemented.

The portion of the recommendation referring to a change in the reporting structure of Legal Services directly to Council was essentially an add-on that is not required to implement the recommendation.

Implications of the Recommendations

If there is agreement with the conclusions in this report, Recommendation #10 can be considered completed and further steps to implement changes to the reporting structure of Legal Services are not required.

History/Discussion

The Role of Legal Services in the City of Winnipeg

Legal Services operates as a department of the Public Service within the administrative function of the City of Winnipeg. The Director of Legal Services is not a statutory officer under the City Charter. With respect to day to day operations, the Director reports to the Chief Administrative Officer. Resolutions passed by Council can require the Director to report to Council, a committee of Council or subgroup of Councillors in a variety of situations. Examples include seeking authorization to commence legal proceedings and specific budget requests.

Legal Services essentially operates as a law office supporting legal work required by the City. Legal work is done for the City generally and the various departments and agencies of the City, including legal support arising from the operations of Council. Legal Services does not provide services for legal matters involving individual Councillors, but rather provides legal services for Council as a whole.

Requests for legal services are generated by the City department, office or agency that determines legal assistance is required. A variety of City policies and procedures also require Legal Services to be consulted.

Lawyers employed by the City are required to be members of the Manitoba Law Society entitled to practice law in Manitoba. In addition, where there is specific legal expertise required that is not available within Legal Services, or when demands for services exceed the ability of Legal Services to meet the needs of the city, private practice lawyers are retained. These external private practice lawyers provide services and receive instructions from the relevant City department involved in the matter, under the oversight of the Director of Legal Services.

The client of Legal Services is the City itself, not exclusively any individual or department within the City. This is similar to the role of a General Counsel of a corporation who is required to act in the best interests of the corporation and not any one part of the corporate structure (being the shareholders, board of directors, president, etc.).

Professional Responsibilities

The professional responsibilities that a lawyer is required to meet already provide a “gatekeeper” mechanism to raise concerns in situations where there appears to have been irregularities and possible misconduct.

As professionals, lawyers are required to follow a set of professional standards established by the Law Society of Manitoba. These standards include a Code of Professional Conduct which has provisions which address the recommendation made in the E&Y Report.

In very general terms, professional standards require a lawyer to:

- Provide professional services in the interest of the corporation, even when instructions are received from an officer, agent or representative of the corporation;¹
- Maintain confidentiality of communications made between lawyer and client which were made for the purpose of seeking or receiving legal advice;²
- Be honest and candid and inform the client of all information known to the lawyer that may affect the interests of the client. This includes consideration of the applicable facts, law and the experience of the lawyer.³

The Code of Professional Conduct also specifically addresses a situation where there is possible misconduct identified by a lawyer in an organization:⁴

“3.2-8 A lawyer who is employed or retained by an organization to act in a matter in which the lawyer knows that the organization has acted, is acting or intends to act dishonestly, fraudulently, criminally or illegally must do the following, in addition to his or her obligations under rule 3.2-7 [Dishonesty, Fraud by Clients or Others]:

(a) advise the person from whom the lawyer takes instructions and the chief legal officer, or both the chief legal officer and the chief executive officer that the proposed conduct is, was or would be dishonest, fraudulent, criminal, or illegal and should be stopped;

(b) if necessary because the person from whom the lawyer takes instructions, the chief legal officer or the chief executive officer refuses to cause the proposed wrongful conduct to be stopped, advise progressively the next highest persons or groups including ultimately, the board of directors, the board of trustees, or the appropriate committee of the board, that the conduct was, is or would be dishonest, fraudulent, criminal, or illegal and should be stopped; and

(c) if the organization, despite the lawyer’s advice, continues with or intends to pursue the proposed wrongful conduct, withdraw from acting in the matter in accordance with the rules in section 3.7 [Withdrawal from Representation].”

As a result, these professional obligations already require a lawyer in Legal Services to report irregularities to each level of the organization, including Council. This professional obligation is in place without the need to change the reporting structure of Legal Services.

¹ 3.2-3 Code of Professional Conduct

² 3.3 Code of Profession Conduct

³ 3.2-2 Code of Professional Conduct

⁴ 3.2-8 Code of Professional Conduct

Challenges to changing the Reporting Structure of Legal Services

There are also barriers in the current system which effectively prevent changing the reporting structure to have Legal Services report to Council instead of the Chief Administrative Officer.

As set out above, the ability of a lawyer to effectively provide legal services requires a confidential relationship between the lawyer and client where all information the lawyer determines is required can be shared. The ability to provide effective legal representation requires a lawyer to provide opinions which set out a variety of options, as well as a full and frank discussion with respect to the potential benefits and risks of each option. Public disclosure of this information is not appropriate, and is potentially damaging to the interests of the City, both in the context of the negotiation of business arrangements with outside parties, as well as when the City is involved in litigation.

Council has established policies and practices to provide a high level of public transparency to debates and proceedings considered by Council, allowing all citizens the opportunity to see the work of Council and its committees and more actively engage in the process. In cases where sensitive information is to be considered, the In-Camera By-law⁵ permits those discussions to be held in-camera by some committees of Council (not Council itself) in private.

These competing professional and policy objectives create a barrier to implementing the E&Y Report recommendation to have Legal Services report directly to Council:

- The ability to move a legal discussion in camera is not available to Council;
- The ability to move a legal discussion in camera requires a vote of the committee involved.

The current structure requires a lawyer in Legal Services to first make a request to a Committee to go in-camera in order to protect the solicitor-client privilege of that information. The Committee, without knowing what information is involved, must then decide whether to go in-camera to receive the information and any legal opinion associated with that information.

When a committee vote determines a matter will not be heard in-camera, the professional confidentiality obligations of a lawyer do not change; the lawyer is still required to maintain confidentiality and the privilege associated with legal advice. This can result in a lawyer being prevented from sharing information and legal advice.

The same restrictions are not involved when Legal Services lawyers provide legal advice to the Chief Administrative Officer and/or Directors of other

⁵ 21/2011

City departments. This information can be provided confidentially in the context of the solicitor-client relationship and is therefore privileged.

Also, requests for legal services are made to Legal Services by individual departments, officers and agencies of the City. A change in the reporting structure directly to Council would create a disincentive to consult with Legal Services, particularly in situations where there has been an inadvertent error or mistake made. Although the receipt of proper legal advice in these situations can often limit or eliminate any liability of the City, there is a higher risk the individuals involved will choose not to consult with Legal Services if Legal Services is then required to report the information to Council before corrective actions can be taken. The risk of a department or individual attempting to resolve the situation alone would result in an increased risk of liability to the City.

An additional consideration is the responsibility of individual Councillors once confidential information is received. The Code of Conduct applicable to Councillors appropriately requires confidential information not to be disclosed. In other words, the ability of individual Councillors to publicly discuss and debate a particular matter would be limited if Legal Services is required to provide all confidential information directly to Council.

The E&Y Report recommendation was in part based on their understanding of the Legal Services function in at least one Canadian city. The City of Toronto appears to be the city that was the basis for this comment. However, this statement in the recommendation is not correct as the Legal Services department in the City of Toronto is part of the Public Service and does not report directly to Council. Former Mayor David Miller did take steps to provide for the reporting of potential irregularities by Legal Services directly to Toronto Council (instead of through the existing administrative structure), however these measures were only for that purpose and did not go as far as suggested in the E&Y Report.

Current Legislative and Administrative Standards

Changes in provincial legislation and Administrative Standards made after the E&Y Report have gone beyond addressing the E&Y Report recommendation by making the same “gatekeeper” function and protections available to all city employees:

- *The Whistleblower Protection Act* came into effect for City employees effective January 1, 2016. This Manitoba legislation protects employees who choose to bring forward information of irregularities and potential wrongdoing.
- Administrative Standard HR-008 *City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities* provides protection to employees who in good faith report any occurrences of fraud, theft, misappropriation or related irregularities. The standard also protects the reporting employee from retaliation once a report is made.
- Administrative Standard HR-017 *Whistleblower & Public Interest Disclosure* is intended to enhance accountability and transparency by providing all city employees with the tools needed to make a “whistleblower” complaint as permitted by The Whistleblower Protection Act.

The E&Y Report

The objectives of the E&Y Report are clearly set out in the report. It is clear the scope of work conducted did not include any form of cost-benefit analysis comparing the current reporting structure of Legal Services within the public service to the recommendation to have Legal Services report directly to Council. The recommendation was also based on an incorrect assumption the proposed reporting structure was already in use in another city. There was also no analysis of existing professional responsibilities of a lawyer to a client.

The purpose of the recommendation to enhance the gatekeeper function has been implemented through the legislative and Administrative Standard changes outlined above. In fact, the City has gone further than the recommendation to provide all public services employees with protections which allow all employees to perform a gatekeeper function.

Conclusion

The recommendation in the E&Y Report to enhance the gatekeeper function of Legal Services has been implemented. No further action is required.

Thank you,

A handwritten signature in blue ink, appearing to read "D. Brown". The signature is fluid and cursive, with the first letter "D" being large and stylized.

Director of Legal Services – City Solicitor

DB/kar



New Fire Paramedic Stations Construction Project

Implementation of Audit Recommendations Report

2021 – Quarter 2 – Final Report

For more information visit: [Winnipeg.ca/audit](https://www.winnipeg.ca/audit)

History – New Fire Paramedic Stations Construction Project

September 24, 2012:

Upon receiving a recommendation from the City Auditor, Mayor Sam Katz announced a comprehensive review of the processes followed for constructing four new Fire Paramedic Stations will be performed.

November 15, 2012:

An award of contract was made to Ernst & Young to conduct an independent review of the Project and processes followed to construct the four new Fire Paramedic Stations for the City of Winnipeg.

October 21, 2013:

Ernst & Young reported to Audit Committee and Executive Policy Committee (EPC) and made 14 recommendations. On October 22, 2013, City Council adopted these recommendations and requested a quarterly update on the status of recommendations.

[2013/NewFireParamedicStationsConstructionProject.pdf](#)

On January 22, 2014:

The Public Service provided the first status report on the implementation of recommendations from the *Report on the New Fire Paramedic Stations Construction Project* to EPC.

January 7, 2015:

EPC requested the City Auditor provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: winnipeg.ca/audit/reports-Quarterly Reports

July 2021

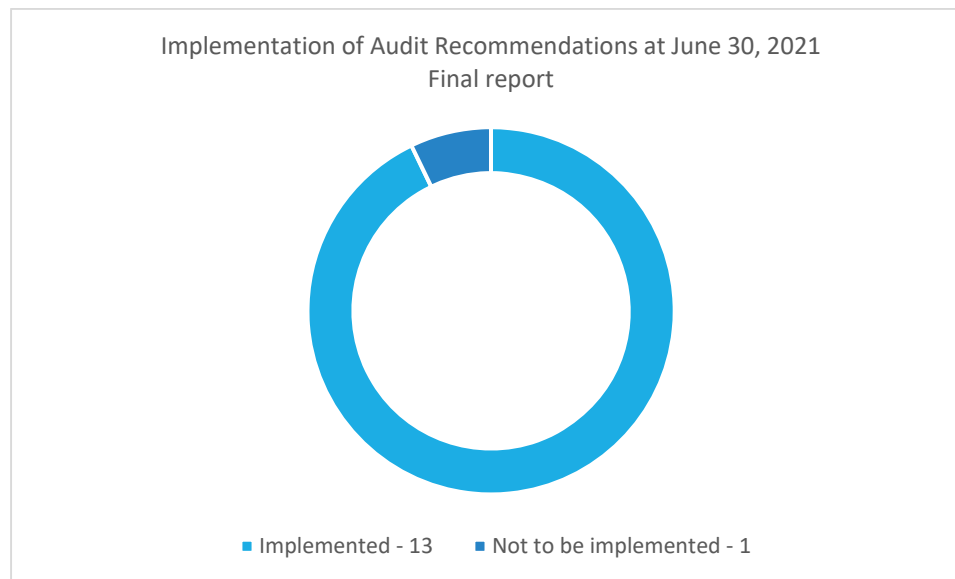
Quarterly Report on the Implementation of Audit Recommendations for the period ending June 30, 2021

All recommendations are implemented, this is the final report for this audit.

Implementation of Audit Recommendations Status

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Implementation of Recommendations in Progress Status– 2021 Quarter 2 Update

No.	Recommendation	Update – 2021 Qtr 2
9	<p>Legal Services should establish clear policies regarding:</p> <ul style="list-style-type: none"> ▶ Land acquisition agreements; ▶ Construction contracts related to land acquisition; and ▶ Authorities to be sought for LOI or similar documents 	<p>Legal Services completed internal documentation of processes related to these agreements. The Real Estate Policy framework drafted by the Property department sets out details on these points as they apply to the city generally.</p> <p>This report was presented at the Standing Policy Committee on Property and Development, Heritage and Downtown Development on July 6, 2021. The Standing Policy Committee on Property and Development, Heritage and Downtown Development laid the matter over to its meeting on September 14, 2021.</p>

Recommendation that will not be implemented:

No.	Recommendation	Update – 2021 Qtr 1
10	<p>We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally, we believe at least part of this was caused by the reporting structure at the City. The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO. This is the structure in place for at least one major city in Canada.</p>	<p>The City Auditor has reviewed the memo: Implementation of Ernst & Young Firehall Audit Report Recommendation #10 – City Solicitor Reporting to City Council dated 21.03.04) submitted by the Director of Legal Services-City Solicitor in reference to Audit Recommendation #10. (Appendix 1)</p> <p>There are two assertions in Audit report recommendation #10 noted as follows:</p> <p>1.” We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City.”</p> <p>The Director of Legal Services -City Solicitor has identified a number of standard’s provisions included within in the Manitoba Law Society of Manitoba Code of Professional Conduct. These provisions guide the conduct of legal professionals and provide an avenue for an individual to pursue if they believe a lawyer has not met those standards.</p> <p>2.”The Legal Services “gatekeeper” function would be enhanced if Legal Services reported to City Council rather than the City Administration, via the CAO.”</p> <p>The Director of Legal Services -City Solicitor highlights potential challenges/barriers to altering the reporting structure of the Legal Services Department.</p> <p>The conclusion of the Director of Legal Services - City Solicitor is that no further action to implement the recommendation is required.</p> <p>The City Auditor did not author the Audit Report recommendation and the current Director of Legal Services City Solicitor was not employed by the City of Winnipeg at the time of the audit. As such, some degree of independence is afforded with the current review. Based on the information presented by the Director of Legal Services City Solicitor, the City Auditor is in agreement that no further action on the recommendation is required.</p>

Recommendations implemented in 2016

No.	Recommendation	Implemented
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8	PP&D needs to develop, for Council approval, a policy regarding land exchange transactions that will speak to the timing and basis under which land valuations are to be done and the means under which any value gaps determined are to be dealt with.	2016 Qtr 4
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Recommendations implemented in 2014

No.	Recommendation	Implemented
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Additional Recommendations Adopted by Council

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TO:	Bryan Mansky	FROM:	Doug Brown
	City Auditor		City Solicitor
	Audit Department		Legal Services Department
	3 rd Floor – 185 King Street		3 rd Floor – 185 King Street
		DATE:	March 4, 2021

RE: Implementation of Ernst & Young Firehall Audit Report Recommendation #10 – City Solicitor Reporting to City Council

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“10. We do not believe that Legal Services acted in a manner to sufficiently protect the interests of the City. Additionally, we

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Requests for legal services are generated by the City department, office or agency that determines legal assistance is required. A variety of City policies and procedures also require Legal Services to be consulted.

Lawyers employed by the City are required to be members of the Manitoba Law Society entitled to practice law in Manitoba. In addition, where there is specific legal expertise required that is not available within Legal Services, or when demands for services exceed the ability of Legal Services to meet the needs of the city, private practice lawyers are retained. These external private practice lawyers provide services and receive instructions from the relevant City department involved in the matter, under the oversight of the Director of Legal Services.

The client of Legal Services is the City itself, not exclusively any individual or department within the City. This is similar to the role of a General Counsel of a corporation who is required to act in the best interests of the corporation and not any one part of the corporate structure (being the shareholders, board of directors, president, etc.).

Professional Responsibilities

The professional responsibilities that a lawyer is required to meet already provide a “gatekeeper” mechanism to raise concerns in situations where there appears to have been irregularities and possible misconduct.

As professionals, lawyers are required to follow a set of professional standards established by the Law Society of Manitoba. These standards include a Code of Professional Conduct which has provisions which address the recommendation made in the E&Y Report.

In very general terms, professional standards require a lawyer to:

- Provide professional services in the interest of the corporation, even when instructions are received from an officer, agent or representative of the corporation;¹
- Maintain confidentiality of communications made between lawyer and client which were made for the purpose of seeking or receiving legal advice;²
- Be honest and candid and inform the client of all information known to the lawyer that may affect the interests of the client. This includes consideration of the applicable facts, law and the experience of the lawyer.³

The Code of Professional Conduct also specifically addresses a situation where there is possible misconduct identified by a lawyer in an organization:⁴

“3.2-8 A lawyer who is employed or retained by an organization to act in a matter in which the lawyer knows that the organization has acted, is acting or intends to act dishonestly, fraudulently, criminally or illegally must do the following, in addition to his or her obligations under rule 3.2-7 [Dishonesty, Fraud by Clients or Others]:

(a) advise the person from whom the lawyer takes instructions and the chief legal officer, or both the chief legal officer and the chief executive officer that the proposed conduct is, was or would be dishonest, fraudulent, criminal, or illegal and should be stopped;

(b) if necessary because the person from whom the lawyer takes instructions, the chief legal officer or the chief executive officer refuses to cause the proposed wrongful conduct to be stopped, advise progressively the next highest persons or groups including ultimately, the board of directors, the board of trustees, or the appropriate committee of the board, that the conduct was, is or would be dishonest, fraudulent, criminal, or illegal and should be stopped; and

(c) if the organization, despite the lawyer’s advice, continues with or intends to pursue the proposed wrongful conduct, withdraw from acting in the matter in accordance with the rules in section 3.7 [Withdrawal from Representation].”

As a result, these professional obligations already require a lawyer in Legal Services to report irregularities to each level of the organization, including Council. This professional obligation is in place without the need to change the reporting structure of Legal Services.

¹ 3.2-3 Code of Professional Conduct

² 3.3 Code of Profession Conduct

³ 3.2-2 Code of Professional Conduct

⁴ 3.2-8 Code of Professional Conduct

Challenges to changing the Reporting Structure of Legal Services

There are also barriers in the current system which effectively prevent changing the reporting structure to have Legal Services report to Council instead of the Chief Administrative Officer.

As set out above, the ability of a lawyer to effectively provide legal services requires a confidential relationship between the lawyer and client where all information the lawyer determines is required can be shared. The ability to provide effective legal representation requires a lawyer to provide opinions which set out a variety of options, as well as a full and frank discussion with respect to the potential benefits and risks of each option. Public disclosure of this information is not appropriate, and is potentially damaging to the interests of the City, both in the context of the negotiation of business arrangements with outside parties, as well as when the City is involved in litigation.

Council has established policies and practices to provide a high level of public transparency to debates and proceedings considered by Council, allowing all citizens the opportunity to see the work of Council and its committees and more actively engage in the process. In cases where sensitive information is to be considered, the In-Camera By-law⁵ permits those discussions to be held in-camera by some committees of Council (not Council itself) in private.

These competing professional and policy objectives create a barrier to implementing the E&Y Report recommendation to have Legal Services report directly to Council:

- The ability to move a legal discussion in camera is not available to Council;
- The ability to move a legal discussion in camera requires a vote of the committee involved.

The current structure requires a lawyer in Legal Services to first make a request to a Committee to go in-camera in order to protect the solicitor-client privilege of that information. The Committee, without knowing what information is involved, must then decide whether to go in-camera to receive the information and any legal opinion associated with that information.

When a committee vote determines a matter will not be heard in-camera, the professional confidentiality obligations of a lawyer do not change; the lawyer is still required to maintain confidentiality and the privilege associated with legal advice. This can result in a lawyer being prevented from sharing information and legal advice.

The same restrictions are not involved when Legal Services lawyers provide legal advice to the Chief Administrative Officer and/or Directors of other

⁵ 21/2011

City departments. This information can be provided confidentially in the context of the solicitor-client relationship and is therefore privileged.

Also, requests for legal services are made to Legal Services by individual departments, officers and agencies of the City. A change in the reporting structure directly to Council would create a disincentive to consult with Legal Services, particularly in situations where there has been an inadvertent error or mistake made. Although the receipt of proper legal advice in these situations can often limit or eliminate any liability of the City, there is a higher risk the individuals involved will choose not to consult with Legal Services if Legal Services is then required to report the information to Council before corrective actions can be taken. The risk of a department or individual attempting to resolve the situation alone would result in an increased risk of liability to the City.

An additional consideration is the responsibility of individual Councillors once confidential information is received. The Code of Conduct applicable to Councillors appropriately requires confidential information not to be disclosed. In other words, the ability of individual Councillors to publicly discuss and debate a particular matter would be limited if Legal Services is required to provide all confidential information directly to Council.

The E&Y Report recommendation was in part based on their understanding of the Legal Services function in at least one Canadian city. The City of Toronto appears to be the city that was the basis for this comment. However, this statement in the recommendation is not correct as the Legal Services department in the City of Toronto is part of the Public Service and does not report directly to Council. Former Mayor David Miller did take steps to provide for the reporting of potential irregularities by Legal Services directly to Toronto Council (instead of through the existing administrative structure), however these measures were only for that purpose and did not go as far as suggested in the E&Y Report.

Current Legislative and Administrative Standards

Changes in provincial legislation and Administrative Standards made after the E&Y Report have gone beyond addressing the E&Y Report recommendation by making the same “gatekeeper” function and protections available to all city employees:

- *The Whistleblower Protection Act* came into effect for City employees effective January 1, 2016. This Manitoba legislation protects employees who choose to bring forward information of irregularities and potential wrongdoing.
- Administrative Standard HR-008 *City of Winnipeg Fraud, Theft, Misappropriation or Related Irregularities* provides protection to employees who in good faith report any occurrences of fraud, theft, misappropriation or related irregularities. The standard also protects the reporting employee from retaliation once a report is made.
- Administrative Standard HR-017 *Whistleblower & Public Interest Disclosure* is intended to enhance accountability and transparency by providing all city employees with the tools needed to make a “whistleblower” complaint as permitted by The Whistleblower Protection Act.

The E&Y Report

The objectives of the E&Y Report are clearly set out in the report. It is clear the scope of work conducted did not include any form of cost-benefit analysis comparing the current reporting structure of Legal Services within the public service to the recommendation to have Legal Services report directly to Council. The recommendation was also based on an incorrect assumption the proposed reporting structure was already in use in another city. There was also no analysis of existing professional responsibilities of a lawyer to a client.

The purpose of the recommendation to enhance the gatekeeper function has been implemented through the legislative and Administrative Standard changes outlined above. In fact, the City has gone further than the recommendation to provide all public services employees with protections which allow all employees to perform a gatekeeper function.

Conclusion

The recommendation in the E&Y Report to enhance the gatekeeper function of Legal Services has been implemented. No further action is required.

Thank you,

A handwritten signature in blue ink, appearing to read "D. Brown". The signature is fluid and cursive, with the first letter "D" being large and stylized.

Director of Legal Services – City Solicitor

DB/kar