

## **Auditor General's Comments – Division's Winter Road Maintenance Program Update**

**Date:** June 22, 2021

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachment to this report is about litigation or potential litigation that affects the City of Toronto and is commenting on the City Solicitor's advice regarding that litigation or potential litigation.

### **SUMMARY**

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City Council made a recommendation on October 27, 28 and 30, 2020 requesting the General Manager, Transportation Services, in consultation with the City Solicitor and the Auditor General, to report to the Audit Committee in the second quarter of 2021 to take on the definition and charging of standby payments for the remainder (two years) of the current contract cycle and on the prospect of recovery of overpayments to the winter maintenance vendors for either performance issues or reconciliation gaps with GPS records, on the terms and conditions of the contract, and the prospect of recovery of overpayments in prior years with respect to standby pay and on the implementation of terms and conditions in the contracts on a go forward basis.

This report provides the Auditor General's comments to the Division's update on these recommendations and motion.

## RECOMMENDATIONS

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The Auditor General recommends that:

1. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it is about litigation or potential litigation that affects the City of Toronto.

## FINANCIAL IMPACT

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There are no current or future year financial impacts arising from this report.

## DECISION HISTORY

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On October 27, 28 and 30, 2020 City Council requested the General Manager, Transportation Services, to consult with Legal Services in relation to the approach to take on the definition and charging of standby payments for the remainder (two years) of the current contract cycle. Furthermore, City Council requested the General Manager, Transportation Services, in consultation with the City Solicitor and the Auditor General, to report to the Audit Committee in the second quarter of 2021 [instead of to the November 19, 2020 Audit Committee meeting as previously requested by the Committee], on the prospect of recovery of overpayments to the winter maintenance vendors for either performance issues or reconciliation gaps with GPS records, on the terms and conditions of the contract, and the prospect of recovery of overpayments in prior years with respect to standby pay and on the implementation of terms and conditions in the contracts on a go forward basis.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU6.2>

On October 23, 2020, the General Manager, Transportation Services, was requested in consultation with the City Solicitor and the Auditor General, to report to the Audit Committee in the second quarter of 2021 [instead of to the November 19, 2020 Audit Committee meeting as previously requested by the Audit Committee], to take on the definition and charging of standby payments for the remainder (two years) of the current contract and on the prospect of recovery of overpayments to the winter maintenance vendors for either performance issues or reconciliation gaps with GPS records, on the terms and conditions of the contract, and the prospect of recovery of overpayments in prior years with respect to standby pay and on the implementation of terms and conditions in the contracts on a go forward basis.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU6.2>

## COMMENTS

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City Council on October 27, 2020 adopted with amendments the Audit of Winter Road Maintenance Program - Phase One: Leveraging Technology and Improving Design and Management of Contracts to Achieve Service Level Outcomes. There were 27 recommendations from Audit Committee and five additional motions adopted by City Council. Two recommendations and one amending motion requested the General Manager, Transportation Services to report back by Q2 2021 to the Audit Committee. The following provides the Auditor General's comments on the Division's updates, particularly related to parts (1) and (2) of recommendation 31 and motion to amend item 31.

### **Recommendation 20**

City Council request the General Manager, Transportation Services, to consult with Legal Services in relation to the approach to take on the definition and charging of standby payments for the remainder (two years) of the current contract cycle.

### **Recommendation 31 and motion to amend item (Additional) 1**

City Council request the General Manager, Transportation Services, in consultation with the City Solicitor and the Auditor General, to report to the Audit Committee in the second quarter of 2021 [instead of to the November 19, 2020 Audit Committee meeting as previously requested by the Committee], on the prospect of recovery of overpayments to the winter maintenance vendors for either performance issues or reconciliation gaps with GPS records, on the terms and conditions of the contract, and the prospect of recovery of overpayments in prior years with respect to standby pay and on the implementation of terms and conditions in the contracts on a go forward basis. This recommendation consisted of three (3) parts which are reviewed below.

1. Prospect of recovery of overpayments to the winter maintenance vendors for either performance issues or reconciliation gaps with GPS records
2. Prospect of recovery of overpayments in prior years with respect to standby pay

Please refer to Confidential Attachment 1 for the Auditor General's comments on the Division's update related to the above two recommendations.

3. The implementation of terms and conditions in the contracts on a go forward basis.

Transportation Services is in the process of completing a Request for Proposal (RFP) for the next round of winter services contracts. This RFP will award 11 performance based contract focused on quality performance with incentives and disincentives for awarded contractors. These contracts also leverage technology using GPS, to automate processes, verify payment and manage equipment during winter events. Many recommendations from the Auditor General's Phase1 report have been considered when preparing the procurement documents.

The 2022 procurement for Winter Maintenance Services was tendered on May 7, 2021. The bidding process has closed and is in the evaluation stage. It is anticipated the contracts will be awarded this fall.

## **CONTACT**

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## **SIGNATURE**

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Beverly Romeo-Beehler  
Auditor General

## **ATTACHMENTS**

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Confidential Attachment 1 – Auditor General's Comments – Division's Winter Road Maintenance Program Update