

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	The City Manager direct all staff to prepare reports which contain accurate and complete financial impact statements. Such reports to address all financial implications both capital and operating. Reports relating to capital acquisitions contain information on required future state of good repair budgetary requirements.	X			<p>The City’s Financial Protocols specified in the Financial Control and Council Procedural by-laws already address this. However, in order to address AG concern for comprehensiveness, the Director of Financial Planning will circulate additional instructions to all City staff. This will ensure the inclusion of specific financial impacts for capital acquisition, namely, the cost of acquisition; all major repairs that are required to bring the acquired asset to program readiness plus the impact on SOGR and maintenance budgets (i.e., costs) to ensure the asset is maintained in a state of good repair.</p> <p>The City Clerk will assist by ensuring the City Manager’s directions in this regard are incorporated into report writing training offered by the City Clerk’s Office.</p>

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
2.	The City Manager direct all staff that under no circumstances should capital lease agreements be negotiated prior to consultation with the Deputy City Manager and Chief Financial Officer. The City Manager further advise all staff that potential lease agreements only be consummated after compliance with City policy.	X			Division Heads will be reminded of City’s capital lease policy by the City Manager and DCM/CFO by July 1, 2010.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
3.	<p>The Deputy City Manager and Chief Financial Officer propose amendments to the Financial Control By-law requiring that final total capital project costs for all major capital projects are reported to the appropriate Standing Committee. Such reporting include a comparison of costs to budget as well as a comparison of actual completion date to projected completion date.</p>	X			<p>The recommended reporting of information comparing costs to budget and actual completion to planned will form part of the Closure of Capital Project process outlined in the Financial Control by-law that requires a report annually detailing all capital projects closed during the year, which forms part of the City’s Capital Variance Reporting process.</p> <p>The report will be enhanced with detail for all major reconstruction, facility development and facility expansion projects, total project cost approved compared to actual spending and planned completion dates compared to actual completion, as recommended.</p> <p>The Financial Control by-law will be amended to ensure inclusion of this information as part of update planned for late 2010 to be approved by Council in 2011.</p>

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
4.	The City Manager direct staff, when requesting Council approvals for additional financing, to include complete project costs, including management fees and direct salary costs, and budget information as well as estimated project completion dates in all reports.	X			September 2010. The Directors of Financial Planning and Purchasing and Materials Management divisions will develop new instructions to comply with this recommendation for requests for new funding and/or construction contract amendments requiring Council approval.
5.	The City Manager direct that the Design, Construction and Asset Preservation section of the Facilities Management Division be designated as the lead project manager for all renovation projects. The role of client divisions be clearly defined.	X			Consideration will be given to expanding the scope of the Facilities Transformation project to include this responsibility. A proposal will be put forward to the City Manager and Deputy City Managers in the fall of 2010.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
6.	The City Manager, in consultation with the Executive Director, Facilities Management, require that project charters be prepared for all capital projects. Project charters should define the scope of work, objectives, key deliverables, and project timelines and be approved in writing by both the Design, Construction and Asset Preservation section and the client division.	X			This recommendation has now been implemented.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
7.	<p>The City Manager, in consultation with the City Clerk, give consideration to the development of a process or a protocol which would enable Councillors, when considering Motions, to be advised of the financial implications of such Motions. If this is not possible prior to decisions being made then consideration be given to providing this information at a subsequent meeting.</p>			<p>Partially Agree.</p> <p>This recommendation would complete the reporting of financial information for the end-to-end legislative process at the City. Currently, financial impacts are reports to Standing Committees, changes from Standing committees to Council and for Notices of Motion at Council. Financial impacts of motions are identified for only the special meetings of Council considering the capital and operating budgets.</p> <p>However, a process to support this during Council meetings would require extensive Financial Planning and Program staff time to monitor all motions for the duration of the Council meeting, if implemented as recommended. This could be impractical as it may be impossible to assess the financial impact during the debate of an item in order in time before Council’s vote on the matter and would detract from other work as there are no staff dedicated to this function.</p>	<p>Consideration will be given to modifying the existing process that supports the provision of financial impacts for Notices of Motion to enable staff to identify financial implications for significant items before Council or where material changes may be proposed from those being recommended by Standing Committee. Where not possible, the financial impacts could be provided at a subsequent meeting and if significant may require reconsideration.</p> <p>The Financial Impact Statement section of reports could be reproduced with each item on the Council agenda for Members of Council to reference.</p> <p>City Clerk’s Office will work with the City Manager in reviewing options for staff intervention when committee or Council is considering amendments with financial implications.</p>

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
8.	The Executive Director, Facilities Management, in consultation with the Director, Purchasing and Materials Management, project managers and external consultants, ensure that project design documents are complete and as accurate as possible prior to tender issue.	X		The City’s standing process is to achieve complete and accurate tender documents.	The Director of Purchasing and Materials Management will monitor the average number of addendums issued per project and bring any individual concerns to the attention of the Executive Director of Facilities Management and the Chief Corporate Officer.
9.	The Executive Director, Facilities Management, be given sole authority to make decisions on the method by which accessibility requirements be incorporated in all relevant tender documents. The design of construction and renovation projects be required to comply with the City’s Accessibility Design Guidelines and any new requirements under the Accessibility for Ontarians with Disabilities Act, 2005.	X			The City Manager will provide appropriate direction in consultation with the Executive Director Facilities Management.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
10.	The Director, Design, Construction and Asset Preservation, comply with the City’s asbestos management policy that requires tender documents include a building asbestos assessment report and building asbestos record. In addition, if necessary and practical, an intrusive asbestos survey should be completed prior to commencing renovations or construction work to confirm the presence of asbestos in the building.		X	It is not always possible for the building asbestos assessment report and building asbestos record to be included in tender documents without unduly delaying the project. Staff are concerned that including partial information in tender invitations may inflate bids. In this instance, the City is in full compliance with applicable statutes, and neither occupancy nor construction commenced before formal transmission of the building asbestos assessment report and building asbestos record to occupants and constructors.	Where commercially feasible staff will include such information as recommended.
11.	The City Manager direct all staff involved in the design of major construction and renovation projects to ensure that all tender and design documents are complete and signed off by the Facilities Management Division and incorporate the scope of work as agreed with the client division.	X			A communication to this effect will be issued by the City Manager in the fall of 2010.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
12.	The Executive Director, Facilities Management, on a case by case basis, evaluate the need to conduct detailed building condition assessments prior to tendering major construction and renovation projects. The results of assessments be adequately documented and conveyed to project management staff.	X			Staff will ensure detailed building assessments are adequately conducted especially for older buildings.
13.	The City Manager direct that Design, Construction and Asset Preservation staff consult with Divisions at the design stage of all projects. Appropriate sign off of all drawings be standard practice by Design, Construction and Asset Preservation staff in consultation with Division staff. Such a process be incorporated into the Project Charter.	X		DCAP signs off based on a strategic, high level scope of requirements. Staff are not proposing as part of the “sign off” process being recommended to assume the professional liability obligation of consultants, engineers and architects who are commissioned to seal the documents and drawings.	A communication to this effect will be issued by the City Manager no later than the fall of 2010.

**Management’s Response to the Auditor General’s Review of
Management of Capital Project 129 Peter Street –
Shelter, Support and Housing Administration, Facilities Management and Real Estate Divisions**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
14.	<p>The Executive Director, Facilities Management, ensure that contractor invoices and change orders are calculated in accordance with the terms of the relevant contract. Further, the Executive Director, Facilities Management, take action as warranted after consultation with the City Solicitor to recover any excess change order amounts paid to the 129 Peter Street contractor.</p>	X			<p>Under City supervision, the Consultant shall resolve missing information with the Contractor to conclude the Consultant’s final accounting of the Change Order mark-ups in accordance with the Contract. This will be resolved before the contract is complete and paid in full in 2010.</p>