

**Management's Response to the Auditor General's Review of
Toronto Environment Office – Review of Administration of Environmental Grants**

<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 review the City's various environmental grant programs to ensure they are structured and managed as efficiently and effectively as possible. The results of the review, along with any recommendations, be reported to Executive Committee.	X			The City Manager's Office will be facilitating a service review during spring and early summer 2011. The results of the review will be reported to Council. This review will address the recommendation.
2.	The Director, Toronto Environment Office, ensure that each grant file is complete and contains all relevant documentation. Further, the Director, Toronto Environment Office document in each project file the assessment of the impact of any reductions to grant requests on the organization's ability to complete the project as proposed.	X			Management direction has been provided and staff resources are being re-assigned to ensure the grant files are up to date and current. Mechanisms are in place to ensure the impact of any reductions in grant requests are identified, discussed with the grant applicant and that the results of those discussions and other relevant information is documented and included in the grant file.

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3.	The Director, Toronto Environment Office, revise the process for evaluating project proposals to include a numerical scoring of individual proposals based on program guidelines and priorities. The results of the evaluation process should be documented in the project file.	X			<p>Revisions have been made for the upcoming Spring 2011 Live Green Toronto grant round to include scoring by the Review Committee and improved documentation of the results of the evaluation process.</p> <p>This recommendation is not applicable to the Eco-Roof, HEAT and Home Energy Help programs because to be eligible for a grant, work must be done to certain specifications. If the work does not meet those specifications, no grant is provided.</p>

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4.	<p>The Director, Toronto Environment Office, ensure adequate resources are applied to implement a more effective grant monitoring system that includes:</p> <ul style="list-style-type: none"> a. timely follow-up of overdue progress reports; b. regular communication and visits with grant recipients; c. ensuring funds are being used in accordance with conditions of the grant; d. taking appropriate action where monitoring highlights problems or deficiencies in the use of funds; e. a determination as to the appropriateness of providing ninety per cent of the grant at the commencement of the project; and f. ensuring adequate resources are allocated to the management of all facets of the grant management process. 	X			<p>Staff resources have been re-assigned, starting with the re-assignment in December 2010 of the responsibility for managing the Eco-Roof Incentive Program to another Senior Environmental Planner. Also the Division's Support Assistant B has been assigned to provide greater administrative support.</p> <p>Additional staff resources will be re-assigned to assist with the grant review process, during peak times. For example, about 100 letters of interest have been received for the Spring 2011 Live Green Toronto grants program. Additional staff resources have been assigned to assist in the review of those letters.</p> <p>For approved capital projects over \$50,000 funds will provided on a formula (subject to minor adjustment) of 40/40/20, with 40% provided on project initiation, 40% on substantive completion and 20% at successful project completion.</p>

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5.	The Director, Toronto Environment Office, amend the conditions in all funding agreements so that the release of funding is more closely tied to the progress of each individual project.	X			<p>For Live Green Toronto funded projects that are \$50,000 or greater, a staged grant payment process based on a formula of 40/40/20 will be applied. (See response to Recommendation No. 4). This will be initiated with the Spring 2011 grants round.</p> <p>For projects funded through the Eco-Roof; HEAT and Home Energy Help programs, this recommendation is not applicable because 100% of the funding is withheld until the project is complete and evidence provided of completion.</p> <p>For Live Green Toronto funded projects under \$50,000, we will adjust our administrative practice to provide 75% funding following project review and approval and 25% following successful completion because:</p> <ul style="list-style-type: none"> - a more complex staged process would add significantly to the program administrative costs; and - community groups would not be able to initiate projects without receiving funding upfront as they do not have the necessary financial resources in most cases.

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6.	The Director, Toronto Environment Office, ensure grant program progress and results are reported to Council during 2011.	X			<p>In November 2009 Council received a progress report about the Live Green Toronto program and in February 2010 Council received a progress report about the Eco-Roof program. The Home Energy Assistance Toronto program was launched in the Fall of 2009 and the Home Energy Help program was launched in October 2010 and therefore no progress reports have yet been provided to Council about these programs.</p> <p>The progress reports provided to date do not report on the amount of greenhouse gas emissions reduced or other quantifiable environmental outcomes. Many of the projects funded were still being implemented and there were not enough completed projects at that time to quantify the outcomes of the projects. This was noted for City Council in the progress reports.</p> <p>Progress reports are scheduled for presentation to the Parks and Environment Committee in 2011. These reports will discuss outcomes both qualitative and quantitative.</p>

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7.	The Director, Toronto Environment Office, in consultation with the City Solicitor, amend the standard agreement for the Eco-Roof Incentive Program to allow City staff to periodically inspect green roofs in accordance with the roofs specific design service life. Such amendment also allow for the repayment of grants, if green roof inspections determine that a roof has not been satisfactorily maintained.		X	<p>On-going inspections of eco-roofs that are partially funded by the City have not been factored into the Eco-Roof Incentive program (beyond the initial confirmation that the eco-roof has been installed) because:</p> <ul style="list-style-type: none"> • building owners have a substantive financial investment in their eco-roof (approximately 75% of the cost) and therefore have a strong economic motive to maintain their asset; • the program is in a pilot stage with funding currently projected to 2012. Monitoring of roofs to 2032 has not been budgeted for; and • staff resources would be required to manage an on-going inspections program, including an external consultant with technical expertise in the maintenance of eco-roofs and potential internal or external legal resources to assist with disagreements. 	<p>If this recommendation is adopted by Council, the Director of the Toronto Environment Office will work with the City Solicitor to develop contract language that would provide the City with the ability to conduct inspections, at its discretion, and to provide notification via the contract that the City could demand repayment of funds on a pro-rated scale if roofs were not maintained over the course of the projected service life or a portion of the service life.</p> <p>The Director will also identify staff and consultant resources to carry out this recommendation in subsequent budget submissions, if adopted.</p>

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8.	The Director, Toronto Environment Office, ensure that, where appropriate, future agreements with funding partners require that the City be provided with the results of any audits of the grant program undertaken by the funding partners.	X			City access to any audits undertaken by funding partners will be included in future agreements, subject to provisions of freedom of information requirements or other constraints of those funding partners.