



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services

Date:	June 14, 2016
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report presents the results of the audit of custodial services provided by the Facilities Management Division. The objective of this audit was to assess whether these services are effective, efficient and economical.

The audit results are presented in two separate reports:

- Part 1, the management of overall cleaning services provided by Facilities Management, is contained in this report.
- Part 2, the procurement and administration of cleaning services obtained under contract, is contained in a separate report entitled *Maximizing Value from Cleaning Contracts*

This report includes 14 recommendations. The recommendations, in three main areas as follows, provide a roadmap for strengthening existing processes and should be implemented immediately:

- Better data is needed to control costs and demonstrate value for money
- Standardizing cleaning routines may help to contain costs
- Monitoring performance will improve productivity, control costs and enhance quality.

Many of the issues and recommendations included in this report will also have relevance to other City divisions, agencies and corporations which oversee their custodial services independently of Facilities Management.

The recommendations are also particularly relevant as the City considers a City-wide real estate strategy. Policy, process, and internal control improvements that result from implementing the recommendations can be leveraged across the City. By strengthening Facilities Management, a strong foundation is established, should the City decide to move towards a more centralized City-wide service delivery model.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the General Manager, Facilities Management to ensure all current cleaning routines, as well as any future adjustments to cleaning routines, are benchmarked with industry standard cleaning times.
2. City Council request the General Manager, Facilities Management to develop the corporate procedure to ensure compliance for measuring and establishing the cleanable area for a City facility.
3. City Council request the General Manager, Facilities Management to validate the available measurements in accordance with the established corporate procedure.
4. City Council request the General Manager, Facilities Management to:
 - a. Implement a process to ensure that a complete and accurate inventory of City facilities receiving custodial services is centrally maintained.
 - b. Ensure the centralized data source includes all relevant information, including labour costs, to effectively monitor performance of custodial services and support operating decisions made by executive management as well as operational managers and supervisors.
 - c. Establish a protocol for ensuring data is kept accurate and up-to-date for each City facility.
5. City Council request the General Manager, Facilities Management to effectively workload each City facility receiving cleaning services, either in-house or contracted. Such undertaking to include actions to:
 - a. ensure accurate operational data is available
 - b. workload each facility by applying current industry standard cleaning times and tasks
 - c. schedule the cleaning workforce in accordance with the estimated workload.

6. City Council request the General Manager, Facilities Management to assess and define the level of cleanliness that can be associated with each level of cleaning service in the Custodial Standard Service Model.
7. City Council request the General Manager, Facilities Management to ensure each client group is provided with information about the cleaning service level they are receiving relative to the Custodial Standard Service Model and the associated costs of services provided. Such information be used to examine the opportunities to achieve more economical cleaning services.
8. City Council request the General Manager, Facilities Management to ensure that appropriate operational planning for cleaning services is performed to ensure workloads are based on a reasonable estimation of the productive labour hours of the workforce.
9. City Council request the General Manager, Facilities Management to identify, monitor, and report on key performance metrics on a regular basis relative to internal and external benchmarks for the purposes of regularly assessing the effectiveness and efficiency of cleaning services.
10. City Council request the General Manager, Facilities Management to implement a program of quality assurance inspections of cleaning services to be deployed across the City and adopted consistently by the Facilities Management Division.
11. City Council request the General Manager, Facilities Management take appropriate action to control for the risk of bias in completing quality assurance inspections.
12. City Council request the General Manager, Facilities Management to plan, implement and incorporate the results of customer satisfaction surveys to improve custodial services delivery.
13. City Council request the General Manager, Facilities Management to collaborate with the Executive Director of Human Resources to ensure that vulnerable sector screening is adequately addressed for all City staff who provide services in high risk facilities, such as daycares.
14. City Council request the City Manager to request Division Heads and Chief Executive Officers of City agencies and corporations to review the issues and recommendations included in this report and consider the relevance to their respective custodial operations.

Financial Impact

This audit identifies an opportunity to achieve service efficiencies or savings by implementing industry and corporate cleaning standards. We identified that, for one

client group, transitioning nine facilities to these standards could result in service efficiencies or cost savings of up to \$900,000 annually or \$4.5 million over five years.

In addition, in our second report entitled, *Audit of City Cleaning Services – Part 2: Maximizing Value from Cleaning Contracts*, we identified for the same client group, transitioning an additional 22 facilities currently under contract to these standards, could result in service efficiencies or cost savings of up to \$3.9 million over the contract term.

The Facilities Management Division currently provides service to a portfolio of 265 facilities. By extending the analysis to other facilities it is possible that more service efficiencies or savings may be identified in the future. The extent of the service efficiencies or savings is not determinable at this time.

DECISION HISTORY

The Auditor General's Audit Work Plan included an audit of management controls, cost and quality of custodial services.

<http://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-76340.pdf>

ISSUE BACKGROUND

Facilities Management advised that a five-year strategic plan including restructuring has been developed and includes:

- 2014 – Facilities Management leadership change for operations (new Director)
- 2015 – Facilities Management appointed a General Manager accountable for operations and capital and created a Project Management Office (PMO) structure as a "Centre of Expertise" for Facilities Management related project management
- 2015 – Facilities Management Service Standards Committee (FMSSC) approved City-wide Custodial Standard Service Model (CSSM)
- 2015 – began developing a new Service Partnership Agreement (SPA) framework
- 2016 – review of its data management strategy
- 2016 – review of its contract management strategy

Addressing the recommendations in this audit will help guide initiatives in these areas.

COMMENTS

This report presents the results of the audit of custodial services provided by the Facilities Management Division. The objective of this audit was to assess whether these services are effective, efficient and economical.

This report includes 14 recommendations. The recommendations provide a roadmap for strengthening existing processes and should be implemented immediately.

By addressing the 14 recommendations, management will establish and maintain the integrity of critical operating data to ensure cleaning services are being provided effectively and efficiently.

There is an opportunity to achieve service efficiencies or cost savings by implementing industry and corporate cleaning standards. We estimate that for one client group, transitioning nine facilities to these standards could result in service efficiencies or cost savings of up to \$900,000 annually or \$4.5 million over five years. By extending the analysis to other client groups and facilities, it is possible that significantly more service efficiencies may be identified. The extent of the service efficiencies or savings is not determinable at this time.

In addition, the development of adequate performance metrics which take into account industry and corporate standards will allow for effective monitoring of contractor and workforce performance. The implementation of performance metrics can ensure costs are contained while maintaining or improving the quality of cleaning services.

Finally, we would like to express our thanks for the co-operation we received from staff of the Facilities Management Division and the Chief Corporate Officer's Business Performance Management unit during this audit.

The audit report entitled "Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services" is attached as Appendix 1. Management's response to recommendations contained in the audit report is attached as Appendix 2.

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SIGNATURE

Beverly Romeo-Beehler, Auditor General

ATTACHMENTS

Appendix 1: Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services

Appendix 2: Management's Response to the Auditor General's Review of Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services

AUDITOR GENERAL'S REPORT

Audit of City Cleaning Services

Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services

June 14, 2016

**Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD
Auditor General**



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EXECUTIVE SUMMARY

The Auditor General's Audit Work Plan included an audit of management controls, cost and quality of custodial services. Cleaning services is a component of the broader custodial services portfolio that includes other services, such as pest control and garbage and recycling services.

\$140.7 million spent over a five year period

The audit focused on cleaning services which make up the majority of custodial expenditures. Gross expenditures for cleaning services over the past five years were \$140.7 million.

\$30.5 million spent on cleaning services in 2015

Gross expenditures of \$30.5 million for cleaning services in 2015 were comprised of:

- \$22.2 million for in-house cleaning services, and
- \$8.3 million for contracted cleaning services

Objective of our audit

The objective of this audit was to assess whether cleaning services provided by the Facilities Management Division (Facilities Management) are effective, efficient and economical.

The audit results are presented in two parts:

Audit results are presented in two parts

Part 1, the management of overall cleaning services provided by Facilities Management, is contained in this report.

Part 2, the procurement and administration of cleaning services obtained under contract, is contained in a separate report entitled *Maximizing Value from Cleaning Contracts*

(1) Better Data is Needed to Control Costs and Demonstrate Value for Money

Industry cleaning times are not used to estimate labour for 85% of the portfolio

For the majority of its facilities, Facilities Management relies on its operating managers to estimate the labour required to clean each facility. Industry benchmarks to estimate cleaning times are not used.

Cleanable area measurements are needed

The size of the area to be cleaned is one of the most important measurements when estimating cleaning service costs. In most cases, it uses gross floor area, that is, the footprint of a building, rather than the industry standard measure of the cleanable area of a building.

Operating managers uninformed of relevant operational data

In 2011, Facilities Management paid \$184,000 to a third-party consultant to measure the cleanable area for hundreds of facilities. Most operating managers were not informed of these measurements. The data was not validated for the majority of facilities.

\$750,000 was invested to collect operational data that is incomplete and underused

In addition to the \$184,000 spent to measure City facilities, Facilities Management invested \$566,000 on software, handheld devices, and IT salary costs since 2011. The intent was to use the data and software to help management systematically determine the number of employees required to complete all expected cleaning tasks.

Five years later, operational data has only been loaded for 39 out of 265, or 15 per cent of the facilities. The workloading capability of the software has not been used to effectively estimate labour requirements and associated cleaning costs for these facilities.

(2) Standardize Cleaning to Contain Costs

Client groups receive customized levels of service

Each client group, and in some cases each facility, has a customized cleaning routine. In late 2015, Facilities Management adopted a corporate Custodial Standard Service Model (CSSM). The goal for developing the CSSM was to transition all client groups to standardized cleaning routines.

Standardizing cleaning routines provide an opportunity for service efficiencies or savings

To effectively implement the CSSM, management should assess the actual level of services needed for each client group. We estimate that for one client group, transitioning nine facilities to the standard service level of the CSSM could result in service efficiencies or cost savings of up to \$900,000 annually, or \$4.5 million over five years.

(3) Monitor Performance to Improve Productivity, Control Costs and Enhance Quality

A formal framework is needed to evaluate the effectiveness and efficiency of cleaning services

In 2005, the Auditor General recommended Facilities Management develop and implement a performance management framework to evaluate the effectiveness and efficiency of building maintenance and cleaning services. At the time of our audit, a formal framework was not in place. There is no consistent quality assurance review or inspection program in place to monitor the quality of cleaning services provided by contractors or in-house staff, although management is moving towards it. A quality assurance inspection process is currently being piloted with one client group.

Conclusion

Recommendations strengthen Facilities Management processes

This report includes 14 recommendations. The recommendations provide a roadmap for strengthening existing processes and should be implemented immediately.

Findings have relevance to other City divisions, agencies, and corporations

Many of the issues and recommendations included in this report will also have relevance to other City divisions, agencies and corporations which oversee their custodial services independently of Facilities Management.

Recommendations are relevant for the City-wide real estate strategy

The recommendations are also particularly relevant as the City considers a City-wide real estate strategy. Policy, process, and internal control improvements that result from implementing the recommendations can be leveraged across the City. By strengthening Facilities Management, a strong foundation is established, should the City decide to move towards a more centralized City-wide service delivery model.

Finally, we would like to express our thanks for the cooperation we received from staff of the Facilities Management Division and the Chief Corporate Officer's Business Performance Management unit during this audit.

BACKGROUND

Facilities Management provides services to some but not all divisions, agencies, and corporations

Facilities Management provides cleaning services to certain City divisions, agencies and corporations. However, amongst others, Facilities Management does not provide cleaning services for the City's Long Term Care Homes, Hostel Services, Community Centres, Toronto Transit Commission or the Toronto Housing Corporation.

Facilities Management's five-year strategic plan

Facilities Management advised that a five-year strategic plan including restructuring has been developed and includes:

- 2014 – Facilities Management leadership change for operations (new Director)
- 2015 – Facilities Management appointed a General Manager accountable for operations and capital and created a Project Management Office (PMO) structure as a "Centre of Expertise" for Facilities Management related project management
- 2015 – Facilities Management Service Standards Committee (FMSSC) approved City-wide Custodial Standard Service Model (CSSM)
- 2015 – began developing a new Service Partnership Agreement (SPA) framework
- 2016 – review of its data management strategy
- 2016 – review of its contract management strategy

The recommendations in this report provide a roadmap for strengthening existing processes and will help guide initiatives in these areas.

Cost to Provide Cleaning Services

\$140.7 million spent on cleaning services over a five year period

Cleaning services make up the majority of custodial costs. The \$30.5 million of 2015 gross expenditures for cleaning services were comprised of:

- \$22.2 million for in-house cleaning services
- \$8.3 million for contracted cleaning services

Total gross expenditures for cleaning services over the past five years (2011-2015) were \$140.7 million.

2015 workforce data

Facilities Management oversees a number of contracts and a City workforce of 261 cleaners and 17 supervisors. Facilities Management provides cleaning services at 265 facilities with a gross floor area totaling over 10 million square feet.

Custodial cost per square foot continues to rise yearly

According to information provided by Facilities Management, the custodial cost per square foot of gross floor area has risen 19 per cent in five years to \$3.41 in 2015. Facilities Management indicated rising costs are mainly driven by increased labour costs and Fair Wage policy implementation.

Factors Impacting Cleaning Costs

Reliable data allows informed decisions and cost control

Typical operating data used in the industry to inform operational decisions and to effectively control costs include:

- 1. Cleanable area** – The cleanable area includes those areas that require regular cleaning such as the surface areas of floors, restrooms, carpets, and lobbies. The cleanable area excludes elevator shafts and other areas that are not routinely cleaned. The gross floor area (GFA) is the total constructed area of a facility regardless of whether it is subject to cleaning or not.
- 2. Cleaning routines or Scope of Work** – Cleaning routines set out the specific cleaning tasks to be performed and the frequency of the tasks performed for each cleanable area.
- 3. Labour Estimates** – Industry standard cleaning times can be used to estimate how long it should take to complete the cleaning routines.
- 4. Supplies and Equipment** – The quantities of consumable materials for each facility and any equipment.

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

<i>Audit objective</i>	<p>The objective of this audit was to review cleaning services provided by Facilities Management, to ensure services are being provided effectively, efficiently and with due regard for economy.</p> <p>The audit results are presented in two parts:</p>
<i>Audit results are presented in two parts</i>	<p>Part 1, the management of overall cleaning services provided by Facilities Management, is contained in this report.</p> <p>Part 2, the procurement and administration of cleaning services obtained under contract, is contained in a separate report entitled <i>Maximizing Value from Cleaning Contracts</i>.</p>
<i>Scope</i>	<p>The audit commenced in September 2015. The focus of this audit was on cleaning services provided by Facilities Management for the period of January 1, 2011 to December 31, 2015.</p> <p>Certain City divisions, agencies and corporations that oversee their own cleaning services, independent of Facilities Management, are not included in the scope of this audit.</p>
<i>Methodology</i>	<p>Our audit methodology included the following:</p> <ul style="list-style-type: none">• interviews with City staff in Facilities Management, Chief Corporate Officer's Business Performance Management unit, and Legal Services Division, as well as certain client groups• review of relevant records, documents, management reports, including Council and Standing Committee minutes• research on audit reports issued in other jurisdictions as well as industry standards on cleaning services• analysis of operating and financial information• review of a sample of service level agreements• review of a sample of contracts with vendors

Compliance with generally accepted government auditing standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

A. BETTER DATA IS NEEDED TO CONTROL COSTS AND DEMONSTRATE VALUE FOR MONEY

Effective management of cleaning operations requires accurate data

In the industry, labour generally represents approximately 80 per cent of the total cost for cleaning services. The remainder is typically comprised of cleaning supplies and equipment and administrative overhead. In 2015, labour costs for in-house cleaning services accounted for 94 per cent of the \$22.2 million in costs.

Monitoring and controlling labour costs is crucial for effective management of both in-house cleaning operations and contracted cleaning services. Effective management of cleaning operations requires accurate data. As such, operational data should be analyzed to evaluate actual productivity against expected performance.

A.1. City Cleaning Services Not Benchmarked to Industry Standards

According to the ISSA, data driven estimates should be used for developing a staffing plan

Industry standard cleaning times should be used to predict labour requirements regardless of whether the cleaning function is being executed by an in-house workforce or contractors. According to the ISSA Smart Staffing Bidding and Estimating Guidebook¹, proper analysis is key. According to the Guidebook,

¹ The ISSA Smart Staffing Bidding and Estimating Guidebook can be obtained at: <http://europe.issa.com/data/File/Education/2013%20Education%20Catalog.pdf>

“Many people in our industry believe that they can walk into a facility and, using their experience, quickly determine how many hours or employees are needed to clean the building. This guesswork is not a reliable or an accurate method for developing a staffing plan. Neither is relying on the way you’ve always staffed the building. Even if you do produce estimates that appear correct, your figures cannot be relied on or defended because they are not data driven.”

No formal process for evaluating labour needs

Facilities Management relies on the judgment of its operating managers to estimate the labour required to clean its facilities. There is no defined process to assess whether an appropriate number of employees have been assigned to clean a facility.

According to a May 2012 report to Government Management Committee, Facilities Management was adopting International Sanitary Supply Association (ISSA) Cleaning Times² as its benchmark for productivity and costs.

<http://www.toronto.ca/legdocs/mmis/2012/gm/bgrd/backgroundfile-47100.pdf>

City-wide benchmarking was not completed

The Acting Chief Corporate Officer also informed the Government Management Committee, in an August 2012 report, that Custodial Services was conducting a City-wide benchmarking exercise to compare current cleaning routines with industry standard times and cleaning tasks published by the ISSA. The City Hall and Nathan Phillips Square benchmarking exercise was scheduled for 2013.

<http://www.toronto.ca/legdocs/mmis/2012/gm/bgrd/backgroundfile-49738.pdf>

This benchmarking exercise was never completed for either City Hall or Nathan Phillips Square. Further, the benchmarking process was never expanded to all 265 buildings that have cleaning services provided by Facilities Management. Therefore, the Division has failed to implement ISSA standards and management has not evaluated actual labour productivity against expected performance.

² The International Sanitary Supply Association (ISSA) sets Cleaning Industry Management Standards. Since 1964 ISSA has released guides on the average industry time required to perform typical cleaning tasks. The ISSA 612 Cleaning Times Book can be obtained from: <http://www.issa.com/education/professional-development-center/612-cleaning-times-book.html>

Recommendation:

- 1. City Council request the General Manager, Facilities Management to ensure all current cleaning routines, as well as any future adjustments to cleaning routines, are benchmarked with industry standard cleaning times.**

A.2. Cleaning Area Data Is Inaccurate and Incomplete

It is important to have accurate and complete data to properly estimate cleaning costs

The size of the area to be cleaned is the most important measurement to obtain when estimating cleaning service costs. This is because cleanable area, not gross floor area, is a cost driver for cleaning services. Inaccuracies in cleanable area will result in inaccurate estimates of labour requirements and associated costs. In our second report entitled “Maximizing Value from Cleaning Contracts”, we report that the City may be over-purchasing contracted cleaning services because of the use of the gross floor area, rather than the cleanable area³ to tender its contracts.

Since the gross floor area and cleanable area are different, the associated cleaning costs will vary greatly. For example, for the facilities we reviewed on a \$10 million cleaning contract, total GFA was 11 per cent greater than the cleanable area. The contract included 60,600 square feet of space which did not require cleaning. Based on this contract’s labour cost of \$2.39 per square foot, we estimate that the City may be paying up to \$720,000 more than necessary over the five years of this contract.

\$184,000 spent to measure cleanable areas of hundreds of facilities, but not verified

As an initial step towards objectively estimating the amount of labour required to clean a facility (commonly referred to as “workloading”), Facilities Management engaged a consultant to measure areas that needed to be cleaned. In 2011, a consultant was paid \$184,000 to measure the cleanable square footage for hundreds of City facilities. Not all managers were aware that these measurements were taken.

³ The cleanable area of a building refers to the areas that actually need cleaning rather than the building’s gross floor area. Gross floor area refers to the measurement of the full footprint of a building. The cleanable area is always smaller than the gross floor area.

Accurate data is not available for 85% of facilities

Facilities Management has only verified the cleanable area data for 39 facilities. Cleanable area data has not been verified for the remaining 226, or 85 per cent, of the facilities where it provides cleaning services.

Comparisons are not possible where cleanable area is unknown

Performance measures based on cleanable area, such as in-house and contracted cost per square foot cleaned, or time spent per square foot cleaned, are typically used for comparison purposes within an organization and against the industry. Without accurate cleanable area data, comparisons to cleaning industry benchmarks will be flawed. As a result, the City does not know if it is receiving the best value for money.

Industry benchmarks use cost per square foot of cleanable area

For example, for all the facilities in the only client group where cleanable area data was available, the average cost per square foot of cleanable area was \$5.28. This is 57 per cent higher than the average cost per square foot of gross floor area of \$3.36. In practice, Facilities Management's use of gross floor area will produce more favourable results when compared to industry benchmarks.

Recommendations:

- 2. City Council request the General Manager, Facilities Management to develop the corporate procedure to ensure compliance for measuring and establishing the cleanable area for a City facility.**
- 3. City Council request the General Manager, Facilities Management to validate the available measurements in accordance with the established corporate procedure.**

A.3. Operating Data Is Not Centrally Maintained

Key data is required to estimate labour requirements, monitor operations and compare performance

The process of workloading a facility helps to establish the scope of cleaning work, appropriate staffing levels, and an accurate estimate of cost to perform the work.

The data needed to estimate the labour required and the cost to clean a facility includes the following:

- measurements of the area to be cleaned
- industry cleaning times

- cleaning tasks and the frequency of performing the tasks
- workforce data (hourly rates and productive time)
- required equipment and supplies

Operating data should be centrally maintained

This operational data is tracked and monitored in several systems, for many different purposes, by a number of different units within Facilities Management.

Main source for cleaning data is incomplete

Management’s ability to effectively monitor performance is dependent on the quality and availability of data. Facilities Management maintains a “master list” of facilities which contains operational information about each facility. Data tracked in the master list includes the facility address, the owner or occupant of the facility, and the size of the facility. At the time of our audit, the master list was incomplete. More specifically, the master list:

- Did not include all facilities where services are provided.
- Did not correctly identify the types of services provided at a given facility.
- Did not accurately track the size of the space being serviced. The gross floor area was tracked; however, depending on the type of service performed, the actual area being serviced might vary.

Operational data from various sources is inconsistent

Furthermore, operating managers independently maintained their own records. In some cases, these records are inconsistent with the master list. Maintaining separate lists and systems means that Divisional management does not have an accurate or complete picture of the extent of work performed. This can impact decisions about allocation of budget and staffing.

Recommendation:

- 4. City Council request the General Manager, Facilities Management to:**
 - a. Implement a process to ensure that a complete and accurate inventory of City facilities receiving custodial services is centrally maintained.**
 - b. Ensure the centralized data source includes all relevant information, including labour costs, to effectively monitor performance of custodial services and support operating decisions made by executive management as well as operational managers and supervisors.**
 - c. Establish a protocol for ensuring data is kept accurate and up-to-date for each City facility.**

A.4. Software Not Fully Implemented After Five Years

\$750,000 spent on software to estimate labour requirements

To monitor the resources and associated costs to clean a given facility, actual labour productivity should be compared with expected performance. In 2011, software was purchased to help management to apply ISSA standards to estimate the labour requirements for a given facility.

The purchased software included additional functionality that would enable management to control labour costs and benchmark performance by:

- tracking performance against metrics
- recording quality inspections
- capturing operational data to facilitate cost analysis

System has only been loaded with data for 15% of facilities

Management intended to use the software by the end of 2011. Five years later, \$750,000 has been invested, including \$184,000 spent to obtain cleanable area measurements. The software has only been loaded with complete data for 39 out of 265, or 15 per cent of the facilities where cleaning services are provided.

Workloading of facilities has not been completed

Not all of the required operating data for the remaining 226 or 85 per cent of the facilities has been loaded in the software; therefore, labour estimates for these other facilities have not been workloaded.

Maximum value from software not achieved

As a result, to date, the expected efficiencies from implementing and using the software have not been achieved.

Recommendation:

- 5. City Council request the General Manager, Facilities Management to effectively workload each City facility receiving cleaning services, either in-house or contracted. Such undertaking to include actions to:**
 - a. ensure accurate operational data is available**
 - b. workload each facility by applying current industry standard cleaning times and tasks**
 - c. schedule the cleaning workforce in accordance with the estimated workload.**

B. STANDARDIZE CLEANING TO CONTAIN COSTS

B.1. Service Levels Are Not Benchmarked Against Standards

Client Groups Currently Receive Customized Service

Cleaning requirements are set by each client group for each facility

Corporate-wide standards for cleaning routines⁴ have not yet been implemented. The extent of cleaning varies by facility and by client. The cleaning routine requirements are developed by Facilities Management in consultation with individual client groups based on their available budget. Each client group establishes its own cleaning service expectations.

⁴ Cleaning routines include a list of the cleaning tasks and frequency of tasks performed at each facility to meet client expectations of cleaning outcomes.

SLA - service level agreements

These service expectations and the costs that will be recovered by Facilities Management for providing such services are set out in “service level agreements” (SLAs). Currently, SLAs are in place with some but not all of the Division’s clients. The agreements should be updated on an annual basis, but this is not being done. Some agreements are even outdated.

Goal of Transitioning to Consistent Service Levels

Goal is to transition client groups to consistent service levels

In July 2015, Facilities Management adopted the newly developed corporate Custodial Standard Service Model (CSSM). The goal for developing the CSSM was to transition all client groups to a consistent set of cleaning routines. Internal services and external contractors were to be measured against the CSSM with expectations of consistent service levels being established. This model was approved by the Facilities Management Service Standards Committee in November of 2015.

<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-83107.pdf>

Higher service demands will have higher associated costs

The CSSM includes an option for services to be provided at a minimal, standard or enhanced level. The standard service level in the CSSM is generally used for a “Standard building environment with an aim to balance cost and client service”. The enhanced service level is intended for “Executive, Political or show piece facilities/areas with an emphasis on high service level”. The distinction between each level of service is the number of times per year that a particular cleaning task is performed. The more frequently tasks are performed, the higher the costs will be. The CSSM does not currently set out the estimated cost to provide each level of service.

CSSM should identify the level of cleanliness associated with each service level

Although the CSSM proposes three levels of cleaning, it does not identify the level of cleanliness that can be associated with each service level. Some facilities, such as health and child care facilities may, for example, require a higher level of cleanliness. In contrast, it may be acceptable to have reduced levels of cleanliness at other facilities, such as warehouses and parking garages. The level of cleanliness that can be expected for each service level in the CSSM should be clarified.

Benchmarking Service Levels is the First Step to Implementing the CSSM

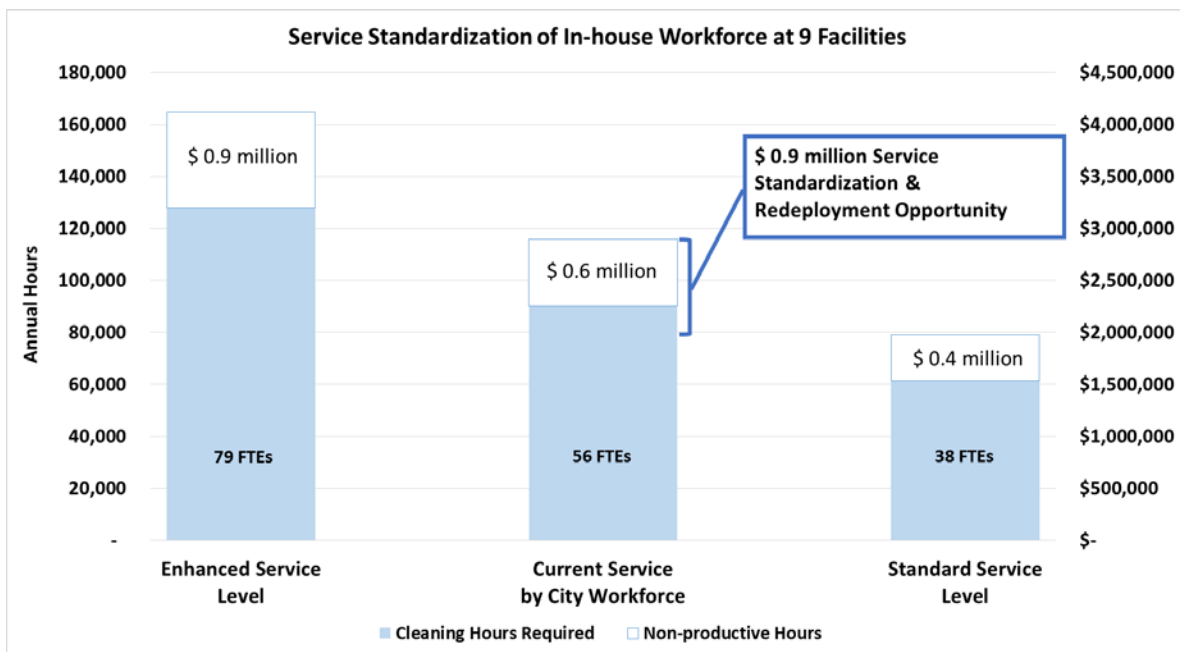
Implementing the CSSM provides an opportunity to review client service levels

Facilities Management has not assessed the actual level of cleaning services it provides in each of the 265 facilities relative to the newly adopted CSSM. This important step in implementing the CSSM is necessary in order to assess opportunities for service efficiencies.

For example, as depicted in Chart 1, one SLA includes client requirements for 128,000 hours of cleaning at nine facilities. Management advised that all nine facilities included in this SLA receive the equivalent of the enhanced service level of the CSSM.

It is possible that some of these facilities do not require an enhanced service level. By transitioning these facilities to cleaning routines that are consistent with the standard service level of the CSSM, the labour hours, number of cleaning staff, and corresponding cost required to clean these facilities can be significantly reduced. This could result in service efficiencies or savings of up to \$900,000 annually or \$4.5 million over five years.

Chart 1:



Where service levels are adjusted to be consistent with the CSSM, service level agreements should be updated.

Sick time, vacations, and statutory holidays impact the hours an employee is available and productive

After estimating the cleaning hours needed to complete the cleaning routines set out in the SLA, an appropriate staffing plan can be developed. In order to determine the number of staff required to clean a facility, non-productive time must be factored into scheduling and staffing decisions.

A full-time employee with a 40-hour standard work week is not productive for the entire 2,080 gross annual hours. These gross hours include statutory holidays, vacation time, sick time, and breaks which reduce the number of hours an employee is available and productive. In 2014, on average, each employee was productive for 1,617 hours or 78 per cent of gross annual hours.

For example, as depicted in Chart 1, the current SLA requires 128,000 hours of cleaning annually. This is equivalent to the enhanced service level of the CSSM. Based on the 2014 average productive time per employee, it is unlikely that the current workforce of 56 cleaning staff would be able to meet the cleaning requirements of the SLA. There is, however, more than sufficient labour to meet the standard service level of the CSSM.

Our analysis did not consider whether labour productivity was appropriate. Factors that impact the reasonability of productivity levels at a given facility include absenteeism and cumulative vacation entitlements of assigned staff. The facility layout and efficiency and quality of cleaning tasks performed by individual employees will also impact productivity rates.

Recommendations:

- 6. City Council request the General Manager, Facilities Management to assess and define the level of cleanliness that can be associated with each level of cleaning service in the Custodial Standard Service Model.**

7. **City Council request the General Manager, Facilities Management to ensure each client group is provided with information about the cleaning service level they are receiving relative to the Custodial Standard Service Model and the associated costs of services provided. Such information be used to examine the opportunities to achieve more economical cleaning services.**
8. **City Council request the General Manager, Facilities Management to ensure that appropriate operational planning for cleaning services is performed to ensure workloads are based on a reasonable estimation of the productive labour hours of the workforce.**

C. MONITOR PERFORMANCE TO IMPROVE PRODUCTIVITY, CONTROL COSTS AND ENHANCE QUALITY

2005 Audit included a recommendation to establish a performance management framework

At the time of the audit, Facilities Management did not have a performance management framework to evaluate the effectiveness or efficiency of cleaning services. This issue was the subject of a recommendation in our 2005 “Maintenance and Administrative Controls Review”. More specifically:

The Deputy City Manager and Chief Financial Officer take appropriate steps to:

- a) develop and implement results based performance indicators measuring the productivity of building maintenance and cleaning services;*
- b) use performance indicators to compare internally between building locations and previous performance or externally with other leading local government and private sector organizations;*
- c) incorporate performance measures into service level agreements with City-user divisions; and*
- d) implement a process to track service delivery against agreed upon benchmarks.*

<http://www.toronto.ca/legdocs/2005/agendas/council/cc051205/au4rpt/cl001.pdf>

***Implemented
recommendation
not sustained***

Although the Auditor General verified that management had taken action to implement such a framework in 2010, the performance management framework was not maintained.

We were advised that as part of the 2016 budget cycle, Facilities Management presented a performance management framework that is being piloted in Police facilities.

C.1. Monitor Performance to Achieve Service Efficiencies

***Metrics needed
to monitor
performance***

In order to improve services, specific measures are needed to assess actual performance relative to established expectations or industry benchmarks. The ongoing monitoring of performance metrics can enhance decision-making to control costs as well as improve productivity and service delivery.

The following examples are industry benchmarks that can be used to monitor the efficiency of cleaning services:

- Productivity: square feet cleaned per full time worker
- Costs: cost per square foot of cleanable area

Productivity

Industry standards for productivity range from 23,000 to 35,000 square feet cleaned per full time worker. Facilities Management does not track similar productivity measures for the City's in-house cleaning workforce. Staff productivity should be monitored to ensure tasks are performed efficiently and to ensure there is a fair distribution of work among cleaning staff.

***Low productivity
should have been
identified***

Facilities Management manages an in-house workforce of 50 cleaners. These staff are responsible for cleaning eight facilities for one client group. Our review of this workforce found that each full time worker is responsible for cleaning an area that may range in size from 5,500 to 19,800 square feet. Both the broad range in productivity levels, as well as, the variance from the industry benchmarks should have been identified by management and the cause for such variances investigated.

Cost

Similarly, it is important for management to monitor the cost to clean facilities. For example, for one client group, the cost for City staff to clean facilities varied from \$7.48 to \$13.39 per square foot. For facilities cleaned by a contractor, costs ranged from \$3.22 to \$9.63 per square foot. Even within a single client group, the level of service and corresponding cost to clean facilities varied significantly.

Significant cleaning cost variances between comparable facilities receiving comparable services should have been identified by management and the cause for such variances investigated.

Recommendation:

- 9. City Council request the General Manager, Facilities Management to identify, monitor, and report on key performance metrics on a regular basis relative to internal and external benchmarks for the purposes of regularly assessing the effectiveness and efficiency of cleaning services.**

C.2. A Formal Inspection Program Is Needed to Ensure Quality

Government Management Committee requested performance standards

At its meeting on June 15, 2015, the Government Management Committee directed the Chief Corporate Officer to report on performance standards for cleaning contracts in order that the quality of cleaning in these areas be improved.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.20>

Measuring the effectiveness of cleaning services

A consistent quality assurance review or inspection program for cleaning is currently not in place. Instead, each Custodial Services Supervisor had their own system for performing inspections. Differences were noted in the frequency of the inspections which could be daily, monthly or quarterly. The level of documentation and the feedback provided to staff were either formal or informal, and written or verbal.

Potential bias if supervisors inspect their own work areas

Currently, supervisors are responsible for monitoring quality within their assigned areas. In certain circumstances the supervisor may also perform cleaning tasks and as such may lack sufficient independence to effectively assess the quality of work performed and/or identify and resolve deficiencies. The effectiveness of the quality program may be improved by having supervisors inspect work areas for which the results have no bearing on their own performance. Such inspections should be performed as unscheduled site visits.

Facilities Management has begun to pilot a process for quality assurance inspections

In September 2015, the Chief Corporate Officer reported to Government Management Committee that in Q2 of 2015 Facilities Management commenced a pilot project of monthly quality assurance inspections in Toronto Police facilities. In addition, the Chief Corporate Officer indicated that Facilities Management would be expanding the monthly quality assurance inspection process to all City buildings (serviced by Facilities Management) over a 12 to 18 month period starting in Q1 of 2016.

<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-83107.pdf>

Recommendations:

- 10. City Council request the General Manager, Facilities Management to implement a program of quality assurance inspections of cleaning services to be deployed across the City and adopted consistently by the Facilities Management Division.**
- 11. City Council request the General Manager, Facilities Management take appropriate action to control for the risk of bias in completing quality assurance inspections.**

C.3. Annually Assess Customer Satisfaction

Customer satisfaction surveys

The Business Performance Management unit has conducted customer satisfaction surveys for the Chief Corporate Officer. The purpose of these surveys, completed in 2010, 2012 and 2014, was to measure client satisfaction with services provided. The surveys were to be used to identify opportunities for continuous quality improvement.

Surveys have become less meaningful

As summarized in Exhibit 1 of this report, over time, the information gathered from these surveys has become less meaningful since the questions were not specific to each type of custodial service.

Recommendation:

- 12. City Council request the General Manager, Facilities Management to plan, implement and incorporate the results of customer satisfaction surveys to improve custodial services delivery.**

D. OTHER MATTERS

D.1. Review the Requirement for Vulnerable Sector Checks

Facilities management staff work in daycares

The service level agreement between Facilities Management and the Children’s Services Division does not address the legislative requirement for vulnerable sector checks of daycare staff. Although Facilities Management staff do not provide direct care to the children, they are present in the daycares during business hours.

The Quality Jobs and Living Wages and Fair Wages report indicated that, “consistent with best practices established in other public sector facilities, including schools, universities and hospitals, successful proponents in custodial service calls will be required to obtain a ‘Vulnerable Sector Screening/Police Reference Check’ for all employees who will be employed on the contract before they commence work in a high risk environment such as senior homes or daycares.”

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX33.2>

Vulnerable sector screening is a best practice

Although vulnerable sector screening measures are in place for vendors, the issue has not been adequately addressed for City staff who may be required to work in facilities with vulnerable populations. This applies to all City staff, and not just Facilities Management Division staff responsible for custodial services.

Recommendation:

- 13. City Council request the General Manager, Facilities Management to collaborate with the Executive Director of Human Resources to ensure that vulnerable sector screening is adequately addressed for all City staff who provide services in high risk facilities, such as daycares.**

D.2. Results Are Relevant for City Divisions, Agencies, and Corporations

Findings are relevant to those independently overseeing custodial services

Many of the issues and recommendations included in this report may have relevance to other City divisions, agencies and corporations which oversee their custodial services independently of the Facilities Management Division.

Management representatives in each of these organizations should review the issues and recommendations in this report relative to their respective organization and their custodial services.

Recommendation:

- 14. City Council request the City Manager to request Division Heads and Chief Executive Officers of City agencies and corporations to review the issues and recommendations included in this report and consider the relevance to their respective custodial operations.**

CONCLUSION

This report includes 14 recommendations. The recommendations provide a roadmap for strengthening existing processes and should be implemented immediately.

By addressing the recommendations in this report, management will establish and maintain the integrity of critical operating data to ensure cleaning services are being provided effectively and efficiently. This is also crucial for ensuring outsourced contracts are being procured and managed effectively, as discussed in the Auditor General's Report entitled "Maximizing Value from Cleaning Contracts".

There is an opportunity to achieve service efficiencies by implementing industry and corporate cleaning standards. We estimate that for one client group, transitioning nine facilities to these standards could result in service efficiencies or cost savings of up to \$900,000 annually or \$4.5 million over five years. By extending the analysis to other client groups and facilities, it is possible that significantly more service efficiencies may be identified.

In addition, the development of adequate performance metrics and ongoing monitoring can ensure a productive workforce is effectively managed while containing costs and providing quality cleaning services.

Finally, we would like to express our thanks for the cooperation we received from staff of the Facilities Management Division and the Chief Corporate Officer's Business Performance Management unit during this audit.

EXHIBIT 1**Chief Corporate Officer Organization Client Satisfaction Survey Results**

Year	Satisfaction Rate	Questions for Client Feedback
2014	74%	<ul style="list-style-type: none">• Response Time to Service Request• Quality of Service• Meeting Expectations• Cost of Service• Time of Completing Service Requested• Courtesy and Professionalism of Service Staff• Communications and Status Updating
2012	48%	<ul style="list-style-type: none">• Carpet Steam Cleaning• Janitorial Services• Minor Grounds Maintenance• Pest Control• Waste Removal and Recycling• Overall Rank Service in Terms of Value for Money
2010	58%	<ul style="list-style-type: none">• Response Time to Service Request• Quality of Service• Meeting Expectations• Cost of Service• Length of Time to Complete Request• Courtesy and Respect• Communication• Commitment• Willingness to Help• Handling Complaints• Handling Urgent Issues

Note: For each item listed above, respondents were asked to rank their level of satisfaction (from very satisfied to very dissatisfied).

**Management's Response to the Auditor General's Review of
Audit of City Cleaning Services – Part 1: Opportunities to Control Costs, Improve Productivity and Enhance Quality of Cleaning Services**

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
1.	City Council request the General Manager, Facilities Management to ensure all current cleaning routines, as well as any future adjustments to cleaning routines, are benchmarked with industry standard cleaning times.	X		<p>OVERALL CONTEXT: Facilities Management (FM) has developed a five (5) year strategic plan including restructuring. See below:</p> <ul style="list-style-type: none"> ▪ June 2014 - FM leadership change for Operations (new Director) ▪ 2015 - FM appointed a GM accountable for operations and capital. Structured also a Project Management Office (PMO). ▪ 2015 - Facilities Management Service Standards Committee (FMSSC) approved City-wide Custodial Standard Service Model (CSSM) ▪ 2015 - began developing a new Service Partnership Agreement (SPA) framework ▪ 2016 - reviewing its data management strategy ▪ 2016 reviewing its contract management strategy 	Facilities Management will be conducting a review of the current processes being employed by the various custodial divisions and benchmark the service level against the Custodial Standard Service Model in partnership with applicable industry standards (ISSA, BOMA, IFMA or others as deemed relevant). Q4 2016
2.	City Council request the General Manager, Facilities Management to develop the corporate procedure to ensure compliance for measuring and establishing the cleanable area for a City facility.	X		See comments in Recommendation 1	<p>Facilities Management Division will review and develop procedures to ensure compliance for data needed to run the business.</p> <p>Timeline: Recommendation in Q3 2016 of a go-forward plan.</p>
3.	City Council request the General Manager, Facilities Management to validate the available measurements in accordance with the established corporate procedure.	X		See comments in Recommendation 1	<p>Facilities Management Division will validate available data on a priority basis. A strategy will also be developed to deal with lower priority facilities with unvalidated data.</p> <p>Timeline: Recommendation in Q3 2016 of a go-forward plan.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
4.	<p>City Council request the General Manager, Facilities Management to:</p> <p>a. Implement a process to ensure that a complete and accurate inventory of City facilities receiving custodial services is centrally maintained.</p> <p>b. Ensure the centralized data source includes all relevant information, including labour costs, to effectively monitor performance of custodial services and support operating decisions made by executive management as well as operational managers and supervisors.</p> <p>c. Establish a protocol for ensuring data is kept accurate and up-to-date for each City facility.</p>	X		See comments in Recommendation 1	<p>The Chief Corporate Officer Organization, inclusive of the Facilities Management Division, is undertaking a review of overall data management as it relates to Facilities Maintenance, Custodial and Real Estate services. The focus will include:</p> <ul style="list-style-type: none"> ▪ Moving toward industry standards (industry scan). ▪ Defining basic business data requirements. ▪ Validating and testing data within current systems. ▪ Conducting a gap analysis. ▪ Defining data ownership. ▪ Ensuring data collection and change management processes. ▪ Confirming a system of record and reconciliation of data. ▪ Ensuring the application of the correct data in contracts. <p>Timeline: Recommendation in Q3 2016 of a go-forward plan.</p>
5.	<p>City Council request the General Manager, Facilities Management to effectively workload each City facility receiving cleaning services, either in-house or contracted. Such undertaking to include actions to:</p> <p>a. ensure accurate operational data is available</p> <p>b. workload each facility by applying current industry standard cleaning times and tasks</p> <p>c. schedule the cleaning workforce in accordance with the estimated workload.</p>	X		See comments in Recommendation 1	<p>Upon the validation of critical data, Facilities Management will workload all buildings on a cost and efficiency basis and implement the use of cost performance and efficiency measures.</p> <p>Estimated Completion for all facilities: 2018 Q4 but will prioritize key facilities with a schedule.</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
6.	City Council request the General Manager, Facilities Management to assess and define the level of cleanliness that can be associated with each level of cleaning service in the Custodial Standard Service Model.	X		See comments in Recommendation 1	Facilities Management will assess and define the level of cleanliness that can be associated with each level of cleaning service in the Custodial Standard Service Model. <u>Timeline:</u> Immediately - with a corporate implementation into all groups within 2 years (end of 2018).
7.	City Council request the General Manager, Facilities Management to ensure each client group is provided with information about the cleaning service level they are receiving relative to the Custodial Standard Service Model and the associated costs of services provided. Such information be used to examine the opportunities to achieve more economical cleaning services.	X		See comments in Recommendation 1	The General Manager, Facilities Management will integrate the Custodial Standard Service Model and associated levels of cleanliness as they become available into the Service Partnership Agreement (former SLA) and communicate the expectations to all clients on a go forward basis. This information will be used to examine opportunities to achieve more economical services. Rollout of Service Partnership Agreement: <ul style="list-style-type: none"> ▪ Initial phase with select current SLA clients in Q3, 2016. Others phased through Q3 and Q4, 2016. A corporate implementation into all groups to occur within 2 years (end of 2018).

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
8.	City Council request the General Manager, Facilities Management to ensure that appropriate operational planning for cleaning services is performed to ensure workloads are based on a reasonable estimation of the productive labour hours of the workforce.	X		See comments in Recommendation 1	<p>Workloaded estimations will take into account non-productive hours and schedules will be developed based on productive time only.</p> <p>Within 2017, Facilities Management is developing new contract templates for Custodial Services that will address this recommendation. Additionally, in 2017, Facilities Management will analyse its operational planning to ensure workloads are based on a reasonable estimation of the productive labour hours of the workforce.</p> <p>Estimated Completion: Q4 2018</p>
9.	City Council request the General Manager, Facilities Management to identify, monitor, and report on key performance metrics on a regular basis relative to internal and external benchmarks for the purposes of regularly assessing the effectiveness and efficiency of cleaning services.	X		See comments in Recommendation 1	<p>A consistent KPI framework will be implemented for all providers of custodial services under Facilities Management and reported on regularly.</p> <p><u>Timeline:</u> Q4 2017.</p>
10.	City Council request the General Manager, Facilities Management to implement a program of quality assurance inspections of cleaning services to be deployed across the City and adopted consistently by the Facilities Management Division.	X		See comments in Recommendation 1	<p>A consistent quarterly inspection process will be developed by Facilities Management and implemented within the building teams, and carried out for all facilities receiving custodial services.</p> <p>Process/program developed: Q4 2016 Deployment and adoption: 2017 and 2018</p>
11.	City Council request the General Manager, Facilities Management take appropriate action to control for the risk of bias in completing quality assurance inspections.	X		See comments in Recommendation 1	The action plan for Recommendation #10 will incorporate this request.

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
12.	City Council request the General Manager, Facilities Management to plan, implement and incorporate the results of customer satisfaction surveys to improve custodial services delivery.	X		See comments in Recommendation 1	Facilities Management will enhance how we incorporate survey results to improve custodial service delivery. Timeline: Go-forward basis.
13.	City Council request the General Manager, Facilities Management to collaborate with the Executive Director of Human Resources to ensure that vulnerable sector screening is adequately addressed for all City staff who provide services in high risk facilities, such as daycares.	X		See comments in Recommendation 1	The General Manager, Facilities Management will engage with the Executive Director of Human Resources to review City policy surrounding the provision of services in high risk facilities and make further recommendations to address the needs in Facilities Management's high risk facilities and take action in 2016.
14.	City Council request the City Manager to request Division Heads and Chief Executive Officers of City agencies and corporations to review the issues and recommendations included in this report and consider the relevance to their respective custodial operations.	X		See comments in Recommendation 1	The City Manager will request Division Heads and Chief Executive Officers of agencies and corporations review the issues and recommendations included in this report and consider the relevance to their respective operations. – Q3