

Audit of Winter Road Maintenance Program Update

Date: November 4, 2020

To: Audit Committee

From: General Manager, Transportation Services

Wards: All

SUMMARY

The Auditor General's Office recently completed the *Audit of Winter Road Maintenance Program - Phase One: Leveraging Technology and Improving Design and Management of Contracts to Achieve Service Level Outcomes*. The audit focused on whether the Transportation Services Division meets the Council-approved service levels for winter road maintenance and whether it manages contracts, evaluates contractor performance, and holds contractors accountable as per the contract terms. The audit was adopted by City Council on October 27, 2020, which included three approved motions requesting the General Manager, Transportation Services Division to report back to the November 19, 2020 Audit Committee. This report provides an update on the three motions.

RECOMMENDATIONS

The General Manager, Transportation Services recommends that:

1. The Audit Committee receive this report for information.

FINANCIAL IMPACT

There are no current or future year financial impacts arising from the recommendation contained in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

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 at its meeting of November 19, 2020 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

City Council on October 27, 2020 adopted *Audit of Winter Road Maintenance Program - Phase One: Leveraging Technology and Improving Design and Management of Contracts to Achieve Service Level Outcomes* with amendments. There were 27 recommendations from Audit Committee and five additional motions adopted by City Council. One recommendation and two amending motions requested the General Manager, Transportation Services to report back to the November 19, 2020 Audit Committee. The following provides updates on each item.

Recommendation 1

City Council request the General Manager, Transportation Services, to ensure that winter maintenance vehicles are equipped with a GPS device on an immediate and urgent basis and to report the status to the November 19, 2020 Audit Committee meeting.

Motion 1

City Council request the General Manager, Transportation Services to report to the November 19, 2020 Audit Committee meeting on the working status of all GPS devices in Transportation Services vehicles.

Beginning in October and continuing throughout November and December contractors will supply various winter maintenance equipment to City depots and yards for the upcoming winter season. The vehicle quantities and types along with the delivery dates are established within each respective agreement. To-date the following vehicles have been delivered:

- 16 Anti-icing Direct Liquid Application vehicles
- 160 De-icing Salting vehicles (expressway, arterial, collector and local roads)

To align with the Auditor General's recommendations staff developed and implemented the following Standard Operating Procedure regarding GPS devices:

- Developed a master list of each GPS device assigned to each contractor vehicle,
- Designated City Supervisors to ensure each vehicle has been assigned an appropriate GPS device for each contract,
- Manually inspected each vehicle to ensure the proper installation and functionality,
- Tested each GPS device is properly functioning, and
- Documented the aforementioned tasks.

As of November 1, 2020, staff have completed the Standard Operating Procedure for 176 vehicles. This procedure will be executed for the balance of winter maintenance vehicles yet to be supplied on a weekly basis throughout the contract duration.

Motion 2

City Council request the General Manager, Transportation Services, to report to the November 19, 2020 Audit Committee meeting on tools to measure winter road and sidewalk clearing against Key Performance Indicators contained in contracts and in comparison to Council-approved service levels and report by the second quarter of 2021 with the results of those comparisons.

Recommendations concerning the development of contract performance measures were part of the preliminary outputs of the Winter Maintenance Audit. In response to this feedback from the Auditor General, a review of key performance indicators (KPIs) was performed that reviewed our road and sidewalk clearing performance against Council-approved service levels, and against the intended performance levels included within our winter maintenance contracts. While a previous study examining Transportation Services' service levels (HDR, 2019) demonstrated that the City exceeds the performance levels of our peer municipalities (e.g., York, Durham, Montreal, New York), it was determined that the existing performance levels, as stated within existing contracts, require greater specificity. For this and the following winter season, the Vendors will be held strictly to the contract requirements, and City staff will endeavour to maintain the Council-mandated service levels. Moving forward, new operational KPIs (following the Results Based Accountability methodology) are being developed and will be explicitly stated within the next winter maintenance contracts starting in 2022.

It was also determined that an additional explicit set of performance measures are needed to measure the efficacy of managing winter maintenance contracts. These will measure staff performance in ensuring the contractor delivers on each of the requirements of the winter contracts. Based on the recommendations resulting from this audit, Transportation Services has begun the process of reviewing each contract management recommendation, creating new contract management Standard Operating Procedures for staff. Training on these procedures is scheduled to take place in November 2020. Staff will report back on progress in maintaining Council-mandated service levels and in measuring our contract management performance by the second quarter of 2021.

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SIGNATURE

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