EP15.7

Exhibition Place

REPORT FOR ACTION

Review of Capital Project Management Processes

Date: November 24, 2020
To: Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All

SUMMARY

The City of Toronto Internal Audit was engaged by Exhibition Place in 2020 for the review of the capital project management processes. This operational review is the second of the additional 3 year cycle review approved by the Board in November 2018 in respect to overall risk assessment of operations. This review covered five (5) major projects undertaken in 2020 as part of a $7.80 million capital budget.

This report presents for the information of the Board the results of the review and whether there are:
1) Adequate processes and controls are in place to ensure that capital projects are properly managed; and
2) Opportunities for enhancement to existing processes and controls exist.

The Internal Audit Report is attached as Appendix A to this report along with the highlights of the review and summarizes issues of the engagement, and the auditor's suggestions and recommendations. Management has provided responses to the audit findings which will help to improve the overall control environment surrounding this process.

RECOMMENDATIONS

The Chief Executive Officer recommends:

1. The Board direct the Chief Executive Officer, Exhibition Place to report to the Board of Governors of Exhibition Place in June 2021 or earlier on the status of implementation of the recommendations in the Exhibition Place Internal Audit Report - Capital Project Management Process in Appendix A to the report.

FINANCIAL IMPACT

There are no financial implications to this report.

DECISION HISTORY

The Exhibition Place 2017 - 2019 Strategic Plan has a financial goal to effectively monitor costs and revenues. As a strategy to support this goal Board staff will seek to strengthen controls and processes through a review of our financial systems.

At its meeting July 31, 2016, the Finance & Audit Committee approved a three-year cycle to undertake key business / operational audits at Exhibition Place. https://www.explace.on.ca/files/file/58b6195c6e38a/Item-2-Proposed-Three-Year-Audit-Plan.pdf

At is meeting on November 15, 2018, the Board approved an additional 3 year cycle review to undertake key business / operational audits at Exhibition Place. http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EP15.28

COMMENTS

The first three-year plan for Exhibition Place approved in July 2016 identified audits/reviews to take place in the following areas:

2016 Parking Operations (review conducted by PWC)
2017 Revenue/Receivable Process Controls
2018 Payroll, Benefits and related process and procedures

The additional three year cycle review plan for Exhibition Place was approved by the Board at its November 2018 meeting for the following areas:

2019 Purchasing and Expenditures Review
2020 Capital Projects Management Process Review
2021 Review of Parking procedures and processes

Historically, risk assessment by the City Auditor General Office (AGO) is done every 5 years. The last AGO review of risk assessment of Exhibition Place operations was done in 2014. The risk assessment process is intended to provide the AGO with a risk ranking of Exhibition Place relative to other units across other City divisions, agencies, and corporations.

The City selected the 5 projects for detailed review from the $7.80 million capital spend for 2020. These projects were:

1) Replacement of Fire Alarm System at Queen Elizabeth Building;

2) Bus Duct Replacement at Food Building;
3) Beanfield Centre Elevated Pedestrian Walkway;
4) British Columbia Road Reversible Lane Installation; and
5) Sidewalks, Pathways & Lots – AODA

Objectives of Review

The objectives of this review were to assess whether:
1) Adequate processes and controls are in place to ensure that capital projects are properly managed; and
2) Opportunities for enhancement to existing processes and controls exist.

Methodology

The review consisted of:
1) Reviewing policies and procedures related to contract management activities for capital projects;
2) Interviewing Exhibition Place staff to obtain an understanding of current processes and controls in place;
3) Examining the project management activities and conducting testing for the five projects selected for review; and
4) Inspecting relevant records and documents.

Findings, Recommendations and Managements Response

This is the section where management has provided its response to the key issues identified in the audit.

The City Internal Audit has noted in their report (Appendix A) that Exhibition Place has effective procedures and controls in place over the capital expenditure process and procedures are adequate and can be relied upon. As well the report Identified on pages 3 to 7, three (3) recommendations for further improvement in the areas of:

1) Consultants' compliance with RFP requirements;
2) Project Monitoring; and
3) Internally Managed Projects

Management is receptive to the auditor suggestions and recommendations and has developed a timetable of implementation to further examine the other opportunities as detailed on pages 8 to 11 of the report in Appendix A.

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Capital Projects Management Processes Review