

Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit

Date: February 2, 2021

To: Audit Committee

From: Auditor General

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report is about litigation or potential litigation that affects the City of Toronto.

SUMMARY

In April 2019, the Auditor General released her report, "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services", on the results of her audit of tree planting and maintenance services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.4>

In October 2019, the General Manager, Parks, Forestry, and Recreation reported:

"Parks, Forestry and Recreation (PFR) has vigorously undertaken steps to meet the AG's recommendations, improve management oversight, explore options associated with contractual agreements with vendors and, in collaboration with the City Solicitor, pursue legal action if needed to recover any losses."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU4.14>

In July 2020, the City Solicitor and General Manager, Parks, Forestry and Recreation reported to the Infrastructure and Environment Committee on PFR's review of work performed by tree maintenance vendors and provided related legal advice. A supplementary report was presented when the matter was considered by City Council.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE14.8>

City Council requested the Auditor General to report further to the Audit Committee on this matter.

To be able to respond to Council's request, the Auditor General conducted a limited scope follow-up review of certain aspects of tree maintenance services to assess the Parks, Forestry and Recreation Division's progress towards addressing issues and recommendations identified in our April 2019 audit report, "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services".

This report presents the results of the Auditor General's limited scope follow-up review.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the General Manager, Parks, Forestry and Recreation Division, to periodically perform discreet physical observation of tree maintenance vendors for multiple whole days to ascertain the accuracy and reliability of reported work completed and paid for based on an hourly rate.
2. City Council request the General Manager, Parks, Forestry and Recreation Division, to improve City and contracted tree maintenance crew productivity, outputs and outcomes by planning, assigning, and monitoring work to:
 - a. maximize the amount of time spent actively working on tree maintenance activities (i.e. pruning, removal, stumping, fill and seed, etc.)
 - b. reduce the time spent on supporting activities (i.e. time spent at the yard, dumping, driving, etc.)
 - c. minimize non-productive time (e.g., time waiting for parked vehicles to be moved, idle time, unreported breaks, etc.).

To support effective analysis and monitoring of productivity, Forestry Forepersons or Supervisors must verify crews accurately record information (including locations, activities, and times) on their daily logs and review the logs for productivity and completeness on a sample basis. The sample should include at least one daily log per crew within every two-week period. Where issues are noted on a selected daily log, additional logs should be reviewed and where necessary, daily logs and invoices should be adjusted in accordance with the contract.

3. City Council request the General Manager, Parks, Forestry and Recreation Division, to:
 - a. track all tree maintenance complaints to provide indicators of where contractor performance needs closer monitoring

b. include complaints in contract management and contractor performance evaluations, with a special emphasis on recurring issues

c. remind staff of their obligation to report any allegations of potential wrongdoing involving City resources, including potential wrongdoing against the City by third-party vendors, to the Auditor General for further investigation.

4. City Council request the General Manager, Parks, Forestry and Recreation Division, to ensure Forestry Performance Inspection records accurately reflect the actual scope of the inspection or review performed and note any inspection criteria that staff are unable to assess based on work activities observed at the time of inspection.

5. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. obtain precise route information (in accordance with contracts), which includes specific geo-location (latitude and longitude) at frequent (minute-by-minute) intervals and not just fixed addresses associated with tree locations

b. investigate any discrepancy between reported geo-location and GPS geo-location exceeding an acceptable threshold no greater than 25 metres. Any challenge to the GPS accuracy should be supported by GPS service providers' direct confirmation to the City that the data recorded by their GPS device is faulty. Explanations and supporting evidence for discrepancies should be properly documented

c. request crews to submit geo-tagged photos of each tree, showing the tree before and after work has been completed. Urban Forestry staff should review these photos when signing off on crews' daily logs

d. update Urban Forestry tree maintenance records with current geo-tagged photos of trees submitted by tree maintenance crews.

6. City Council request the General Manager, Parks, Forestry and Recreation Division, to improve crew management at the operations yards to reduce daily yard time and increase efficiency on tree maintenance work. Urban Forestry management should monitor whether there is any improvement to operational efficiency when taking this action.

7. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. analyze why certain crews report parked vehicles at higher frequency or longer duration than other crews and implement measures to reduce related downtime

b. request crews submit geo-tagged photos of the location of parked vehicles obstructing work at the time these obstructions occur. Urban Forestry forepersons should reconcile reported parked car time to the submitted evidence of the obstruction when they review and sign off on daily logs

c. expedite how it will minimize downtime related to parked vehicles obstructing work from proceeding, temporarily directing, until this issue can be properly addressed, tree maintenance crews to carry on to the next tree location if they cannot gain access and then return when parking enforcement and towing can be arranged. Urban Forestry management should monitor whether there is any improvement to operational efficiency when taking this action.

8. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. ensure Urban Forestry or vendor staff are pre-arranging all required hydro hold-offs, wherever possible, to minimize down time spent waiting for a hold-off. The time of pre-scheduled hold-off, time when hold-off was actually received and any time waiting should be clearly noted on daily logs

b. ensure any need for an emergency hold-off is reported to the Urban Forestry foreperson and is noted on their daily log. The time when request for hold-off was called in, time when hold-off was actually received and any time waiting should be clearly noted on daily logs.

9. City Council request the General Manager, Parks, Forestry and Recreation Division, to ensure that payment for services is consistent with the express terms of the contract.

10. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. verify that vendors fulfill their contractual responsibilities for ensuring complete compliance with all regulations and provisions contained in or issued under the Occupational Health & Safety Act, Arborist Industry – Safe Work Practices, Infrastructure Health and Safety Association (Formerly EUSA) Rule Book, the Highway Traffic Act, and any other applicable regulations, and any amendments to the foregoing acts and regulations and any new applicable act or regulation enacted from time to time

b. ensure non-compliance is properly documented as part of vendor contract performance management processes

c. pursue measures up to and including contract termination for repeated non-compliance with safety provisions of tree maintenance contracts.

11. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. obtain GPS routes travelled information that includes actual location coordinates (longitude and latitude) that are routinely captured by vendors' GPS systems every minute (or more frequent) and whenever there is a vehicle change (start, stop, change in direction, power take off on/off, etc.)

b. retain all GPS records needed to support invoiced amounts in accordance with the City's record retention policy.

12. City Council request the General Manager, Fleet Services Division, in consultation with the Chief Technology Officer, and management of Parks, Forestry and Recreation and of other client divisions, to:

a. explore an enterprise-wide procurement of a telematics solution that can be leveraged into vehicles of outsourced service providers to support contract management and monitoring

b. establish guidelines for how to leverage or integrate GPS data to support contract management and monitoring, including data analytics.

13. City Council request the General Manager, Parks, Forestry and Recreation Division, to:

a. define expected outcomes for tree maintenance service delivery and include related performance measures directly within the contracts

b. specify actions and remedies for not meeting performance outcomes in the contracts

c. consider contract terms that allow the City to base assignment of tree maintenance work packages or hourly rate work based on how crews perform relative to other crews.

14. City Council request the General Manager, Parks, Forestry and Recreation Division, to compare performance measures and outcomes achieved by City and contracted tree maintenance crews and use this information to determine the appropriate type and volume of work to allocate to City crews and outsourced service providers.

15. City Council request the General Manager, Parks, Forestry and Recreation Division ensure contracts make clear the roles and responsibilities of City staff and the vendor for resolving problems that impact performance outcomes including crew productivity.

16. City Council request the General Manager, Parks, Forestry and Recreation Division, to require tree maintenance vendors' vehicles to clearly indicate in large font text, easily readable at a distance, identifying:

a. the vehicle is on contract to the City of Toronto

b. a unique vehicle identification number

c. an appropriate contact phone number for the City of Toronto in case of complaints.

17. City Council request the Controller to implement additional supports and greater accountability City-wide for effective monitoring and management of significant outsourced contracts, which may include:

- a. well-defined control objectives for which divisions are expected to have designed and implemented key controls to reinforce effective oversight, monitoring, and management of outsourced services in accordance with the express terms of contract
- b. a structured approach to documenting contracting risks and controls with divisional management certifying or signing-off that key contract management controls have been appropriately designed and implemented in practice
- c. independent compliance review process to verify the key contract monitoring and contract management controls divisions have put into place are operating effectively, including extensive physical observation of contracted service providers from time to time.

18. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains information about litigation or potential litigation that affects the City of Toronto.

FINANCIAL IMPACT

Many of the recommendations in the Auditor General's two Urban Forestry audits and the current 2020 tree maintenance follow-up relate to PFR fulfilling its existing program / service responsibilities and service levels standards in managing permit issuance, tree by-law enforcement functions, tree planting, and tree maintenance services.

The Auditor General's reports did not recommend additional staff resources. Before seeking additional funding or resources to implement recommendations, it is our view that PFR should first look at how to improve its processes and approach within its existing staff complement and budget to efficiently deliver its mandated services. The audits identify areas to increase operational efficiency and productivity.

Any budget enhancement requests and increases in staffing should be properly supported by a business case that clearly specify the expected improved outcomes through added resources and how this compares to what can be achieved through improved productivity and operational efficiencies with existing resources.

As noted in the report, if all crews increase the time they actively work on trees each day by an average of 30 minutes, we estimate City would produce around \$1 million more work on trees annually, based on 2019 contract rates and crews.

DECISION HISTORY

The Auditor General's 2017 Work Plan included an audit of the Urban Forestry Branch of the Parks, Forestry and Recreation Division. Urban Forestry is responsible for protecting, maintaining, and enhancing the urban forest in the City.

In June 2018, the Auditor General released the first part of the audit on permit issuance and tree by-law enforcement functions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.AU13.10>

In April 2019, the Auditor General released the second part of the audit, "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services", focused on tree planting and maintenance services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.4>

In her 2019 report, the Auditor General identified:

- Concerns with management of daily tree maintenance work
 - Contractor crews' reported work locations not matching GPS reports
 - City crew vehicles have no GPS system
 - Questionable records in daily logs by city and contractor crews were not identified
 - Ineffective on-site inspections and quality control inspections
- Need to improve operational efficiency because many hours were spent on supporting activities
 - Reduce time spent on moving parked vehicles on streets
 - Increase city yards with a woodchip compound
 - Reduce daily yard time
 - Unnecessary maintenance work on trees under warranty
 - Improvements to compliance with service standards and other opportunities

The report highlighted that Urban Forestry needed to strengthen its oversight and monitoring of tree maintenance services to ensure value for money for the City. The report provided 10 recommendations to help Urban Forestry improve its contract management, customer service and operational efficiency for its tree planting and maintenance programs.

COMMENTS

The Auditor General conducted a limited scope follow-up review of certain aspects of tree maintenance services to assess the Parks, Forestry and Recreation Division's progress towards addressing issues and recommendations identified in our April 2019 audit report, "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services".

The Auditor General performed extensive physical monitoring of City and contracted tree maintenance crews over a nearly two-month period from July 31 through September 25, 2020.

Although it would normally take nine months or more to conduct the level of work needed to respond to Council's request, the Auditor General has completed this work within six months. A reallocation of staff resources away from other projects included in the Auditor General's 2020 Annual Plan was required in order to undertake this work.

The results of the Auditor General's limited scope follow-up review are presented in two parts:

(1) The report in Attachment 1 provides the Audit Committee and members of Council with the detailed results of the Auditor General's follow-up to the 2019 tree maintenance audit, including 17 recommendations together with management's response. Management has agreed to all 17 recommendations.

(2) Confidential Attachment 1 provides the Auditor General's comments on the confidential report, IE14.8 "Ensuring Value for Money for Tree Maintenance Services - Update and Legal Advice", and the confidential supplementary report prepared by the City Solicitor and General Manager, Parks, Forestry and Recreation in response to the Auditor General's April 19 "Review of Urban Forestry - Ensuring Value for Money for Tree Maintenance Services".

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit

Confidential Attachment 1 - Getting to the Root of the Issues: A Follow-Up to the 2019 Tree Maintenance Services Audit