

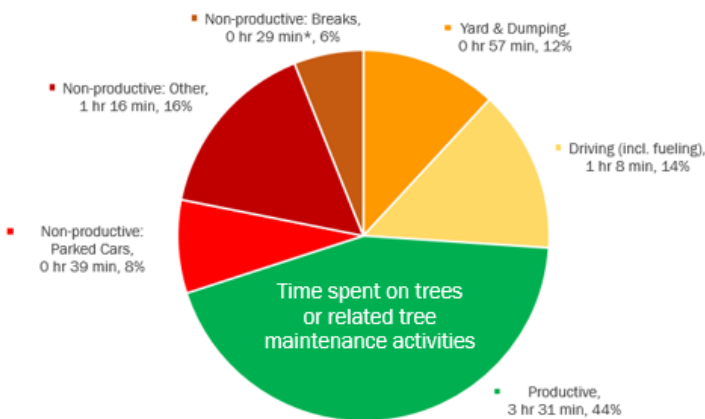
**Getting to the Root of the Issues: A Follow-Up to the 2019
Tree Maintenance Services Audit
AT A GLANCE**

WHY THIS FOLLOW-UP MATTERS

More than 1.5 years since our original audit, concerns persist – the City is still not receiving value-for-money for tree maintenance.

Our follow-up review highlights problems with how Parks, Forestry and Recreation (PFR) is managing and administering these services. This is consistent with our 2019 audit results. PFR needs to put more focus on systematically ensuring outcomes for tree maintenance, whether delivered through contracts or by City staff. Strategic leadership in this area is key to moving PFR towards achieving better outcomes.

Average time spent on trees by vendor crews in a standard 8-hour paid work day, based on Auditor General's observations during this follow up:



BY THE NUMBERS

- In a standard 8-hour paid work day, on average:
 - 3.5 hours working on trees
 - 2+ hours non-productive time including down time due to parked cars, extended or unreported breaks, and other idle time
 - 2+ hours on supporting activities (e.g., yard, dumping, driving / fueling)
- \$1M worth of tree maintenance work gained for every half hour increase, on average, in actual time productively working on trees
- \$68K for 478 hours of down time due to parked cars, where contracted crews were not actively working on trees (\$408K annualized). This is for contracted crews operating out of just one of the yards, during 2-month follow-up.
- 500+ hours of physical observation of City and contracted tree maintenance crews by AG from July 31 – September 25, 2020

WHAT WE FOUND

GPS accurately shows locations of tree maintenance crews – corroborated by 500+ hours of physical observations. When compared to GPS, we found the accuracy of work locations reported by contracted crews has improved since our 2019 audit – this is good.

A. Increase Operational Efficiency & Productivity

In a standard 8-hour paid working day, **City and contracted crews were actively working on trees for less than half the day**, on average, and about one hour less than they reported working on trees in their daily logs (excludes time waiting for parked vehicles to be removed).

- 478 hours of down time due to parked cars was reported by contracted crews operating out of one yard during the 2-month follow-up. (Approximately 8% of total reported hours). PFR paid an estimated \$68,000 (\$408,000 annualized) for this time. There are 8 other yards.
- Breaks / lunch times, together with extended / unreported breaks and other non-productive time, almost always exceeded 60 minutes per day by over 1 hour, on average.
- As recommended in our 2019 audit, minimizing down time and reducing time spent on supporting activities can increase the time City and contracted crews can actively work on trees, improving tree maintenance outcomes.

B. Manage to the Contract

- PFR's practice is to pay for 30 minutes of break time daily. This costs an estimated \$1 million/year. Express terms of the contract do not specify City pays vendors for breaks.
- We observed work practices that raise a safety concern (e.g., not wearing proper safety equipment, potentially not safely operating machinery or equipment).
- For crews we observed with Forestry Performance Inspections, PFR staff often arrived on-site when crews were not actively working on trees, and only remained for a brief time. Many of these on-site and quality control inspections did not effectively identify productivity concerns or inefficient use of time.

C. Leverage GPS for Contract Monitoring

City could not access GPS records for pre-2019 contract years, limiting PFR's ability to effectively perform retroactive reviews to identify problematic daily logs for 2017 and 2018.

- Two vendors have provided more GPS information since mid-2019.
- One vendor has regularly provided GPS information, but it is of lesser quality than was provided for 2019 audit. 'Routes travelled' data is required under contract, but has not been obtained by PFR.
- Standardized City-wide requirements for GPS may enable more consistent oversight, monitoring, and management of contract.

D. Strengthening Contract Management and Contract Monitoring Mechanisms

| To improve outcomes PFR needs to make sure: | Examples |
|--|--|
| Procurement call documents and ensuing contracts clearly lay out the demonstrable outcomes for outsourced services in a way that the City can measure whether they are being achieved by vendors | <ul style="list-style-type: none"> • Establish criteria or benchmarks for PFR-UF to assess that hourly rate or unit rate work has been completed efficiently (e.g. expected volume of trees serviced based on complexity, timeliness of completion for expected volume of work) • Define expected productivity rate for hourly rate work (e.g., proportion of hours actively working on trees vs. supporting activities vs. unproductive time which should not be paid) • Describe how PFR-UF will confirm hourly rate work and unit rate work packages have been delivered in accordance with specifications |
| Implement effective processes to monitor and measure vendor performance and achievement of required outcomes | <ul style="list-style-type: none"> • Identify discrepancies that should be questioned using high quality GPS data (longitude and latitude coordinates captured at frequent intervals) • Obtain geo-tagged photos before and after tree maintenance performed and as supporting evidence for parked vehicles blocking work from proceeding • Logging calls made by crews to the City for information on parked vehicles • Physical monitoring of crews for extended periods of time |

PROGRESS SINCE 2019 AUDIT

| Observations | Auditor General's 2019 Audit | Auditor General's 2020 Follow-up |
|--|---|--|
| <p>1. Discrepancies in activities, locations, and/or times reported on daily logs that should be questioned</p> | <p>We noted in our report that vendor crews reported work locations which did not match GPS reports. Crews did not report other stops noted in GPS reports on their daily logs. Times reported on logs did not match.</p> <p>In our audit, we compared 45 daily logs from vendor crews to their vehicle GPS reports and found in 28 of them there were GPS locations that should have been questioned. Based on the GPS records, the time spent at the questionable locations from the 28 logs totalled 46 hours and 29 minutes (including driving and stopping time at the locations) after taking into account the driving time for the crews to go back to the yards. This represented 13% of the total 360 hours (45 daily logs*8 hours) paid by the City, in our sample.</p> <p>We recommended that PFR take the necessary steps to ensure the City only pays for legitimate tree maintenance work that has been performed by contractor crews in accordance with the contractual terms, including a regular review of a sample of contractor crews' Daily Work Activity Reports (daily logs) with the Global Positioning System (GPS) reports to:</p> <ol style="list-style-type: none"> identify questionable records follow up on the discrepancies identify high-risk crews for further review and follow-up. <p>(refer to section A.1 of Attachment 1 to AU2.5)</p> | <p>Comparison of daily logs, GPS records, and the Auditor General's physical observations indicates accuracy of tree service locations reported on daily logs has improved since 2019 audit. Vendors appear to have modified their behaviour.</p> <p>However, even though the trucks went to reported locations, we observed concerning discrepancies in the 'working times' reported on City and contracted crews' daily logs vs. what we observed. These discrepancies were not always identifiable through a paper-based review of daily logs and GPS records alone – they were identified by physically observing crews.</p> <p>(refer to section A.1. and A.2. of the Auditor General's report in Attachment 1)</p> |

| Observations | Auditor General's 2019 Audit | Auditor General's 2020 Follow-up |
|---|--|---|
| <p>2. Parked vehicles and hydro hold-offs reportedly preventing work from proceeding</p> | <p>In our audit, our review of a sample of 139 logs found that 27% of crews reported time related to parked vehicles. Among these 37 logs, 31 reported between 0.5 and 3.5 hours on this. We noted in our report that PFR-UF needs to verify the reported time waiting for parked vehicles to be moved by requiring crews to provide a photo and keeping records to confirm the crews had contacted PFR-UF to obtain vehicle owner information. These are controls that could easily be built into management's monitoring process within a short time frame.</p> <p>We also recommended PFR-UF proactively identify problem areas with more frequent parked vehicles and put in place more effective preventive measures including pre-arranging towing and more effective communication methods such as sending notices through the mail, posting more prominent warning signs, and using more effective road-blocking devices.</p> <p><i>(refer to section B.2 of Attachment 1 to AU2.5)</i></p> | <p>Parked vehicles are still a major issue. During this two-month follow-up, vendor crews operating out of one City yard reported 478 hours of down time related to parked cars (8% out of an estimated 6,200 hours paid by the City). We estimate the City paid vendors over \$68,000 for this time, while crews were not actively working on trees (\$408,000 annualized). There are additional crews operating out of eight other yards.</p> <p>Some crews reported that they could not work because of parked cars, but we did not physically observe the parked cars purportedly preventing work. Crews were observed taking extended or unreported breaks during that time.</p> <p>Certain crew leaders reported significantly higher rates of parked car obstructions than others. These have not been addressed by PFR.</p> <p>Even though our 2019 audit highlighted the need to obtain evidence of parked cars, PFR still does not require crews to provide a licence plate or photo as part of its monitoring process. PFR-UF only began to keep track of crews contacting them to obtain vehicle owner information in October 2020 and, at that time, in only one area / region.</p> <p>Also, crews are not being directed to proceed to the next site to continue to work; instead, some crews are waiting up to more than half the day for parking enforcement and tow trucks to move vehicles.</p> <p>A PFR-UF pilot to use signs to show that forestry work will be in the area just got underway, 18 months after our 2019 audit.</p> <p><i>(refer to section A.3. of the Auditor General's report in Attachment 1)</i></p> |

| Observations | Auditor General's 2019 Audit | Auditor General's 2020 Follow-up |
|---|---|--|
| <p>3. Unrecorded break times</p> | <p>In our audit, we noted that contractor vehicles went to locations that were not the assigned tree service locations, or even nearby. These locations (e.g., coffee shops, plazas, residential houses, streets with no trees) were not noted in the daily logs. The total time spent at these locations, on average, far exceeded 60 minutes.</p> <p><i>(refer to section A.1 of Attachment 1 to AU2.5)</i></p> <p>This was included in discrepancies that should be questioned by PFR-UF in the audit report.</p> | <p>The Auditor General's physical observations confirm that some City and contracted crews continue to routinely stop at certain locations for food and / or beverages, and do not report them as breaks. For example, over the two-month period of our follow-up review, we regularly observed visits to coffee shops, restaurants, or stores to purchase food, beverages, or other items. While some of these visits were recorded properly on daily logs as breaks or lunches, we also noted that some crews consistently reported driving / fueling during this time on their daily logs. For clarity, vendor crews can stop for as many breaks as they like, but it should be properly reported and the City should not be paying for this additional break time.</p> <p><i>(refer to section A.1. of the Auditor General's report in Attachment 1)</i></p> |
| <p>4. Significant yard time</p> | <p>In our audit, we noted considerable time was spent at the yard in the morning and at the end of day.</p> <p>We recommended PFR review the time spent by tree maintenance crews on supporting activities with a view to maximizing the actual onsite tree maintenance time. We specifically noted that consideration be given to assessing ways to reduce wait time for crews at the City yards, particularly at the end of each shift.</p> <p><i>(refer to section B.4 of Attachment 1 to AU2.5)</i></p> | <p>We observed examples of incomplete crews at the start or end of the shift. Yet, the City pays for the full crew, for the entire shift. We also observed some crews that completed work and returned to the yard early.</p> <p>We observed vendor crews spent, on average, over 50 minutes (10%) of the work day at the yard. Over 55% of vendor crews we physically observed did not arrive to the first tree location until at least one hour of the shift had passed, with a few of them arriving at the first work site upwards of 1.5 hours after the beginning of their shift.</p> <p>Also, about half of the vendor crews and almost all of the City crews we observed, finished their work on trees at least one hour before the end of their shift (i.e., work completed at 2:00pm or earlier) and nearly 40 per cent finished work on trees at least 1.5 hours before the shift ended.</p> <p>PFR-UF's Forestry Performance Inspection Report database indicates PFR-UF is aware of some crews leaving the yard early but charging the City to the end of the shift.</p> <p><i>(refer to section A.2. of the Auditor General's report in Attachment 1)</i></p> |

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

This report provides a roadmap for improving accountability of management for delivering on tree maintenance service levels and outcomes that ensure optimal value for taxpayer dollars.