

Status Report on Action Plans to Address Previous Audit Recommendations		
	Presented To:	Audit Committee
	Presented :	Tuesday, June 16, 2020
	Report Date:	Tuesday, June 2, 2020
	Type:	Report

Background

The Auditor General's Office monitors the status of management's action plans to address previous audit recommendations. In accordance with By-law 2015-217, annual status reports are provided to Council to support accountability for results. The summary below identifies the status of responses and action plans as at May 31, 2020.

Self-Assessment Follow-Up Report Compiled by Auditor General's Office

The appendices attached to this report contain detailed self-assessment reports for the following audit reports:

- Long Term Financial Planning
- Performance Audit of Risk Management Processes
- Value-For-Money Audit – Paramedic Services
- Value-For Money Audit – Fire Services
- Performance Audit of Capital Budgeting Process
- Performance Audit of Facilities Management
- Governance Audit of Greater Sudbury Community Development Corporation (GSCDC)
- Governance Audit of Greater Sudbury Police Services Board (GSPS)
- Governance Audit of Greater Sudbury Utilities (GSU) and Greater Sudbury Hydro (GSH)
- Governance Audit of Pioneer Manor
- Performance Audit of Roads Infrastructure Maintenance Processes
- Performance Audit of Winter Maintenance Programs for Roads
- Governance Audit of the Downtown Sudbury Business Improvement Area
- Performance Audit of the Procurement Processes within Engineering Services
- Governance Audit of the Greater Sudbury Public Library
- Performance Audit of the Asset Management Program
- Cash Controls at the Citizen Service Centre at Tom Davies Square
- Cash Controls at the Downtown Transit Terminal
- Cash Controls at the Main Transit Garage

SUMMARY OF STATUS OF MANAGEMENT'S ACTION PLANS AT MAY 31, 2020

Audit Report	Audit Report Issued	# Of Action Plans	Fully or Substantially Implemented	Action Plan Partially Implemented	Little Action Taken
Long Term Financial Planning	2016	3	0	3	0
Performance Audit of Risk Management Processes	2017	3	0	3	0
Value For Money Audit – Paramedic Services	2017	1	0	1	0
Value For Money Audit – Fire Services	2017	2	0	2	0
Performance Audit of Capital Budgeting Process	2017	1	0	1	0
Performance Audit of Facilities Management	2018	3	1	2	0
Governance Audit of GSCDC	2018	8	0	8	0
Governance Audit of GSPS	2018	2	0	2	0
Governance Audit of GSU and GSH	2018	7	7	0	0
Governance Audit of Pioneer Manor	2018	2	2	0	0
Performance Audit of Roads Infrastructure Maintenance	2019	5	1	4	0
Performance Audit of Winter Maintenance Roads	2019	5	3	2	0
Governance Audit of Downtown Sudbury BIA	2019	2	0	2	0
Performance Audit of Engineering Procurement	2019	2	2	0	0
Governance Audit of GS Public Library	2019	4	0	1	3
Performance Audit of Asset Management Program	2019	3	1	2	0
Cash Controls at Citizen Service Centre in TDS	2020	3	1	2	0
Cash Controls at the Downtown Transit Terminal	2020	3	1	1	1
Cash Controls at the Main Transit Garage	2020	1	1	0	0
Total		60	20	36	4
Percentage		100%	33%	60%	7%

Conclusion

This report indicates that 33 percent of the above action plans have been fully or substantially completed and 60 percent have been partially implemented whereas little action has been taken to address 7 percent of the findings.

Another status report will be provided to Audit Committee a year from now.

AUDIT Follow Up Report

To: Audit Committee

From: Ron Foster, Auditor General

Re: Audit of Long Term Financial Planning

Audit Report released	September 2016
Original # of Observations	5
# of Action Plans Previously Complete	2
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	3
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Corporate Services)	Self-assessed Status
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Observation 2

The City should ensure its boards and wholly-owned corporations have established appropriate LTFPs if they are dependent on the City for financial support of any type.

Partially implemented

Original Management Response

Management will work throughout 2017 and 2018 to develop goals and specific action plans to support the achievement of the principles and policies within the revised LTFP once it has been presented to City Council.

Actions Taken, Results and /or Actions Planned - As of May 31, 2017

The City will request that the Outside Boards and GSHC consider developing Long Term Plans. This does not extend to the GSU or SACDC as these entities do not receive financial support from the City.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

The City recently received the updated Long Term Financial Plan from KPMG that identified the status and forecast of the 12 financial indicators. Staff will be reaching out to our business partners (Conservation Sudbury, Public Health Sudbury & District and Police Services) to encourage them to develop long term plans for their operations.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Staff worked with Conservation Sudbury on their financial plan in December 2018 as part of the 2019 annual budget process. Staff continues to work with the Police Services on their financial needs

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related to building needs but will encourage them to develop a longer term plan for their operation. Public Health Sudbury and District does not have co-terminus boundaries with the City; as such the City is only one funding partner and they would receive input from all partners. Public Health Sudbury and District's future operating model and the impact on the City is currently unknown. Once this becomes clearer we will reach out to their management team.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Police Services has continued to make contributions through its operating Budget to ensure long term sustainability for fleet replacement, radio equipment replacement, server replacement, and a new police headquarters.

Conservation Sudbury completed a long term asset management plan in 2019 with implementation to commence in 2020. It has also identified strategic issues and opportunities to 2026 as identified on page 496 of the City's 2020 Budget.

Public Health Sudbury and Districts, does not have co-terminus with the City, as such the City is only one of many funding partners. Staff will reach out to their administration once the COVID-19 crisis subsides.

Observation 4

Progress toward the principles and policies within the new LTFP should be reported to Council each year within the annual budgeting process.

Partially implemented

Original Management Response

Management will work throughout 2017 and 2018 to develop goals and specific action plans to support the achievement of the principles and policies within the revised LTFP once it has been presented to City Council.

Actions Taken, Results and /or Actions Planned - As of May 31, 2017

Progress in achievement of the principles and policies identified in the LTFP will be reflected in the 2018 Budget document under the Financial Section of the Overview tab.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

Staff are currently updating the Purchasing By-law to incorporate new thresholds as recommended by KPMG. It is also being updated to include provisions under the trade agreements (CETA & CFTA) and electronic tendering provisions. Improvements have been made in capital budget reporting, which will be formalized in the updated Capital Budget Policy. Staff will also be reviewing other financial policies to ensure alignment with the principles identified in the LTFP.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

A review on the status of the LTFP was included in the Budget Overview section in the 2019 Budget Document on page 25. The section included comments on the actions that Staff have taken in

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regards to the financial strategies endorsed in the LTFP. The 2019 Budget Document on page 278 in the Capital Budget Section included an update on the actions taken to date related to capital to fulfill the strategies of the LTFP. In addition the impact of, or the impact to, the LTFP was noted throughout the Budget Document.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In accordance with the principle regarding long term investments identified in the KPMG long term financial plan, Council passed a new Reserves and Reserve Fund By-law, which has consolidated reserve funds and identified minimum balances for these reserve funds.

Observation 5

Staff should provide Council with current information on the City’s financial condition each year with the annual budget and any presentations on major capital project proposals.



Original Management Response

Previous annual budgets included a section on “Toward Fiscal Sustainability” which was based on the LTFP to illustrate the challenges facing the City along with the key principles and action items.

The annual budget document, as well as the City’s annual financial report in conjunction with the City’s audited financial statements, has included key financial information such as reserves and reserve funds, total debt, and key performance indicators. Also, the annual capital budget includes an unfunded list that illustrates the significant unfunded capital needs by service area.

Management has implemented several financial policies, processes and by-laws approved by various City Councils to manage the City’s financial condition now and for the long-term. This includes the Operating Budget Policy, Capital Budget Policy, Debt Management Policy and the Reserves and Reserve Fund By-Law.

Management agrees with the limited progress made with the infrastructure deficit. Since 2002, management presented various City Councils with an option for a capital levy in accordance with the Observations of the LTFP to assist with the growing infrastructure deficit.

Previous City Councils approved a capital levy in the following years: 2005 of \$3.2M; 2006 of \$3.3M; 2007 of \$0.8M; 2008 of \$3.7M. This was partially offset by a permanent reduction to the capital envelopes of \$5M in the 2010 Capital Budget.

Actions Taken, Results and /or Actions Planned - As of May 31, 2017

Financial indicators will be included in the 2018 Budget as deemed appropriate.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

Financial indicators will be included in all future budget documents and annual updates of the LTFP.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Financial indicators on financial condition, including commentary were included in the 2019 starting on page 40. These indicators were also included in the update to Council on the LTFP in June 2018 and will be included in the Q3 2019 update.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Financial indicators continue to be provided in the City's budget document and major capital project decisions will be given consideration based on the financial condition of the municipality.

Re: Performance Audit of Risk Management Processes

Audit Report released	May 2017
Original # of Observations	4
# of Action Plans Previously Complete	1
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	3
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by CAO)	Self-assessed Status
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Observation 2

A risk management process has not been developed to identify a standard approach for risk identification assessment, mitigation and reporting. As a result, responsibilities for risk management are not clear and different approaches to risk management have been adopted within the City. A formal risk management process should be developed to standardize enterprise risk management (ERM) processes in the City. The ERM process encompasses risk identification, assessment, mitigation and reporting processes to ensure that significant risks are managed effectively.

Partially implemented

Original Management Response

We agree. Management’s view is the capacity to understand risk begins with a clear understanding about the services, work processes and projects staff are responsible for delivering. Starting in 2017, an enterprise-wide process and related technology applications will be introduced to facilitate the creation of a “common language” describing the corporation’s programs and services. In parallel, Greater Sudbury’s participation in the Municipal Benchmarking Network Canada will provide important contextual data to help identify both the factors that influence performance and, where Greater Sudbury may be an “outlier”, prompt consideration of whether some change may be needed. These will inform the Executive Leadership Team’s judgment in discussions designed to identify and assess risks, which are anticipated to occur as part of the annual business planning process.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018 - A formal ERM process is well developed at this point and meetings with Executive Leadership Team and Directors have taken place to introduce the concept, tools and scope. The framework and tool are aligned with measurements of risk in our new Asset Management Policy and Capital Budget prioritization tool. The AG has attended Executive Leadership Team, presented the approach and delivered an initial enterprise level risk register for review by ELT based on feedback from ELT and Directors.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

An Enterprise Risk Management policy was approved by Council in September 2018. Processes to support the policy’s application have been introduced and informed a discussion about key risks
Status Report on Action Plans to Address Previous Audit Recommendations

included in the 2019 Budget. Work continues to further develop these processes and build staff's and Council's capacity for maximizing the value of the guidance provided by this policy.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

CGS Management has initiated the development of a comprehensive ERM Program, including reporting to Council. ERM will form an integral part of the City's annual business cycle and will ultimately assist Council in strategic decision-making and budget directions. In November 2019, the Executive Leadership Team approved a framework for the CGS ERM Program and in January 2020, an implementation plan was also approved. An ERM Advisory Committee has been named and work was started to compile a risk register for the organization and to train leadership staff in the principles and implementation of ERM. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, and as reported to Council in a public staff report, this work has been set aside since late February. Staff are evaluating the potential to restart the project in the next few weeks and will keep Council updated on intent and subsequent progress.

Observation 3

Other than legal risks, Council does not receive an annual report on the major risks faced by the City, how they are currently being managed and what steps, if any, are recommended to further mitigate them.

Partially implemented

To complement the periodic reports to Council on significant legal matters, an annual report on non-legal risks should be prepared for Council in conjunction with the annual budget and business plans.

Original Management Response

We agree. Discussions about major risks are likely most effective at the start of the annual business planning process. Beginning in 2018, staff will incorporate the recommended report into a meeting about 2019 budget directions.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

A summary was included in the 2019 budget directions and staff continue to work with the AG on reporting relating to the enterprise risk registry. This will be a great asset to assist with upcoming strategic planning with a newly elected Council.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

An Enterprise Risk Management policy was approved by Council in September 2018. Processes to support the policy's application have been introduced and informed a discussion about key risks included in the 2019 Budget. Work continues to further develop these processes and build staff's and Council's capacity for maximizing the value of the guidance provided by this policy.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

CGS Management has initiated the development of a comprehensive Enterprise Risk Management (ERM) Program, including reporting to Council. ERM will form an integral part of the City's annual business cycle and will ultimately assist Council in strategic decision-making and budget directions.

In November 2019, the Executive Leadership Team approved a framework for the CGS ERM Program and in January 2020, an implementation plan was also approved. An ERM Advisory Committee has been named and work was started to compile a risk register for the organization and to train leadership staff in the principles and implementation of ERM. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, and as reported to Council in a public staff report, this work has been set aside since late February. Staff are evaluating the potential to restart the project in the next few weeks and will keep Council updated on intent and subsequent progress.

Observation 4

The City has a moderate level of readiness to implement ERM processes as members of the Executive Leadership Team are already employing various risk management techniques within their daily management activities.

**Partially
implemented**

An implementation plan that is tailored to the readiness of the City to adopt standardized risk management processes and to integrate them with other management processes should be developed.

Original Management Response

We agree. The recommended policy will be developed and presented to Council by the Chief Administrative Officer for approval before the end of the third quarter.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

The work to date is on track to meet or exceed this deadline for a presentation of our approach and initial outcomes for Council.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

An Enterprise Risk Management policy was approved by Council in September 2018. Processes to support the policy's application have been introduced and informed a discussion about key risks included in the 2019 Budget. Work continues to further develop these processes and build staff's and Council's capacity for maximizing the value of the guidance provided by this policy.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

CGS Management has initiated the development of a comprehensive Enterprise Risk Management (ERM) Program, including reporting to Council. ERM will form an integral part of the City's annual business cycle and will ultimately assist Council in strategic decision-making and budget directions. In November 2019, the Executive Leadership Team approved a framework for the CGS ERM Program and in January 2020, an implementation plan was also approved. An ERM Advisory Committee has been named and work was started to compile a risk register for the organization and to train leadership staff in the principles and implementation of ERM. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, and as reported to Council in a public staff report, this work has been set aside since late February. Staff are evaluating the potential to restart the project in the next few weeks and will keep Council updated on intent and subsequent progress.

Re: Value-For-Money Audit Paramedic Services

Audit Report released	May 2017
Original # of Observations	2
# of Action Plans Previously Complete	1
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	1
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Emergency Services)	Self-assessed Status
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Observation 3

Paramedic Services currently operates from 11 stations, eight of which are cohabitated with Fire services. Condition assessments prepared by CCI in 2013 and 2014 indicate that maintenance programs over the last 20 years have not kept up with the pace of deterioration in the City’s stations which on average are over 40 years old. Some maintenance was also postponed pending the outcome of the optimization project that was recently completed.

Partially Implemented

Coordinate with facilities maintenance and finance staff to develop a multi-year program to catch up on essential station maintenance that has been deferred.

Original Management Response

We concur with the Auditor General’s recommendation.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

Community Safety are coordinating with facilities staff in carryout building condition assessments and air quality assessments to assist in developing a prioritized plan to catch up on building maintenance requirements.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Paramedic Services continues to operate from 11 stations, eight of which are cohabitated with Fire Services. Building Assets has generated an extensive building condition assessment for all Emergency Service stations. The report includes the year the Emergency Services station was built, the repair costs over the past ten years and a building replacement cost for each station. In addition, Community Safety has posted an RFP to obtain a consultant to produce a comprehensive report and plan for Councils consideration in the revitalization of our Emergency Services stations.

In 2018 Paramedic Services addressed the issues identified in the Designated Substance Survey (DSS) provided by Golder Associates in December 2017. The stations identified that required immediate action were Capreol, Chelmsford and Levack.

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Capreol

Paint containing lead was peeling in the stairway. The issue has been remediated by scraping off the loose paint and repainting the affected area. A wall in the basement area had cement board attached to it. The cement board contained asbestos and has been removed. A drain pipe in the garage area contained asbestos. A label has been placed onto the pipe identifying asbestos, in case any work has to be conducted on the pipe.

Chelmsford

Paint containing lead was peeling in the garage area. The issue has been remediated by scraping off the loose paint and repainting the affected area.

Levack

Damaged paint, containing lead, was peeling in the kitchen and bathroom areas. The issue has been remediated by scraping off the loose paint and repainting the affected area.

In November 2018, Building Services and Fire and Paramedic Services, jointly completed Indoor Air Quality testing at all Emergency Services stations. The Final report has recently been received and is currently being reviewed.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

A station rationalization project is currently underway with the objective of addressing long term asset sustainability, identifying and developing various options as it relates to renovating, rebuilding, consolidating or building new facilities. This project is being completed in collaboration with Assets section who have led station site reviews and data gatherings. A series of reports on asset condition commenced in late 2019, the next report is scheduled for the Finance and Administration meeting on June 16, 2020. Additional reports on station location and functionality will follow by the end of 2020.

The issues identified within Designated Substance Survey (DSS) provided by Golder Associates in December 2017 within the 11 stations have been addressed and continue to be monitored during Health and Safety inspections.

In 2018 Indoor Air Quality (IAQ) was conducted to evaluate emission levels from emergency service vehicles at all stations starting with the ten cohabitated stations. As a result of the IAQ a Point of Source Capture System (PSCS) is being tendered for the four city core stations and Val Therese, during 2020. All ambulances will be outfitted to accommodate the PSCS.

Re: Value-For-Money Audit Fire Services

Audit Report released	May 2017
Original # of Observations	3
# of Action Plans Previously Complete	1
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Emergency Services)	Self-assessed Status
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Observation 1

The GSFS presently operates with 95 career firefighters that are assigned to the Van Horne, Minnow Lake, Leon Avenue and Long Lake Stations. The Val Therese composite station has 9 career firefighters and 18 volunteers. Nineteen other stations operate across the City with 10 to 20 volunteers each.

Partially implemented

The City's By-Law 2014-84 establishes and regulates the GSFS but does not set out service level standards to allow management, Council and the public to assess the performance of the City's firefighting services. Most fire services use the standards of the National Fire Protection Association to measure performance.

Significant risks associated with the GSFS' firefighting service arise from the number and location of fire stations and number and mix of firefighters presently assigned to each station.

In 2016, the GSFS conducted a review of risks to people and property in response to IBI's comprehensive review of fire services that identified potential gaps in the existing response capacity of the GSFS outside of the City core. The potential gaps relate to the number and location of stations outside the City core and the level and type of staff in each station. Our review of service levels indicated that 45% of the responses to fire calls from the volunteer stations in 2016 took greater than 9 minutes while 24% of the responses took less than 6 minutes. This compares to 16% and 67% in the City core.

Our review of the skill sets of staff identified gaps in the GSFS' capabilities for technical rescue such as auto extrication, ice and water rescue, confined space, trench and hazardous material (HAZMAT). The depth of expertise in technical rescue currently varies from one community to the next and is not commensurate with the community risk profiles. Staff currently only has an awareness level for HAZMAT response which is insufficient for communities with a large industrial economy and major networks of railways and roads.

Our assessment of the participation rates of volunteer staff in training programs and response rates to fire calls identified significant concerns. The response rates per volunteer in training indicated that the average rate of participation was only 37 percent.

In 2013, the City agreed to pilot the 24-7 hour shift for its career firefighters. We noted that the City has not yet evaluated the effectiveness or efficiency of this shift. Our audit identified risks to both staff and the public from the adoption of this shift as well as concerns about its efficiency between 2300 hours and 0700 hours when the volume of fire calls is significantly lower.

Recommendations:

- i. Establish reasonable and attainable service level targets for responding to fire calls, formalize them within the Establishing and Regulating Fire Services By-law, communicate them to the public and report annually to Council on them;
- ii. Prepare a business case for specialized training and equipment to bolster the GSFS' technical rescue capability as well as HAZMAT response capability;
- iii. Establish minimum participation rates of 65% for volunteers for training to improve their effectiveness;
- iv. Develop revised fire call response protocols and provide improved communications tools to facilitate improvements to call response rates for volunteer staff;
- v. Establish minimum call response rates of 50% for volunteers to improve their reliability and effectiveness; and
- vi. Continue to pilot the 24-7 shift and, in conjunction with staff from Human Resources and Organizational Development, assess its costs and benefits relative to other shifts.

Original Management Response

We concur with the Auditor General's (AG's) findings. It should be noted regarding the 24 hour shift recommendation that the fulltime fire firefighters association and fire administration are subject to interest arbitration as per the provisions of the Fire Protection and Prevention Act and as such it would not be prudent to comment on this recommendation.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

- i. The Community Safety Department is continuing to develop for implementation a suite of department business analytics both Fire and Paramedics Services based upon current service levels and regulatory requirements that will provide both situational awareness and performance monitoring capabilities through a set of dashboard metrics and analytic tools. These analytics should be in place by 3rd quarter of 2018. In addition, the Ministry of Community Safety and Correctional Services has adopted Public Reporting regulations that will come into force on January 1, 2020 that mandates specific performance reporting for the fire service. A report on the current enabling by-law and service levels will be developed and presented to the Emergency Services Committee by 3rd quarter 2018. *Any additional resources required to meet regulatory requirements will be identified at that time as well as in the budget for 2019.*
- ii. Any additional training or equipment required to meet regulatory requirements will be identified following the establishment of service level metrics in Q3 of 2018.
- iii. "The City negotiated a minimum training attendance rate of 1 weekly training night per month or 12 per year as part of the 2017-2019 collective agreement with CLAC Local 920 for

volunteers. The adequacy of this rate will be reassessed relative to the new regulatory requirements for training that are being phased in commencing July 2019.

- iv. The Fire Service is reviewing fire call response protocols and will make changes in an effort to optimize service levels within current approved budgets. The Fire Service continues to review our communications and paging systems in order to identify opportunities for improvements.
- v. The City negotiated a minimum 25% attendance rate for incidents as part of the 2017-2019 collective agreement with CLAC Local 920. The adequacy of this rate will be reassessed following the establishment of service level metrics in Q3 of 2018.
- vi. The interest arbitration award that the City received last August imbeds the 24 hour shift into the agreement.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

- i. Fire Services will present a report to committee of council on the Establishing and Regulating By-Law in Q3 of 2019. The report will outline current service delivery across the municipality and will provide general costing for enhanced service levels. Utilizing the By-law to recommend inclusion of performance standards and preparing the Fire Service for the reporting requirements of Provincial legislation, which will come into effect in 2020.
- ii. Currently, analytic tools accompany customized data exports which support and drive service delivery. This will measure the formal performance targets which may be set out by the Fire Chief and Council. The reporting of these measures may be made public.
- iii. Council directed funding and support for a HAZMAT response program was approved in the 2019 budget. The delivery of training for responders is in development while resources and supplies to support the program are in the procurement process. HAZMAT operational response is planned for deployment in Q4 of 2019.
- iv. The CLAC collective agreement remains in effect until the end of 2019 with established minimum participation rates of 12 training sessions, approximately one session per month. Discussion of this rate will occur during the bargaining process for a new collective agreement. The current rate does not meet the effectiveness described as being required in this report.
- v. Fire deployment models for response are continually developed, modified, tested, reviewed, and implemented across the Service. Enhancements which allow for proper on-scene resources (manpower or apparatus) are modeled against response data for optimal incident mitigation strategies. Replacement of analog paging with digital systems for volunteers continues across the region. Introduction of real-time data links between communicators and responders is ongoing and systems to engage volunteer responders earlier and request their immediate response status are being tested.
- vii. The CLAC collective agreement remains in effect until the end of 2019 with established minimum incident participation rates of 25%. Discussion of this rate will occur during the bargaining process for a new collective agreement.

- viii. The interest arbitration award that the City received August 2017 imbeds the 24 hour shift into the agreement.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- i. The Municipal Benchmarking Network Canada (MBNC) metrics are utilized to compare Fire Services response data, year over year. Service levels are monitored against comparable jurisdictions and our own previous measurements. These metrics are reported publicly each year. We do not anticipate further action to be taken on this item until the Province determines if they will be legislating new response time standards.
- ii. HAZMAT program was approved by Municipal Council and funding provided. Logistical requirements are being procured following CGS purchasing policies and training requirements with associated programs are under development. Initial awareness training is underway with operational training being setup for the winter of 2020. It is anticipated that Operational HAZMAT response will be implemented by the end of year 2020 in the assigned technical rescue response station(s). This time line could be impacted as a result of COVID-19. No further action to be taken on this item once implemented.
- iii. A minimum participation rate of 25% was negotiated into the previous collective agreement for emergency incidents. Fire Services is currently in negotiations with Volunteer Firefighters, CLAC local 920, for a new collective agreement to replace the current agreement which expired in 2019. No further action can be taken outside of the collective bargaining process.
- iv. Digital paging technologies have been implemented in 75% of all volunteer response stations. Remaining stations will be completed pending further approval of funding by Municipal Council. Additional technologies for advanced data gathering and mobile computer aided dispatch functionality have been tested and will be presented as a business case for the 2021 budget process. No further action can be taken until budget approvals for funding are passed by Municipal Council.
- v. A minimum participation rate for training of 12 – 2 hour 25% was negotiated into the previous collective agreement for emergency incidents. Fire Services is currently in negotiations with Volunteer Firefighters, CLAC local 920, for a new collective agreement to replace the current agreement which expired in 2019. No further action can be taken outside of the collective bargaining process.
- vi. The 24 hour shift was imbedded in the collective agreement between the Sudbury Professional Firefighters Association and the City of Greater Sudbury as per an Arbitration award in 2017. No further action can be taken outside of the collective bargaining process.

Observation 2

The GSFS has operated 24 stations across the City with few changes for the last 16 years since amalgamation. Condition assessments prepared by CCI in 2013 and 2014 indicate that maintenance programs and budgets have not kept up with the pace of deterioration in the City's stations which

**Partially
implemented**

on average are over 40 years old. Our analysis indicated that essential station maintenance has been deferred over the last several years due to budget constraints as well as recommendations to rationalize the number of stations from IBI's comprehensive fire services review. Our analysis indicates that budgets for fleet have also not kept pace with the annual cost increases for front line vehicles which include pumpers, aerials, bush trucks and other rescue equipment.

Research on fire master plans and fire location studies indicated that residents and property owners would very likely benefit from a modest relocations of the stations when they reach the end of their useful lives. Research also indicated that the most effective locations for replacement stations can be determined by modeling techniques which examine actual fire call volumes. Modeling techniques also show the potential benefits to response times that can be achieved by placing stations in alternative locations.

Recommendations:

- a) Coordinate with facilities and finance staff to develop a program for essential station maintenance;
- b) Prepare a business case for a fire station location study to effectively plan for the replacement of stations that are approaching the end of their useful service lives; and
- c) Where budgets are insufficient to maintain existing service levels, prepare a business case for the replacement of front-line equipment that has reached or is about to reach the end of its useful service life.

Original Management Response

We concur with the Auditor General's observations.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

- a) The coordination with facilities and finance is currently underway as we await the follow-up on building condition assessments including designated substance assessments and air quality testing that will help determine a longer term plan to replace, renew and repair those stations based on priority needs.
- b) As above
- c) The business case for equipment that was tabled as part of the 2018 budget was not approved by Council. The requirements for equipment will be revisited in conjunction with the development of a long- term capital plan.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

- a) The Community Safety Department, in partnership with Buildings and Assets, and Procurement, has posted an RFP seeking a consultant to assist in developing a comprehensive Community Safety Station Revitalization Plan. High level goals and objectives of this revitalization plan include addressing long term asset sustainability, identifying and developing various options as it relates to renovating, rebuilding, consolidating or building new facilities, assessing the current service model against municipal objectives, health and safety of our staff, trends and growth patterns, and finally, presentation to Council with solutions to bridge the growing capital gap and reduce long- term maintenance costs related to facilities. The RFP has closed and a timeline has been established with a goal of project completion in time for budget considerations.

- b) The above report shall provide status of current building stock and provide options or recommendations to be considered. Council will direct the Community Safety Department in moving this forward once it has been presented and discussed.
- c) Business cases are submitted to the newly developed Capital Prioritization process with several being accepted and moved forward for front line equipment requiring replacement. On order are two tanker apparatus and one ladder apparatus with allocation for one additional pumper apparatus. In addition, there was funding allocated for a new water rescue craft and HAZMAT response resources. Future requests shall follow a model which will replace front line equipment in a methodical manner.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- a) A station rationalization project is currently underway with the objective of addressing long term asset sustainability, identifying and developing various options as it relates to renovating, rebuilding, consolidating or building new facilities, assessing the current service model against municipal objectives, health and safety of our staff, trends and growth patterns, and finally, presentation to Council with solutions to bridge the growing capital gap and reduce long- term maintenance costs related to facilities. This project has been a collaboration with the Building and Assets section of the corporation who have led station site reviews and data gatherings. A series of reports on asset condition commenced in late 2019. The next report is scheduled for the Finance and Administration meeting on June 16, 2020, additional reports on station location and functionality will follow in 2020.
- b) Front line equipment business cases have been presented and approved for Fire Pumpers and Tankers in 2019 and 2020. These units have a multi-year plan approved by council and are on track for planned replacement as required due to age. Remaining front line units will have business plans presented during future budget deliberations commencing in 2021, these include Support units and operational small fleet. Rescue water craft has been approved and ordered with delivery in spring of 2021. Ladder apparatus, three pumpers, and two additional tankers remain on target for delivery in 2020.

Re: Performance Audit of Capital Budgeting Process

Audit Report released	October 2017
Original # of Observations	2
# of Action Plans Previously Complete	1
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	1
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Corporate Services)	Self-assessed Status
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Observation 1

During the annual capital budgeting process, insufficient funding is allocated to the capital envelopes to maintain the City’s tangible capital assets which have an estimated replacement cost of \$7.2 billion. Funding levels for the reserves also do not cover the replacement costs of these assets. As a result, the City will be required to issue debt or employ alternative financing techniques to replace its aging tangible capital assets which have deteriorated significantly over the years. Unless steps are taken to extend their lives, over 40% of these assets will be approaching the end of their useful service lives over the next 10 years.

Partially Implemented

According to KPMG, an estimated infrastructure funding gap of \$3.1 billion will exist by 2026. Approximately \$1.9 billion is required to replace the tangible capital assets that are presently operating beyond their useful lives and an additional \$1.2 billion of investment will be needed by 2026. To address these gaps, KPMG recommended that the City implement a 2% special levy, rationalize its service levels and tangible capital assets and use debt to finance major capital projects.

Our audit indicated that the funding gap has been growing for some time because of insufficient funding of annual capital budgets relative to current levels of service. Despite periodic as well as small annual increases to capital budgets, the City’s tangible capital assets have continued to age and deteriorate to the point that higher taxes and debt are likely required to maintain the City’s current level of services.

Our analysis indicated that raising taxes via a special annual levy is unlikely to raise sufficient funds to meet the \$3.1 billion of infrastructure funds that KPMG projected would be required by 2026. As shown below, less than one tenth of the required funds would be raised by a 2% annual special levy. Given the size of this funding gap, raising taxes and issuing debt or employing alternative financing techniques such as public private partnerships to replace the City’s aging assets will not resolve this growing problem on their own.

Special Levy	10 Years	20 Years	30 Years	40 Years
2%	0.30 billion	1.28 billion	3.17 billion	6.28 billion

Unless the City experiences significant growth in the future or receives significant funding assistance from the upper tiers of government, it will be unable to replace all its tangible capital assets at the end their useful service lives. To ensure financial sustainability, steps must be taken to develop formal asset management programs, rationalize capital assets and service levels, and shift funding from operating to capital budgets. These steps will align the annual capital budgeting process with the long-term financial plan and asset management plan.

Recommendations:

1. Continue to seek additional funding from upper tiers of government to address the City's infrastructure funding requirements;
2. Continue to move forward with plans to develop a financially sustainable asset management program to rationalize the City's tangible capital assets and manage their lifecycle costs more effectively;
3. Identify options to increase the capital budget to help address the \$3.1 billion of infrastructure funding requirements that were identified by KPMG in the City's asset management plan;
4. Initiate a core service and service level review program to rationalize service levels to allow funding to be directed from operating budgets to capital budgets;
5. Examine the potential merits of using alternative financing strategies such as public private partnerships when planning for the replacement of the City's aging tangible capital assets; and
6. Require business cases to be prepared for all new infrastructure projects to demonstrate their need as well as their affordability within the long-term financial plan.

Original Management Response

City management and staff understand the pressures facing the City of Greater Sudbury and its capital infrastructure funding requirements since the first long term financial plan completed in 2002. It is important to note that all municipalities are experiencing the same pressure with its capital infrastructure. For example, the President of the Association of Municipalities of Ontario has been quoted relating to understanding Canada's municipal infrastructure deficit by saying:

"The infrastructure underinvestment problem has emerged over the last two decades. In the early 1990s, the federal government transferred a significant portion of its operating deficit to provinces and territories by drastically cutting funding transfers. In Ontario, in turn, the provincial government downloaded part of its operating deficit to municipalities by downloading costs for programs such as welfare, social housing, ambulance services and 5,000 kilometers of provincial highways and related bridges. The results are clear. Federal and Provincial historical budget deficits have been transformed into a municipal infrastructure deficit. As a result of the massive shift in financial responsibilities, municipalities have had to increase taxes year after year, reduce services in the community, and defer infrastructure rehabilitation to later in its lifecycle."

Staff has presented options for past and current Councils for a special capital levy during the annual budget process. As stated by the Auditor General, past City Councils have approved a special levy to improve the capital budget during the years of 2005, 2006, 2007, 2008 and 2012 which have been partially offset by permanent reductions in years 2010 and 2015.

In addition, staff agrees with the recommendations from KPMG within the Asset Management Plan that was presented to City Council in December 2016. The recommendations include the following:

- a) Establishing service levels that consider employment of assets beyond the end of their useful lives
- b) A multi-year program of affordable tax increases (e.g. 2%) that would be restricted to capital (special capital levy)
- c) The increased use of debt for the financing of major capital projects
- d) The realignment of the City's capital envelopes to ensure appropriate balancing
- e) A focus on asset rationalization
- f) Service rationalizations

These recommendations will be reviewed by staff and presented to Council(s) for consideration of any changes to service levels, use of debt financing (such as for the large projects) as well as special capital levy to improve the infrastructure requirements. Also, staff is preparing a revised Capital Budget Policy which will have one capital envelope that will be used to fund capital projects based on ranking of certain criteria/ranking system. This will ensure that the capital funds are allocated to the capital projects with highest priority for the overall City as opposed to by department/division. This new Capital Budget Policy will also include recommendations from the Asset Management Coordinator, which was a new position that City Council approved during the 2017 Budget.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

The first draft of the new Capital Budget Policy will be presented to the Executive Leadership Team (ELT) on June 21, 2018. Based on feedback from ELT, the Policy will be updated and presented to Council in early fall. Consistent with previous years, the consideration of a capital levy was provided in the 2018 Budget.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

The Capital Budget Policy was approved by Council in January 2019 and the methodology in the new Capital Budget Policy was used for preparation of 2019 Capital Budget. Consistent with previous years, the consideration of a capital levy was provided in the 2019 Budget.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Staff continues to seek additional funding from upper tiers of government including submitting applications for various grant programs as they are announced.

Staff is moving forward to developing an asset management program which is being coordinated by the Asset Management Coordinator that started in late 2017 and the City will achieve the Provincial requirement of a comprehensive asset management plan by July 2024. The limited funds available are allocated towards the organization's projects of highest priority.

Through each budget process, staff recommends a special capital levy to help address the infrastructure funding requirements. During the 2020 Budget deliberations, Council did approve a special capital levy of 1.5%. Staff prepared two reports on potential capital projects that can be completed with these funds. It is important to remember that the amount of the infrastructure funding requirement is an estimate based on estimated replacement values and estimated useful life of each

asset. The City, like all other municipalities, do utilize their assets beyond its estimated useful life. The special capital levy of \$4.1 million approved in the 2020 Budget was a permanent funding source, so the 2021 Capital Budget is expected to have an additional \$4.1 million available to allocate towards capital projects.

Staff have completed the core service review which has been presented to Council. It continues to be reviewed and discussed by Council and any directions or decisions will be provided to staff at a later time due to the ongoing COVID-19 pandemic.

Since 2018, the annual Budget has included business cases for new infrastructure projects such as The Junction, Kingsway Event Centre, and Pioneer Manor Bed Redevelopment.

The Capital Budget Policy was approved by Council in January 2019 and the methodology has been used in the preparation of the 2019 and 2020 Capital Budget and will continue to be used for the 2021 Capital Budget and future years.

However, due to the COVID-19 pandemic that commenced in our community in March 2020, the special capital levy has not been approved towards capital projects. The special capital levy funds may be set aside to assist with the funding for the expected deficit the City will incur due to the COVID pandemic in 2020. If the funds are not required to balanced 2020 due to COVID, then Council will approve the available amount to capital projects later in 2020 or in 2021.

In early 2020, staff recommended a revised Reserves, Reserve Funds and Trust Funds By-Law as well as a Reserve Fund Policy, that have been approved by Council. The key changes to the By-law include consolidation of various capital financing reserve funds to coincide with the Capital Budget Policy along with other reserves and reserve funds to be in accordance with the City's enterprise-wide approach. In addition, staff created a Reserve Fund Policy which recommends minimal target amounts for some of the reserves to ensure the sufficiency of these funds to meet future service sustainability needs. If a reserve fund balance does not meet the minimum target, attention will be given to those reserve funds and effort will be made to increase the fund balances to the minimum target level.

Starting with the 2021 Budget, staff will recommend within the annual Budget direction for Council's consideration to include a contribution to reserves that will be prorated to the three main reserves of: Tax Rate Stabilization Reserve; Capital Financing General Reserve Fund; and Winter Control Reserve Fund. Council's consideration for the actual contributions to the reserve funds will be based upon factors in given year including financial pressures or challenges being faced, such as COVID-19, downloading of costs from upper levels of government, decreases in other sources of funding such as grants from upper levels of government, user fees, and investment income.

Re: Performance Audit of Facilities Management

Audit Report released	May 2018
Original # of Observations	3
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Corporate Services)	Self-assessed Status
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Observation 1

The Asset Management Plan (AMP) prepared in November 2016 pointed out that the City has ageing infrastructure with estimated replacement costs of \$7.2 billion including \$3.1 billion which is operating beyond or near the end of its useful life. According to KPMG, approximately 43% of the City's facilities are now either at or near the end of their useful lives and will require an investment of approximately \$325 million to replace within the next 10 years unless the City rationalizes its facilities and service levels or takes significant steps to extend their useful lives.

Partially implemented

The "Asset Management Strategy" that was presented to Council in October 2017 identifies the City's legislated requirement to prepare an asset management plan and sets out the steps that will be taken to prepare an asset management strategy. A draft enterprise asset management policy was also recently developed to address the risk of failure of the City's ageing infrastructure assets. Once staff obtain condition assessments for all City facilities, they can finalize the asset management strategy. Until the strategy is complete, however, the service level, cost and risk implications associated with the City's ageing facilities and other infrastructure will remain unclear.

Recommendations

To ensure the corporate strategic goal of sustainable infrastructure can be met, it is recommended that staff move forward expeditiously with the development of the asset management strategy and provide Council with annual updates on how the service levels, costs and risks associated with the City's ageing facilities and other infrastructure are being managed.

Original Management Response: Agreed

- Staff has advised Council that the City is moving forward with the production of comprehensive asset management plans that will have defined service levels, asset condition data and risk considerations.
- Staff has outlined the new legislative requirements and deadlines for asset management in a report to the Finance Committee on April 17, 2018. Included in this report is the City's completed Asset Management Policy. The deadline for completion of this policy is July 1, 2019. The City is well ahead of schedule.
- Staff will continue to work towards meeting and/or exceeding the legislated deadlines while ensuring Council is kept apprised of the status of this work and any implications resulting from it.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018 - In progress

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Staff have completed the City's Asset Management Policy which was presented to Council on April 17, 2018, 14 months prior to the legislated deadline of July 1, 2019. Additionally, Staff continues to work expeditiously on a number of facets of the Asset Management Plan. Particularly, staff are focused on completing the Roads, Storm water, Bridges and Water/Wastewater plans by the July 1, 2021 deadline. Considerable work has also been undertaken in the areas of facilities and fleet where asset inventories and condition data are being completed and compiled.

Staff will be bring a "State of Asset Management" report to Council in the 2nd half of 2019 in order to keep Council apprised of the Asset Management planning progress at the City.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Staff have presented the first annual Asset Management Status Report to the Finance Committee in October 2019 and will continue to provide these annual updates to ensure Council is apprised of developments with the Asset Management Plans for various asset classes. The next deadline of July 1, 2021 will require the completion of asset management plans for Water, Wastewater, Storm Water, Roads and Bridge assets. To the end of May 2020, Water, Wastewater and Storm Water plans have been completed.

Observation 2

While recent steps have been taken to improve the coordination of maintenance services within the Assets & Fleet Services Section of the Corporate Services Division, many of the responsibilities for maintaining the City's facilities continue to be dispersed between various operational departments. This service delivery model which includes both centralized and decentralized functions presents the following risks:

**Partially
Implemented**

- Lack of integration increases the risk of completing work that extends the life of individual building components past the residual life of the buildings/structures;
- Lack of expertise in managing facility maintenance requests initiated by operating departmental managers with authority over operating budgets; and
- Missed opportunities to build internal capacity and to achieve economies of scale for maintenance work that may currently be outsourced.

Recommendations

Consider establishing a matrix reporting relationship between operational department heads and the Director of Assets & Fleet to ensure that effective communication and coordination occurs for asset maintenance and management initiatives.

Original Management Response: Agreed

- Management has adopted an approach which will, over time, centralize the management of facilities in Corporate Services. Staff favour and have created a structure which has a single point

of accountability for delivery of each city service, including those services such as facilities and fleet management with a business partnership approach within the operational departments. The risks you have identified will be minimized over time with an evolution to centralized facilities management which respects the continuity of services and operational realities.

- The Facilities Management section implemented a formal work management system in 2016, which has enabled the section to exploit scheduled preventative maintenance on facility assets thereby reducing reactive and often more costly repairs. The use of this work management system could be expanded to include other facilities across City of Greater Sudbury (C.G.S).
- In the past, Leisure Services staff has maintained libraries and museums in the City. In December of 2017, the Facilities Management section accepted responsibility for the maintenance of 3 libraries and 2 museums. This revision has allowed staff to further expand the use of internal skilled labour and expertise to prevent costly repairs and minimize downtime of facility assets. This expertise will also allow the City to benefit from lower costs over the long term as proper maintenance treatments are provided for in a timely manner.
- The Capital projects section currently assists Citizen and Leisure services in designing and delivering the facility portion of their capital program. The Capital projects section can add value and efficiency to other departmental facilities via the knowledge of buildings systems, and ensuring high quality work through a consistent approach.
- The Asset Management Coordinator that was authorized by Council for the 2017 budget will be assisting all departments in designing, developing and delivering on formal asset management plans that will assist in ensuring capital dollars are allocated to the highest priority projects identified in the capital budgeting process.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018 - In progress

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Staff continue to pursue opportunities to centralize facility management. In addition to taking on facility management at the libraries and museums, the Facilities Management section acquired responsibility for the Lionel E. Lalonde Centre in Azilda. Staff are working at standardizing work at this facility and incorporating in house expertise to perform and advise on maintenance planning. Staff will continue to centralize facility management in a methodical approach that seeks to limit service disruptions and increase the effectiveness and efficiency of the facility.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In addition to the above noted progress, facilities staff continue to work with operating departments to assume responsibility for facilities and/or assist them via both capital and operating guidance. Specifically, the Asset Management Coordinator is in the process of collecting, organizing and documenting building condition data into a formal software that can be used to analyze and predict capital needs of all City facilities. This will assist in the determination and enterprise prioritization of capital needs amongst the various City facilities. Additionally, facility maintenance staff continue to provide guidance and expertise to various operating departments in the form of assessment, remote monitoring and repair/replacement.

Observation 3

The Facilities Management section employs skilled tradespersons in electrical, plumbing and HVAC (heating, ventilation and air conditioning). These tradespersons have been utilized amongst the most sophisticated equipment that C.G.S. owns and operates. The attention to and familiarity with these systems has led to a reduction in overall cost of ownership and reduced downtime.

Complete

Notwithstanding the above achievements, our analysis indicated that the City spent almost \$1.4 million in 2017 compared to \$522K in 2016 on contractors that provide specialized facilities maintenance services including electrical, plumbing, millwright and HVAC services. With such a large increase in the annual volume of work being contracted out and so many facilities that will be approaching the end of their useful service lives in the next ten years, opportunities may exist to perform additional work in-house using skilled trades people.

Recommendation

Prepare a business case to examine the opportunity to create additional specialized facilities maintenance positions to reduce the City's reliance on contractors.

Original Management Response: Agreed

- The Assets and Fleet section will work with operating departments to convert contract services budgets and expenditures to internal skilled labour where possible. Business cases will be produced where and when it would be advantageous to the City.

Actions Taken, Results and /or Actions Planned - As of May 31, 2018

In progress

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Through the 2019 budget process, Council approved a staff business case to convert part time hours to a full time skilled labourer position. It is expected that this position will reduce the amount of costly emergency repairs to equipment as a result of an improved maintenance program and increased familiarity with the nuances of various building systems within the CGS portfolio. Staff will continue to take advantage of opportunities to further enhance the skill level of internal labour resources when economically beneficial to do so.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Facilities staff continue to strive for the most economical and effective means to provide facilities maintenance. Staff will continue to add skilled labour where the business case reflects a positive outcome in both quantitative and qualitative characteristics.

In the spring of 2020, Assets and Facilities staff have taken on a coordinating role across all facilities for COVID-19 logistical response and are currently leading facilities upgrades and maintenance to prepare for recovery and re opening of facilities.

Re: Governance Audit of Greater Sudbury Community Dev. Corp. [GSCDC]

Audit Report released	May 2018
Original # of Observations	9
# of Action Plans Previously Complete	1
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	8
Status as of May 31, 2020	In Progress

Observation and Summary of Progress (Based on Self-Assessment conducted by GSCDC and Corporate Services)	Self-assessed Status
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Observation 4.1

The Operating Agreement is dated and requires formal review and updating to ensure that there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City for vetting projects with a major economic impact on the City.

Partially implemented

The GSDC should work with the City to review and update the Operating Framework to ensure there is a shared understanding of the respective roles, responsibilities and authorities of the GSDC and the City for vetting projects with a major economic impact on the City.

The City should ensure its boards and wholly-owned corporations have established appropriate LTFPs if they are dependent on the City for financial support of any type.

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Reaffirming the relationship between the CGSCDC and City of Greater Sudbury will form part of this review and a written operating agreement between the two organizations will be a deliverable of this process.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; the Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In collaboration with the Mayor's office and with support of staff from Economic Development and Legal, the GSDC Board is working to finalize a new Operating Agreement to guide the working relationship between the City of Greater Sudbury and the Greater Sudbury Development Corporation. This new agreement will address the recommendations of the AG's 2018 report, and

will require agreement and approval of both the GSDC Board and City Council before it is executed. This is anticipated to take place by Q3 2020.

Observation 4.2

The By-laws of the GSDC and City are ambiguous on the role of the GSDC for vetting major projects with a major economic impact on the City.

**Partially
implemented**

The City's and the GSDC's applicable By-laws should be updated to support their respective roles, responsibilities and authorities for economic development.

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Reaffirming the relationship between the CGSCDC and City of Greater Sudbury will form part of this review and a written operating agreement between the two organizations will be a deliverable of this process. Part of the Governance Review will be a consultation with Council to determine whether this role is appropriate and desired in the future. Results of these deliberations will be incorporated in the revised operating agreement and in by-laws as appropriate.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Bylaws updated to encompass requirements for Municipal Accommodation Tax implementation (see attached Letters patent); further review and action anticipated following review of consultant findings and next steps.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Completed and updated Letters Patent in 2019; Agreement now fully executed between GSDC and CGS for Municipal Accommodation Tax revenues for tourism sector investment.

Observation 4.3

Under the GSDC's Operating Bylaws (Bylaw #5, Section 8), the General Manager of Growth and Development is appointed as the Chief Administrative Officer of the GSDC. This responsibility has been passed to the Director of Economic Development as this General Manager position no longer exists.

**Partially
implemented**

Bylaw 5 of the GSDC should be updated to clarify that the Director of Economic Development is now the General Manager of the GSDC.

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. The GSDC's Operating Bylaw will be updated as a result of this review and changes will be made to address this issue.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Third-party review and consultation process completed; new Operating Agreement now under review by both CGS and GSDC Board that includes updated role for Director of Economic Development (revised from former GM role).

Observation 4.4

The roles of the executives of the board are briefly described within the By-laws but are not defined separately and clearly within job descriptions.

The roles of the executives of the board should be defined separately and clearly within job descriptions.

Partially
implemented

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Outlining the role of the Executive and other committees, and developing job descriptions for each committee position, will be a deliverable of this review process.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; the Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Third-party review and consultation process completed; new Operating Agreement now under review also outlines role of board members.

Observation 4.5

The mandate of the Executive Committee is not specified in the By-laws or clearly identified in other documents. The mandate of the Executive Committee should be formalized and included in the GSDC's By-laws.

Partially
implemented

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Outlining the role of the Executive and other committees, and developing job descriptions for each committee position, will be a deliverable of this review process.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; the Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Third-party review and consultation process completed; new Operating Agreement now being finalized with language to outline mandate of executive committee.

Observation 4.7

The GSDC's orientation of new Board members does not provide sufficient context with respect to the duties and obligations of Councillors as Board members and the potential for conflict between the interests of a Councillor and as a member of the GSDC Board.

**Partially
implemented**

The Board Orientation Program provided by the GSDC should be updated to increase the focus on the obligations of Councillor Members of the Board to the GSDC in their capacity as Board members.

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Updating the Board Orientation Program will form part of this review process and appropriate updates will be made to address this recommendation.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Partly completed. Education and training was provided to Board members in December 2018 in handling potential conflict of interest situations.

In order to foster public engagement and involvement in local Boards, BIAs, Corporations and Statutory Committees, the City of Greater Sudbury held a Board Fair on Tuesday, January 15th from 2:00 p.m. – 4:00 p.m. at Tom Davies Square.

The goal of the Board Fair was to provide additional education and information to potential members regarding each body so that they may have the tools at their disposal to make a more fulsome decision as to which body they would like to participate in and contribute to.

A booth/table was set up for each respective body where their designated representative provided Members of Council and citizen representatives with information such as but not limited to the following:

- Role of members
- Scope of organization
- Frequency of meetings/meeting preparation requirements
- Experience or knowledge that may be useful to participating members

In addition, the City Solicitor and Clerk provided a power point presentation to City Council on December 18, 2018. The presentation provided a brief overview on the roles and responsibilities of Council members regarding outside boards and corporations.

A report was also brought forward to the January 28, 2019 City Council meeting regarding the appointment of Council Members to Boards.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Partly completed - subject to verification with Clerks for their part.

Observation 4.8

The Board is responsible for appointing the General Manager but does not prepare his/her annual performance appraisal or evaluate the quality of support received from the City in conjunction with the expectations set out in the Operating Agreement.

Partially implemented

The Board's responsibility for preparing an annual performance appraisal of the General Manager should be documented. Additionally, the Board should assess the quality of services provided by the City on an annual basis.

Original Management Response

We accept the principle of this recommendation. The GSDC Board does not have a traditional employer/employee relationship with the General Manager as all staff resources are provided by the CGS. It is appropriate, however, for the GSDC Board to establish performance goals for the General Manager and review these with him or her on an annual basis. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. Developing an appropriate process for setting and reviewing performance goals will be a deliverable of this process. In addition, reviewing the services provided by the CGS under a new operating agreement, will form part of the GSDC's Annual Report beginning in 2019.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; the Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Third-party review and consultation process completed; new Operating Agreement outlines process for GSDC Board input into performance review of Director of Economic Development role (revised from GM).

Observation 4.9

The Board does not prepare an annual business plan or budget or monitor its progress annually against these documents. Instead, it develops annual strategic priorities and monitors progress against them at each meeting.

**Partially
implemented**

To ensure it meets its mission, the Board should consider preparing an annual business plan and budget and monitor its progress against these documents.

Original Management Response

We accept this recommendation. The GSDC Board, with the assistance of staff of the CGS Economic Development Division and CGS Legal Services, will initiate a Governance Review in Q3 2018. The potential for the GSDC Board to develop an annual business plan and budget will form part of this review and the Board will determine options and a course of action based on the results of the review.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Third-party review and consultation process completed; the Board continues to review findings to determine action to follow.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Third-party review and consultation process completed; new Operating Agreement now under review outlines annual business planning and budget process for GSDC Board.

Re: Governance Audit of Greater Sudbury Police Services Board [GSPS]

Audit Report released	May 2018
Original # of Observations	4
# of Action Plans Previously Complete	2
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In Progress

Observation and Summary of Progress (Based on Self-Assessment conducted by GSPS)	Self-assessed Status
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Observation 4.3

The City and Police Services presently share a number of services. Opportunities to share additional services such as fleet have not been closely examined to determine if they can be delivered more economically and effectively by the City.

Partially implemented

The City should work with GSPSB staff to examine opportunities for additional shared services such as fleet services if they can be delivered more economically and effectively by the City.

Original Management Response

Given the scope of such a recommendation, consideration needs to be given for the current lack of capacity to service such a large client as well as the effect such an undertaking would have on the Fleet Services work plan and existing clients.

In order to provide capacity, significant renovations, investment and operational changes would need to occur. Renovations to accommodate additional parts and vehicle storage, investment in technicians and supervisory capacity, and transitioning the Lorne street garage to add a third shift to daily operations would be required.

Fleet has fairly recently transitioned to the Finance, Assets and Fleet Division within Corporate Services. There are a number of process improvement projects underway to improve both systems internal to Fleet and further definition of service levels with existing customers. In order to not compromise service to existing divisions/departments as well as the Fleet work plan, it is not recommended that Fleet Services provide service to Police Services at this current time.

The City will continue to review other areas where services can be shared effectively in addition to the current services provided in Human Resources, Information Technology and Finance including accounts payable, payroll, purchasing, accounting and budget system maintenance.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

These discussions are part of ongoing dialogue with City staff in order to maximize efficiencies through use of staff resources and systems where possible. Well-developed systems are in place with the finance division for services such as budget, accounts payable, accounts receivable and financial audit. As well, the Service works effectively with payroll, procurement, legal services, mail room, benefit and pension administration, facilities management including cleaning contracts and common space building security, WSIB claims management and where possible staff resources are shared. New initiatives include access to architectural services and other facility specialized contracts. For example, the City has just tendered for a number of standing offer facilities services including architectural and miscellaneous facilities services.

Fleet services is another area, that Police would like to explore, although to date, the City has indicated that the centre operates at capacity now, and would not be able to accommodate the number and type of vehicles associated with police. This remains an area for further development and discussion with all parties willing to explore a partnership.

Police are currently working with the By-law department exploring efficiencies with respect to call management and alternative response means including abandon motor vehicle, animal control, neighbor disputes, noise complaints and theft of gas. At this time, this is a work in progress with no specific actionable items at this time. A review is also underway examining the possibility of sharing the shipping and receiving area with the City as a means of addressing some facilities challenges at Police Headquarters.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The City concluded its selection of several standing offer Facility Services such as Professional Engineering and Architectural Service providers. The Service is able to directly avail access to these standing contracts which is timesaving and efficient when addressing facility needs.

There has been no further action on the sharing of fleet services. The City is working at capacity at that facility at this time.

Through concerted efforts with City Services, specifically City By-law, the Service has made significant progress in the area of towing of vehicles contrary to the Winter Parking By-law and responding to noise complaints.

In the last two months with COVID-19 response efforts, the City and Police have worked extensively and collaboratively in ensuring a proactive approach. The City 311 line has served as an invaluable screening resource for all COVID/State of Emergency Calls, ensuring appropriate screening and directing calls only as appropriate to the 911 Emergency Communication Centre for response. This Service will continue beyond COVID-19 and will ensure a streamlining of calls to the Police.

In addition, there have been extensive collaboration efforts with the City's Procurement Division. Both groups have worked tirelessly in the acquisition of much needed personal protective and safety

equipment during these trying times. Again, systems have been established to ensure that joint equipment and supply procurement needs are met efficient and effectively.

The Service also works extensively with the City's Real Estate section on the review and determination of space options for police, most notably around lease negotiations. The expertise of City Staff is of considerable value to Police when determining appropriate space alternatives.

The Service also continues to work with the City's Legal Services and Risk Management Divisions, primarily on commercial and business agreements. In addition, we work extensively with City insurers on civil litigation matters and where appropriate on inquests where both the Police and City are involved.

This year, Police will be working collaboratively with Fire Services and the Geographic Information Systems Planning Services Division on the Computer Aided Dispatch mapping project to ensure all maps used to support dispatch functions are updated. There is considerable expertise in these areas which is of mutual benefit to all involved parties.

Observation 4.4

The Police Services and KPMG have identified that several facilities deficiencies are an impediment to providing police services safely, effectively and efficiently.

**Partially
implemented**

As facilities are a critical infrastructure requirement for police services - which is a core service of the City - the upgrade or replacement of these facilities should be prioritized within the City's asset management and facilities management planning processes.

Original Management Response

The City of Greater Sudbury has approximately 550 facilities within its portfolio. In order to direct capital expenditures to the highest priority projects staff has advised Council that the City is moving forward with the production of comprehensive asset management plans that will have defined service levels, asset condition data and risk considerations. Combined with a revised capital budgeting model that is aimed at ensuring the highest priority projects receive funding; capital investment will be allocated where it is most effective at ensuring safety, reducing risk, foregoing costs, and meeting legislative and operational requirements. The Facilities Capital Project section will continue to work closely with Police Services at identifying and articulating future capital requirements. Similarly, the Facilities Maintenance section will continue to promptly service and rectify any maintenance related issues at Police occupied facilities.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

The Police Services Board has authorized a third location to extend HQ in order to accommodate immediate pressures at Headquarters with a commitment that the facility is located in very close proximity to 190 Brady Street. This will alleviate some of the urgent problems creating operational inefficiencies. At the same time, the Board has authorized a comprehensive facilities needs

Status Report on Action Plans to Address Previous Audit Recommendations

assessment to be undertaken with a view of a permanent solution. The Board has also endorsed that the Police work with the City to explore the feasibility of an Emergency Service Centre if there is interest to do so, to house Police, Fire and EMS on one site. It is anticipated that this work will get underway later this year. The Board also continues to establish a Capital Financing Plan to ensure the necessary resources to fund the project. This is being achieved through annual contributions to a reserve fund.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Renovations are currently underway at 128 Larch Street a third location that has been secured which will serve to alleviate some of the space pressures at Police Headquarters.

The Board has established a capital financing strategy to ensure necessary resources to fund current and future Police Services facilities needs and associated costs. The Police and Community Safety Division have been working collaboratively to retain a consultant to conduct a feasibility study on a co-location of the Police and Community Safety Headquarters. The RFP for this work had been underway and has been temporarily suspended during COVID-19. The work will resume at a later date.

Re: Governance Audit of GSU Inc. & GSH Inc.

Audit Report released	August 2018
Original # of Observations	9
# of Action Plans Previously Complete	2
# of Action Plans Now Closed	7
# of Action Plans on Next Follow Up	0
Status as of May 31, 2020	Complete

Observation and Summary of Progress (Based on Self-Assessment conducted by GSU & GSH)	Self-assessed Status
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Observation 6.1 a

The Boards and management should continue to work with Elenchus to assess options to enhance GSUI/GSH corporate governance. In particular, the assessment should include a review and update of formal, written mandates for the Boards and all Board Committees.

Complete

Original Management Response

The HR/Governance/Nominating Committee completed work with Elenchus and recommended adoption of Terms of Reference for the following Board Committees: Audit, Finance and Risk Committee; HR, Governance and Nominating Committee; and New Business Development Committee. Those Terms of Reference are attached as Attachment 1. The Board approved the recommended Terms of Reference. The Board is awaiting the approval of modifications to the Shareholder's Declaration prior to adopting the new Board Mandate.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

As noted the earlier response the committee mandates were developed by the HR/Governance Committee and approved by the Board on April 23, 2018. Additionally, the Board Mandate, currently in draft form will be finalized once the Shareholder has approved an updated Shareholder Declaration to ensure alignment. These documents have not changed since our original response.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

As noted in the update to observation 6.1b), immediately below, council passed By-law 2019-183 November 12, 2019. The final Board Mandates to reflect The Shareholder Declaration and the Shareholder Declaration between GSUi and GSHi were provided to the Auditor General's Office.

Observation 6.1 b)

Review and update of Shareholder Declaration to ensure that Declaration is consistent with current practice and current circumstances.

Complete

Original Management Response

The HR, Governance, Nominating Committee has completed work with Elenchus on a draft revision to the Shareholder's Declaration. The revisions to the Shareholder's Declaration will be included on the agenda of the next Annual General Meeting.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Since our initial response the HR/Governance committee has continued to enhance the Elenchus draft with input specific to National Policy 58-201 from Governance Solutions Inc. The draft proposed revised Shareholder's Declaration is appended to this update as Attachment 1. This draft takes into consideration current governance best practice including a majority of Independent Directors on all Boards.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Council passed By-law 2019-183 on November 12, 2019 updating GSU's Shareholder Declaration.

Observation 6.1 c)

Formal documentation of Board Chair and CEO roles and responsibilities in the form of written mandates.

Complete

Original Management Response

The HR, Governance and Nominating Committee has developed a draft written mandate for the Board Chair and CEO. The drafts will be reviewed, amended if required and adopted by the Board at the next regular Board Meeting.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

The Terms of Reference for the Board Chair and CEO Responsibility Mandate were developed by the HR Governance Committee and adopted by the Board without revision. The CEO Mandate is now augmented by the CEO's Annual Scorecard. The Terms of Reference and Responsibility Mandate are reviewed annually by the HR/Governance Committee. The CEO Scorecard is developed by the Strategic Planning and Execution Officer from the Corporate Scorecard once it has been approved by the Board of Directors after our annual Strategic Planning session.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Written Chair and CEO Mandates in final form were provided to the Auditor General's Office with this response.

Status Report on Action Plans to Address Previous Audit Recommendations

Observation 6.1 d)

Changing composition of Boards – in particular the GSH Board – to include additional Independent Directors and increase the percentage of Independent Directors on the Board.

Complete

Original Management Response

See the response in part b) above. The revised Shareholder's Declaration takes into consideration a majority of the Independent Directors on the GSHI Board.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Attachment 1 and our response in part b) above effectively respond to this matter. We anticipate that Council will deal with this issue in June of this year.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

As noted in the response to Observation 6.1b) above, Council passed By-law 2019-183 on November 12, 2019 updating the GSU Shareholder Declaration. The new Declaration includes a provision to increase the number of independent Directors by 2 on each Board.

This action increases the number of Independent Directors such that they make up a majority of Directors on each Board. This board composition is consistent with governance best practice and the recommendation of the Ontario Energy Board in its report under EB-2014-255 *Report of the Ontario Energy Board - Best Practices regarding Governance of OEB Rate-Regulated Utilities*.

On April 15, 2020, the Board's Nominating Committee met to review applications that had been forwarded from the City Clerk's office and developed their list of nominees to be presented to Council May 5, 2020.

Observation 6.1 e)

Investigating options to enhance the use of the Skills Matrix to assess Board needs and the suitability of Directors and investigating ways in which the matrix could be applied to the appointment process for Directors who are Members of Council.

Complete

Original Management Response

The GSUI Board of Directors and Management will support this initiative as required once Council has reviewed and made a determination.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

In addition to our initial response, we note that the Nominating Committee used the skills matrix extensively in selecting Independent Directors in February of this year.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Nominating Committee met April 15, 2020 to review applications to the Board. In fulfilling their Mandate, the Committee assessed applicants on the basis of their alignment with the needs identified in the skills matrix. The Skills Matrix is current and available to Council should they wish to consider it in any future process.

Observation 6.2

In accordance with the Shareholder Declaration, a Dividend Policy should be formalized for the review and approval of the Shareholder.

Complete

Original Management Response

At our last Shareholder's meeting, Council asked that we provide some analysis of the value that GSU provided the Shareholder as well as discuss a potential dividend framework. The Board will continue this work and report back to the Shareholder as soon as practicable.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

The Board's Governance/HR Committee, with the assistance of Governance Solutions Inc. and in consultation with City staff has developed a Dividend Policy for presentation to the Shareholder at the Annual General Meeting June 4, 2019. In addition, staff at the City of Greater Sudbury have engaged GSU staff and its Board of Directors to discuss the development of a draft dividend policy. Research and analysis of other municipalities and the terms of their relationship with their LDC has also been undertaken. A draft Dividend Policy will be presented to City Council for approval by the end of the second quarter.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

After numerous discussions between the GSU Board and Staff and CGS Council and Staff, the Board passed a new Dividend Policy, F-13, on September 6, 2019. The Policy is attached to this update.

Observation 6.3

Management should work with the Board to review options to continue to enhance Board reporting materials in particular to ensure that management reporting includes reporting on performance against Key Performance Indicators (KPIs) that are linked directly to a wider range of objectives included in the Strategic Plan and any other relevant strategy or planning documents that support the Strategic Plan (e.g., Asset Management Plan).

Complete

Original Management Response

The Board and Management will meet the second week of November to refine the current term goals for 2019. Select KPIs for each goal will be determined and documented in the 2019 work plan. The

Status Report on Action Plans to Address Previous Audit Recommendations

KPI results will be reported regularly to the Board throughout 2019 to monitor progress and make any adjustments necessary. Additionally, the current term goals, KPIs and their targets will be considered in assessing CEO performance for 2019.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

GSU staff continues to provide monthly internal financial statement to both leadership and the Board of Directors. On an individual and a consolidated basis, these statements provide an accurate and timely view of the companies' financial position including operating income and cash flows.

In addition to regular financial reporting, the Board and management developed a Corporate Scorecard to articulate and monitor its strategic goals and targets for 2019. The Scorecard is supported by leadership scorecards developed for each leader at GSU. The leadership scorecards are informed by and carefully aligned with the Corporate Scorecard. The Corporate Scorecard results are updated and presented to the Board at each Regular Board Meeting together with a presentation and discussion of planned operational activities in the next review period. A copy of the Scorecard is included as Attachment 5.

Development of the scorecard fulfilled the Board's responsibility to direct the management of the corporation receiving updates and discussing operational plans is key to fulfilling the Board's responsibility to control the corporation.

The Scorecard is intended to track results with respect to a wider range of outcomes necessary to achieving GSU and its subsidiaries mandates. The Corporate Scorecard includes specific targets related to the following Goals.

- Customers – GSU will recognize that service to customers is core to our purpose;
- People – GSU will provide a safe, respectful environment for our people where they can achieve their full potential as experts and individuals;
- Financial – GSU creates value for our Customers and provides profit from each company. Our innovative and entrepreneurial spirit drives our growth;
- Operational Excellence – GSU businesses measure their performance to continuously improve operational excellence;
- Community – GSU will contribute daily to the social, cultural and economic fabric of our community.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The use of the Corporate Scorecard in daily management is now fully integrated into GSU's work processes. KPI updates flow from business planning and budgeting. Maintenance & enhancement of the tool itself follows the same continuous improvement processes baked in to GSU's ISO9001:2015 Management System.

Re: Governance Audit of Pioneer Manor

Audit Report released	August 2018
Original # of Observations	4
# of Action Plans Previously Complete	2
# of Action Plans Now Closed	2
# of Action Plans on Next Follow Up	0
Status as of May 31, 2020	Complete

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 4.3

When preparing its annual business plan, Pioneer Manor management does not conduct a risk assessment.

Completed

Pioneer Manor management should conduct a risk assessment in conjunction with the annual business planning process.

Original Management Response

Agreed. This recommendation will be addressed in 2019.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

In January 2019, the Director (NECESH) started the process of undertaking an operational risk assessment after consultation with the General Manager of Community Development and the CAO. Direction was provided that the risk assessment, focus on Pioneer Manor operations as the City will be undertaking an enterprise wide risk assessment in the future. Pioneer Manor is on track to have the operational risk assessment completed by the end of the fourth quarter of 2019, in concert with the 2020 budget process.

To date the evaluation tools have been created for impact (i.e. severity) and likelihood of occurrence (i.e. probabilities) and 35 specific operational risks have been identified for assessment. On April 11, 2019, the management team started the process by putting 4 identified risks through the evaluation tool as a pilot to test the tool and make revisions as required before putting the balance of risks through the risk assessment.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Pioneer Manor completed a risk assessment in the 4th quarter of 2019.

Observation 4.4

Although the various reports provided to the COM and City Council include key information related to operations and patient safety, there is no formal, comprehensive Performance Management Framework - including Key Performance Indicators (KPIs) linked to documented business plan objectives – in place.

Completed

The performance monitoring practices of the COM should include using a set of key performance indicators to assess the achievement of strategic and operational objectives. Ideally these KPIs should include the extent of progress toward the achievement of strategic objectives and mitigation of significant risks identified during the annual business planning process.

Original Management Response

Agreed. This recommendation will be addressed in 2019.

Actions Taken, Results and /or Actions Planned - As of May 31, 2019

Starting in May 2019, Pioneer Manor will be providing a quarterly report to CSC that will include KPI's and metrics as a starting point. Once the risk assessment is completed more resources will be allocated to further refining Pioneer Manors KPIs. It is anticipated this work will carry over into 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Pioneer Manor provides quarterly reports to the Community Services Committee (also referred to as Committee of Management as per the LTC Act) with KPI's.

Re: Performance Audit of Roads Infrastructure Maintenance Audit

Audit Report released	March 2019
Original # of Observations	5
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	4
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

Capital and Operating Budgets:

Since 2002, the amount of spending on the renewal of the City's roads has been increasing gradually; however, as shown in Figure 1 on the next page, the increases have been insufficient to prevent the ongoing deterioration of some of the City's roads. This trend has caused increased levels of complaints about the City's roads and declining levels of citizen satisfaction.

**Partially
implemented**

Recommendation:

Work with asset management and finance staff to identify sustainable levels of service for each category of road and identify funding requirements to manage relevant risks and ensure compliance with relevant legislation.

Original Management Response

Two financial plans have previously been presented to council. These include the KPMG report "Financial Planning for Roads, Structures and Related Infrastructure" dated July 10, 2012 and the KPMG report "Municipal Asset Management Plan" dated November 28, 2016. Infrastructure Capital Planning and Linear Infrastructure Services staff will work with Asset Management and Finance staff to update the Roads Financial Plan (and other asset categories as required) to identify levels of sustainable funding and manage risk.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Infrastructure Capital Planning staff have been working with Linear Infrastructure Services and Asset Management in preparation of a Roads Asset Management Plan that will be issued as a requirement of Ontario Regulation 588/17 and will be completed to meet the legislated deadline of July 1, 2021. The asset management plan will provide the data required to update the financial plan.

Observation 2

PAVEMENT CONDITION INDEX (PCI) AND OVERALL CONDITION INDEX (OCI):

In response to input from former Councils, staff has been prioritizing road renewal projects using an Overall Condition Index (OCI) which directs funding toward roads before they experience significant and rapid deterioration. The OCI is determined by the pavement condition index, safety considerations, timing of water and waste water infrastructure projects, economic development initiatives and extent of road congestion. This approach attempts to maximize the City's return on investment on road renewal projects by extending the useful lives of roads which are in average condition. The City also employs crack sealing programs to extend the useful lives of roads.

Partially implemented

One of the unintended consequences of relying solely on the OCI to prioritize capital projects for roads is that insufficient emphasis has been placed on roads with significant deterioration. Table 2 indicates that all three categories of the City's roads have deteriorated significantly since 2007.

Guidance from the Ontario Good Road Association (OGRA) sets out various "triggers" for road projects based on their Pavement Condition Index. Table 2 below, which incorporates these "triggers", indicates that a significant percentage of the City's roads require rehabilitation or reconstruction according to the maintenance methodology recommended by the OGRA.

Table 2 - Roads Requiring Rehabilitation and Reconstruction using OGRA Methodology

Category	2007 AVG PCI	2009 AVG PCI	2013 AVG PCI	2016 AVG PCI	% Change from 2007	Rehabilitation		Reconstruction		Total km of Roads in City ¹
						Lane km	% of Total	Lane km	% of Total	
Arterial	72.8	68.4	59.2	59.6	18%	40	14%	58	20%	282
Collector	68.1	64.0	51.1	48.7	28%	71	28%	86	34%	254
Local	63.0	59.2	49.8	46.3	27%	155	13%	268	23%	1,168
Other road sections (<i>Ramp, Prov. Hwy & Private</i>)										200
TOTAL:										1,904

Recommendation:

To address the continual deterioration of roads, use a revised OCI measure that consists of PCI, safety factors and the timing of water/waste water initiatives to prioritize rehabilitation and reconstruction projects. Prepare separate business cases to justify additional spending on roads projects that have economic benefits or other merits.

¹ Represents the total kilometers of roads that are assessed for PCI and excludes gravel roads.

Original Management Response

Staff can review and update the OCI components. Staff notes the OCI factor which included the economic benefits factor was created before the City’s Cost Sharing Policy was in place. As other City processes currently consider development and economic benefits, a review of the OCI measure and its components is warranted.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

An upgrade of the pavement management system software is currently in progress. We are reviewing the components of the OCI calculation which will include both a review of components previously incorporated and a review of proposed new criteria. The OCI component review will be completed as part of the roads asset management work that is required to be complete for July 1, 2021.

Observation 3

A. BRIDGES AND CULVERTS

The Bridge Condition Index (BCI) provides an objective measure of the condition of the city’s bridges and culverts and sets the priority for their repair and renewal. All municipalities are required to undertake detailed visual inspections every second year classifying the structures as excellent, good, fair and poor in accordance with Ontario Structure Inspection Manual (OSIM). In 2016, KPMG recommended the City adopt the more conservative approach for bridge maintenance that is shown below in Table 3.

Complete

In 2018, management engaged a consultant to complete detailed inspections of bridges with ratings of 55 or less to prioritize their renewal. Thresholds for maintenance of bridges with ratings lower than 55 were also revised from 5 to 3 years to mitigate the risks of potential failure. We encourage management to continue these practices as they mitigate relevant risks.

Table 3 – Bridge Maintenance

CGS Current Categorization (Per CGS Roads Dept.)			KPMG Categorization (Asset Mgt. Plan – 2016)		
BCI Range	Condition	Maintenance	BCI Range	Condition	Maintenance
< 50	Poor ²	Within one year	NA	NA	NA
50 – 55	Poor to Fair	Within next 1-3 years	< 60	Poor	Within one year
56 – 59	Fair	Within next 2-4 years	< 60	Poor	Within one year
60 – 69	Good	None in 3-5 years	60 - 69	Fair	Within 5 years
70 – 100	Excellent	None	70 - 100	Good	None in 5 years

² Forms a basis for capital budgetary plans

Original Management Response

All City bridge structures are inspected every 2 years as required by O.Reg 104/97: Standards for Bridges. Staff uses the reports and recommendations prepared by the biennial bridge inspector to develop the bridge repair and maintenance program. Staff will continue to review bridges with Bridge Condition Indices lower than 55 with additional detailed inspections as warranted. Currently there are 2 bridges of the City's 182 bridge structure inventory with a BCI less than 55.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

A biennial bridge inspection will be completed in 2020 to update our bridge condition data base. The reports generated from this inspection will continue to assist staff in preparation of the bridge repair and maintenance program. The two bridges with BCI lower than 55 indicated above will have been replaced at the end of the 2020 construction season. Staff will continue to monitor and provide additional inspections as required for bridges that become identified with a BCI less than 55.

Observation 4

MINIMUM MAINTENANCE STANDARDS

The Minimum Maintenance Standards (MMS) for municipal highways prescribed by Ontario Regulations 239/02 stipulate varying times for the completion of maintenance activities including pothole repairs, crack sealing and road inspection. The MMS stipulate timelines that vary between 4 to 60 days for the remediation of potholes based on the class of highway, surface area and depth.

Partially
implemented

Road inspections are presently documented on paper-based forms without reference to their frequency, completeness or coverage. Manual processes increase the risk of non-compliance with the regulations prescribed by the province.

Recommendations:

- A. Assess the feasibility of using hand held units to record inspections and repairs of potholes;
- B. Take a lead in the study to identify best practices to repair potholes. Ensure the scope of the study includes plant and equipment and well as processes, materials and labour.

Original Management Response

- A. We agree to assess using hand held units.
- B. We agree and we intend to pursue the review of pothole repair best practices.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- A. *Management has been working with IT on an application that when fully developed will be able to help in identifying the location of road deficiencies including but not limited to potholes. Work on the application is ongoing and has been very encouraging to date.*

B. Management is continuing work on the Pothole Repair and Material Study. Staff is preparing to update Council on the findings to date at the June 2020 Operations Committee Meeting.

Observation 5

RISK MANAGEMENT PROCESSES

As shown in Appendix 1 and 2, management has taken steps to identify, assess and mitigate significant risks associated with maintenance of road infrastructure. Where appropriate, this audit has provided recommendations for further risk mitigation.

Partially
implemented

Recommendation:

Continue to integrate risk management processes with other management processes in the Division.

Original Management Response

Staff will continue to review risks in Linear Infrastructure Services and Infrastructure Capital Planning processes and look for opportunities to mitigate risks.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Infrastructure Capital Planning staff are in the process of incorporating risk assessment into the planning procedures for road and bridge capital projects. Risk assessment will be a component of the asset management plans for both roads and bridges and will be incorporated in the City's pavement management program to assist in prioritizing road projects.

Re: Performance Audit of Winter Maintenance Programs for Roads

Audit Report released	Sep 2019
Original # of Observations	5
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	3
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

Operating Budgets

Actual expenditures for winter maintenance on roads exceeded budgeted amounts from 2016 to 2018. Actual expenditures are projected to be approximately \$4 million higher than budget at the end of 2019.

Complete

Despite progressive annual increases to operating budgets, actual expenditures have been higher in all recent years except in 2015. Cost increases in 2019 were primarily due to the increased use of contractors to remove unusually high levels of snowfall in late 2018 and 2019. Operating budget shortfalls in recent years have exhausted the winter maintenance reserve and contributed to the depletion of the tax stabilization reserve. Years with high amounts of snowfall, such as 2016, should be included in the 5-year average when determining annual operating budgets.

Original Management Response

Management agrees that recent weather patterns have contributed to budget shortfalls to meet operating service levels. Management would be receptive to considering alternative methods of calculating the annual budget that the Auditor may recommend.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Presently, LIS staff uses a five year average of the amount of work completed in five different winter control work activities (Plow/Spread – City Crews, Plow/Spread – Contractors, Plow Routes – Grader Mounted, Snow Plowing – 4x4’s and Loaders, Pothole Patching) multiplied by the appropriate general wage increase and contractual obligations when preparing their budget proposal. This budget proposal is submitted for review and adjusted to suit Council’s budget direction. Using this approach, the winter control budget has increased by \$1,380,000 over the last two years (2019 - \$600,000 and 2020 - \$780,000). Management intends to utilize the similar approach for the 2021 winter control budget.

Observation 2 A

The City's service levels for winter maintenance are based on City policies and provincial Minimum Maintenance Standards (MMS) for sanding, salting, plowing and clearing roads and sidewalks. The budgeted financial resources for these activities comprise roughly 50% of the annual winter maintenance budgets. The City maintains 52 snow plowing routes. Management assigns contractors to 27 routes and City-owned plows to 25 routes. Eighty-six (86) staff are assigned to plow roads, clear sidewalks and operate other equipment for winter maintenance activities. Up to 64 contract staff are used to operate loaders, 4x4s, plows and graders. Resource deployment decisions for winter maintenance activities are made at the depot level by the five supervisors that cover five different areas across the City which spans more than 3500 square kilometers.

Partially
implemented

Our review of winter maintenance events in 2018 and 2019 identified opportunities to make greater use of technology when responding to winter maintenance events.

The City does not always make effective use of data from its Road Weather Information Station (RWIS) in Levack or from the Ministry of Transportation's RWIS network when deploying in-house and contract staff to respond to winter maintenance events.

Our review of costs indicated that the current 60/40 mix of contractors and in-house staff for sanding, salting and plowing activities does not provide an optimal balance between economy and effectiveness for years with higher levels of snowfall.

The last round of collective bargaining resulted in scheduling changes that will provide 6,000 labour hours at regular rates which will reduce annual overtime costs and reliance on contractors.

Comparisons of performance are not being made between in-house staff and contractors.

Examine opportunities to make greater use of technology when deploying staff and contractors to manage winter maintenance events. Prepare a business case for additional RWIS stations across the City for more proactive resource deployment. Work with Finance staff to prepare a business case for additional staff and equipment to identify the savings that might be realized from reducing reliance on contractors for winter maintenance activities. Consider revising the standing offer for plowing to 8 years to coincide with the expected useful lives of the snow plows to obtain more competitive rates from contractors. Develop performance measures to enable comparisons of the efficiency, economy and effectiveness of City crews and contractors for winter operations.

Original Management Response

Roads Operations will examine opportunities to make greater use of technology when deploying staff and contractors to manage winter maintenance events. A business case will be prepared for additional RWIS stations across the City for more proactive resource deployment. Management understands that the balance of contracted services versus in-house services requires review on a regular basis. Changes in weather patterns, as well as changes in road usage can impact the ability to maintain service levels with anticipated utilization of contracted services. Business cases will be prepared to analyze alternative service delivery models with additional City staff and equipment.

Management is currently working on a new plowing service contract and is willing to consider this change. Management agrees and will move to incorporate performance measure comparisons throughout the annual business processes.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

1. *Roads Operations will continue examining new opportunities to make greater use of technology when deploying staff and contractors to manage winter maintenance events. Staff regularly participates in a road maintenance user group with other various municipal partners to discuss such technological advancements and will continue to do so.*
2. *Staff is currently making arrangements to install new RWIS stations at three locations to assist in winter maintenance deployment. This will bring the RWIS station total to four locations which are consistent with the recommendation provided in a report title "City of Greater Sudbury Road Weather Information System (RWIS) Design & Procurement Specifications" prepared by AMEC Foster Wheeler in August 2016. In addition to installing new RWIS sites, the City has implemented a new customized weather system that includes an app with access to Ministry of Transportation RWIS sites that are in close proximity to the City.*

The combination of the new RWIS sites and ready access to the MTO's RWIS sites provides another decision making tool for staff to use during winter events.

3. *Management understands the value associated with the proper balance of contracted versus in-house services and continues to review those principles each time a business case for the renewal / implementation of maintenance services is completed. For example, prior to preparing the tender award for winter control plowing services staff completed an analysis of in-house versus contracted services to ensure the City was utilizing the best approach for snow plowing services.*
4. *The new contract for plowing services has been awarded and is an eight year with two single year options as per the audit recommendation.*
5. *Management continues work to ensure our work management system is developed in such a way to facilitate these types of performance measurement reports. Roads Operations staff participates in the Cityworks Program Committee which has the task of prioritizing work needed to be completed in the works management system. One of the priorities established by the committee is reporting. Staff expects that this will facilitate the type of performance measurement reports discussed in the audit. The Cityworks Program Committee was scheduled to make a presentation to the Information Technology Governance Team (ITGT) in March with a plan to formalize the priority list but has been delayed due to the impacts associated with the global pandemic.*

Observation 2 A

The Auditor General's Office issued a citizen survey to 100 residents in each of the City wards in April 2019 to assess service levels for winter maintenance programs.

Complete

Table 2 provides a summary of the responses received as well as a comparison of service complaints in the last three winter seasons. Graph 2 indicates that complaints for winter maintenance have been growing since 2016. This trend is not surprising, given the significant amount of snowfall received between November 2018 and May 2019 and the colder than average temperatures during this period which led to higher than normal snow banks.

The City communicates service levels for winter maintenance of roads on the City's website and in local newspapers. Despite this communication, customer survey responses suggested that many residents are not aware of the different levels of service for the different classes of City roads.

The City does not, however, declare significant weather events to warn residents of hazardous road conditions. Additional steps should be taken to communicate service levels for winter maintenance on the City's different classes of roads. Significant weather events should be declared to warn residents of weather hazards on the City's roads.

Original Management Response

Management agrees. Additional steps will be taken to actively communicate service levels for winter maintenance to residents prior to the 2019/2020 winter season.

Staff presented a report to Operations Committee at the August 12th, 2019 meeting asking for approval to declare significant weather events to warn residents of weather hazards and possible service delays. The report was subsequently ratified at the August 13th, 2019 Council Meeting. As per the report, this initiative will be put in place for the 2019-2020 winter season. This option was recently made available through changes to provincial regulations for road maintenance. Management agrees that this new operational feature will improve communications and create a greater awareness among road users, which may assist with customer satisfaction.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- 1. During the winter of 2019–2020, staff provided the Operations Committee and public a monthly update of winter control activities on a category-by-category basis. These updates included weather statistics, financial information on the various maintenance categories, ACR statistics, challenges and opportunities as well as season to date financial information. The goal of these updates is to make the public aware of the status of the winter control services throughout the entire winter.*
- 2. This option was available to staff for the 2019-2020 winter season though there weren't any significant weather events declared. Through the season, management finalized the procedures and communication plan required in the event of the declaration of a significant weather event. Management intends to provide the public with an overview of the significant weather declaration plan and to set expectations for City services during a significant weather event prior to commencement of the 2020-2021 winter season (November 2020).*

Observation 2 B

Pothole Repair Management

Like many municipalities in Northern Ontario, the City faces significant challenges managing its road infrastructure with limited capital budgets. To address these challenges, the amount of capital funding for the renewal and repair of existing road infrastructure has nearly doubled during the last 5 years compared to the average annual expenditure between 2002 and 2014.

**Partially
implemented**

During the 2019 budget process, Council approved a capital budget that included \$50.5 million for new and existing road infrastructure and applied the entire one time additional gas tax of \$10.2 million for 2019 to road renewal and repairs.

In spite of the additional investments made to the City's existing road infrastructure in the last 5 years, this audit revealed that the condition of the City's paved roads has declined since 2002, causing significant potholes every winter and spring. Below, we provide an overview of the annual pothole program as well as our observations and recommendations to address relevant risks.

Reporting and tracking: A tracking list is maintained at each of the five depots identifying the location of potholes reported in Active Citizen Requests and those identified during inspections. Repair work for road stretches is prioritized based on road class. Work completed is input and updated in CityWorks.

Resourcing: In-house crews and contractors repair potholes identified by road inspections and complaints from residents. Expenditures for pothole repairs in 2019 accounted for approximately 10% of the total.

Patching: Subject to availability and weather conditions, road crews are deployed with a 'tracking list' issued by depot scheduling staff that identifies road sections for repair work. Repairs are completed with a variety of materials including cold mix, warm mix and hot mix depending on their availability.

Insufficient capital budgets have resulted in the ongoing deterioration of the City's paved roads which has led to increasing levels of public dissatisfaction and pothole claims filed against the City.

The City currently has insufficient capacity to use recycled asphalt for repairs to the City's paved roads which had an overall PCI rating of less than 50 percent when they were last measured.

Comparisons of performance are not being made for in-house staff and contractors.

Management typically assesses the conditions of the City's paved roads every two years, but a Pavement Condition Index (PCI) study has not been completed since 2016.

Explore ways to increase capital budgets for roads with Finance staff to improve service levels.

Prepare a business case to make greater use of recycled asphalt to repair potholes.

Develop performance measures to enable comparisons of work of city crews and contractors.

Measure the PCI of paved roads every two years to determine current levels of service and ensure that budgets respond effectively to current road conditions.

Original Management Response

A long-term financial plan for road infrastructure was prepared by KPMG for Council's consideration in 2012. In 2018, the overall City long-term financial plan was updated, including the long-term financial requirements for the City's road infrastructure. Management will continue to provide Council with the best available information for consideration in the annual budget process. Management generally agrees that the state of road condition can affect the ability of the road maintenance division to perform repairs efficiently as required to meet minimum maintenance standards.

Staff commenced a study of best practices in the field of road repair and, is collaborating with the Ministry of Transportation and other Cities in Northern Ontario to complete the study. It is understood that alternative pothole repair strategies and business practices will be incorporated as necessary and as budgets permit. Alternative paving systems and equipment will be evaluated within the scope of current studies. Any changes in service will be presented as a business case or incorporated into the capital prioritization process.

Staff will develop performance measures to enable comparisons between city crews and contractors.

In order to ensure that budgets respond effectively to current road conditions, a new vendor has been selected and plans are underway to evaluate the PCI of the paved roads in 2019. Management intend to continue to evaluate pavement condition generally every two years.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- 1. Management is working with Asset Management staff and is in the process of improving the Roads Asset Management Plan (as per O.Reg. 588/17) which will inform the Capital Budget planning process to assist in proposing options that will maximize efficiency in spending of capital funds and will enable staff to review different service levels for consideration.*
- 2. Management is continuing work on the Pothole Repair and Material Study. Staff is preparing to update Council on the findings to date at the June 2020 Operations Committee Meeting.*
- 3. Management continues work to ensure our work management system is developed in such a way to facilitate these types of performance measurement reports. Roads Operations staff participates in the Cityworks Program Committee which has the task of prioritizing work needed to be completed in the works management system. One of the priorities established by the committee is reporting. Staff expects that this will facilitate the type of performance measurement reports discussed in the audit. The Cityworks Program Committee was scheduled to make a presentation to the Information Technology Governance Team (ITGT) in March with a plan to formalize the priority list but has been delayed due to the impacts associated with the global pandemic.*
- 4. Road cracking and defects were measured in 2019 and will continue to be measured every two years for the purposes of prioritizing and budgeting using the City's Pavement Management System. This work includes the calculation of PCI using the measured factors for all individual road segments in the road network.*

Observation 2 C

RISK MANAGEMENT

Risks are uncertain events which can be measured by calculating the product of the likelihood and impact of these events. Most risks can be mitigated by purchasing insurance. Other mitigation techniques include applying controls related to the acquisition and application of human and contract resources; development and implementation of formal procedures; acquisition and utilization of plant,

Complete

equipment and tools; and the collection and utilization of relevant information. Tables 5 and 6 on the next page identify the significant risks associated with winter maintenance programs for the City's roads.

Management has taken steps to mitigate significant risks within the winter maintenance programs for roads. Management should further mitigate risks after controls that are greater than 12 or accept these risks with the approval of Council following the completion of the annual enterprise risk assessment and core service review.

Original Management Response

Management agrees and will continue to periodically review mitigation processes for all significant risks.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Management still agrees and as indicated in the above noted responses have taken some measures to mitigate risk.

Re: Governance Audit of the Downtown Sudbury Improvement Area

Audit Report released	Sep 2019
Original # of Observations	2
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

The Board is not responsible for preparing the annual performance appraisal of the Executive Director. On behalf of the Board, the Co-Chairs should complete an annual performance appraisal for the Executive Director to identify both accomplishments and areas for improvement.

Partially implemented

Original Management Response

The Executive agrees with your recommendation and further recommends that this review be undertaken in the fall which will coincide with the Board’s annual Budget/Work Plan preparation. Further, this should be included in the overall Board ‘Organization Manual’ and that the Executive Director also conduct similar reviews of any additional staff. It was also noted that these reviews should be a two-way discussion with Staff having the opportunity to provide feedback to the Board.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- As the Board’s Strategic Plan process was still underway in the fall 2019, and as this Plan sets the base for the Work Plan and Budget which the performance appraisals are to be based upon, this was delayed and did not occur at that time.
- The first step was initiated in January/February including a ‘Time Audit’ by all staff.
- Due to COVID-19, including the shut-down of the BIA offices in March, this was temporarily halted but will resume and be completed upon staff return to the office.
- Reference to the process has been included in the Board’s ‘Organization Manual’.

Observation 2

The City’s oversight duties include monitoring the activities of Downtown Sudbury to ensure they align with its legislated mandate which is set out in the *Municipal Act, 2001*.

Partially implemented

Since the sections of the *Municipal Act, 2001* that describe the legislated mandate of Board of Management for a Business Improvement Areas are somewhat ambiguous, the City should update the City's relevant by-laws to identify activities of Downtown Sudbury that fall outside of its legislated mandate.

Original Management Response

We agree. Staff will prepare a report with recommendations for Council's consideration to update bylaw(s) governing business improvement areas. This will be part of 2020 work plans, with a report to Council no later than the fourth quarter of 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

- OBIAA is currently working with the Province to review the existing legislation specific to BIAs with the goal to update and better reflect the current roles and activities of BIAs as they have grown and developed over the years.
- Outcomes from this review will then be further applied to BIAs individually.
- This review has been delayed due to COVID-19.
- In addition, the Board undertook a Strategic Planning process in 2019, with the assistance of a Facilitator. Public & Member surveys, together with stakeholder and public information sessions were held to assist in the determining of goals, priorities, etc. This was then presented to the Membership at the AGM (February 2020) for discussion and support (The newly developed vision and purpose statements, together with values, goals, etc. continue to align with the Municipal Act the continued development and evolution of BIAs.
- Activities of the BIA also continue to align with the Municipal Act, including (but not limited to) the following:
 - ***Various Partnerships with the Municipality***, i.e.
 - *Pilot Project for downtown specific By-Law Enforcement Officers to help address the ongoing safety concerns as raised by both members and the public (\$50,000 contribution)
 - *current Streetlighting program – conversion to LED (\$100,000 contribution)
 - *Outdoor patio program
 - *Hanging Basket program – BIA purchases, installs, removes and the City waters/fertilizes
 - *Yellow bin recycling program
 - *ongoing discussions specific to street cleaning, snow removal, waste management, etc.
 - ***Tree lighting program*** – this includes the installation of thousands of lights in the planter trees (BIA purchases the lights which have then been installed thanks to the assistance of Vianet and Hydro) ...
 - ***Special Events*** – both hosted/organized by the BIA (ie May Yard Sale, Blues For Food, Ribfest, Christmas), as well as BIA assisted through logistical planning advice and sponsorship funds (ie Earth Day, Graphic Con, Jazz Fest, Up Here, Santa Claus Parade) ... together attracting well over 100,000 to our core
 - ***Member Communications, Information Sessions*** ie
 - *strong and consistent communications during COVID-19 to ensure members are aware of programs, funding opportunities, webinars, contacts, etc.

Re: Performance Audit of the Procurement Processes within Engineering Services

Audit Report released	Dec 2019
Original # of Observations	2
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	2
# of Action Plans on Next Follow Up	0
Status as of May 31, 2020	Complete

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

To maximize the number of bids on large projects, the legislated timelines should be considered minimum periods.

Complete

Original Management Response - Engineering Services will:

- a) continue to use the current minimum posting period (15 days) for simple, repeat procurements. We will consider longer posting periods where feasible and for complex projects which usually exceed CETA thresholds and will be required to be posted for a minimum of 25 days;
- b) use other communication opportunities, such as the annual contractors meeting, to communicate to the construction industry the anticipated capital work for the upcoming construction season. This will provide contractors advance notice of tendering opportunities.; and
- c) stagger tender close dates so that the tenders do not close on the same date as other projects of similar size/scope or other large projects in the industry (i.e. MTO)

eTendering, which was implemented in March 2019, will create efficiencies in the bidding process (e.g. notifications, access to information, electronic submission). It is anticipated that eTendering will initially increase competition by providing access to CGS procurement opportunities to a larger vendor population through “bids & tenders”. The primary external uncontrollable risk that impacts our procurement process is the short construction season.

Once the capital budget is approved and bidding documents are prepared, a longer posting period exposes the City to the following consequences:

- a) Contractors are already engaged in other contracts (i.e. MTO, mining industry, etc.);
- b) Higher bid prices;
- c) lower quality labour force;
- d) Increases in costs due to work extending into the fall/winter season; and
- e) Poor reputation if construction work is not completed on time.

Engineering Services implemented eTendering for all relevant opportunities as of March 2019.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Original Management Response has been implemented. All tender periods have met the minimum requirements and eTendering continues to be used, including for Requests for Proposals. Engineering Services continues to use communication opportunities to alert the industry of tendering opportunities. At the annual Contractor's Meeting, a tender schedule was presented and was posted to the website. The tender schedule respected spacing between similar projects, known tenders of other agencies, and the known availability of contractors.

Observation 2

Contractor evaluations and procurement awards are subject to judgment and fairness considerations. As a result, prequalification and award decisions are sometimes disputed. Lack of formality in the current dispute resolution processes could lead to inconsistent decisions and potential litigation. Dispute resolution processes should be formalized for each phase of the purchasing process to mitigate legal and reputational risks.

Complete

Original Management Response

The City's Purchasing By-Law includes a debriefing and complaint process (Section 32) for Tenders and RFP. The Canadian Free Trade Agreement requires a debriefing for pre-qualification processes in accordance with Article 516 (Transparency of Procurement Information Provided to Suppliers) which states:

A procuring entity shall promptly inform participating suppliers of its contract award decisions, and, on the request of a supplier, shall do so in writing. Subject to Article 517, a procuring entity shall, on request, provide an unsuccessful supplier with an explanation of the reasons why the procuring entity did not select its tender. The following definitions apply:

tender - means a submission from a supplier in response to a tender notice;

tender notice - means a notice published by a procuring entity inviting interested suppliers to submit a tender, a response to a request for prequalification, or both;

<https://www.cfta-alec.ca/canadian-free-trade-agreement/>

Purchasing Services has developed a new Request for Prequalification process that includes a debriefing and complaint process which is compliant with CFTA. Engineering Services has adopted and implemented the new Request for Prequalification process. Engineering Services is also using eTendering to conduct Requests for Pre-qualifications. Requests for pre-qualification are conducted by an authorized person (i.e. Purchasing Agent) in accordance with the Purchasing By-law.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Original Management Response has been implemented. In order to stream line the prequalification process, and maximize available bidders, Engineering Services has adopted annual prequalifications for linear infrastructure projects and bridge projects. This allows bidders to submit one prequalification package at the start of the tendering season and be evaluated for qualifications on a range of project categories for the remainder of the year. The bidder then knows which project categories for which it is prequalified, and can submit on all applicable tenders. This minimizes the paperwork and "red tape" for bidders interested in tenders with the City.

Re: Governance Audit of Greater Sudbury Public Library

Audit Report released	Dec 2019
Original # of Observations	4
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	0
# of Action Plans on Next Follow Up	4
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 3.1

The oversight framework is not designed effectively to set out the mandate of the Board for proper oversight of the GSPL. Specific concerns include:

Partially implemented

- a) The requirement for the GSPL to be under the management and control of the Board as set out in section 3(3) of the Public Libraries Act (the Act) is not clearly identified within the Board manual;
- b) The agreement between the GSPL Board and the City has not been updated since it came into effect on February 14, 2002;
- c) The City has appointed only one member of Council to the Board of the GSPL. This practice is inconsistent with most of the City’s municipal peers which appoint a higher number of Council members to their respective Library Boards;
- d) The requirement for the GSPL to be under the management and control of the Board should be clarified to members who are appointed to the Board during the orientation sessions following each municipal election; and
- e) The agreement between the GSPL Board and the City should be updated to align with the Board’s powers and duties which are set out in the Act.

The oversight framework should be revised to address the above concerns and Council should consider appointing at least two members of Council to the Board of the GSPL.

Original Management Response

The Library’s Board agrees.

The City of Greater Sudbury agrees and will undertake a process to work with the GSPL Board to review and update the operating agreement by the end of Q2 2020. By the end of Q1 2020, for Council’s consideration, the City of Greater Sudbury will bring a recommendation to the CGS Nominations Committee to appoint an additional member of Council to the GSPL.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In Q4 2019, staff initiated discussions with the Greater Sudbury Public Library Board and provided legal briefings on the powers and responsibilities of library boards in Ontario. Initial dialogue towards developing a draft Operating Agreement for consideration by both the Board and CGS Council began in February of this year. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, further efforts have been delayed for several months. In late May, staff and GSPL Board representatives agreed to set aside time in the next two months to move this process forward with a commitment to finalize arrangements by the end of 2020. In parallel with the process to finalize the terms of a formal relationship, staff are working to provide the GSPL Board more insight and authority into budget proposals and library programming. Several reports regarding aspects of this overall governance development process can be expected at CGS Council over the next six months.

Observation 3.2

There are a number of Board duties that are set out in the Act that are not clarified in the current Board Manual, including:

Partially
implemented

- a) Seek to provide in co-operation with other library boards, a comprehensive and efficient public library service that reflects the community's unique needs;
- b) Seek to provide library services in the French language, where appropriate;
- c) Operate one or more libraries and ensure that they are conducted in accordance with this Act and the regulation;
- d) Fix the times and places for Board meetings and the mode of calling and conducting them, and ensure that full and correct minutes are kept;
- e) Make an annual report to the Minister and make any other reports or provide any information required by the Public Libraries Act or regulations;
- f) Make provision for insuring the board's real and personal property;
- g) Take proper security for the Treasurer for relevant amounts owed to the GSPL;
- h) Although the agreement between the GSPL and City automatically appoints a Treasurer and Solicitor, the statutory obligation of the Board to appoint a Chief Executive Officer and Secretary are not identified;
- i) The duties of the Chief Executive Officer and Secretary are not defined within the agreement between the GSPL and the City or in job descriptions;
- j) The duties of the Treasurer are not identified in the agreement between the GSPL & City;
- k) The specific duties and powers of the Board that are set out in the Act should be identified clearly within the Board Manual.

In addition to updating the Board Manual, the Board should appoint a Chief Executive Officer and Secretary every 4 years to coincide with the term of the Board. The duties of the Secretary and Chief Executive Officer should be defined within the agreement between the GSPL and the City and in job descriptions as these individuals have an ongoing working relationship with the Board and important statutory obligations. The duties of the Treasurer should be identified in the agreement between the GSPL and the City to ensure both the statutory and non-statutory duties are fulfilled.

Original Management Response

The Library's Board agrees.

The City of Greater Sudbury agrees and will undertake a process to work with the GSPL Board to review and update the operating agreement by the end of Q2 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In Q4 2019, staff initiated discussions with the Greater Sudbury Public Library Board and provided legal briefings on the powers and responsibilities of library boards in Ontario. Initial dialogue towards developing a draft Operating Agreement for consideration by both the Board and CGS Council began in February of this year. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, further efforts have been delayed for several months. In late May, staff and GSPL Board representatives agreed to set aside time in the next two months to move this process forward with a commitment to finalize arrangements by the end of 2020. In parallel with the process to finalize the terms of a formal relationship, staff are working to provide the GSPL Board more insight and authority into budget proposals and library programming. Several reports regarding aspects of this overall governance development process can be expected at CGS Council over the next six months.

Observation 3.3

The Board has not established systems and practices to monitor the performance of the GSPL or to assess the extent to which its established objectives have been achieved. For example, the Board has not:

Partially
implemented

- a) updated the last Strategic Plan that was developed for 2011 to 2015;
- b) approved the annual budget for the GSPL;
- c) received financial statements or benchmarking information to monitor the performance of the GSPL;
- d) approved the annual report to the Minister; or
- e) conducted an annual performance appraisal for the Chief Executive Officer or Secretary.

The Board should:

- a) update the strategic plan;
- b) approve the annual budget for the GSPL;
- c) review and approve quarterly financial statements of the GSPL and benchmarking information on an annual basis to allow Board members to monitor the GSPL's performance;
- d) ensure it reviews and approves the GSPL's annual report to the Minister; and
- e) conduct annual performance appraisals for the Chief Executive Officer and Secretary.

Original Management Response

The Library's Board agrees.

The City agrees. In its role as Financial Services Provider, the City of Greater Sudbury will work with the GSPL to establish systems and reporting structures to ensure that the Board has the appropriate information in a timely manner so as to meet its obligations as outlined in this recommendation. This undertaking will be reflected in the updated agreement between the two organizations.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In Q4 2019, staff initiated discussions with the Greater Sudbury Public Library Board and provided legal briefings on the powers and responsibilities of library boards in Ontario. Initial dialogue towards developing a draft Operating Agreement for consideration by both the Board and CGS Council began in February of this year. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, further efforts have been delayed for several months. In late May, staff and GSPL Board representatives agreed to set aside time in the next two months to move this process forward with a commitment to finalize arrangements by the end of 2020. In parallel with the process to finalize the terms of a formal relationship, staff are working to provide the GSPL Board more insight and authority into budget proposals and library programming. Several reports regarding aspects of this overall governance development process can be expected at CGS Council over the next six months.

Observation 3.4

The City has not established an effective general framework for the oversight of the GSPL. For example:

**Partially
implemented**

- a) The City does not review and approve a separate annual budget for the GSPL as the financial results are included within the results for Children and Citizen's Services;
- b) The City does not review and approve the annual return to the Minister for the GSPL; and
- c) The City does not recruit and appoint separate members to an Advisory Panel to oversee the City's museums in accordance with the Ontario Heritage Act and applicable governance standards for community museums. Instead, the members of the GSPL Board have traditionally been appointed to this panel which meets twice a year in accordance with the Ontario Heritage Act.

The City should review and approve a separate annual budget for the GSPL and review and approve the annual return to the Minister for the GSPL. Following the next election, the City should recruit and appoint members to an Advisory Panel to oversee the City's museums in accordance with the Heritage Act and applicable governance standards for community museums.

Original Management Response

The City agrees. In its role as Financial Services Provider, the City of Greater Sudbury will work with the GSPL to establish systems and reporting structures to ensure that the Board has the appropriate information in a timely manner so as to meet its obligations as outlined in this recommendation. This undertaking will be reflected in the updated agreement between the two organizations.

The City will work with the GSPL to establish a process to review and approve the annual return to the Minister.

The City accepts the recommendation regarding museums and will undertake a full strategic review of Greater Sudbury Museums by the end of 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In Q4 2019, staff initiated discussions with the Greater Sudbury Public Library Board and provided legal briefings on the powers and responsibilities of library boards in Ontario. Initial dialogue towards developing a draft Operating Agreement for consideration by both the Board and CGS Council began in February of this year. As a result of the significant resources allocated to the City's COVID-19 Emergency Response, further efforts have been delayed for several months. In late May, staff and GSPL Board representatives agreed to set aside time in the next two months to move this process forward with a commitment to finalize arrangements by the end of 2020. In parallel with the process to finalize the terms of a formal relationship, staff are working to provide the GSPL Board more insight and authority into budget proposals and library programming. Several reports regarding aspects of this overall governance development process can be expected at CGS Council over the next six months.

Re: Performance Audit of the Asset Management Program

Audit Report released	Dec 2019
Original # of Observations	3
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress <small>(Based on Self-Assessment conducted by Community Services)</small>	Self-assessed Status
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Observation A

Regulation 588/17 requires all municipalities to develop Asset Management Plans for their infrastructure assets. This regulation also requires municipalities to manage the life cycle costs of its assets and to communicate the service levels for these assets to residents. To adhere to this regulation, the City must develop a plan for its core infrastructure assets (water, wastewater, storm water, road, bridges and culverts) by July 1, 2021 and a plan for all other assets by July 1, 2023. A financial plan to fund the activities required to achieve the proposed levels of service for the City's assets is required by July 1, 2024.

Partially implemented

In 2016, KPMG prepared an asset management plan (AMP) and recommended the City consider a strategy that incorporates the following components to address the City's \$3.1 billion of aging infrastructure assets which were at or near the end of their useful lives:

- A multi-year program of affordable tax increases that would increase the City's available capital funding by approximately \$5 million per year in addition to the existing capital funding envelopes;
- The use of debt for the financing of major capital projects;
- The realignment of the City's capital envelopes to avoid a predominant focus on roads, so as to limit situations where necessary infrastructure components such as facilities and fleet are disadvantaged;
- A focus on asset rationalization, which would include the closure/consolidation/divestment/of excess City facilities, fleet and other assets; and
- Service rationalizations, which would allow the City to redirect funding for operating costs to capital, thereby mitigating increases in taxes and user fees.

In October 2017, management prepared an asset management strategy that was to be used to prioritize infrastructure investments commencing in the 2019 budget process. To adhere to Regulation 588/17 and to provide guidance to the whole organization to minimize the risk of service interruption or increased cost due to asset failure, the City developed the following policy statement for asset management:

“The City of Greater Sudbury ensures its municipal infrastructure systems are supported by plans and financing decisions that demonstrate effective service support and appropriate regard for managing lifecycle costs.”

In April 2018, management presented an Enterprise Asset Management Policy that included guiding principles and practices for asset management such as:

- Establishing full life-cycle costing principles aligned with asset management strategies that minimize ownership costs over the asset’s service life;
- Maintaining assets in order to deliver defined levels of service that meet legislative requirements and customer expectations;
- Establishing risk management strategies to support service delivery at expected levels of service;
- Maintaining a system of performance monitoring and reporting on asset level of service and the impacts of potential changes in policy, levels of service or risk;
- Maintaining assets to protect the safety of the public and health & safety of our employees; and
- Establishing clear and continuous connections to the corporation’s long-term financial plan and related financial policies.

In the 2019 update on the City’s AMP, management advised Council that annual expenditures of over \$300 million would be required to maintain existing service levels on the City’s assets.

The 2019 update of the City’s Long-Term Financial Plan included estimates of annual capital expenditures required to respond to the City’s aging assets.

The 2020 budget recommends a 1.5% special capital levy as well as a significant increase to capital expenditures to address the City’s infrastructure funding requirements. Similar capital levy recommendations were made in the 2019, 2018 and 2017 budgets. The 2020 budget identifies risks related to the City’s aging assets and indicates that the development of strong asset condition information and plans to address asset weaknesses is a priority in the coming years.

The 2020 capital budget was developed using a Capital Prioritization Tool that considers legislative requirements, health and safety risks, as well as the probability and consequences of failure of capital projects.

The 2021 to 2024 capital budget forecast includes increased expenditures to address the City’s aging assets.

To ensure the City’s aging assets are addressed on a timely basis, we recommend that management continue its efforts to integrate the City’s asset management program with the City’s annual business plans and long-term planning processes.

Original Management Response

We agree. Staff will continue to develop and refine the corporate asset management program and provide linkages and integration to other City planning documents such as but not limited to the annual business plan, annual budgets, and long-term financial plan in order to fulfill the strategic plan of Council. Financing decisions, and the level of financial support associated with asset renewal efforts, remain within City Council’s control.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

Staff have continued to integrate and parallel the Asset Management program with City planning documents such as the annual business plan, annual budgets, and long term financial plan in order to fulfill the strategic plan of Council.

Observation B

In April 2018, Council approved the City's Enterprise Asset Management Policy and timelines to complete the City's Asset Management Program.

Complete

The City's Asset Management Strategy is dependent upon effective leadership and communication as well as a high degree of collaboration between the Asset Management Coordinator, Executive Leadership Team, Divisional and Sectional Leaders, Finance Staff, Assets Users and Asset Operators. Effective leadership needs to be maintained to ensure timely completion of the program.

As required by Regulation 588/17, ensure that the City's Enterprise Asset Management Policy clarifies that the Executive Lead for the City's Asset Management Program is the General Manager of Corporate Services.

Original Management Response

We agree. We believe the General Manager of Corporate Services has played, and will continue to play, a leadership role and is clearly the Executive Lead for the corporation's asset management policy. Staff will review the Enterprise Asset Management Policy produced in 2018 and ensure it is clear that the Executive Lead of the asset management program is the General Manager of Corporate Services.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Enterprise Asset Management Policy has been reviewed and updated to clearly identify the General Manager of Corporate Services as the Executive Lead for the corporation's asset management program. The policy update can be found at the following link.

<https://www.greatersudbury.ca/city-hall/budget-and-finance/financial-reports-and-plans/>

Observation C

Risks are uncertain events which can be measured by calculating the product of the likelihood and impact of these events. Most risks can be mitigated by purchasing insurance. Other mitigation techniques include applying controls related to the application of human and contract resources; development and implementation of formal procedures; utilization of plant, equipment and tools; and collection and utilization of relevant information. Tables 1 and 2 below, identify the significant risks associated with the City's Asset Management Program.

**Partially
implemented**

Table 1 – Summary of Significant Risks

Risk	Total No. of Risks	Risks Before Controls			Risks After Controls		
		High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)	High (15 to 25)	Med (9 to 14.99)	Low (1 to 8.99)
Reputation	1	1	0	0	0	0	1
Operational	4	4	0	0	0	4	0
Financial	2	2	0	0	0	2	0
Legal	1	1	0	0	0	0	1
TOTAL	8	8	0	0	0	6	2

Table 2 – Significant Risks

Risk	Risk Description	Before Controls	After Controls
O2	Insufficient information may be available about the service level expectations and risk tolerances of members of Council.	20	14.5
O3	Relevant data about the condition of assets may not exist or may not be available on a timely basis to aid members of Council with annual budget decisions.	20	14.5
O4	Asset renewals and replacements may not be prioritized based on the impact and probability of failure of the underlying assets.	20	14.5
O1/F1	Asset management plans may not be integrated with the corporate strategic plan, enterprise risk management plan, long-term financial plan, capital budgeting forecast, annual business plans and annual budget.	20	14
F2	The budget package contains information about the City assets that is prepared using estimates, assumptions and professional judgement. Errors or omissions in the budget package may contribute to Council decisions that are less than optimal.	20	13
L1/R1	The legislated timelines for Asset Management Plans may not be met.	15	8

In September 2018, management developed an Enterprise Risk Management Policy to systematically identify, recognize, evaluate and manage risks that could affect the achievement of the City's objectives.

Management should continue its efforts to establish an enterprise-wide risk management framework to mitigate the risks that may comprise achievement of the City's asset management goals.

Original Management Response

We agree. The Executive Leadership Team has very recently approved a governance structure, operating guidance and processes to support the implementation of the corporation's Enterprise Risk Management Policy. Among the actions staff will undertake will be a thorough understanding of Council's level of risk tolerance for a number of potential risk areas. Staff will be gauging Council's understanding and acceptance of the risk O2, O4 and O3. These are reasonable risks to our asset management program and approach.

We disagree with the potential for "errors and omissions" to contribute to less than optimal decision making. While errors and omissions are a risk in any endeavor, staff have acknowledged that asset information is more precise and scientific for some classes than information currently available for other classes. This does not mean that staff is providing erroneous information in the budget package, rather there is an evolution underway in our understanding of asset condition. Staff will continue to develop and refine the corporate asset management program and provide linkages and integration to other City planning documents such as but not limited to the annual business plan, annual budgets, and long-term financial plan in order to fulfill the strategic plan of Council.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

The Executive Leadership Team has approved a governance structure, operating guidance and processes to support the implementation of the corporation's Enterprise Risk Management Policy. As part of this, an Enterprise Risk Advisory Committee comprised of a cross functional team and lead by the Executive Director of Strategic Initiatives, Communications and Citizen Services has been put together. The steering committee will be responsible for:

- i. Review the Corporate Risk Register and risk treatment plans for significant and critical risks; and recommend further actions to mitigate risks, if necessary.
- ii. Provide semi-annual reports (or as deemed necessary) to the Enterprise Risk Steering Committee regarding the Corporation's risks and identify risk owners.
- iii. Elevate significant and critical risks, as necessary, to the Enterprise Risk Governance Committee for direction/action.
- iv. Develop procedures to ensure effective implementation of this framework.

Enterprise Risk Management has also been linked to the Asset Management Framework that is detailed within the Enterprise Asset Management Policy. This link was included with the asset management policy update discussed in the previous Observation B.

As well, many departments have undertaken asset condition assessments to further develop and improve the reliability of the information used to drive asset management planning, thereby reducing the risk inherent in any plan.

Re: Cash Controls at the Citizen Service Centre at Tom Davies Square

Audit Report released	Mar 2020
Original # of Observations	3
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

Contrary to City policy, there is shared access to cash drawers during breaks and lunch as well as during vacations and illness. Accountability for errors and shortages is diluted.

Partially implemented

Only one Cashier should control and access a cash drawer.

Original Management Response

We agree with the recommendation. Although this is a rare occurrence, and several other mitigation measures are in place, we are working to develop a solution that will address this through staff scheduling and resourcing, and improved technology and software licensing. We expect to have this recommendation fully implemented by the end of 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In progress.

Observation 2

The safe combination has not been changed over the last three years. As a result, there is an increased risk of unauthorized access.

Complete

The combination should be changed periodically to prevent unauthorized access to the safe.

Original Management Response

We agree with this recommendation. As result of this recommendation, the safe combination has been changed and a process is now in place to ensure this happens periodically or whenever staff turnover occurs.

Actions Taken, Results and /or Actions Planned - As of May 31, 20

The above action plan addresses the recommendation.

Observation 3

Cash was being closed at the end of each day and a bank deposit was being prepared every other day.

Errors or shortages may not be detected on a timely basis and accountability for errors and shortages is diluted.

Partially implemented

Cash should be closed and a bank deposit prepared at the end of each day.

Original Management Response

We agree with this recommendation. As a result of this recommendation, staff has implemented daily morning balancing, which means that cash is balanced the morning after a shift. Due to current restrictions in the Collective Bargaining Agreement, operational requirements and customer service needs, a morning balance has been implemented as a temporary solution to daily end-of-day balancing. We expect to have this recommendation fully implemented by the end of 2020.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

In progress.

Re: Cash Controls at the Downtown Transit Terminal

Audit Report released	Mar 2020
Original # of Observations	3
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	2
Status as of May 31, 2020	In progress

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

Contrary to City policy, two cashiers operate from a single cash drawer and Point of Sale (POS) terminal during shifts. At the end of shifts on weekdays, cash is not balanced in accordance with the City’s Cash Handling Policy and Procedures. Bank deposits are also not prepared at the end of each day. As a result, accountability for errors or cash shortages cannot be determined.

Partially implemented

Each cashier should have their own POS terminal and cash drawer. Daily receipts for one terminal should be verified by the cashier for the other terminal. Staff should balance at the end of each shift in accordance with the City’s handover policy. One bank deposit should be prepared at the end of each day for cash receipts from both terminals and signed off by both cashiers on duty

Original Management Response

We agree with the recommendation. It is important to note, however, that due to lack of space for a second POS terminal or cash drawer, planning will be required for a redesign and renovation of the space. We will begin coordination with Finance, IT and Assets to meet this improvement.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

A second POS and cash drawer has been added which will allow us to comply with the recommendations made on this observation. Beginning on June 8, 2020 each Staff will balance at the end of each shift, and a daily bank deposit will be prepared at the end of each day.

Observation 2

As the safe combination has not been changed recently, a risk of unauthorized access to the safe exists.

Complete

Change the combination every second year to prevent unauthorized access to the safe.

Original Management Response

The safe combination has been changed in the last month and an annual program has been implemented with the service provider.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

None required.

Observation 3

Sales of photo identification (ID) cards are not controlled adequately as they are not assigned sequential numbers. As a result, unrecorded sales may occur.

Partially implemented

Sequential numbers should be developed and assigned to photo ID cards to ensure all sales are recorded.

Original Management Response

We are moving towards eliminating ID cards with smart technology in fare payments, therefore eliminating this issue when implemented.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

It is planned to address this recommendation Q3/Q4 2021.

Re: Cash Controls at the Main Transit Garage

Audit Report released	Mar 2020
Original # of Observations	1
# of Action Plans Previously Complete	0
# of Action Plans Now Closed	1
# of Action Plans on Next Follow Up	0
Status as of May 31, 2020	Complete

Observation and Summary of Progress (Based on Self-Assessment conducted by Community Services)	Self-assessed Status
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Observation 1

After counting the cash receipts from parking meters, the cashier prepares the cash summary and bank deposit slip. These documents are reviewed for accuracy and signed by the administration clerk. The deposit, bank deposit slip and summary for cash collections from parking are left in the cashier’s office.

Complete

Lack of segregation of duties between cash collection, recording and banking functions for parking receipts creates a risk of theft.

To reduce the risk of theft:

1. To the extent possible, restrict the use of the cash room to cash handling and banking functions;
2. Prevent staff from taking bags, boxes and containers into the cash room; and

Require the cash summary and bank deposit slip to be sent to a third person immediately after the amounts are independently verified.

Original Management Response

The recommendations have been implemented. To prevent alterations to the bank deposit slip for Parking after verification, it is immediately sent to a third person outside the cash room.

Actions Taken, Results and /or Actions Planned - As of May 31, 2020

None required.