

Winnipeg Police Service Headquarters Construction Project

**Audit Recommendation Implementation Quarterly Updates:
2015 Qtr 1 to 2021 Qtr 2**

The final report was received by Council on September 29, 2021

<https://clkapps.winnipeg.ca/dmis/September 29, 2021 disposition>



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2015 Qtr 1*

Leaders in building public trust in civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2015 Qtr 1*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations (See Appendix 1).

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2015 Qtr 1 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2015 Qtr 1*

Status of Audit Recommendations

2015 Qtr 1

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2015 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Percent Complete	Not to be implemented	2 nd Qtr 2015	3 rd Qtr 2015	4 th Qtr 2015	1 st Qtr 2016 or later
Winnipeg Police Service Headquarters Construction Project	19	14	74%		-	2	1	2

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2015 Qtr 1*

Audit Observations

- The Public Service has reported that 14 recommendations have been implemented.
- At the end of 2015 Qtr 1, five recommendations are in progress:
 - Two recommendations (1.3 dealing with the responsibility of the project and 1.7 regarding Capital Project Reporting) are targeted for implementation in the 3rd quarter of 2015.
 - One recommendation (2.2 Competencies of the Project Manager) is targeted for the 4th quarter of 2015.
 - Two recommendations (3.2 dealing with the delivery of the Project Management Manual and Training and 3.3 Project Management Framework) are targeted for implementation in the 2nd quarter of 2016.

Date: May 2015

Recommendations In Progress – 2015 Qtr 1 Updates

No.	Recommendation	Update – 2015 Qtr 1
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	<p>This recommendation has been partially implemented. The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Section A.2.4 states that “For all tax supported Building projects, the Project Manager shall be from the Planning, Property and Development Department - Municipal Accommodations Division.”</p> <p>The Public Service continues to work on implementing this recommendation within our existing budget/financial system with the goal of having responsibility assigned at the time the project is approved. We are working through the mechanics of our current financial system.</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>Work has been performed on the reporting template but the revised template has not been finalized as of yet.</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>

No.	Recommendation	Update – 2015 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	<p>The Public Service continues to analyze the required competencies, qualifications and experience for project related roles across the organization. We have conducted a preliminary assessment and to implement this on a citywide basis impacts a large number of positions as project management responsibilities are embedded in a large number of existing positions. While work is ongoing moving towards standardizing job descriptions for project management related activities (including the hiring of an Education and Training Coordinator position in the Infrastructure Planning Division), updating the large number of positions involved is a multi-year task.</p> <p>We are investigating if there are any interim measures that could be put in place in the short term to address the intent of this recommendation.</p> <p><u>Implementation Date:</u> 2015 Qtr 4</p>
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	<p>The Public Service continues to work with Corporate HR to develop/update the competencies required of the various positions dealing with project management. An Education and Training Coordinator was approved in the 2015 Budget process. We are moving forward with developing a job description and the various approvals and ratings required to hire the person. We anticipate hiring in 2015 Q4. This person would be tasked with developing a training program for project management for the City of Winnipeg.</p> <p><u>Implementation Date:</u> 2016 Qtr 2</p>

No.	Recommendation	Update – 2015 Qtr 1
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>A number of governance documents have been approved and issued in 2015 Q1. The Asset Management Policy was approved by Council and the Asset Management Project Management Manual was updated and made available for use in January and the new Asset Management Administrative Standard FM-004 was completed and released at the end of March.</p> <p>The Public Service continues to work to implement Project Management Offices (PMO's) at the Corporate level and in the Departments. The resources were approved in the 2015 Budget Process to implement these PMO's and the Infrastructure Planning Division is working with Departments to establish how the PMO's will function in coordination with Corporate oversight.</p> <p><u>Implementation Date:</u> 2016 Qtr 2</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>The Public Service has a Design Management Quality Procedure in draft form to be incorporated into Appendix E of the Asset Management Project Management Manual.</p> <p>Proof of Action - See WPSHQ Rec 3.3.6 Draft Design Management Quality Procedure.</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>

Recommendations Implemented – 2015 Qtr 1

No.	Recommendation	2015 Qtr 1
1.1	<p>Major Capital Project Steering Committee Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 ("FM-004") sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	<p>The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Section A.4.7 Committee Composition & Responsibility addresses this recommendation.</p>
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	<p>The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Sections A.2.4 Project Management, A.3.1 Physical Asset Governance Model and A.4.7 Committee Composition & Responsibility address this recommendation.</p>
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end-user representative roles.</p>	<p>The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Sections A.2.4 Project Management and A.3 Physical Asset Governance Model address this recommendation.</p>

No.	Recommendation	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	<p>The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Section A.4.5 Roles and Responsibilities has been updated for the Manager of Capital Projects and addresses this recommendation.</p>
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	<p>This recommendation has been implemented with the completion and release of the Asset Management Project Management Manual which is now available for use.</p>
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team's schedule monitoring and analysis requirements.</p>	<p>This recommendation has been implemented. Section 5.4 Plan Schedule of the Asset Management Project Management Manual was released in January and is available for use. Appendix E contains Contract Administration procedures.</p>
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	<p>This recommendation has been implemented. Section 5.9 Plan Risk Management of the Asset Management Project Management Manual was released in January and is available for use. Appendix E contains Contract Administration procedures.</p>
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City's capacity to successfully manage and deliver non-traditional contract strategies.</p>	<p>This recommendation has been implemented. Section 5.6 Plan Procurement in the Asset Management Project Management Manual addresses this recommendation. MCD 007 in the Asset Management Administrative Standard deals specifically with projects \$50 million or greater with the requirement for a Corporate Review.</p>

No.	Recommendation	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	<p>The Public Service has issued the new Asset Management Administrative Standard FM-004 which replaces the previous Administrative Directive FM-004 - Capital Project Administration. Section A.4.6 RACI Matrix addresses this recommendation.</p>
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	<p>On January 28, 2015, Council approved a recommendation to reduce the Single Source Negotiation authority of the Chief Administrative Officer from \$5 million to \$1 million.</p> <p>The Materials Management Policy defines the basis under which single source negotiations are allowed.</p> <p>Materials Management provides training to City staff (Contract Administrators) with emphasis on the use of both the City's Materials Management Policy and Administrative Standard FM-002. This course is offered annually for 3 half days, since 2006.</p> <p>Proof of Action - See Materials Management Policy and Council Minute January 28, 2015</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4

No.	Recommendation	Implemented
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



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2015 Qtr 2*

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2015 Qtr 2*

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 2015 Qtr 2*

Status of Audit Recommendations

2015 Qtr 2

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2015 Qtr 2*

Audit Observations

- The Public Service has reported that 15 recommendations have been implemented.
- At the end of 2015 Qtr 2, four recommendations are in progress:
 - One recommendation (1.7 regarding Capital Project Reporting) is targeted for implementation in the 3rd quarter of 2015.
 - Two recommendations (2.2 Competencies of the Project Manager and 3.2 dealing with the delivery of the Project Management Manual and Training) is targeted for the 4th quarter of 2015.
 - One recommendation (3.3 Project Management Framework) is targeted for implementation in the 1st quarter of 2016.

Date: August 2015

Recommendations In Progress – 2015 Qtr 2 Updates

No.	Recommendation	Update – 2015 Qtr 2
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>Work has been performed on the reporting template but the revised template has not been finalized as of yet.</p> <p><u>Implementation Date:</u> 2015 Qtr 3</p>
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	<p>A draft Asset Management Organizational Governance Guideline has been developed and is in the process of being reviewed by Departments. Once the review is complete a timeline for Departments will be developed. This is a multi-year transformation for the organization.</p> <p>For the 2016 budget process Departments have been instructed to identify the resources for their investment plans which will be reviewed and challenged, if necessary, to ensure our major capital projects are adequately resourced as we continue to finalize the Asset Management Governance Guideline.</p> <p><u>Implementation Date:</u> 2015 Qtr 4</p>

No.	Recommendation	Update – 2015 Qtr 2
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	<p>The Public Service continues to work at implementing this recommendation. As part of the Asset Management Organization Governance Guideline and the associated defined roles within that governance structure there is an educational requirement for a PMP/PRINCE2 certification in Project Management. Job Descriptions are still being developed with advertisement aimed for 2015 Q4.</p> <p><u>Implementation Date:</u> 2015 Qtr 4</p>
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The Public Service continues to work at implementing this recommendation. The Asset Management and Project Management Offices are embedded in the proposed organization structure in the draft Asset Management Organizational Governance Guideline currently under review. Implementation will be a multi-year process to transition to a mature AMO/PMO offices.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>The Public Service continues to make progress to address the audit recommendations and incorporate new or updated information into the various governance documents. The Draft Design Management Quality Procedure is still in draft form and being reviewed.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

Recommendations Implemented – 2015 Qtr 2

No.	Recommendation	2015 Qtr 2
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	<p>This recommendation has been implemented. Section A.2.4 of the new Asset Management Administrative Standard FM-004 addresses responsibility for project delivery and the mechanics of our financial system are in place. Communication was issued by the Financial Planning Division of Corporate Finance providing direction to Departments for the 2016 Budget process now underway.</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.1	<p>Major Capital Project Steering Committee Terms of Reference <u>Priority: Moderate</u></p> <p>Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u></p> <p>We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u></p> <p>Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1

No.	Recommendation	Implemented
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team's schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City's capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1

No.	Recommendation	Implemented
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City's Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4

No.	Recommendation	Implemented
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2015 Qtr 3*

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*Winnipeg Police Service Headquarters Construction Project
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History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations (See Appendix 1).

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2015 Qtr 3 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2015 Qtr 3*

Status of Audit Recommendations

2015 Qtr 3

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2015 Qtr 3. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Percent Complete	Not to be implemented	4 th Qtr 2015	1 st Qtr 2016	2 nd Qtr 2016	3 rd Qtr 2016 or later
Winnipeg Police Service Headquarters Construction Project	19	15	79%		-	4	-	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2015 Qtr 3*

Audit Observations

- The Public Service has reported that 15 recommendations have been implemented.
- At the end of 2015 Qtr 3, four recommendations are in progress and are all targeted for implementation in the 1st quarter 2016
 - Recommendation 1.7 (Capital Project Reporting)
 - Recommendation 2.2 (Competencies of the Project Manager)
 - Recommendation 3.2 (dealing with the delivery of the Project Management Manual and Training)
 - Recommendation 3.3 (Project Management Framework)

Date: November 2015

Recommendations In Progress – 2015 Qtr 3 Updates

No.	Recommendation	Update – 2015 Qtr 3
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Major Capital Project report template is currently under development and requires further revisions before being issued.</p> <p>Proof of Action - See 2015 Q3 WPSHQ Rec 1.7 Draft Major Capital Reporting Template and 2015 Q3 WPSHQ Rec 1.7 Draft Major Capital Reporting Template Instructions.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	<p>The Draft Asset Management Organizational Governance Guideline is still being reviewed by Departments.</p> <p>For the 2016 budget process the Infrastructure Planning Division of Corporate Finance is currently reviewing the Major Capital business cases. As part of the review Departments were to identify the resources for their investment plans which will be reviewed and challenged, if necessary.</p> <p>Proof of Action - See 2015 Q3 WPSHQ Rec 2.2 Business Case Review Checklist</p> <p>Implementation Date: 2016 Qtr 1</p>

No.	Recommendation	Update – 2015 Qtr 3
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	<p>The Draft Asset Management Organizational Governance Guideline contains the requirement for PMP and PRINCE2 certifications. The Guideline is still being reviewed by Departments.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The Draft Asset Management Organizational Governance Guideline is still being reviewed by Departments.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>The Draft Design Management Quality Procedure is still in draft form and being reviewed.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

Recommendations Implemented – 2015 Qtr 3

(n/a)

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

No.	Recommendation	Implemented
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
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1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
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*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2015 Qtr 4*

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Audit Department

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*Winnipeg Police Service Headquarters Construction Project
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*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2015 Qtr 4*

Status of Audit Recommendations

2015 Qtr 4

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
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 - Recommendation 3.2 (dealing with the delivery of the Project Management Manual and Training)
 - Recommendation 3.3 (Project Management Framework)

Date: January, 2016

Recommendations In Progress – 2015 Qtr 4 Updates

No.	Recommendation	Update – 2015 Qtr 4
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>Work on the Major Capital Project report template is ongoing. The Interim Chief Project Management Officer is reviewing the template and further changes may take place before being issued.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	<p>Review of the Draft Asset Management Organizational Governance Guideline is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

No.	Recommendation	Update – 2015 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	<p>Review of the Draft Asset Management Organizational Governance Guideline is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>Review of the Draft Asset Management Organizational Governance Guideline is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>Review of the Draft Design Management Quality Procedure is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

Recommendations Implemented – 2015 Qtr 4

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

No.	Recommendation	Implemented
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
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1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2016 Qtr 1*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2016 Qtr 1*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2016 Qtr 1 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 1*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2016 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2 nd Qtr 2016	3 rd Qtr 2016	4 th Qtr 2016	1 st Qtr 2017 or later
Winnipeg Police Service Headquarters Construction Project	19	17		89%	-	-	2	-

Audit Observations

- The Public Service has reported that 17 recommendations have been implemented.
- At the end of 2016 Qtr 1, two recommendations are in progress and are all targeted for implementation in the 4th quarter 2016:
 - Recommendation 1.7 (Capital Project Reporting)
 - Recommendation 3.3 (Project Management Framework)

Date: April, 2016

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 1*

Recommendations In Progress – 2016 Qtr 1 Updates

No.	Recommendation	Update – 2016 Qtr 1
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Major Capital Project Financial Status Report has been revised and is currently being circulated to users for review. Project Managers currently reporting to SPC Finance have been asked to use the revised template and submit their feedback to the Infrastructure Planning Division. Once this review is complete it will be reviewed with SPC Finance Committee members.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>

No.	Recommendation	Update – 2016 Qtr 1
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The Asset Management Organizational Governance Framework contains the structures for Asset Management (AM) Offices within the Departments. Senior level meetings have taken place with Departments to ensure the creation of AM Offices and Departments are in the hiring process.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>Review of the Draft Design Management Quality Procedure is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 3</p>

Recommendations Implemented – 2016 Qtr 1

Two recommendations were implemented in this quarter.

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	<p>The Asset Management Organizational Governance Framework outlines the requirements and qualifications for positions such as the PMP designation or Prince II certification. This addresses the formal training requirements for our Asset Management positions.</p> <p>The Public Service is in the process of enhancing the training program for Investment Planning and Project Management with additional courses to address the current training gap. A training path has been developed and is currently being implemented.</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a "Project Manager" and "Project Director" to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	<p>Standardized job descriptions have been developed and rated for Project Officer (Entry level), Project Coordinator (3-5 years experience), Project Manager (5-8 years experience), Manager, Project Delivery Office (8-10 years experience), Manager of Major Projects (10-15 years experience).</p> <p><u>Implementation Date:</u> 2016 Qtr 1</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

No.	Recommendation	Implemented
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City's Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
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Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
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*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2016 Qtr 2*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2016 Qtr 2*

History

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*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 2*

Status of Audit Recommendations

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
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Audit Observations

- The Public Service has reported that 17 recommendations have been implemented.
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 - Recommendation 1.7 (Capital Project Reporting)
 - Recommendation 3.3 (Project Management Framework)

Date: July, 2016

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 2*

Recommendations In Progress – 2016 Qtr 2 Updates

No.	Recommendation	Update – 2016 Qtr 2
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Major Capital Project Financial Status Report has been revised and is currently being circulated to users for review. Project Managers currently reporting to SPC Finance have been asked to use the revised template and submit their feedback to the Infrastructure Planning Division. Once this review is complete it will be reviewed with SPC Finance Committee members.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>

No.	Recommendation	Update – 2016 Qtr 2
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The Asset Management Organizational Governance Framework contains the structures for Asset Management (AM) Offices within the Departments. Senior level meetings have taken place with Departments to ensure the creation of AM Offices and Departments are in the hiring process.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>Review of the Draft Design Management Quality Procedure is ongoing.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>

Recommendations Implemented – 2016 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a "Project Manager" and "Project Director" to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed "Responsible for the Project" <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being "responsible for the Project" under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of "control over the project" if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 ("FM-004") sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

No.	Recommendation	Implemented
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3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
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No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
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Additional Recommendations adopted by Council

No.	Recommendation	Status	
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*Winnipeg Police Service Headquarters Construction Project
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Status of Recommendations
2016 Qtr 3*

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On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2016 Qtr 3 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 3*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2016 Qtr 3. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2016	1 st Qtr 2017	2 nd Qtr 2017	3 rd Qtr 2017 or later
Winnipeg Police Service Headquarters Construction Project	19	17		89%	2	-	-	-

Audit Observations

- The Public Service has reported that 17 recommendations have been implemented.
- At the end of 2016 Qtr 3, two recommendations are in progress and are all targeted for implementation in the 4th quarter 2016:
 - Recommendation 1.7 (Capital Project Reporting)
 - Recommendation 3.3 (Project Management Framework)

Date: October, 2016

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2016 Qtr 3*

Recommendations In Progress – 2016 Qtr 3 Updates

No.	Recommendation	Update – 2016 Qtr 3
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>Changes to the Major Capital Projects Financial Status report are ongoing. Currently the template is incorporating reporting information from the Government Finance Officers Association (GFOA) as recommended by the Audit Department.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>

No.	Recommendation	Update – 2016 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The Planning, Property and Development Department is currently interviewing candidates for their Manager of the Asset Management Office.</p> <p>Discussions are still taking place between the Water & Waste Department and the Infrastructure Planning Office with regards to the establishment of an Asset Management Office. Geoff Patton has assumed the role in the interim.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>The planned meeting for September to table the Draft Design Management Quality procedure has been rescheduled for October. Pending any further changes proposed by Asset Management Managers the document will be rolled out for use.</p> <p><u>Implementation Date:</u> 2016 Qtr 4</p>

Recommendations Implemented – 2016 Qtr 3

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City's internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional ("PMP") designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a "Project Manager" and "Project Director" to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed "Responsible for the Project" <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being "responsible for the Project" under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of "control over the project" if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 ("FM-004") sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

No.	Recommendation	Implemented
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various "class estimates" for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City's Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item's project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City's preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City's interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2016 Qtr 4*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2016 Qtr 4*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

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*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2016 Qtr 4*

Audit Observations

- The Public Service has reported that 17 recommendations have been implemented to date.
- At the end of 2016 Qtr 4, one section of a recommendation was implemented and two recommendations are in progress:
 - One recommendation is targeted for implementation in the 2nd quarter 2017:
 - Recommendation 3.3.6 (Project Management Framework)
 - One recommendation is targeted for implementation in the 3rd quarter 2017:
 - Recommendation 1.7 (Capital Project Reporting)

Date: January, 2017

Recommendations In Progress – 2016 Qtr 4 Updates

No.	Recommendation	Update – 2016 Qtr 4
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Public Service continues to work at updating the Major Capital Project Financial Status Report. Discussions are ongoing with senior management. The implementation has been extended into 2017 to ensure consistency across the departments in preparing the information and to allow for time to present the new format to elected officials.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>The draft “Guide to Developing a Design Management Quality Manual” is out to Departmental AMO Managers and leads for comment. Once comments have been received and incorporated the document will be finalized and rolled out for use.</p> <p><u>Implementation Date:</u> 2017 Qtr 2</p>

Recommendations Implemented – 2016 Qtr 4

One section of a recommendation was implemented in this quarter.

No.	Recommendation	Update – 2016 Qtr 4
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to a documented project management governance and control framework and/or a project management centre support function.</p> <p>The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	<p>The creation of AM offices within our major capital delivery departments is complete. Water & Waste will maintain their current structure and Geoff Patton will assume the duties of Manager of the Asset Management Office within his current role.</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
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3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
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No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
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1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
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No.	Recommendation	Implemented
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4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City's Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
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Additional Recommendations adopted by Council

No.	Recommendation	Status	
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*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 1*

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 1*

Audit Observations

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- At the end of 2017 Qtr 1, two recommendations are in progress:
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 - Recommendation 3.3.6 (Project Management Framework)
 - Recommendation 1.7 (Capital Project Reporting)

Date: April, 2017

Recommendations In Progress – 2017 Qtr 1 Updates

No.	Recommendation	Update – 2017 Qtr 1
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Public Service continues to work at updating the Major Capital Projects Financial Status Report. The template is still being finalized before being circulated for review. The plan is to have it finalized in Q2.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>Due to resource constraints and changes in key players in the Corporate Asset Management Office the current focus for the AM program has been to develop the training. Red River College has been awarded the contract to design, develop, implement and deliver the "How To" Project Management Training.</p> <p>The plan is to review the guide in Q2 with the goal of having the draft finalized and rolled out by Q3.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>

Recommendations Implemented – 2017 Qtr 1

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team's schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City's capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2017 Qtr 2*

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Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 2*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 2 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2017 Qtr 2*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2017 Qtr 2. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	3 rd Qtr 2017	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018 or later
Winnipeg Police Service Headquarters Construction Project	19	17		89%	2	-	-	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 2*

Audit Observations

- The Public Service has reported that 17 recommendations have been implemented to date.
- At the end of 2017 Qtr 2, two recommendations are in progress:
 - Two recommendations are targeted for implementation in the 3rd quarter 2017:
 - Recommendation 3.3.6 (Project Management Framework)
 - Recommendation 1.7 (Capital Project Reporting)

Date: July, 2017

Recommendations In Progress – 2017 Qtr 2 Updates

No.	Recommendation	Update – 2017 Qtr 2
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Major Capital Projects Financial Status Report is close to being finalized and is currently being circulated for review and comment before presenting to SPC Finance at its September meeting for finalization. Once this is complete the template will be rolled out for use.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>
3.3.6	<p>Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.</p>	<p>Due to competing priorities and resource constraints the review of the guide is ongoing. Upon further review the Infrastructure Office has determined it would be more effective and efficient to incorporate the content for the design management process into the project management manual. The plan is to draft and finalize in Q3.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>

Recommendations Implemented – 2017 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team's schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City's capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
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Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 3*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 3 on the implementation of the 19 recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2017 Qtr 3*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018	3 rd Qtr 2018 or later
Winnipeg Police Service Headquarters Construction Project	19	18		95%	-	-	1	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 3*

Audit Observations

- The Public Service has reported that 17 recommendations have been implemented to date.
- At the end of 2017 Qtr 3, one recommendation is in progress:
 - One recommendation is targeted for implementation in the 2nd quarter 2018:
 - Recommendation 3.3.6 (Project Management Framework)

Recommendations Implemented

- At the end of 2017 Qtr 3, one recommendation is complete:
 - Recommendation 1.7 (Capital Project Reporting)

Date: October, 2017

Recommendations In Progress – 2017 Qtr 3 Updates

No.	Recommendation	Update – 2017 Qtr 3
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The Infrastructure Planning Office met in September to review the required updates to the Asset Management Policy, Administrative Standard and Project Management Manual. Design management documentation will be incorporated into the updated Project Management Manual.</p> <p><u>Implementation Date:</u> 2018 Qtr 2</p>

Recommendations Implemented – 2017 Qtr 3

No.	Recommendation	Update – 2017 Qtr 3
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	<p>The Major Capital Projects Quarterly Project Status Report has been finalized and projects reporting to SPC Finance are required to report using the new template beginning at the October 2017 meeting. Two orientation sessions were held with current report authors and other project managers who could potentially be reporting to SPC Finance.</p> <p>The revised format does not include cash flow over time compared to the original business case cash flow. This part of the recommendation is considered "Not to be Implemented". The cash flows are monitored and updated regularly in the financial forecast and for purposes of this status report the Public Service feels this information is captured accordingly. This information may be included in a Lessons Learned document to be contemplated in the future once the rest of the Asset Management Program is further along.</p> <p><u>City Auditor comment</u> - As noted by the Department, the revised Major Capital Project Status report format does not include cash flow over time compared to the original business case cash flow. While cash flows are monitored and updated regularly in the financial forecast, the absence of a comparison to the original business case restricts the ability of decision makers to compare forecast to actual cash flows.</p> <p><u>Implementation Date:</u> 2017 Qtr 3</p>

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team's schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City's capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

No.	Recommendation	Implemented
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4

No.	Recommendation	Implemented
3.3.4	Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2017 Quarter 4*

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Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 4*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2017 Qtr 4 on the implementation of the nineteen (19) recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2017 Qtr 4*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2017 Qtr 4. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2017	1 st Qtr 2018	2 nd Qtr 2018	3 rd Qtr 2018 or later
Winnipeg Police Service Headquarters Construction Project	19	18	-	95%	-	-	1	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2017 Qtr 4*

Audit Observations

- The Public Service has reported that seventeen (17) recommendations have been implemented to date.
- At the end of 2017 Qtr 4, one (1) recommendation is in progress:
 - One (1) recommendation is targeted for implementation in the 2nd quarter 2018:
 - Recommendation 3.3.6 (Project Management Framework)

Date: January, 2018

Recommendations In Progress – 2017 Qtr 4 Updates

No.	Recommendation	Update – 2017 Qtr 4
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The Infrastructure Planning Office is updating the Asset Management Policy, Administrative Standard and Project Management Manual. Design management documentation will be incorporated into the updated Project Management Manual. <u>Implementation Date:</u> 2018 Qtr 2

Recommendations Implemented – 2017 Qtr 4

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1

No.	Recommendation	Implemented
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

No.	Recommendation	Implemented
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2018 Quarter 1*

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Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 1*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Qtr 1 on the implementation of the nineteen (19) recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2018 Qtr 1*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Qtr 1. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	2 nd Qtr 2018	3 rd Qtr 2018	4 th Qtr 2018	1 st Qtr 2019 or later
Winnipeg Police Service Headquarters Construction Project	19	18	-	95%	-	-	1	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 1*

Audit Observations

- The Public Service has reported that eighteen (18) recommendations have been implemented to date.
- At the end of 2018 Qtr 1, one (1) recommendation is in progress:
 - One (1) recommendation is targeted for implementation in the 4th quarter 2018:
 - Recommendation 3.3.6 (Project Management Framework)

Date: April, 2018

Recommendations In Progress – 2018 Qtr 1 Updates

No.	Recommendation	Update – 2018 Qtr 1
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The Infrastructure Office is updating the Asset Management Policy, Administrative Standard and Project Management Manual. To date, draft updates have been proposed for the policy and administrative standard. Working groups will be set up with representation from all departments to begin working on the project management manual. Design management documentation will be incorporated into the updated project management manual.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>

Recommendations Implemented – 2018 Qtr 1

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1

No.	Recommendation	Implemented
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

No.	Recommendation	Implemented
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2018 Quarter 2*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 2*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Qtr 2 on the implementation of the nineteen (19) recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2018 Qtr 2*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Qtr 2. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	3 rd Qtr 2018	4 th Qtr 2018	1 st Qtr 2019	2 nd Qtr 2019 or later
Winnipeg Police Service Headquarters Construction Project	19	18	-	95%	-	1	-	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 2*

Audit Observations

- The Public Service has reported that eighteen (18) recommendations have been implemented to date.
- At the end of 2018 Qtr 2, one (1) recommendation is in progress:
 - One (1) recommendation is targeted for implementation in the 4th quarter 2018:
 - Recommendation 3.3.6 (Project Management Framework)

Date: July, 2018

Recommendations In Progress – 2018 Qtr 2 Updates

No.	Recommendation	Update – 2018 Qtr 2
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The Infrastructure Office is updating the Asset Management Policy, Administrative Standard and Project Management Manual. To date, draft updates have been proposed for the policy and administrative standard. Working groups will be set up with representation from all departments to begin working on the project management manual. Design management documentation will be incorporated into the updated project management manual.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>

Recommendations Implemented – 2018 Qtr 2

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1

No.	Recommendation	Implemented
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

No.	Recommendation	Implemented
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2018 Quarter 3*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 3*

History

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This is the status report for 2018 Quarter 3 on the implementation of the nineteen (19) recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2018 Qtr 3*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

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AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	4 th Qtr 2018	1 st Qtr 2019	2 nd Qtr 2019	3 rd Qtr 2019 or later
Winnipeg Police Service Headquarters Construction Project	19	18	-	95%	1	-	-	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 3*

Audit Observations

- The Public Service has reported that eighteen (18) recommendations have been implemented to date.
- At the end of 2018 Qtr 3, one (1) recommendation is in progress:
 - One (1) recommendation is targeted for implementation in the 4th quarter 2018:
 - Recommendation 3.3.6 (Project Management Framework)

Date: October, 2018

Recommendations In Progress – 2018 Qtr 3 Updates

No.	Recommendation	Update – 2018 Qtr 3
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The Infrastructure Planning Office continues to work at updating the Asset Management Governance documents. Design Management information will be incorporated into the Project Management Manual, Processes, Procedures and templates.</p> <p><u>Implementation Date:</u> 2018 Qtr 4</p>

Recommendations Implemented – 2018 Qtr 3

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u></p> <p>We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u></p> <p>Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u></p> <p>We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u></p> <p>Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u></p> <p>Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1

No.	Recommendation	Implemented
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
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3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

No.	Recommendation	Implemented
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



*Winnipeg Police Service Headquarters Construction Project
Status of Audit Recommendations
2018 Quarter 4*

To be leaders in building public trust in our civic government

Audit Department

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*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 4*

History

On January 29, 2014 City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

On April 22, 2014 the contract to perform the Audit was awarded to KPMG.

On July 15, 2014 KPMG reported to Audit Committee and EPC and made 19 recommendations. On July 16, 2014 City Council adopted the 19 recommendations.

On January 7, 2015 the Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

This is the status report for 2018 Quarter 4 on the implementation of the nineteen (19) recommendations from the *Winnipeg Police Service Headquarters Construction Project*. Where applicable, documentation supporting the implementation of the recommendation was reviewed by the Audit Department to confirm implementation has occurred.

*Winnipeg Police Service Headquarters Construction Project
 Status of Recommendations
 2018 Qtr 4*

Status of Audit Recommendations

How was the Status of Audit Recommendations report produced?

The Audit Department forwards a template of the audit recommendations to the Public Service who provides status updates on the implementation of the recommendations. The completed templates are forwarded back to the Audit Department for review and compilation. The status report presents the Public Service’s representations as to the status of recommendations implemented, in progress or not to be implemented at the end of 2018 Quarter 4. The Audit Department summarizes the status of implementation and prepares a brief overview for Audit Committee. Documentation supporting the implementation of recommendations is reviewed by the Audit Department to confirm implementation has occurred. For recommendations in progress, an implementation strategy and timeframe is provided. For recommendations not to be implemented, an explanation is provided.

AUDIT REPORT	RECOMMENDATIONS				TARGET DATE FOR COMPLETION			
	Total	Complete	Not to be implemented	Percent Complete	1 st Qtr 2019	2 nd Qtr 2019	3 rd Qtr 2019	4 th Qtr 2019 or later
Winnipeg Police Service Headquarters Construction Project	19	18	-	95%	-	1	-	-

*Winnipeg Police Service Headquarters Construction Project
Status of Recommendations
2018 Qtr 4*

Audit Observations

- The Public Service has reported that eighteen (18) recommendations have been implemented to date.
- At the end of 2018 Qtr 4, one (1) recommendation is in progress:
 - One (1) recommendation is targeted for implementation in the 2nd quarter 2019:
 - Recommendation 3.3.6 (Project Management Framework)

Date: January, 2019

Recommendations In Progress – 2018 Qtr 4 Updates

No.	Recommendation	Update – 2018 Qtr 4
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	A meeting will be set up with Audit in 2019 Q1 to review findings of research done to date on design management in order to determine how to proceed to satisfy this recommendation. <u>Implementation Date:</u> 2019 Qtr 2

Recommendations Implemented – 2018 Qtr 4

No recommendations were implemented in this quarter.

Recommendations Implemented – Previous Quarters

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1

No.	Recommendation	Implemented
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.	2015 Qtr 1
3.3.2	Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.	2015 Qtr 1
3.3.5	Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

No.	Recommendation	Implemented
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG "Winnipeg Police Service Headquarters Construction Project Audit" dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



City of Winnipeg – Audit Department

**Winnipeg Police Service Headquarters Construction
Project**

Quarterly Report Card –2019 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

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The contract to perform the audit was awarded to KPMG.

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Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

May 2019:

Quarterly Report Card produced for 2019 Quarter 1.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation

	Recommendations				Target date for implementation			
	total	implemented	not to be implemented	% complete	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
Winnipeg Police Service Headquarters Construction Project	19	18		95%				1

Recommendations in Progress – 2019 Qtr 1 Updates

No.	Recommendation	Update – 2019 Qtr 1
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>Control points have been identified in the major capital project delivery process. Refinement is forthcoming on the design deliverable checklists at the various stages of design development. Departmental input will be required prior to finalizing the checklists.</p> <p><u>Implementation Date:</u> 2019 Qtr 4</p>

Recommendations Implemented

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u> To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3
3.3	<p>Project Management Framework <u>Priority: High</u> To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1

2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
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No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.1	<p>Major Capital Project Steering Committee - Terms of Reference <u>Priority: Moderate</u> Administrative Directive FM-004 (“FM-004”) sets out the requirement for a Major Capital Project Steering Committee, however, the terms of reference of this committee should be revisited. In particular, it is important that the role, responsibilities and accountabilities of the committee, its members and other participants are clear and documented in writing; that the membership of the committee is appropriate; and that there is a requirement for detailed meeting minutes to be prepared, circulated and retained which clearly identify what issues or information have been presented, which project team members participated in the meeting, and what decisions were made by the committee and communicated to and/or requested from the project team.</p>	2015 Qtr 1
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

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No.	Recommendation	Implemented
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3.3.3	Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.	2014 Qtr 4
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No.	Recommendation	Implemented
4.1	Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.	2014 Qtr 3

4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card -2019 – Quarter 2

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

April 22, 2014

The contract to perform the audit was awarded to KPMG.

July 15, 2014

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July 2019:

Quarterly Report Card produced for 2019 Quarter 2.

Audit Recommendations Implementation Status

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	Recommendations				Target date for implementation			
	total	implemented	not to be implemented	% complete	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
Winnipeg Police Service Headquarters Construction Project	19	18		95%				1

Recommendations in Progress – 2019 Qtr 2 Updates

No.	Recommendation	Update – 2019 Qtr 2
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	Work is ongoing on the design deliverable checklists to be completed at the various stages of design development. <u>Implementation Date:</u> 2019 Qtr 4

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities</p> <p><u>Priority: High</u></p> <p>Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects</p> <p><u>Priority: Moderate</u></p> <p>Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual</p> <p><u>Priority: Lower</u></p> <p>Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card -2019 – Quarter 3

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

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April 22, 2014

The contract to perform the audit was awarded to KPMG.

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Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

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October 2019:

Quarterly Report Card produced for 2019 Quarter 3.

Audit Recommendations Implementation Status

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Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

	Recommendations				Target date for implementation			
	total	implemented	not to be implemented	% complete	2019 Qtr 4	2020 Qtr 1	2020 Qtr 2	2020 Qtr 2
Winnipeg Police Service Headquarters Construction Project	19	18		95%				#3.3.6

Recommendations in Progress – 2019 Qtr 3 Updates

No.	Recommendation	Update – 2019 Qtr 2
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The Public Service has been reviewing international recommended practices for the various industries (city service areas) in order to confirm deliverables for the checklists. The implementation date has been extended so that discussions can be held with city subject matter experts prior to finalizing the checklists.</p> <p><u>Implementation Date:</u> 2020 Qtr 2</p>

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
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3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
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3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
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6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card -2019 – Quarter 4

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History – Winnipeg Police Service Headquarters Construction Project

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February 2020

Quarterly Report Card produced for 2019 Quarter 4.

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	Recommendations							
	Status				Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2020 Qtr 1	2020 Qtr 2	2020 Qtr 3	2020 Qtr 4
Winnipeg Police Service Headquarters Construction Project Audit	19	18		95%		3.36		

Recommendations in Progress – 2019 Qtr 4 Updates

No.	Recommendation	Update – 2019 Qtr 4
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	Working groups have been established to review the industry deliverables to develop the checklists. <u>Implementation Date:</u> 2020 Qtr 2

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
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Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
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Recommendations Implemented in 2014

No.	Recommendation	Implemented
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1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card -2020 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

April 22, 2014

The contract to perform the audit was awarded to KPMG.

July 15, 2014

KPMG reported to Audit Committee and EPC and made 19 recommendations.

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City Council adopted the 19 recommendations.

January 7, 2015

Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

April 2020

Quarterly Report Card produced for 2020 Quarter 1.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

Recommendations										
Status					Target date for implementation of recommendations in progress					
	total	implemented	not to be implemented	% complete	2020 Qtr 1	2020 Qtr 2	2020 Qtr 3	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2
Winnipeg Police Service Headquarters Construction Project Audit	19	18		95%						3.36

Recommendations in Progress – 2020 Qtr 1 Updates

No.	Recommendation	Update – 2020 Qtr 1
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The three working groups continue to review the industry deliverables to develop the checklists. Due to competing priorities and service continuity the implementation date is being extended.

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card –2020 – Quarter 2

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

April 22, 2014

The contract to perform the audit was awarded to KPMG.

July 15, 2014

KPMG reported to Audit Committee and EPC and made 19 recommendations.

July 16, 2014

City Council adopted the 19 recommendations.

January 7, 2015

Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

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July 2020

Quarterly Report Card produced for 2020 Quarter 2.

Audit Recommendations Implementation Status

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Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: <https://winnipeg.ca/audit/reports.stm>. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.

Recommendations										
Status					Target date for implementation of recommendations in progress					
	total	implemented	not to be implemented	% complete	2020 Qtr 1	2020 Qtr 2	2020 Qtr 3	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2
Winnipeg Police Service Headquarters Construction Project Audit	19	18		95%						3.36

Recommendations in Progress – 2020 Qtr 2 Updates

No.	Recommendation	Update – 2020 Qtr 2
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The three working groups continue to review the 200 industry deliverables to develop the checklists.

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects <u>Priority: Moderate</u> Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual <u>Priority: Lower</u> Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
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Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card –2020 – Quarter 3

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

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October 2020

Quarterly Report Card produced for 2020 Quarter 3.

Audit Recommendations Implementation Status

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Recommendations									
Status					Target date for implementation of recommendations in progress				
	total	implemented	not to be implemented	% complete	2020 Qtr 4	2021 Qtr 1	2021 Qtr 2	2021 Qtr 3	2021 Qtr 4
Winnipeg Police Service Headquarters Construction Project Audit	19	18		95%			3.36		

Recommendations in Progress – 2020 Qtr 3 Updates

No.	Recommendation	Update – 2020 Qtr 3
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The three working groups continue to review the industry deliverables to develop the checklists. On August 7, 2020, AACE International released updated industry recommended practices that these deliverable checklists are based on. There are significant amounts of additional deliverables to be reviewed. In addition, this initiative is competing with other priorities due to the Covid-19 pandemic.

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities</p> <p><u>Priority: High</u></p> <p>Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
2.3	<p>Role and Responsibilities of the Manager of Capital Projects</p> <p><u>Priority: Moderate</u></p> <p>Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual</p> <p><u>Priority: Lower</u></p> <p>Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4
4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Quarterly Report Card -2020 – Quarter 4

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

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The contract to perform the audit was awarded to KPMG.

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January 7, 2015

Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: <https://winnipeg.ca/audit/reports.stm#tab-QuarterlyReports>

January 2021

Quarterly Report Card produced for 2020 Quarter 4.

Audit Recommendations Implementation Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

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Recommendations								
Status					Target date for implementation of recommendations in progress			
	total	implemented	not to be implemented	% complete	2021 Qtr 1	2021 Qtr 2	2021 Qtr 3	2021 Qtr 4
WinnipegPoliceServiceHeadquartersConstructionProjectAudit.2014	19	18		95%		3.36		

Recommendations in Progress – 2020 Qtr 4 Updates

No.	Recommendation	Update – 2020 Qtr 4
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	<p>The three working groups continue to review the industry deliverables to develop the checklists. The meeting schedule(s) have been accelerated for all working groups to meet bi-weekly starting in 2021, in order to meet this initiative by the planned implementation date. The additional deliverables introduced on August 7, 2020 by AACE International are being worked on with several questions posed to AACE International for clarification.</p> <p>This initiative continues to compete with other priorities due to the Covid-19 pandemic.</p>

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4

3.2	<p>Project Management Training & Development <u>Priority: Moderate</u> Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1
2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1

Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1

2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities</p> <p><u>Priority: High</u></p> <p>Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1
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3.1	<p>Resources to deliver the Project Management Manual</p> <p><u>Priority: Lower</u></p> <p>Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1

4.2	<p>Procurement & Contract Management Roles & Responsibilities <u>Priority: Moderate</u> Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City's procurement rules and obligations.</p>	2015 Qtr 1
4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City's Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1

Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4

1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
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1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3

4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Implementation of Audit Recommendations

2021 – Quarter 1

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

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April 2021: Quarterly Report on the Implementation of Audit Recommendations for the period ending March 31, 2021

Implementation of Audit Recommendations Status

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Implementation of Recommendations in Progress Status – 2021 Quarter 1 Updates

No.	Recommendation	Update – 2021 Qtr 1
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The three working groups are concluding approximately 50 deliverable consensus meetings specifically for deliverables that are common to two or more industries, as they continue to develop content for the Class of Estimate – Deliverables Maturity Assessment Checklist(s). The accelerated meeting schedules starting in 2021 has assisted in developing the deliverable content in an expedient fashion, in order to complete this initiative by the planned implementation date. This initiative continues to compete with other priorities due to Covid-19 pandemic.

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u></p> <p>Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1

2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
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Recommendations Implemented in 2015

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1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
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4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
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Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
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3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
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1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
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Additional Recommendations adopted by Council

No.	Recommendation	Status	
5	That Council forward the full KPMG “Winnipeg Police Service Headquarters Construction Project Audit” dated July 14, 2014 to Manitoba Justice for review.	Complete	City Clerks sent the Report to Manitoba Justice on July 18, 2014.
6	That Council requests that Manitoba Justice responds to the request through the City of Winnipeg Auditor to Council.	Complete	On August 15, 2014 the Department of Justice informed the City Auditor that the matter has been referred to the Royal Canadian Mounted Police to review.



Winnipeg Police Service Headquarters Construction Project

Implementation of Audit Recommendations Report

2021 – Quarter 2 – Final Report

For more information visit: Winnipeg.ca/audit

History – Winnipeg Police Service Headquarters Construction Project

January 29, 2014:

City Council adopted a motion that the City Auditor be instructed to engage an external auditor to conduct an independent audit of the Winnipeg Police Service headquarters construction project.

April 22, 2014

The contract to perform the audit was awarded to KPMG.

July 15, 2014

KPMG reported to Audit Committee and EPC and made 19 recommendations.

July 16, 2014

City Council adopted the 19 recommendations.

January 7, 2015

Executive Policy Committee requested the City Auditor to provide a written report to its January 21, 2015 meeting, detailing the status of recommendations contained in the audits on the *New Fire Paramedic Stations Construction Project*, the *Winnipeg Police Service Headquarters Construction Project* and the *Real Estate Management Review*, which recommendations have been implemented and which are yet to be implemented.

View all previous quarterly reports at: winnipeg.ca/audit/reports-Quarterly Reports

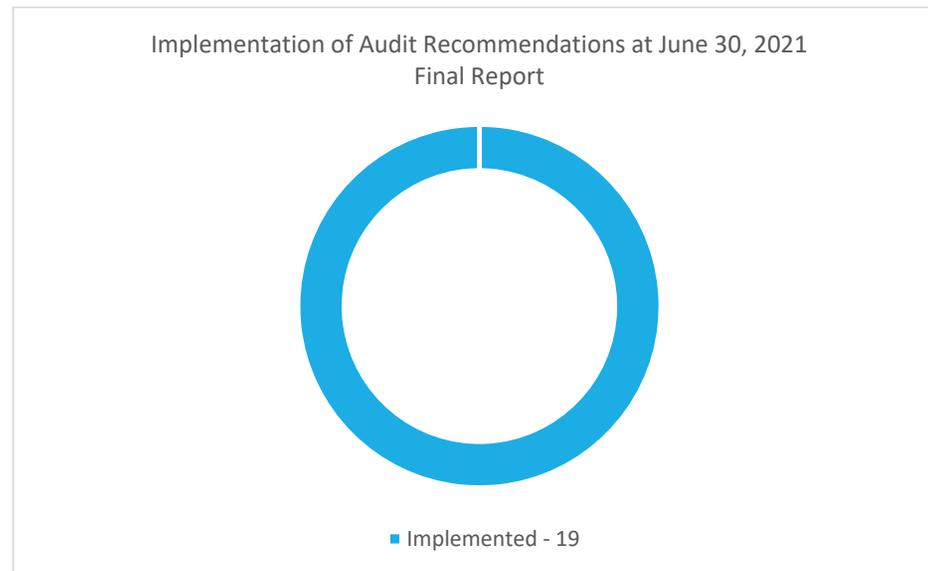
July 2021

Quarterly Report on the Implementation of Audit Recommendations for the period ending June 30, 2021
All recommendations are implemented, this is the final report for this audit.

Implementation of Audit Recommendations Status

Once an Audit is complete, the next step is implementation of the recommendations. The Audit Department provides a list of the audit recommendations to the Public Service Director of the department that was audited. The Public Service prepares an action plan and target for completion date. The implementation of the audit recommendations is the responsibility of the Public Service.

Status updates are provided to the Audit Department on a quarterly basis; after presentation to Council these are posted at: winnipeg.ca/audit/-Quarterly Reports. An explanation is provided for any recommendations that will not be implemented; a targeted completion date is noted for implementation in progress. Documentation supporting implementation is reviewed by the Audit Department for confirmation.



Implementation of Recommendations in Progress Status – 2021 Quarter 2 Updates

No.	Recommendation	Update – 2021 Qtr 2
3.3.6	Design management, including: the requirement for project managers to proactively monitor the progress and quality of design against a contractual design schedule; and to help ensure all internal project managers understand the important difference between design development and design change.	The checklists have been finalized and presented to Senior Management. Training sessions for city employees began June 22 and run through July 6, 2021.

Recommendations Implemented in 2017

No.	Recommendation	Implemented
1.7	<p>Capital Project Reporting <u>Priority: High</u></p> <p>To help promote improved governance and transparency, consideration should be given to the development of a standard major capital project report format for presentation to the Director of the “responsible department” and the relevant Oversight Committee for each major capital project. FM-004 outlines a reporting format that can serve as the basis upon which to build. The revised standard report format (in conjunction with recommendation 3.3 below) should cover the basic information typically required for an oversight body and/or key stakeholder to understand the status of a project, including: a baseline schedule with progress to date; progress against key milestones; detailed budget breakdown with cost incurred and committed cost to date and forecast total estimated cost taking into account approved/pending scope changes and trends; cash flow over time compared to the original business case cash flow; key environmental, health and safety data (as applicable), and the status of key risks and issues identified and being monitored.</p>	2017 Qtr 3

Recommendations Implemented in 2016

No.	Recommendation	Implemented
3.3	<p>Project Management Framework <u>Priority: High</u></p> <p>To align with other municipal governments, the City should evaluate options for ensuring that its internal project managers have access to documented project management governance and control framework and/or a project management centre support function. The leading practice in this area is for a project management centre to provide training, support and infrastructure (policy, process, procedure, templates, etc.) that internal project managers require to successfully deliver major capital projects.</p>	2016 Qtr 4
3.2	<p>Project Management Training & Development <u>Priority: Moderate</u></p> <p>Address the formal training and development needs of the City’s internal project managers. Given that in our experience, a capable Engineer may not necessarily be a capable project manager, consider requiring the Project Management Professional (“PMP”) designation for major capital project managers.</p>	2016 Qtr 1

2.2	<p>Competencies of Project Managers and Project Director <u>Priority: High</u> The City should document the required competencies and capabilities of a “Project Manager” and “Project Director” to ensure that individuals fulfilling these key roles are suitably qualified and experienced in the successful delivery of projects of similar scope and complexity.</p>	2016 Qtr 1
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Recommendations Implemented in 2015

No.	Recommendation	Implemented
1.3	<p>Clarity of Department Deemed “Responsible for the Project” <u>Priority: Moderate</u> We recommend that clarification be provided regarding which City department is deemed as being “responsible for the Project” under the terms of FM-004 – the department delivering the Project is not necessarily the budget holder or the end-user department and there may be conflicting expectations of “control over the project” if clear guidance is not provided.</p>	2015 Qtr 2
1.2	<p>Clarity of Reporting Requirements for Projects to Committees of Council <u>Priority: Lower</u> We recommend that further clarity is provided regarding the required format, content and frequency of capital project reporting to the Committees of Council. If major capital projects for buildings (as opposed to infrastructure) are to report to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management, then an amendment is required to FM-004 which currently requires reporting to the Standing Policy Committee on Infrastructure Renewal and Public Works.</p>	2015 Qtr 1
2.1	<p>Segregate & Define End-User and Project Manager Roles and Responsibilities <u>Priority: High</u> Where a major capital project involves both PPD as well as other City department(s) as end-user and/or budget holder, the City should clarify their respective project-related roles and responsibilities to ensure appropriate segregation of the project manager and end- user representative roles.</p>	2015 Qtr 1

2.3	<p>Role and Responsibilities of the Manager of Capital Projects</p> <p><u>Priority: Moderate</u></p> <p>Consideration should be given to whether the currently defined required roles and responsibilities for the position of Manager of Capital Projects require more than one individual given the workload and the required competencies, qualifications and experience necessary for this role to be effective (should consider in conjunction with recommendations 3.1 and 3.3 below).</p>	2015 Qtr 1
3.1	<p>Resources to deliver the Project Management Manual</p> <p><u>Priority: Lower</u></p> <p>Resources should be committed to allow the City to complete the implementation of the 2008 Capital Project Management Audit – specifically the update of the Project Management Manual (should consider in conjunction with recommendation 3.3 below).</p>	2015 Qtr 1
3.3.1	<p>Schedule management, including addressing contractor baseline schedule development and reporting obligations and the project management team’s schedule monitoring and analysis requirements.</p>	2015 Qtr 1
3.3.2	<p>Risk management, including the requirement: to maintain a live project risk register and risk mitigation plans; for regular, periodic reporting of the status of key risks and issues; to link the project contingency allowance to identified and quantified risks; and to develop rules that govern the draw-down/use of the project contingency allowance.</p>	2015 Qtr 1
3.3.5	<p>Contract management, including: addressing the need for a contract strategy stage gate to determine the most appropriate contracting strategy for a given project in a transparent manner on the basis of evaluation of project specific risks and objectives; and the need to develop the City’s capacity to successfully manage and deliver non-traditional contract strategies.</p>	2015 Qtr 1
4.2	<p>Procurement & Contract Management Roles & Responsibilities</p> <p><u>Priority: Moderate</u></p> <p>Consider developing and implementing a procurement and contract management RACI Chart (responsible, accountable, consulted and informed) to provide guidance to the various process participants and to help improve the quality and consistency of the required documentation for procurement and contract management (including contract variations) and to ensure that consultants and contractors are not engaged outside of contract or outside of the City’s procurement rules and obligations.</p>	2015 Qtr 1

4.3	<p>Restrict Ability to Single Source Contracts <u>Priority: High</u> Consider implementing either additional oversight over the use or the formal approval of single source contracts in order to reduce the likelihood of any potential abuse of the single sourcing provisions. As well, consider the need for additional training or more explicit guidance on the application of the provisions of both the City’s Materials Management Policy and Administrative Standard FM-002 (notably Appendix 1).</p>	2015 Qtr 1
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Recommendations Implemented in 2014

No.	Recommendation	Implemented
1.4	<p>Committees of Council Terms of Reference <u>Priority: Lower</u> To help promote improved governance and accountability, consideration should be given to adding to the terms of reference for the relevant Committee(s) of Council the responsibility for monitoring the frequency of reporting by departments delivering major capital projects and report to Council when there is a failure to report on the status of a major capital project on the agreed upon reporting frequency.</p>	2014 Qtr 4
1.5	<p>Ability of Committees of Council to Provide Effective Oversight <u>Priority: Moderate</u> In order to help ensure that oversight by Committees of Council is effective, consider whether Committees or Council should have access to independent specialist subject matter expertise in the future to provide advice related to major capital projects and assist with the interpretation of complex reporting to help mitigate the risk of potentially misleading, incomplete or inaccurate information being submitted.</p>	2014 Qtr 4
3.3.3	<p>Change management, including reporting on the status and value of pending and/or approved project change notice requests; and standard change management procedures with which consultants and contractors will have to comply.</p>	2014 Qtr 4
3.3.4	<p>Budget and contingency management, including: clear definition and communication of the various “class estimates” for projects and guidance on appropriate contingency allowances for each; and explicit definition of required categories of cost such as FFE, IT infrastructure, design fees, other fees, internal charges, escalation, etc. to reduce the risk of misinterpretation of what is included in budget line items/areas, and what is not included.</p>	2014 Qtr 4

4.4	<p>Assignment of Contracts <u>Priority: Lower</u> Revisit the City’s Materials Management Policy to ensure that solicitations awarded to a joint venture cannot subsequently simply be assigned to a constituent entity within that joint venture without a rescoring or new public solicitation being performed.</p>	2014 Qtr 4
1.6	<p>Delegation of Authority for Contract Over-Expenditure <u>Priority: High</u> Consideration should be given to revising the process to approve over-expenditures, and the related delegated authorities, such that contracts may only be able to be extended within the limits of the budget for that particular scope or service line item; an acceptable tolerance should be provided prior to requiring Council approval, and the request should include a cash-flow forecast that shows that there are funds available within the scope or service line item’s project budget.</p>	2014 Qtr 3
4.1	<p>Procurement Compliance <u>Priority: Lower</u> Clarify accountability for who is required to ensure compliance with both the City’s Materials Management Policy and the Agreement on Internal Trade. Consider revising the guidelines and the process to document delegated authorities to execute contracts on behalf of the City to better mitigate the risk of non-compliance.</p>	2014 Qtr 3
4.5	<p>Standardized Construction Contracts <u>Priority: High</u> Develop and implement a suite of standard construction contracts for the City’s preferred contract strategies to ensure that more robust terms and conditions are developed and implemented, and appropriate training is developed and provided to internal project managers and team members to protect the City’s interests and manage its retained risks.</p>	2014 Qtr 3
4.6	<p>Procurement Guidance <u>Priority: Lower</u> Develop improved procurement guidance to mitigate the risk of unfair practices (whether intentional or otherwise) being performed by the evaluation team – such as one person being responsible for performing and documenting any bidder contact to ensure that clarification requests are either provided to all or only short-listed proponents following bid opening.</p>	2014 Qtr 3

Additional Recommendations adopted by Council

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