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UPDATE ON OUTSTANDING AUDIT RECOMMENDATIONS CORPORATE SERVICES

The Audit Committee recommends the adoption of the recommendation contained in the following report dated June 3, 2009, from the Commissioner of Corporate Services.

1. RECOMMENDATION

It is recommended that:

1. This report be received by Committee and Council for information purposes.

2. PURPOSE

The purpose of this report is to provide Committee and Council with updated information regarding the status of the recommendations made by Audit Services' through its "Corporate Services – Property Services Lease Tracking Audit Report September 2005", which report advocated the implementation of eleven of its recommendations, to introduce or enhance management internal controls.

To date, all of the recommendations have been addressed except for the recommendation to develop a Corporate Policy for leases and to obtain feedback from a customer survey to gauge service delivery. However, a draft policy will be developed and a report to Regional Council will follow in the Fall.

3. BACKGROUND

In 2005, the Audit Services Branch performed an audit of the Property Services Branch's lease tracking process

Based on the work performed, Audit Services were able to highlight areas requiring improvement. Audit Services provided Property Services Branch with a "Lease Tracking Audit" report, requesting the implementation of eleven recommendations to introduce or enhance management internal controls. These recommendations are as follows:

- **Leased property file detailed review** – recommendations provided to strengthen internal controls.
- **Invoice review** – recommendations provided to strengthen payment process.

- **Expired leases** – recommendations provided regarding the lease renewal process.
- **Right to audit clause** – recommendation of the adoption of a ‘Right to Audit Clause’ for future lease agreements.
- **Upper limits for lease negotiation** – recommended an upper limit for lease negotiation be established.
- **Leases administered through Health Services** – recommendation to transfer the administration of lease agreements from Newmarket Health Centre to Property Services Branch.
- **Corporate leasing policy & guidelines, and customer surveys** - recommendation to develop a Corporate Policy and guideline for leases, and obtain feedback from a customer survey to gauge service delivery.
- **Communication equipment leases/policy & boiler plate** – recommended review of policy and boiler plate with Transportation & Works and Legal Services to make the necessary adjustments.
- **Communications equipment leases/insurance documentation and periodic inventory** - recommended that Property Services work with Policy and Risk for collection of all pertinent insurance documentation, and recommended that all billings to lessees are complete and accurate and that an inventory of communications equipment be periodically performed.
- **Inaccurate Total Lease Report calculations** – recommended all reports being produced from MS Access databases should be periodically reviewed to ensure formulas remain valid and amounts are accurate.
- **Service Level Agreements for responsibility transfer between departments and Property Services** – should be finalized.

All these recommendations have been addressed and are complete except for the recommendation pertaining to the corporate leasing policy and guidelines, and customer surveys.

The development of a corporate leasing policy & guidelines, and customer surveys, is still being undertaken

In 2005, the Audit Committee recognized that the Region didn’t have a corporate policy or guideline to assist Regional departments to determine responsibilities relating to leasing office space. They recommended a corporate policy and guideline that would assist in ensuring all lease requirements are brought to the Property Services Branch as quickly as possible, thus allowing for a reasonable turnaround in lease negotiation.

Through discussion with Property Services management they also noted that a customer survey had not yet been developed for the Property Services Branch. Development of a customer survey would help Property Services focus on areas of opportunity for enhancing service levels presently provided.

During that period Property Services management contemplated on developing a corporate policy and guidelines for leasing with a 2006 target date. A customer survey was also on the work plan for 2006.

4. ANALYSIS AND OPTIONS

Corporate Lease Guideline

A Corporate Lease Guideline was developed in 2006

The Corporate Leasing Guideline was developed in 2006, however, Property Services will be developing a new Leasing Policy that will address new legislative requirements for Material Leases. This policy will provide the framework for the approval and execution of real property leases for Regional purposes. Upon Council approval, the Corporate Lease Guideline will be revised based on the Policy.

Customer Survey

A customer service review was completed by the CAO's Office in 2008

The customer survey was put on hold until a customer survey review was completed by the CAO's Office in 2008. As a result of this review, the project management process was identified as a key customer service action item within the Property Services Branch. Consequently, a process review was established and is currently being undertaken with a June 2009 target date.

A CAFM system is currently being implemented in the branch

The CAFM system is a sophisticated computer database program that will greatly increase efficiencies within the branch and therefore create improvements with customer service.

A formal customer survey will be conducted in 2009

Upon the completion of the process review; the full implementation of the CAFM system; and a published Corporate Policy Guideline, a customer survey will be developed to gauge success of the revised processes and new systems.

5. FINANCIAL IMPLICATIONS

There are no financial implications related to this report.

6. LOCAL MUNICIPAL IMPACT

There are no municipal impacts related to this report.

7. CONCLUSION

Once the Lease Policy is approved by Regional Council, the Policy and revised Corporate Lease Guideline will be implemented and published.

A Customer Survey will be launched upon the completion of the Property Services Branch process review; CAFM system implementation; and published Corporate Lease Guideline.

For more information on this report, please contact Paul Roberts, Manager, Realty Services, Property Services Branch at Ext. 1424.

The Senior Management Group has reviewed this report.