

The Corporation of the City of Windsor - Facilities Operations

*FINAL Internal
Audit Report*

*Prepared as of
January 10, 2019*

Distribution List

For action

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Tom Graziano, Senior Manager of Facilities

For information

Onorio Colucci, Chief Administrative Officer
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Limitations & Responsibilities

This Report was developed in accordance with our engagement letter dated June 2016 and is subject to the terms and conditions included therein. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available at the time we prepared the report. Accordingly, changes in circumstances after the date of this Report could affect the findings outlined herein. We are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. This information has been prepared solely for the use and benefit of and pursuant to a client relationship exclusively with the Corporation of the City of Windsor. PwC disclaims any responsibility to others based on its use and accordingly this information may not be relied upon by anyone other than the Corporation of the City of Windsor.



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This is a draft prepared for discussion purposes only and should not be relied upon; the contents are subject to amendment or withdrawal and our final conclusions and findings will be set out in our final deliverable.

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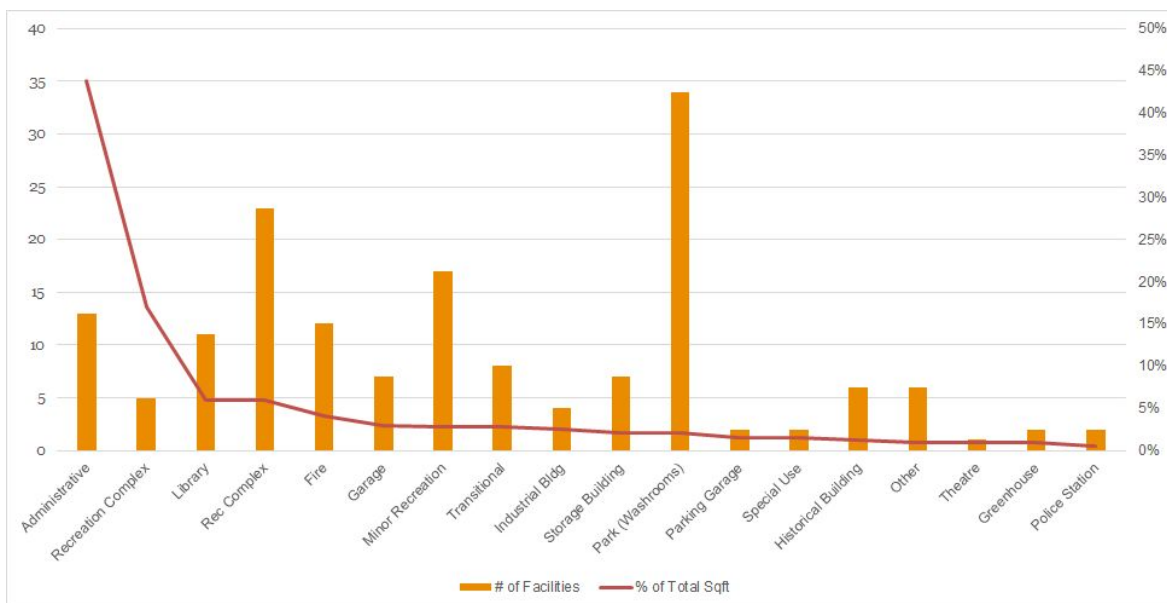
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Internal audit context

Background information

The Facilities Operations Review is part of the risk-based 2018-2019 City of Windsor Internal Audit Risk Assessment and Plan approved by the Executive Committee of Council on June 4, 2018. Internal Audit had been tasked to perform a review of the controls over the Facilities Operations to provide further insights into the process.

Facilities division is responsible for the maintenance of 163 buildings owned by the City of Windsor, of which 36 properties also require care-taking services by the division. Properties which are more visible to public and are subject to regulations include but are not limited to: new and old City Hall, Windsor Fire and Rescue Services, Windsor Police Services, Huron Lodge, Arenas, Windsor International Aquatic Centre, Community Centres, and Public Works Administration. Data Analytics results were used to assist in providing further insights to management. Following chart depicts the relationship between number of properties (163) in each category and corresponding area in square footage (2.7M square feet):



Current Property Portfolio by Type, Managed by Facilities Department

Among type of the services provided by the facilities includes primary responsibilities of building and ground facilities maintenance and project management as well as caretaking, lease administration (facilities has entered into lease agreement with seven third party tenants), relocation, special events and ad-hoc support, and asset management.

Facilities division is led by the Senior Manager of Facilities and is assisted by two managerial positions - Manager of Facilities Operations and Manager of Parks and Facility, Asset and Projects. Manager of Facilities Operation oversees seven supervisors and is responsible to manage daily operations of the division including coordinating; assigning and managing work orders; providing building and ground maintenance services including plumbing, electrical, carpentry and caretaking services; providing support during ad-hoc and special events; as well as ensuring customer services and managing grievances and performing follow ups.

Manager of Parks and Facility, Asset and Projects manages eight direct reportees which includes project supervisors, the technical support coordinator, and analysts. The Manager is primarily responsible for development of policies and procedures for business processes and service level agreements, and is also responsible for division-wide staff training, analysis of departmental performance metrics, and management of 360 Facility (Computerised Maintenance Management System CMMS).

Facilities division has also leveraged third party contractors to conduct building condition assessments in two phases for 87 properties out of total 163 properties under its portfolio. The aim of the building condition assessment is to understand and foresee the needs of the facilities over the next decade and plan ahead for maintenance, replacements and fundings and also to assign the facility and component ratings.

Over the past few years, Facilities Division has transitioned from a decentralised model to more of a centralised structure. Such transition and realignment of the structure has resulted in to unprecedented growth in the portfolio of the properties catered by the facility division. Over the past decade, the size of the portfolio has increased from 1.2 million square footage (in 2008) to almost 2.7 million square footage (in 2018).

In order to facilitate the need of growing portfolio and demand, management has implemented a computerised maintenance management system (CMMS) called 360 Facility. This system is primarily used for work order management and assignment. Further, it facilitates scheduling of preventive maintenance work orders and allocates labour cost and materials to work orders.

Scope

The scope of this internal audit included an assessment of the controls in effect for the period August 1, 2017 to July 31, 2018. In addition to a sample of work orders, work order data was received to depict trend analysis and produce various visualisations based on the data.

Internal audit objectives

Overall purpose of this internal audit project was to review controls over the Facilities Operations and to provide insights into the process which may be considered by management in improving the effectiveness, efficiency and economy of current control practices:

1. Workforce planning

- a. Planning of required resources to support resource allocation decisions exists based on inputs (i.e. staff hours, skills, severity of backlogs, etc.) and relevant factor impacting demands on facilities operational workforce (condition ratings, safety and accessibility standards, quality or service standards).
- b. Periodic review of work order management, services and value to City's goals by validating that work orders are executed in accordance with required maintenance standards.

2. Work Order Management

- a. Policies and procedures regarding work order management and communication protocols exists to provide guidance for those reviewing or assigning work, resources or priorities.
- b. Work orders are processed, prioritised, timely completed, reviewed and closed in accordance with standard operating procedures.
- c. Review of service backlog is performed and severity of backlogs is assessed considering multiple factors (such as nature of tasks, financial impact, area/department impacted, resource utilization) to achieve customer satisfaction or service delivery standards.
- d. Monitoring utilization of resources and responsiveness to changes in work order requests is performed effectively.

3. Monitoring Facility Condition

- a. Facility condition assessments are performed and deviations from standards (where defined) are reported to relevant stakeholders.

Specific scope exclusions

Given the nature of the work, risk considerations and budgeted effort, the following elements are explicitly excluded from the scope of the internal audit:

- The design, implementation and operation of the Information and Technology (IT) environment and IT general controls, end user computing controls, IT application controls, data integrity of reports used in IT dependent manual controls;
- Physical Security of Facilities;
- Energy Management;
- Financial Management;
- Capital projects or work orders managed as a project;
- Compliance with Health and Safety regulations; and
- Review of caretaking staff work assignments/resource allocation and general caretaking processes/procedures.

Summary of Internal Audit results

Report classification

Facilities Division has implemented a computerised maintenance management system (CMMS) called 360 Facility for managing work orders and to assist in carrying out core business activity of facilities maintenance and management. During the course of internal audit, specific controls were identified which generally address the control objectives of the internal audit; however, there are the some controls which may be improved around documentation standards, re-aligning roles/access privileges for reporting/analytics, leveraging or customizing use of system functionality, monitoring condition and customer satisfaction standards, and defining/measuring strategic/functional goals and key performance indicators, to achieve stated objectives and improve the control environment.

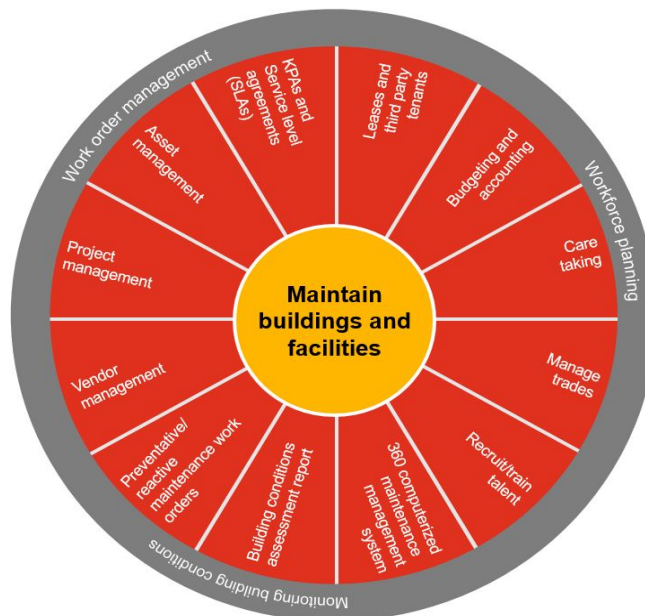


Fig 1: Core and Enabling Business Activities

Control Environment

Operations of the Facilities Division are carried out by experienced team members with relevant skills/experience who are trained to perform the day-to-day activities for the division. Operational roles and responsibilities are well defined. A staffing master plan is prepared to foresee the organisational needs and changes in portfolio. Periodic management meetings are conducted to discuss various operational matters and decisions. The control environment may be further improved by formalizing policies and procedures, along with maintaining data integrity, which will bring standardization of work and will further improve customer perception. Key metrics, minimum standards and service level agreements should be devised to supplement the controls and goals.

Risk Assessment

Facilities Division follows a set of practices to achieve the division-wide objectives. Service users create work orders that are ranked on the basis of predefined priority scale. Work orders are then reviewed by the supervisors to determine their actual priority. Maintenance work is performed to mitigate the risk of breakdowns and with the intent of maintaining the facilities. Recurring, routine preventive maintenance work orders scheduled in 360 Facility.

Control Activities

Facilities Division has implemented/followed various formal and informal controls/protocols for the management of its operations. On the basis of urgency, work orders are reclassified and assigned with priority. Further, reclassification is communicated to the staff executing the work so that work can be prioritised. However, the key measures that Facilities Division should focus on enhancing are:

- focusing on Facilities functional goals, setting of service standards and changes to work order prioritization;
- revising bi-weekly management Meeting Agenda to include timesheets and KPI's review;
- defining documentation standards and templates;
- conducting periodic review of work order statistics;
- designing and implementing customer satisfaction survey; and
- tracking conditions standard ratings and building condition inspections periodically.

While reviewing roles and responsibilities within the facilities division, we noted that conflicting roles were segregated or activities/outcomes were subject to independent reviews for the following activities: Responsible for budget and salary determination, insource vs outsource decisions, granting vacation or requests for time off, vendor selection, measuring and reporting on key work order statistics, approver of travel time/vehicle usage/charges, sign off on work performed by outsourced party, approval of over-time, allocate operational budget Purchase inventory and parts (P-Card).

In addition, only authorized staff have access to 360 Facility with respect to creation, reclassification/prioritisation, approval and closure of work order.

Information and Communication

Well-defined communication strategy supplementing two-way communication and free flow of information is essential to the success of the organisation and drives the function to take rational decisions which have long lasting impact upon stakeholders. There is active two-way communication within the team. In order to support open discussions and communications, the division conducts periodic staff and management meetings which assist in the achievement of operational tasks and division wide planning.

As a part of daily oversight, concerns and issues are shared and communicated between managers, supervisors and staff ensuring two-way top down and bottom up communication.







Any changes to the work orders are communicated to service user by default, unless service users opt out and do not wish to receive notifications. Refresher training for staff is conducted to keep them up to date on changes in regulations and work procedures as well as facilitates communication. Ad hoc and new user training can be requested to train new service user and to fill the gaps identified during bilateral discussions between management and staff. Council reports and presentations are used to communicate with corporate leadership team (CLT). However, in order to assess and monitor customer satisfaction levels and provide value, management should solicit from regular feedback or administer customer satisfaction surveys.









Monitoring

Considering the extent and volume of the work that the facilities division performs, monitoring is key to allow for the success of the function and to avoid strategic drift.

Standard processes and documentation expectations should improve consistency of controls and practices such that information from the 360 Facility system can be relied upon for decision making and performance monitoring against goals.

Currently building conditions are assessed but not tracked centrally in one location nor for the entire portfolio. Based on the controls identified and assessed for design as part of the internal audit of the Facilities Division, we have determined that there is reasonable evidence to indicate that:

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to Planning of required resources to support resource allocation decisions exists based on inputs and relevant factor impacting demands on facilities operational workforce				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Periodic review of work order management, services and value to City's goals by validating that work orders are executed in accordance with required maintenance standards.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Policies and procedures regarding work order management and communication protocols exists to provide guidance for those reviewing or assigning work, resources or priorities.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

	No or limited scope improvement	No major concerns noted	Cause for concern	Cause for considerable concern
For the objectives related to Work orders are processed, prioritised, timely completed, reviewed and closed in accordance with general/acceptable standards.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Review of service backlog is performed and severity of backlogs is assessed considering multiple factors to achieve customer satisfaction or service delivery standards.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Monitoring utilization of resources and responsiveness to changes in work order requests is performed effectively.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				
For the objectives related to Facility condition assessments are performed and deviations from standards are reported to relevant stakeholders.				
Controls over the process are designed in such a manner that there are:				
Sample tests indicated that process controls were operating such that there are:				

Management has provided comprehensive action plans, which we believe will address the deficiencies noted.

Summary of positive themes

Based on the discussion with management and documentation reviewed to date and conducted by Internal Audit, the following positive themes were noted:

Workforce Planning:

- City prepares analysis ("Staffing Master Plan") and presents recommendations to Council; approved positions are added/modified or roles are assigned in order to balance the workload across supervisors and skilled trades.
- Bi-weekly, the facilities management team meets to discuss and review agenda items, consider short-term workload concerns and re-prioritize activities subject to upcoming staff availability, leaves of absences, ad hoc service requests (seasonal or emergency).
- On a monthly basis, supervisors receive an open work order report (via email) with details of those work orders assigned to their direct reports.
- Service users, supervisors and technicians may request on demand training which is provided by Facilities Division.

Work Order Management:

- Facilities operation has implemented the Computerised Maintenance Management System called 360 Facility to manage and assign work orders, allocate cost of labour and materials, schedule preventive maintenance work, and track asset and inventory.
- As work orders are generated (multiple times per day), supervisor reviews the requests individually, and assigns the work a priority level, designate staff to perform the work, coordinate logistics and provide additional comments/direction in the work order within the 360 Facility or verbally.
- Roles and responsibilities have been established in the form of job descriptions/profiles. Duties have been segregated/allocated and understood by staff and management.
- Staff have access to knowledge base which is maintained by Facilities Operations Asset Analyst on a continuous basis and/or updates are made when resources permit.
- 360 Facility sends automated notifications to requestors upon completion of work orders. Users are able to select the option to receive email updates.
- Relevant requests received through 311 help line are routed to facilities division and are logged as work order in 360 Facility.
- Access to 360 Facility is restricted based on employee level and associated permissions configured in the system. For example, to manage work order workflow, supervisors are able to creation, reclassification/prioritisation, approval and closure of work orders, and remove/modify work order costing data, while staff are able to change the status..
- 360 Facility user manuals are made available for staff and service user to provide operating guidance.

Monitoring Facilities Condition:

- Based on results of building condition assessments/inspections and analysis of potential future capital costs, management prioritizes sites/properties that are key/critical to maintaining specific quality/condition standards prior to capital/operating budget processes take place.
- Management routinely monitors the facilities activities and operations including performance benchmarking against other municipalities using benchmarking report provided Municipal Benchmarking Network Canada (MBNC).

Summary of findings

Finding #	Topic	Rating ¹			Management Action Plan
		Significant	Moderate	Low	
Resource Planning					
1	Define service standards and metrics to evaluate performance (Design Effectiveness)	X	-	-	Staffing needs, and priorities assigned to work orders will be reviewed. Goals and targets will be established and metrics to measure goals will be developed. Service level agreements to define level of expectations will be established. A tenant or internal department will be selected for a pilot project and completed first. Q4 - 2020
Evaluating Facilities Services					
1	<i>Define service standards and metrics to evaluate performance (repeat)</i>	X	-	-	<i>As above</i>
2	Enhance Bi-weekly Management Discussions (Design Effectiveness)	-	-	X	Data integrity checks for time recording will be conducted. Recoverable work process will be analyzed and documented. Q4 - 2019
Work Order Policies and procedures					
3	Define clear documentation standard and develop standard templates/forms (Operating Effectiveness)	-	-	X	Template regarding criteria for pursuing/not pursuing capital work will be developed as well as standard documentation procedures will be developed. Training will be documented and training material & records will be centrally stored. Q4 - 2021
Work Order Processing					
	None	-	-	-	
Review of backlog					
4	Periodic Work Order Aging Analysis (Design Effectiveness)	-	X	-	Monthly review of work orders will be conducted. Aging analysis of work orders will be performed quarterly. Q4 - 2019

¹ See Appendix A for Basis of Finding Rating and Report Classification

Finding #	Topic	Rating ²			Management Action Plan
		Significant	Moderate	Low	
5	Design and implement Customer Satisfaction Survey (Design Effectiveness)	-	-	X	A customer satisfaction survey will be conducted and will be sent out to internal staff. Results will be reviewed and discussed amongst the Facilities management. Q4 - 2019
Monitoring Facility Condition					
6	Track Conditions Standard Ratings and building condition assessments periodically (Design Effectiveness)	-	X	-	Building condition assessments will be completed for the remaining facilities in its portfolio, and assessments will be renewed every 5 years. A protocol for BCA's on a 5 year cycle will be developed. Q4 - 2019
Total		1	2	3	

Summary of significant findings

Internal audit identified one significant finding related to the design effectiveness of controls, specifically:

- a) *Facilities strategy, service standards and staffing master plan*: Service level agreements must be defined and communicated to service users to better manage customer expectations. Work orders should be re-prioritised or reclassified in accordance with defined priority scale. Key performance metrics aligned to goals/functional objectives should be implemented. Levels of service statements describe the outputs or objectives an organization or activity that it intends to deliver to customers.

Management comments

Management appreciates the findings and recommendations within this report as a way for the Facilities Division to pursue continuous improvement. Many of the positive themes noted are the result of administration's efforts and planning to ensure the delivery of services is measurable and consistent. The Facilities Division undertakes a considerable number of work orders and projects, and having controls in place is essential.

Facilities continues to look for ways to improve the way it delivers services. Management agrees with the recommendations, and has provided specific action plans in the Detailed Observations section.

Name: Jan Wilson

Title: Corporate Leader - Parks, Recreation, Culture and Facilities

Date: January 10, 2019

² See Appendix A for Basis of Finding Rating and Report Classification

Detailed observations

1. Define service standards and metrics to evaluate performance (Design Effectiveness)			Overall Rating: Significant																															
Impact:	High	Likelihood:	Highly Likely																															
Observation:																																		
<p>a) Facilities management has devised a staffing master plan to recommend additions and revisions to the organizational structure in order to align its growing portfolio with staffing needs and to improve service delivery. However, currently staffing master plan recommends restructuring solely based on size of the portfolio (measured in square footage) and does not consider other elements such as minimum service level expectations, administrative processes, volume of projects and nature of work (recoverable/low priority work).</p> <p>b) Facilities has devised priority scale ranging from emergency, urgent, normal and low and also defines the response and completion targets associated with each priority (<i>for details, please refer to Appendix B</i>); Though the default priority is “Normal”, the work orders are not re-prioritised and/or reclassified consistently based on ‘urgency’ and/or against defined set of service standards/expectations. When validating work order prioritization and timeliness of completion, we noted across a sample of 23 work orders that: ten samples were ‘Completed’ outside normal/accepted time frame for given priority; and none of these samples had evidence of re-prioritization by a supervisor to prompt more timely resolution. (Delinquent work orders - work orders may not reflect exact/actual completion date since updates are made post completion of work)</p>																																		
<table border="1"> <thead> <tr> <th>Priority</th> <th>Average days to complete (for sample)</th> <th># of work order completed after target date</th> <th># of work order sampled</th> <th>% of work order completed within target</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>23</td> <td>0</td> <td>1</td> <td>100%</td> </tr> <tr> <td>Normal</td> <td>19</td> <td>3</td> <td>10</td> <td>70%</td> </tr> <tr> <td>Urgent</td> <td>7</td> <td>4</td> <td>6</td> <td>33%</td> </tr> <tr> <td>Emergency</td> <td>29</td> <td>3</td> <td>4</td> <td>25%</td> </tr> <tr> <td>Date Specific</td> <td>22</td> <td>1</td> <td>2</td> <td>50%</td> </tr> </tbody> </table>					Priority	Average days to complete (for sample)	# of work order completed after target date	# of work order sampled	% of work order completed within target	Low	23	0	1	100%	Normal	19	3	10	70%	Urgent	7	4	6	33%	Emergency	29	3	4	25%	Date Specific	22	1	2	50%
Priority	Average days to complete (for sample)	# of work order completed after target date	# of work order sampled	% of work order completed within target																														
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Emergency	29	3	4	25%																														
Date Specific	22	1	2	50%																														
<p>c) As continued from the background section (see Figure 1 - Core Business and Enabling Processes), there are a number of enabling processes which impact resources/capacity available to complete work orders in a timely manner. While management sets goals informally and allocates resources to attain core business objectives, metrics for enabling processes and other key performance indicators (KPIs) are not currently used to measure attainment of goals.</p> <p>d) It was noted that service level standards have not been defined and communicated to provide a clear mandate to manage and measure performance or to manage customer expectations. During the course of the facilities internal audit, we noted that facilities provide shared supervisory service, support to other departments with required skills, and manage lease/tenant arrangements. These services are not subject to written service level agreements/statements. Further, customized/tailored levels of service has not been defined or agreed to with key customer/user groups.</p>																																		
Implication: Facilities management may not be able to set, monitor and measure targets and customer expectations or capacity to deliver on services.																																		

Possible root cause: Periodic staffing/capacity reviews are not required and SLA do not explicitly provide measurable expectations. Limited resources to dedicate to goal setting and analysis of key metrics.

Recommendation:

- a) Staffing master plan should also consider factors impacting workforce planning which may include:
 - Volume, type, class and priority of work orders;
 - Changes in regulations and qualifications/skill set required; and
 - Changes in type/volume of outsourced services attained.
- b) Work order priority should consistently be reviewed and/or reclassified in alignment with available resources, ‘urgency’ of work, and service level agreements. To assist with this review process, management should consider using ‘low’ priority by default to all work orders created to force/require some level of review by the user or the supervisor depending on factors such as: standard time required to perform the work, available resources, special events, other initiatives/projects, type of work or other criteria which may cause delay or deviations from service level agreements. Alternatively priorities could be set to TBD (to be determined/defined) or management should ensure that all priorities are reviewed (1) on intake and (2) on a periodic basis.
- c) Develop functional goals and key metrics to evaluate progress towards goals. These may include some key metrics such as: time to complete and close work orders, month over month changes to work order aging, work order volume by supervisor, maintenance of 360 Facility, number of buildings with substandard condition rating etc. Management should incorporate goals/targets into the existing KPIs in order to provide measurement of progress on work orders outstanding. Goals/targets should be reviewed/updated annually.
- d) Service level agreements should be defined and agreed for key properties to manage customer expectations. Considerations should be made for the following when describing levels of service statements or activity that it intends to deliver to customers:
 - i) An inventory of services (i.e. using 360 Facility work “Subtype” classification) should be prepared along with the range of services which would quality under each level of priority and make this criteria a part of a work order management policy, procedure or internal memorandum of understanding with key facility type.
 - ii) Define service level agreements (and/or statements) with all third party tenants or incorporate service commitments/criteria for service delivery levels into existing agreements with third parties/tenants.
 - iii) Perform an annual review of service level agreements and the work order priority scales.

Management Action Plan

<p>Action Plan:</p> <ul style="list-style-type: none"> a) Management will review staffing needs as the volume of work evolves. Staffing needs will be addressed, and if additional necessary, positions will be requested through the annual operating budget process. If necessary, a separate report will be brought to Council. b) Priorities assigned to work orders are currently, and will continue to be, reviewed by the Facilities Supervisors when received. Management will review the recommendation to revise ‘low’ priority as the default. c) Management will establish goals and targets, and develop metrics to assist in measuring and evaluating progress towards goals. d) Management will establish service level agreements/statements to define the expectations to those we serve, including internal staff and third party tenants. A tenant or internal department will 	<p>Responsible Party:</p> <ul style="list-style-type: none"> a: Sr. Manager of Facilities b: Manager, Facility Operations c: Manager Assets and Projects d: Manager Assets and Projects and Manager, Facility Operations
	<p>Due Date:</p> <ul style="list-style-type: none"> a: Q2 2020 b: Q4 2019 c: Q4 2020 c: Q4 2020

be selected for a pilot project and completed first.		
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2. Enhance Bi weekly Management Discussions (Design Effectiveness)	Overall Rating: Low
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Impact:	Low	Likelihood:	Likely
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Observation:
We observed one of Facilities bi-weekly management meetings and noted discussions on various aspects impacting workforce planning including but not limited to work loads among supervisors, vacations and upcoming special/adhoc events. However, key workforce metrics (i.e. staff utilization) and commitments on special projects are not formally monitored. Further, tracking, review and coordination of recoverable work is not performed and discussed in management meetings.

Implication:
Unidentified or recurring capacity issues impact ability to respond to needs or anticipate changes to work allocation/assignment.

Possible root cause:
Reliance on supervisors to monitor daily utilization.

Recommendation:
Data integrity/quality checks over completeness of time recording (total time entered per week) should be established. This control will help in generating automatic reminders/notifications to staff/supervisors of unsubmitted time.

Management should also track and review recoverable work orders periodically and where applicable, discuss in management meetings.

<i>Management Action Plan</i>

<p>Action Plan: Management agrees with data integrity checks for completeness of time recording. Facility Operations supervisors will be encouraged to monitor time card completeness weekly. Monthly reports will be generated and sent to the Facility Operations supervisors and the Manager, Facility Operations for them to address gaps in the data entry. Management is in agreement that recoverable work orders should be tracked and reviewed. Management will analyze and document the recoverable work process, including how recoverable work will be reviewed.</p>	<p>Responsible Party: Manager, Assets & Projects & Manager, Facility Operations</p>	<p>Due Date: Q4 2019</p>
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3. Define clear ‘documentation’ standard and develop standard forms/templates (Operating Effectiveness)			Overall Rating: Low
Impact:	Low	Likelihood:	Likely
<p>Observation: In review of work order management processes we also noted the following:</p> <p>a) Standard processes/forms/checklists have not been devised and implemented to record management discussions/decisions regarding:</p> <ul style="list-style-type: none"> • forms to document the results for building inspections; • approval thresholds/escalation of work orders to receive project management support; and • management decision to defer/monitor the building repairs upon assessing, analysing and evaluating the extent, timing and availability of funds for repairs. <p>b) In a sample of work orders selected for review, we noted inconsistency in how staff completed/documented the status of a work order. For instance:</p> <ol style="list-style-type: none"> i) Inconsistent workflow work order assignment/classification: for vendor fulfilled work orders, in a sample of nine, we noted four which should have been documented/classified as work assigned to a vendor, were not ii) Inaccurate/untimely completion: 14 of 28 samples were not marked as ‘complete’ prior to final closure. The average time between actual work completion and work order closure across 23 samples was 22 Days (21 days for vendor fulfilled sample) iii) Acceptance of recoverable/special work requests iv) Timely completion of work: ten work orders were documented as complete after the target date for given priority level. <p>c) Further, internal audit noted that training schedules, status/completion by staff, and training materials are not centrally tracked and maintained.</p>			
<p>Implication: Inaccurate data used in measuring work performance or unidentified deviations in performance. Inability to make consistent decisions in the absence of standard process/checklists capturing key elements.</p>			
<p>Possible root cause: Documentation standards (or sub-components thereof) have not been formally defined and approved.</p>			
<p>Recommendation:</p> <ol style="list-style-type: none"> a) Management should develop and implement a formal set of procedures, forms or templates for documenting rationale for pursuing/not pursuing capital work which results from: <ul style="list-style-type: none"> • inspection results and condition scores/ratings; • substandard building condition inspection result or • operational work-orders which require project management support. b) Guidelines for standard documentation procedures should be developed where management relies on underlying data for performance management/measurement. For example, <ol style="list-style-type: none"> i) guidance on how to handle work orders fulfilled by a third party and encourage more frequent notifications of status for requestors. ii) guidance on timely status update of work order as “Complete” prior to final closure iii) guidance about recoverable work and work within scope/mandate as described in service level agreements/statements. iv) guidance for recording the work completed in a timely manner and communicate to staff the monitoring mechanism as suggested in finding four surrounding work order aging analysis. c) Management should prepare a central repository of training material and consider leveraging the Corporate training/learning system for managing/tracking training. 			

Management Action Plan		
<p>Action Plan:</p> <p>a) Management concurs and will develop a formal template of criteria for pursuing/not pursuing capital work. Requirements for when documentation is necessary will be included in the template.</p> <p>b) Management agrees that standard documentation procedures should be developed. This action item will need to occur after goals and KPIs are developed as per recommendation #1. c). Once goals and metrics have been determined, guidelines can be established to ensure data entry is consistent. This consistency will ensure KPIs are accurately measured.</p> <p>c) Management agrees there should be a central repository for training material and records. Management will ensure that training is documented and that training material & records are centrally located.</p>	<p>Responsible Party:</p> <p>a) Manager, Assets & Projects and Manager, Facility Operations</p> <p>b) Manager, Assets & Projects and Manager, Facility Operations</p> <p>c) Manager, Assets & Projects</p>	
	<p>Due Date:</p> <p>a) Q4 2019</p> <p>b) Q4 2021</p> <p>c) Q2 2019</p>	

4. Conduct division wide periodic Work Order Aging Analysis (Design Effectiveness)			Overall Rating: Moderate
Impact:	Medium	Likelihood:	Likely
<p>Observation: Open work orders are identified and reviewed individually by each supervisor based on staff assignment; however, division-wide periodic work order aging analysis is not conducted to identify trends, aging and/or balance of work. Further, reviews performed are not accompanied by discussions with other supervisors and/or managers to improve and measure the age of work orders and to determine the over-/under-utilisation of supervisors and staff.</p>			
<p>Implication: Management may not be able to identify the possible root cause behind aging of work orders and may not be able to set benchmark, meet expectations and measure the burden of work. Aged work order and backlogs contribute to negative customer satisfaction results, or complaints.</p>			
<p>Possible root cause: Management oversight over time/resources to ensure each supervisor has performed the review or provided a reason for change or reported back on actions etc. is not in function currently.</p>			
<p>Recommendation: Management should conduct a weekly review and follow up of aged work orders to support that work orders are closed in a timely manner. 360 Facility should be updated to reflect the current status of issues. Division-wide periodic work order aging analysis should be conducted to harness the volume of open and aged work orders. This exercise will assist management in identifying the trends, utilization, and balance of work among supervisors. In addition, it will further assist in devising service level agreements and reclassification of work order priorities.</p> <p>Management can include a periodic analysis of aged work orders into regular monthly/quarterly staff meetings for accountability.</p>			
Management Action Plan			
<p>Action Plan: Management agrees that a review of work orders is needed to ensure they are closed in a timely manner. However, management believes a monthly review is sufficient. This review can be incorporated into the monthly open work order reporting.</p> <p>Management agrees that a periodic analysis of aged work orders should take place quarterly. However, management will handle the feedback on an individual level between the supervisor and the Manager, Facility Operations as opposed to at a staff meeting.</p>	Responsible Party:		Manager, Assets & Projects and Manager, Facility Operations
	Due Date:		Q4 2019

5. Design and implement Customer Satisfaction Survey (Design Effectiveness)			Overall Rating: Low
Impact:	Low	Likelihood:	Likely
<p>Observation: Satisfaction surveys/feedback solicitation is not conducted to monitor satisfaction levels or to obtain feedback from users/customers on a) overall feedback for improving interactions and core activities and b) feedback specific to work requested/completed. There is an internal process requiring that internal services solicit internal feedback which results in non-compliance with an internal policy.</p>			
<p>Implication:</p> <ul style="list-style-type: none"> • may not be able to measure and monitor customer perception and satisfaction levels regarding the quality and performance of services rendered. • may not be able understand the value that customers perceives which ultimately assists in setting performance goals, customer service levels and expectations. 			
<p>Possible root cause: Limited resources to collect, analyze and report on customer satisfaction surveys. Management is not aware of available City of Windsor’s central resources which can be leveraged to send customer satisfaction surveys.</p>			
<p>Recommendation: Facilities management should design and conduct satisfaction surveys to measure and monitor the customer's perception and their satisfaction levels. This will provide management with insights over their performance and what value customers assign to facilities. Facilities should conduct and monitor two types of satisfaction surveys:</p> <ul style="list-style-type: none"> • <i>Customer satisfaction surveys</i> should be conducted on an annual basis to get insight over the department’s performance throughout the year. These type of surveys are detailed in nature and request for comments as well as ratings from the customers. • <i>Service Standards Survey</i> at work order level should broadly aim to measure the satisfaction levels of customers/service user by rating the facilities against task performed. This type of survey is short and request customers to rate on a scale of 1-5. The survey should be sent time of work order closure using the automated notification feature. 			
Management Action Plan			
<p>Action Plan: A customer satisfaction survey will be conducted in coordination with the corporate Communications and Customer Service division. The survey will be sent to internal staff and include questions related to satisfaction with response time and performance. Results will be reviewed and discussed amongst the Facilities Division management staff to determine areas that may require improvements.</p>	Responsible Party:	Sr. Manager of Facilities	
	Due Date:	Q4 2019	

6. Track Conditions Standard Ratings and building condition assessments periodically (Design Effectiveness)			Overall Rating: Moderate
Impact:	Medium	Likelihood:	Likely
<p>Observation: Currently, management is able to track major components of each facility and where applicable, have informally defined the acceptable range of condition scores for facility components. We noted that 87 of 163 properties did not undergo an internal or external building condition inspection during the scope period.</p> <p>It was further noted that tracking of condition ratings is currently not performed in 360 Facility and is paper based/manual.</p>			
<p>Implication:</p> <ul style="list-style-type: none"> Service user/occupant of the facility and staff will be unaware of facility conditions rating which may be beneficial while requesting and executing work. Further, management may not efficiently or accurately prioritize capital projects over each other based on conditions rating. 			
<p>Possible root cause: The module for track building conditions/inspection in the central system has not been activated due to lack of capacity to enter the required data.</p>			
<p>Recommendation: Management can take measures to support that each facility under its umbrella should have either internal or external building conditions assessments and ratings/scores assigned to them once every five years based on industrial practice (however, frequency of building condition assessment varies upon structural integrity, usage, size and age).</p> <p>Management should maintain and track all the conditions rating centrally on 360 Facility. This would enable management to track and amend the ratings based on further analysis.</p> <p>Tracking building condition rating should further assist management in prioritising work orders and spending, both capital and operational.</p> <p>Management may wish to set up reserve for deferred but critical spending based on an assessment.</p>			
Management Action Plan			
Action Plan: The Facilities Division will continue to have building condition assessments (BCA) completed for the remaining facilities in its portfolio, and renew the assessments every five (5) years, as funding becomes available. A protocol to conduct BCA's on a 5 year cycle will be developed.	Responsible Party:		Sr. Manager of Facilities
	Due Date:		Q4 2019

Considerations for improvement

1. Consider data visualisation and other performance measurement tools

Observation

Currently facilities operations do not utilize any data visualisation tools or other corporate dashboard resources to analyse and monitor workforce needs/demand.

Management may not be able to analyse and interpret large data in a meaningful manner, which could potentially lead to ineffective planning decision making.

Detailed time study for key supervisory positions are not performed. Absence of time study reviews will have an impact on workforce planning.

Further, periodic staffing or work quality audits/spot checks to assist in performance evaluation are not conducted and management may not be able to highlight areas of improvements.

Considerations

Management should explore data visualization tools externally, within 360 Facility or other corporate dashboard resources to monitor workforce needs/demands.

Management should also conduct detailed time study for key supervisors. Currently, terms of loaned staff arrangements/shared supervisors are not documented or updated for changes to assumptions. These terms should be supported by detailed time study analysis.

Staffing audits/spot checks will assist management to identify areas of improvements. Furthermore, forecasting of future workload/utilization based on pre scheduled work orders should be performed.

2. Continue to implement scheduled work orders and build upon knowledge base

Observation

Pre-scheduled Preventive Maintenance (PM) work orders for routine, recurring and planned work are not established for all properties, such that, when the maintenance work is due, a work order is automatically generated by 360 Facility and forwarded to a responsible supervisor. Further, time spent on such work orders is not tracked.

Management may not be able to meet the objectives of preventive maintenance which is one of the core responsibilities of the divisions. More reactive maintenance and less preventative maintenance work will result in to deterioration of assets and may lead to more increased cost in future due to falling operational effectiveness leading to hefty repairs, failure and often replacement of assets.

Considerations

Facilities management should prioritize its initiative to set up pre-scheduled preventive maintenance work order processing for routine and planned work. There may be value in applying such approach to all work order types which meet specific criteria such as: routine and recurring work, process not expected to change, required for legislative purposes, requires specific skills which require lead time to develop/procure. Management should also include procedures which provide instructions and standard/expected hours required to complete the work. Time spent on work orders should be tracked. To mitigate concerns around volume of work orders a supervisor or staff is required to assess/review work order priorities, management should consider the cost benefit of adding additional clerical staff.

Appendix A: Basis of findings rating and report classification

Findings rating matrix

Audit Findings Rating		Impact		
		Low	Medium	High
Likelihood	Highly Likely	Moderate	Significant	Significant
	Likely	Low	Moderate	Significant
	Unlikely	Low	Low	Moderate

Likelihood consideration

Rating	Description
Highly Likely	<ul style="list-style-type: none"> · History of regular occurrence of the event. · The event is expected to occur in most circumstances.
Likely	<ul style="list-style-type: none"> · History of occasional occurrence of the event. · The event could occur at some time.
Unlikely	<ul style="list-style-type: none"> · History of no or seldom occurrence of the event. · The event may occur only in exceptional circumstances.

Impact consideration

Rating	Basis	Description
HIGH	Dollar Value ³	Financial impact likely to exceed \$250,000 in terms of direct loss or opportunity cost.
	Judgemental Assessment	<p>Internal Control Significant control weaknesses, which would lead to financial or fraud loss.</p> <p>An issue that requires a significant amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Failure to meet key strategic objectives/major impact on strategy and objectives. · Loss of ability to sustain ongoing operations: <ul style="list-style-type: none"> - Loss of key competitive advantage/opportunity - Loss of supply of key process inputs · A major reputational sensitivity e.g., Market share, earnings per share, credibility with stakeholders and brand name/reputation building. <p>Legal/Regulatory Large scale action, major breach of legislation with very significant financial or reputational consequences.</p>
MEDIUM	Dollar Value	Financial impact likely to be between \$75,000 to \$250,000 in terms of direct loss or opportunity cost.
	Judgemental Assessment	<p>Internal Control Control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures.</p> <p>An issue that requires some amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · No material or moderate impact on strategy and objectives. · Disruption to normal operation with a limited effect on achievement of corporate strategy and objectives · Moderate reputational sensitivity. <p>Legal/Regulatory Regulatory breach with material financial consequences including fines.</p>
LOW	Dollar Value	Financial impact likely to be less than \$75,000 in terms of direct loss or opportunity cost.
	Judgemental Assessment	<p>Internal Control Control weaknesses, which could result in potential insignificant loss resulting from workflow and operational inefficiencies.</p> <p>An issue that requires no or minimal amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> · Minimal impact on strategy · Disruption to normal operations with no effect on achievement of corporate strategy and objectives · Minimal reputational sensitivity. <p>Legal/Regulatory Regulatory breach with minimal consequences.</p>

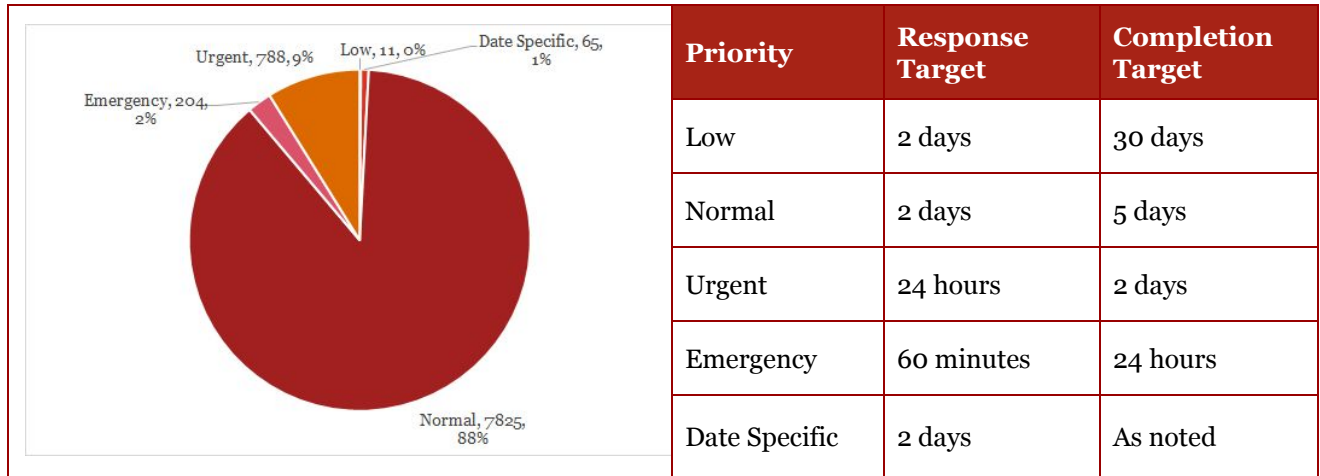
³ Dollar value amounts are agreed with the client prior to execution of fieldwork.

Audit report classification

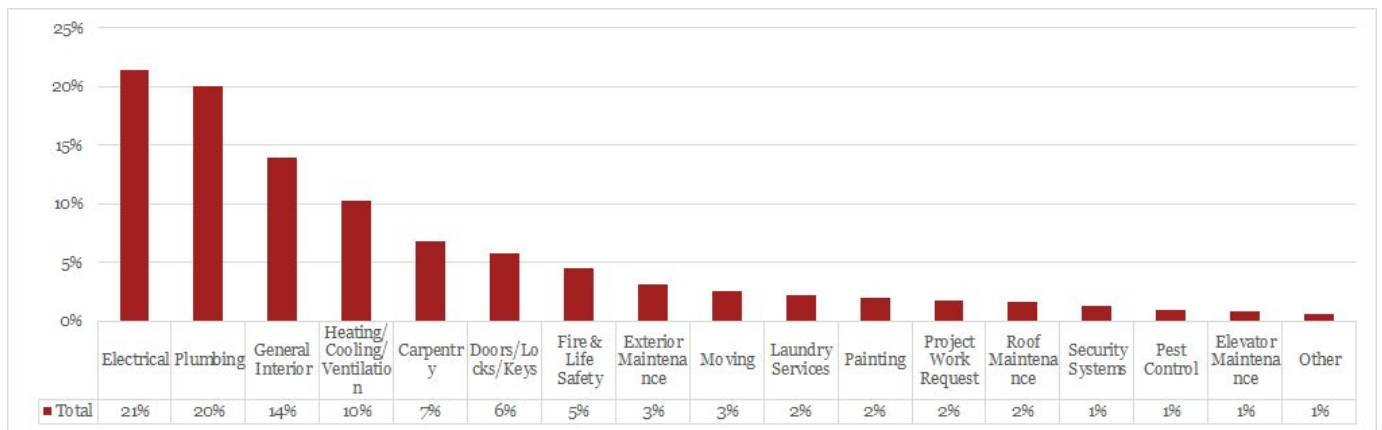
Report Classification	The internal audit identified one or more of the following:
Cause for considerable concern	<ul style="list-style-type: none"> • Significant control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. • An unacceptable number of controls (including a selection of both significant and minor) identified as not operating for which sufficient mitigating back-up controls could not be identified. • Material losses have occurred as a result of control environment deficiencies. • Instances of fraud or significant contravention of corporate policy detected. • No action taken on previous significant audit findings to resolve the item on a timely basis.
Cause for concern	<ul style="list-style-type: none"> • Control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. • A number of significant controls identified as not operating for which sufficient mitigating backup controls could not be identified. • Losses have occurred as a result of control environment deficiencies. • Little action taken on previous significant audit findings to resolve the item on a timely basis.
No major concerns noted	<ul style="list-style-type: none"> • Control design improvements identified, however, the risk of loss is immaterial. • Isolated or “one-off” significant controls identified as not operating for which sufficient mitigating back-up controls could not be identified. • Numerous instances of minor controls not operating for which sufficient mitigating back-up controls could not be identified. • Some previous significant audit action items have not been resolved on a timely basis.
No or limited scope for improvement	<ul style="list-style-type: none"> • No control design improvements identified. • Only minor instances of controls identified as not operating which have mitigating back-up controls, or the risk of loss is immaterial. • All previous significant audit action items have been closed.

Appendix B: Other Information

Following chart (split of work orders by priority) depicts that work orders are not ranked on the basis of ‘urgency’ rather are prioritised normal default by system. Each priority has associated response and completion targets.



The following graph shows the breakdown of work orders (% of total) by work order service type:



Appendix C: Limitations and responsibilities

Limitations inherent to the Internal Auditor's work

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



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