

# **Carrville Community Centre, Library and District Park - Phase 1 Audit**

Audit Committee – September 19, 2022



# Today's Presentation

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- Audit Objective
- Scope and Methodology
- Audit Conclusion
- Management Action Plans
- Next Steps
- Questions



# Audit Objective

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To evaluate the effectiveness of construction management policies and procedures related to the fiscal, operational, and administrative controls over construction activities, including project scope, cost, schedule and quality.

# Audit Scope & Methodology

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- The scope of the audit will encompass the complete lifecycle of the project.
- Audit reports will be issued after the completion of the following project phases:
  - Planning and Design, and Bid and Procurement Phases (Phase 1).
  - Construction Phase (Phase 2).
  - Close Out Phase (Phase 3).

# Audit Scope & Methodology

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- Phase 1 included a review of:
  - Governance and project management framework.
  - Qualifying vendors process and awarding of contracts.
  - Project management risk identification and mitigation methodology.
  - Performance and monitoring.



# Audit Conclusion

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Management has made operational improvements in this phase of the construction. However, some of the same themes and concerns were identified again during this audit.

# Issues and Observations

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The following opportunities were identified:

1. Formally re-evaluate Business Cases and/or Project Charters in advance of making project budget increase requests to Council.
2. Ensure that liquidated damages provisions are included in all construction contracts, and only excluded on an exception basis.
3. Enhance the Fairness Monitor Process
4. Ensure the formation and composition of proposal evaluation committees is appropriate.

# Management Action Plans

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1. Formally re-evaluate Business Cases and/or Project Charters in advance of making project budget increase requests to Council
  - Update the existing Project Change Approval Form process to identify when a re-evaluation of a business case or project charter is warranted.
  - Develop criteria to identify when significant scope, cost, quality or schedule changes require Council Approval.
  - Updates scheduled to be completed by Q2 2024.



# Management Action Plans

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## 2. Ensure that liquidated damages provisions are included in all construction contracts

- Liquidated damages provisions will continue to be included in all construction contracts by default.
- A framework, methodology, tools and/or processes to assess, evaluate and calculate the applicability of liquidated damages will be developed.
- Qualitative and quantitative factors for management to assess when justifying the exclusion of liquidated damages provisions from construction contracts will be developed.
- Updates scheduled to be completed by Q2 2024.

# Management Action Plans

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## 3. Enhance the Fairness Monitor Process

- Procurement Services will create the criteria for engaging a fairness monitor by creating a checklist or assessment tool to facilitate the assessment.
- Procurement Services, in consultation with the Client Department, will then assess, determine and document the need for a fairness monitor. Following this assessment, the Client Department will follow Procurement Services' recommendation.
- Updates scheduled to be completed by Q1 2023.

# Management Action Plans

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4. Ensure the formation and composition of proposal evaluation committees is appropriate
  - Procurement Services in collaboration with the Client Department, will identify and assess the appropriateness / applicability of the evaluation committee members.
  - Procurement Services will update the evaluation guidebook and conduct an evaluator's meeting prior to evaluations that will outline the evaluation committee members roles and responsibilities.
  - Updates scheduled to be completed by Q1 2023.



# Next Steps

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- Action plans have been developed
- Implementation is underway or completed
- Internal Audit will follow up and report on the status of these action plans



# Questions?

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# Thank You

