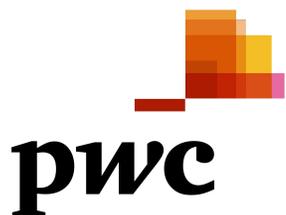# City of Saskatoon

Internal Audit Follow-Up: Parks Service Levels and Asset Mgm't

Submitted on:
November 26, 2019

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City of Saskatoon SPC on Finance
222 Third Avenue North
Saskatoon, Saskatchewan S7K 0J5

Internal Audit Follow-up: Parks Service Levels and Asset Management Update

Recommendation:

That the enclosed Internal Audit Follow-Up Report re: Parks Service Levels and Asset Mgm't be received as information.

Please find enclosed our report and status update on the City's progress in implementing the internal audit recommendations outlined in the aforementioned report, originally presented to this Committee in September 2018.

Yours truly,

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Partner
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1. Background

This internal audit project, reported to SPC on Finance in September 2018, addressed the risk that "The City may not be investing sufficient funds in its park infrastructure to maintain an acceptable condition and level of service". Two primary root causes of that risk statement were the absence of an established asset management plan/life cycle costing process and the absence of approved service level objectives.

Leading up to this internal audit project, the City had taken formal measures with respect to both asset management and the identification of service levels. For Parks, this culminated in reporting to City Council in the fall of 2017 on both subject matter areas. This process and the final reporting resulting from it were significant risk management activities that were undertaken by Parks to address the risk statement.

The primary objectives of this internal audit project were: 1) to review Parks' reported service levels relative to actual performance and assess the ability of Parks' processes, procedures and controls at the time to capture accurate service level information and 2) to review the effectiveness of Park's processes, procedures and controls at the time related to asset management/life cycle decision making (i.e. planning, acquisition, operation, maintenance, rehabilitation and replacement/disposal). As part of reviewing service levels, we also examined individual topic areas that could currently impact the cost of providing acceptable service levels, for example new parks inventory.

Our conclusions from this 2018 project were that there was room for improvement in terms of establishing processes, procedures and controls to capture accurate service level information and to monitor it regularly for purposes of facilitating the periodic reporting of service delivered compared to service delivery targets. We also concluded that at the time, there were inherent obstacles in terms of available resources (both human and technological) to populate and maintain the various asset listings required to facilitate asset management.

Two key focus areas identified were to improve the accuracy and completeness of asset listings used for asset management exercises and to develop key performance indicators that fully align with the targets and measures established for 2018 and beyond, with tracking and reporting mechanisms to monitor and evaluate their progress relative to those key performance indicators.

2. Update

Of the eleven (11) recommendations originally made in our report, 10 are either completed or on-track for their original implementation timeline. One (1) recommendation has been slightly delayed but still remains scheduled for completion prior to December 31, 2019.

Please refer to the attached Administration Response document which contains full details of the original recommendations as well as a summary of timelines, actions taken to-date, and remaining actions to implement.

2019 Update - Parks Service Levels and Asset Management Audit Report

#	Recommendation	Administrative Response	Planned Implementation Date	Revised Planned Implementation Date	Actions Completed	Actions Planned
1	Parks should develop a set of key performance indicators (KPIs) against which it assesses its performance relative to existing service level targets and customer performance measures. Potential types of indicators that Parks could be mindful of as it develops its KPIs are service quality (citizen satisfaction measured by survey responses), operating cost (per capita measure of operating cost on a per resident and/or per park basis), and other KPIs which could be set to measure productivity of staff (operators) relative to the expected level of effort to deliver services and the actual effort (measured in time) taken to deliver the services.	Agree	Q4 2020	Q1 2020	Metric identification and data analysis is underway, led by the Parks Performance Improvement Coordinator.	Finalization of the Parks Performance Metrics Report which includes analysis, targets, and actions.
2	Parks should review and correct data input procedures for jobs, costs, and revenues to ensure they are appropriate and sufficiently capture accurate information needed to monitor progress against KPIs and budgets. More specifically, a) communicate to staff the need to use appropriate activity coding in time sheets and implement a monitoring process to ensure time is coded to the appropriate activity code; b) determine the level of detail required to be recorded in Timberline and TMA to provide meaningful reports and establish a monitoring process to ensure staff are consistently entering all the required details; c) implement a formal monthly reconciliation between the Timberline system and the general ledger; and d) enter all work activities into TMA (including special/unplanned work, for example to address citizen complaints) in order to capture the full effort and cost of service delivery.	Agree	Q4 2020	Q4 2020	a) Additional, formalized communication on appropriate activity coding implemented. For example, an Operating Impact Kickoff meeting was held with supervisors at the beginning of the season, where the importance and value of accurate coding and monitoring is reiterated. This will occur annually. A monthly monitoring process by Parks accounting staff has been implemented. b) The level of detail captured in TMA and Timberline is adequate; improving TMA's reporting function is ongoing. c) Attempts to reconcile between Timberline and general ledger have been made. d) A portion of unplanned work and citizen complaints are entered into TMA.	b), c), and d) will be resolved through migration to Fusion.

3	a) Parks should establish and document a formal procedure for tracking, monitoring, and reporting on progress against KPI's during the year and as part of an annual review process. For tracking and monitoring, consideration should be given to how the measure will be tracked and who will track it (i.e. Parks or Finance), who will monitor process against the KPI, who will receive the information once tracked, and what actions should be taken based on the tracked information. b) For reporting on performance, consideration should be given to how often the reporting should occur and to whom, the inclusion of explanations for significant variation between targets and actuals (with potential corrective action plans if necessary), and the style of reporting to clearly illustrate trends from year-to-year.	Agree	Q4 2020	Q1 2020	A formal procedure for tracking, monitoring, and reporting KPIs on a regular basis will form part of the upcoming Parks Performance Metrics Report; this will include explanations and trend analysis.	Finalization of the Parks Performance Metrics Report which includes analysis, targets, and actions.
4	Parks should perform a thorough review of its inventory to ensure that proper equipment (and the proper quantities of each type of equipment) is in place and that proper consideration be given to removing underutilized and less essential equipment in exchange for more essential, currently overutilized equipment.	Agree	Q4 2019	Q3 2019	This review was completed in Q3 2019.	Continuation of a strengthened annual process and increased focus on leveraging M5 data.
5	Parks should implement a process to monitor irrigation trouble reports to determine if they are addressed within 48 hours. Also, Parks should implement a process to re-prioritize other work, where needed and when possible, in order to ensure that the 48 hour target for responding to irrigation trouble reports is consistently met.	Agree	Q2 2020	Q2 2020	Development of this process is ongoing.	TMA adjustments to ensure proper irrigation work order data is on track for completion by Q2 2020.
6	Parks should coordinate with Fleet Services to implement the use of a formal work order system for the repair and maintenance process, with some central oversight, in order that the risk of negative service delivery resulting from delays and improper prioritization of repair and maintenance activities is minimized.	Agree - A service review specifically related to maintenance of Parks equipment is currently being conducted by the Fleet Services area and will identify resources and process improvement for improved service delivery.	Q4 2020	Q4 2020	Significant progress was made in 2019. Parks worked closely with Fleet to begin using M5 for equipment inventory, repair, and maintenance.	Leveraging M5 data to move towards a proactive repair and maintenance model will be a major focus in 2020.
7	Parks should further define its own requirements for maintaining and supporting asset management within Parks from both a human capital and technology perspective, in order to position itself to implement and support corporate asset management practices. In particular, non-park open landscape areas that are included in Parks' AMP need to be better identified for asset management planning.	Agree	Q2 2019	Q2 2019	A detailed inventory of Parks assets, including site inspections and condition assessments, was completed in 2019.	Work will continue to improve detail for non-park open landscape areas.

8	The Administration should work across operating divisions, including and starting with Parks, to establish a cross-functional working group for asset management. This would ensure coordination between corporate asset management activities and those taking place within individual functional areas. Given the significance of the assets being managed within Parks, it would be a logical starting point for the cross-functional working group and once established could be implemented in order areas of the organization.	Agree	Asset management is an ongoing process that will require continuous development and improvement over time.	Ongoing	Parks has been working closely with the Corporate Asset Management Coordinator to further define and support our Asset Management requirements. The 2019 Allocation for the Building Better Parks Asset Management Plan was prioritized using a cross-divisional team including Facilities and Recreation & Community Development.	This work will be ongoing.
9	Parks should establish controls over the completeness, accuracy, reliability and validity of their asset information and data. As a starting point, there are three specific items that would represent positive significant developments on this front:					
	a) Parks in coordination with Fleet Services, should perform a physical inventory count of Parks' vehicles and equipment in order to update/validate the current data in the M5 system. Going forward, Parks should coordinate with Fleet Services to confirm on a period basis the quantity, condition and storage location of its equipment and vehicles.	Agree	Q3 2019	Q3 2019	Complete - a physical inventory count was completed at the start of the 2019 season.	Parks will continue to work with Fleet Services to confirm on a period basis the quantity, condition and storage location of its equipment and vehicles.
	b) Parks, in coordination with Fleet Services, should implement a process for having all information regarding repairs and maintenance (both cost of time and parts) recorded in the M5 system for each individual asset as repair and maintenance work is performed on that asset.	Agree - This will be addressed via Recommendation #6 implementing a formal work order system.	Q4 2020	Q4 2020	Signifcant progress was made in 2019. Parks worked closely with Fleet to begin using M5 for equipment inventory, repair, and maintenance.	Leveraging M5 data to move towards a proactive repair and maintenance model will be a major focus in 2020.
	c) Whether Parks uses Excel or Access to record and maintain the Parks and Open Space inventory listing, data loss prevention and protection controls need to be implemented to ensure the integrity of the data. For example, there should be password requirements to prevent users without a business need from accessing the listing and a backup process should exist to protect the accidental loss of data.	Agree	Q4 2019	Q3 2019	Complete - the inventory listing is now password protected and read-only for non-administrators. A backup is made regularly to prevent accidental loss of data.	No further actions required.
	d) Parks, in coordination with Finance, should implement a method of verifying all counts are actually performed by staff at the start of the season and that all completed checklists are provided to Finance.	Agree	Q3 2019	Q3 2019	Complete - verification and checklists are conducted in conjunction with the Operating Impact Kickoff meeting at the beginning of the season.	Continued adjustments and strengthening to this process will occur in 2020.

	e) Parks, in coordination with Major Projects and Preservation, should consider transitioning data into the SQL Server/ESRI system currently being utilized by Major Projects and Preservation, which will allow for a more reliable tracking mechanism until such time as asset management improvements can be considered from the new forthcoming ERP system.	Agree	Q4 2020	Q4 2020	In progress. ESRI linework and polygon/point data has updated, and discussions have begun with IT for transition to the SQL Server/ESRI system.	Work will continue with IT to complete the transition in 2020.
10	Parks should review and refine landscape amenity levels and approval processes associated with Landscape Design and Development Standards. This review will require the involvement of various internal and external stakeholders and should include updating the Landscape Design and Development Standards to reflect community needs and best practices. Within this review, consideration should be given to develop a process to limit risk and additional costs associated with developers requests to exceed City standards and/or park development schedules. This will assist in holding developers accountable for adhering to existing City standards and also reduce the risk of Parks incurring cost overruns to maintain required service delivery standards at new parks once transitioned to Parks from developers.	Agree	Q3 2020	Q3 2020	A consultant will be hired in Q4 2019 to review and refine landscape amenity levels and engage various internal and external stakeholders.	Initial implementation of the recommendations will begin by Q3 2020.
11	Parks' operating impact calculations have historically been calculated on an annual basis, using a three-year rolling average, for purposes of the budget request process. A risk exists that this calculation may underestimate the actual costs in a given year due to the basis for the calculation being historical information. Parks has an opportunity for manual override if it is determined that the figure rendered by the calculation is misrepresentative of potential actual cost, however an annual review of all rolling averages for appropriateness would reduce the risk of underestimating the budget request (particularly for new parks which typically have higher costs in their first years). This annual review and re-calculation becomes particularly important to Parks ability to maintain parks to service level expectations as the City moves toward multi-year budgeting.	Agree	Q2 2019	Q4 2019	A review for appropriateness and reasonableness is conducted at the Operating Impact kickoff; for example, shrub bed calculations are adjusted, and all information is reviewed with supervisors.	An annual review of all rolling averages will be completed in Q4 2019.