

Audit should be fast tracked!

While it may be that City Council will reconsider and, rightfully, agree to have an audit of the 60% cost over-run of the once-guaranteed construction price of \$137-million for the Police Service's new headquarters, suggestions that such an audit would take over a year to be completed should be rejected. The audit should take place and be made public before the fall civic elections.

There are nine action steps that are required with respect to the audit, and undertaking all of them by June 1 is more than possible, it is patently reasonable.

Let us list the actions that are required:

1. Council agreement that an audit is to be undertaken.
2. Delegation to the City Auditor of the task of preparing the terms of reference and issuance of the Request for Proposals by the City Auditor.
3. Receive and review submissions from qualified consultants.
4. Develop and interview a short list of candidates, and select a winning bid.
5. Notification to Council, the City's administration and public of the selected consultant.
6. Conduct the audit.
7. Prepare a draft report and review with the City Auditor.
8. Publish the final audit report.
9. Consultants attend Council, review their report, and respond to questions.

Accountability requires the audit be completed and the audit report issued prior to the fall civic elections. Again, a deadline of June 1 is quite reasonable.

Accomplishing this goal is not 'rocket science'; we are talking about the audit of a single project, where information associated with the project and those involved in the project are or should be readily available.

Winnipeg's electorate deserves a comprehensive and timely audit, ahead of the fall civic elections. The project was supposed to have a guaranteed construction price tag of \$137-million, and an over-run of 60% requires an independent expert and timely review.

Details:

The objectives of the audit would be set out in the terms of reference. The objectives should inform the establishment of the qualifications required of the auditor to meet the audit's objectives. (Independence of view is an important criteria, firms that have been engaged by the City may have a perceived if not real conflict of interest.)

The request for proposals (RFP) would set out the objectives, the anticipated qualifications of the auditor (review team - an experienced lawyer assisted by a forensic accountant, aided by an engineer and architect may represent the best chance for a successful review), the budget and time requirements, and the supports for the audit.

As for the supports, a listing of information now available, information that likely requires to be developed or found, and contact persons that are expected to be interviewed by the auditor

would be set out. In addition, the RFP would best set out the anticipated process and timelines - inclusive of requirements for drafts, progress presentations to a named committee of councillors charged with the responsibility to, with the assistance of the City Auditor, serve as a 'sounding board' for the auditor.

General Expectations:

The audit should answer, at minimum, the following questions:

1. What factors and actions contributed to the cost over-run of the new police headquarters?
2. Was the selection of the former Post Office as the new police headquarters a reasonable choice? If not, why not?
3. What options were available other than the Post Office?
4. How was the Post Office selected, who was involved and was there sufficient information and time to ponder the selection options to make a sound decision?
5. Who was involved and how was the purchase price arrived at, and what process occurred arriving at an agreed purchase price?
6. What conditions, if any, were established prior to closing, and, if there were conditions how were they satisfied?
7. Were the right elected and staff members involved in the review of options, selection of the Post Office, and in the determination of the purchase price?
8. What changes in process or involvement, if any, would best be in a place in a future purchase and refurbishment?
9. With respect to the estimated cost of refurbishing the Post Office to serve as the police headquarters, who was involved and what steps were taken, and by whom, to determine the changes required to the former Post Office?
10. Was the process leading to the determination of the required changes adequate? If not, what were the inadequacies?
11. Who was involved in forecasting the cost of the deemed necessary changes?
12. Should other persons or resources have been involved in developing and pricing the required changes?
13. Did the tender(s) for the upgrading of the former Post Office reflect best practice? If. Or, what were the inadequacies?
14. Was the distribution of the tenders representative of those firms that could reasonably be assumed capable to undertake the work?
15. Who decided on the distribution of the tenders, and were those involved in that process appropriate?
16. Who reviewed the bids, and was the review conducted pursuant to best practice?
17. Who selected the winning contractors and what instructions and information was provided them?
18. A guaranteed price was provided, on what basis?
19. It has been indicated that the guaranteed price was provided when only 30% of the detailed work had been specified? Was there value in such a guarantee, and did the guarantee play a role in the selection of the winning bid?
20. The timeline of the project, from the identification of a need for the replacement of the police headquarters to the state of the current work on the former Post Office?
21. Is there any indication of favouritism in the process of selection and/or dealings with the contractor(s).
22. What lesson have been learned from the experience to-date?

Critical for Success

1. Adequate scope to allow for an effective and timely outcome.
2. Authority and access.
3. Appropriate qualifications to undertake the task.
4. Independence of mind.
5. A review, by the auditor, of the Ernst and Young and the City's Administration reports with respect to the fire hall projects.
6. Determination to meet deadlines.