

## PROJECT MANAGEMENT FLOOD RECOVERY AUDIT RESPONSE

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### EXECUTIVE SUMMARY

On 2014 September 11, Audit Committee was presented with a report titled "Flood Recovery Expenditure Audit" that summarized findings of an audit of flood recovery expenditures performed by the City Auditor's Office. The report included eight recommendations including one advising administration to "investigate implementing corporate project management guidelines and templates for disaster events." This report provides an update on activities related to this recommendation. Investigation has been completed as has initial stakeholder engagement. Work will continue through the remainder of 2015 to implement this recommendation.

### ADMINISTRATION RECOMMENDATION(S)

That Priorities and Finance Committee receive this report for information.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 September 11, the Audit Committee received the report titled "Flood Recovery Expenditure Audit" (AC2014-0734) for information. The report included a recommendation to "investigate implementing corporate project management guidelines and templates for disaster events."

A specific action was included to review existing project management standards and for the Priorities and Finance Committee to be advised on the findings of this review no later than the end of Q2 2015.

### BACKGROUND

The flood of 2013 June resulted in unprecedented damage to municipal infrastructure. The program of work to repair and restore impacted infrastructure included over 200 projects with an estimated cost of over \$400 million. Much of the damaged infrastructure was assessed and many of the repair and restoration projects were initiated while the response continued and the state of local emergency was in place.

In the audit report, it is observed that through best efforts, Administration put controls in place for monitoring and reporting this program of recovery work. These controls were put in place to support accountability and transparency and were deemed to be reasonable given the extenuating circumstances of the 2013 June flood.

Even with these best efforts, opportunities were identified for implementing improvements to ensure that future events benefit from lessons learned from this experience. This is particularly important because recovery efforts, while often beginning in the response stage, will in many cases extend well beyond the response time frame. Also, there can be significant costs associated with recovery efforts that requires a high level of due diligence to ensure tracking and fiscal responsibility. This is of importance from a scope and cost management perspective to ensure that requests for reimbursement of costs from various funding sources are allowed.

## **PROJECT MANAGEMENT FLOOD RECOVERY AUDIT RESPONSE**

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### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Investigation began with an inventory of current legislation, policies and practices that are applicable to disaster response and recovery situations. These include the Province of Alberta Emergency Management Act, The City of Calgary Emergency Management Bylaw 25M2002 and the Municipal Emergency Plan (MEP) that is maintained on behalf of The City of Calgary by the Calgary Emergency Management Agency (CEMA).

The response to a disaster event and specifically a situation where a state of local emergency (SOLE) is declared, is governed by the above mentioned regulations and plans. The declaration of a SOLE provides the local authority with additional regulatory authority to ensure resources are in place to deal with the event in an expedited manner. During a SOLE, normal City of Calgary policies and practices may not be utilized. The response priorities are to protect life safety, property (critical infrastructure), the environment and the economy.

Outside of a SOLE situation, The City has existing policies, practices and standards that are required. From a project management perspective, the Corporate Project Management Framework (CPMF) contains the standards that are to be followed. The activation of the MEP does not provide the authority to operate outside of these standards.

It is not necessary to evaluate alternatives that involve creating new policies, standards and practices as there is existing legislation to cover disaster response and specifically state of local emergency situations as well as the CPMF to follow as part of normal practice. The existing legislative and Corporate requirements are sufficient. What is required is a means of ensuring that there is an effective transition from disaster response during SOLE events to recovery and normal business practice. Work is underway to ensure that communication is enhanced and tools are in place to facilitate the transition from the response phase to recovery.

One of the ways this will be accomplished is by using the existing CEMA Recovery Operations Centre (ROC) Resource and Response Manual. The manual provides a framework for long-term disaster recovery decision making in the ROC. It is a source of guidance and information that is utilized to ensure the disaster recovery phase is initiated as efficiently and effectively as possible as a follow up to disaster response. CEMA is currently reviewing, updating and enhancing the ROC manual to reflect lessons learned from the various events that have impacted The City, including the 2013 June flood. The enhancements will be based upon guidance from the Corporate Project Management Centre (CPMC) and will align to the existing CPMF standards and practices.

CEMA continues to advance business continuity throughout The Corporation through the corporate business continuity framework and business continuity coordinator network. Business continuity plans provide another avenue to ensure roles and responsibilities related to project management principles and practice are understood.

Additionally, there may be an opportunity to clarify roles and responsibilities related to project management in CEMA's planned update to the Municipal Emergency Plan.

## **PROJECT MANAGEMENT FLOOD RECOVERY AUDIT RESPONSE**

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Administration is not recommending any further involvement of the Priorities and Finance Committee as work is underway and will have oversight through existing CEMA and Audit governance.

### **Stakeholder Engagement, Research and Communication**

Stakeholders from CEMA, Corporate Finance, Supply Management, ROC and the CPMC have been engaged as part of the team to address the City Auditor's recommendation.

A communication plan will be prepared to facilitate communication to project managers and other affected staff as required. CEMA agency members and partners will be engaged through the update of the MEP and the regular meetings of the Business Continuity Coordinators meetings.

### **Strategic Alignment**

This initiative is aligned with Council priorities and specifically the priority on being "A Well Run City." The strategic actions supported include being as "efficient and effective as possible, reducing costs and focusing on value-for-money" and "effectively managing The City's inventory of public assets, optimizing limited resources to balance growth and maintenance requirements."

Additionally this initiative is aligned with "A city of inspiring neighbourhoods" supporting the strategic actions to enhance The City's capacity and resiliency to prepare for and respond to pandemics, natural disasters and emergency situations.

### **Social, Environmental, Economic (External)**

This report has been reviewed for alignment with The City of Calgary's Triple Bottom Line (TBL) Policy Framework.

Sound project management practices are a tool for identifying and managing project-specific social, environmental and economic risks and will help to ensure there is focus on delivering project outcomes and benefits.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

There are no anticipated impacts or changes the current or future operating budget as a result of this work.

#### **Current and Future Capital Budget:**

There are no anticipated impacts or changes the current or future operating budget as a result of this work.

### **Risk Assessment**

There are risks that may impact future operating or capital budgets and recovery of costs associated with disaster events if appropriate processes are not in place and followed.

## PROJECT MANAGEMENT FLOOD RECOVERY AUDIT RESPONSE

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While it is understood that disaster response efforts and specifically situations where a state of local emergency has been declared require urgent action with the priority on ensuring public safety and protection of critical infrastructure, there are risks associated with the lack of process and not following Corporate policies including;

1. Potential for not being able to obtain reimbursement of costs incurred in disaster response or recovery, and,
2. Financial audit exposure.

### REASON(S) FOR RECOMMENDATION(S):

This recommendation will enable Administration to fulfill its commitment to address the City Auditor's recommendation regarding the application of Corporate Project Management Framework standards to disaster events while not in any way adversely impacting disaster response actions. This approach will mitigate financial risk to the organization by ensuring appropriate practices are in place for the disaster recovery phase.

### ATTACHMENT(S)

None