ISC: Unrestricted
AC2014-0734
Attachment

THE CITY OF
CALGARY
CITY AUDITOR'S OFFICE

Flood Recovery Expenditure Audit

September 3, 2014

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The City Auditor's Office completes all projects in conformance with the *International Standards for the Professional Practice of Internal Auditing*

Executive Summary

Following the state of local emergency due to the June 20, 2013 flood, The City operated under an urgent need to ensure that recovery expenditures could be approved and recovery work could continue. The impact to City infrastructure sustained as a result of the flood was estimated at $445M[1] as at September 3, 2013. Recovery capital projects span across 16 business units and in some cases will take more than five years to complete.

Given the magnitude of the work required to rebuild the City's damaged infrastructure, budget approval, tracking, monitoring, and reporting should be in place to ensure appropriate use and transparency of the capital recovery funds. There is a need for timely, current and continued information around flood recovery capital projects both to Council and to the public. Also, as the City intends to submit insurance claims or applications for provincial funding, separate records need to be maintained by business units.

Our audit focused on the control processes put in place at a corporate level to address transparency and accountability of flood recovery expenditures. We examined Administration's reports to Council on the overall flood recovery budgets and expenditures to measure timeliness, accuracy and sufficiency of information. We also reviewed a judgemental sample of nine infrastructure recovery projects[2], with estimated budgets of $127.3M, including Calgary Police Service's Administration Building and the Calgary Zoo Buildings. Our time period for testing was July 4, 2013 to December 31, 2013; however, in order to follow reporting on the sampled activity we reviewed related documents issued in Q1 and Q2 2014.

We anticipated that controls would be initially established on a best effort basis, and that reporting and monitoring would be enhanced over time. The results of our review confirmed best efforts made by Administration and determined the level of accountability and transparency as immediately established for these projects was reasonable. Our report focuses on recommendations to support control improvements for future events as well as the need to enhance tracking and reporting controls supporting the recovery capital projects still underway.

While Administration provided flood recovery reports to Council in 2014, the reports did not provide an update on the capital projects at a project level. To support Council's priority of transparency in reporting, reports on flood recovery capital projects should include a greater level of granularity on individual projects so Council has a greater understanding of the projects and the impact on the City. Reports at the project level will increase transparency to the public as well. Since these projects will continue into 2015 and beyond, we raised a recommendation to the City Manager to ensure there is defined accountability to deliver effective reports to Council on the flood recovery capital project expenditures for the duration of the projects.

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[1] PFC 2013-0634 Attachment 3 CFO's Report to the Priorities and Finance Committee, Sept 3, 2013
[2] See Appendix A for sampled project list.

Although for the majority of the projects, recovery costs may be recovered through insurance or provincial disaster recovery programs, or both, these projects required approval by Council. Finance's first report to Council containing flood related budget revisions was provided six weeks after the flood. We noted that some budget amounts were misrepresented within categories. Specifically greater clarity could have been provided on asset restoration projects which have related City insurance coverage.

Generally processes were in place to ensure accountability of flood funding recovery expenditures. There are a number of opportunities where Administration can enhance disaster event expenditure processes and communication of those processes for future disaster events. One example would be to develop a separate process for insurance recovery projects.

To enhance accountability for disaster event project budgets and expenditures, Administration should develop corporate project management guidelines specific to disaster events. Guidelines should address the following areas: budget approval templates; timing of budget re-estimations; cost and issues tracking; and reporting requirements. Guidelines would establish consistency in project management for disaster recovery capital projects. The benefits would include clarity of approval processes and consistency of project monitoring and reporting.

Overall we raised three recommendations to address transparency in reporting to Council along with recommendations to improve processes that support accountability of flood recovery expenditures. Details of the recommendations are within Section 4.0 of the report. Management has accepted these recommendations and opportunities to improve processes with commitment on action plans by or before June 30, 2015. The City Auditor's Office will follow-up on these commitments as part of our regular monitoring.

1.0 Background

On June 20, 2013 at 10:16 am, a state of local emergency was declared for the City of Calgary due to rising water in the Bow and Elbow Rivers. The rivers overflowed their banks resulting in extensive flooding around the rivers and beyond.

The June flood event created significant damage to municipal infrastructure and service delivery, as well as to local communities. The impact to City infrastructure sustained as a result of the flood was estimated at $445M as at September 3, 2013. A master list of infrastructure projects was created by Administration that identified 185 projects. The City will seek cost recovery for eligible projects through insurance claims, and/or provincial disaster recovery programs.

Since the June 2013 flood, the City transitioned from emergency response to repair and recovery and more recently to resiliency. Following the State of Local Emergency (SOLE), the City was focused on restoring City services and access to buildings for staff and the public. There was an urgency to move the recovery work forward as fast as possible in order to mitigate losses and restore City services. At the same time the City was resuming to standard budget approval and expenditure processes.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective

The objective of this audit was to provide assurance on the effectiveness of key controls that support accountability and transparency of flood funding recovery expenditures.

2.2 Audit Scope

Our focus was on capital flood recovery project expenditures. The budgets for the projects we reviewed were approved in the following two ways[3]:

- Request for expenditures approved by Administration from July 4, 2013 to September 16, 2013[4] ($19.7M), and/or
- Council budget approval on September 16, 2013 ($95.6M for 2013)[5].

Expenditures approved during the SOLE were out of scope for this audit as the City Auditor's Office is currently conducting an audit specifically on procurement during the SOLE.

Our audit planning started in January 2014 with our testing concluding in June 2014. Our time period for testing was July 4, 2013 to December 31, 2013. In order to follow the sampled activity, we reviewed related documents issued up to May 31, 2014.

[3] Some flood projects received initial approval for expenditures during SOLE by the Director of Calgary Emergency Management Agency (CEMA)
[4] City Manager's Office Report to Council, December 16, 2013 - C2013-0836 Attachment 4
[5] Same as Footnote 3

2.3 Audit Approach

We assessed the design and effectiveness of processes and controls to support transparency of flood funding recovery expenditures. Our review included the following areas to ensure:

- Separate and distinct accountancy of flood recovery expenditures were established;
- Review and validation of key fund-related reports occurred; and
- Appropriate and timely disclosure to Council was provided.

We chose a representative sample of nine projects across eight business units to assess accountability for flood recovery expenditures. The sampled projects are listed in Appendix A. The selection included a cross-section across the organization with total project budgets ranging from 0.5M to $42.3M. Our sampled projects included Calgary Police Service's (CPS) Administration Building and one Civic Partner, the Calgary Zoo.

We assessed the processes and controls put in place by the business units for our sampled projects. Our review included the following processes:

- Approval of original project budget and budget adjustments;
- Monitoring of expenditures against budget and follow-up of any identified significant variances;
- Monitoring of utilization of funds for approved project purpose; and
- Relinquishing any unused budget.

We would like to thank staff from the sampled projects along with staff in Finance and the Recovery Operations Centre for their assistance and support throughout this audit

3.0 Results

We recognize the considerable work effort by all staff involved in managing the flood recovery capital projects and those staff involved in reporting on the projects. These were extraordinary times where individuals were being asked to respond quickly in many cases without clearly articulated procedures.

3.1 Transparency

Separate and distinct accounting of expenditures supports transparency in reporting on flood recovery capital projects. Based on the lessons learned from the 2005 flood event, Finance established a series of accounts in the general ledger that would be immediately available to use in the event of another disaster, and support separate tracking of flood event costs.

In December 2013, Administration provided a flood recovery update report to Council for information. Attachment 4 of the report was a Master List of the flood recovery capital projects. See Appendix D for excerpt from this report. This report was also shared publically on the City's webpage created for Flood Recovery. Reporting on the $445M budget to Council and the public by project provided transparent reporting of the recovery work across the various business units. However, Administration has not provided Council with any further budget and expenditure updates at the project level

since December 2013. Since these projects will continue into 2015 and beyond, we recommended future reports to Council should be broken down by project on the flood recovery capital project expenditures until completion.

3.2 Accountability

Generally processes were in place to ensure accountability of flood funding recovery expenditures. As noted in Section 3.1, Finance used separate and distinct accounting for the flood event. Where appropriate, Finance used existing systems and processes to account for flood recovery projects. In some cases, to support prompt initiation or continuation of the recovery work, new processes were created, such as the Request for Expenditure (RFE) approval process. The RFE process included a template to document interim approval for expenditures prior to the September 2013 Council meeting. Comments from sampled project staff using the form were positive; however, clarity of application could be improved. The observations relating to RFE guidelines and its communication are reported in Section 4.2 and 4.5. See Appendix C for a copy of the RFE template.

Flood recovery capital project budgets were tracked in the existing Capital Budget System (CBS). Finance's reports to Council for flood related capital budgets were generated in the same manner as non-flood projects from the CBS. Finance's decision to track all flood recovery capital projects under the same 900 series of numbers in the general ledger and in the CBS allowed for separate flood reporting.

Our audit work confirmed that following the SOLE the Chief Financial Officer's Department (CFOD) provided effective communication regarding financial processes for recovery work. Communication to staff regarding the systems and processes to be used for accounting of flood recovery projects was clear and timely. Examples of direction provided included:

- Budget approval process;
- Required account set-up in the general ledger for flood recovery projects; and
- Required records retention process.

Staff supporting the sampled projects followed guidance provided by the CFOD for account set-up of flood recovery capital projects with the exception of the projects in Corporate Properties. An opportunity relating to account set-up in Corporate Properties is reported in Section 3.4. Original approved budgets were accurately accounted for in the general ledger as per direction from the CFOD.

Project Managers for the sampled projects were effective in tracking and monitoring their project budgets and expenditures. There was evidence that expenditures for our sampled projects were monitored against budget; significant variances were investigated, and appropriate action was taken to address those variances.

3.3 Project Management Tools

While there were no significant issues with the project management of our sampled projects, we identified an opportunity to enhance project management of capital projects for future disaster events. We raised a recommendation that Administration create corporate project management guidelines for disaster events in Section 4.7.

3.4 Opportunities for Improvement

Information Technology (IT)

We shared an opportunity for improvement with the Director, IT to consider including IT's Crisis Management procedures in their Business Continuity and Disaster plan to ensure clarity of approval authority under various scenarios, including during a SOLE. We also suggested that the Director ensure staff awareness of the procedures and that key staff receive related training. The IT Director agreed with the suggestions and indicated that IT is currently working on updating the IT Crisis Management procedures.

Corporate Properties & Buildings (CP&B)

In our sampled projects we noted that the Administration Building & Old City Hall Flood Recovery project was not set-up in the general ledger under a distinct Activity code within their flood Program. The Administration Building & Old City Hall Flood Recovery project was classified under Program 937 as Activity code 793701 along with four other projects. Creating project reports from PeopleSoft without distinct Activity Codes takes extra effort and time.

We shared an opportunity for improvement with the Director, CP&B to consider that for future disaster events capital projects each have a separate Activity code to facilitate efficient recording, tracking and monitoring of project expenditures, including actual to budget. During Activity code set-up, consideration should be given to combining work for a complex into one project to facilitate the efficiency of invoicing and accounting of expenditures. The Director indicated that CP&B will take the opportunity into consideration, and will work with Finance as they work further on CP&B's business continuity initiatives.

4.0 Observations and Recommendations

Transparent reporting of flood recovery capital projects ensures Council has complete and relevant information to support their analysis and decision making. Council supports transparency in government decision making and spending to the public. To be fully transparent in relation to budgets, capital project flood recovery reports should include budget adjustments and estimated budget required to complete the project. Implementation of the recommendations in Sections 4.1 and 4.3 will enhance current reporting of flood recovery capital project expenditures while the recommendation in Section 4.2 will improve reporting for future disaster events.
Administration is accountable to both Council and the public and is responsible to ensure all expenditures are authorized and appropriately recorded. Finance supports accountability by establishing processes and controls within disaster recovery processes; such as, approval sign-off requirements. We identified additional financial procedures which require further clarity with respect to budget adjustment processes,

budget approval processes and account coding. Implementation of the recommendation in Section 4.4 will improve accountability for budget adjustments in Calgary Police Service (CPS); while recommendations in Sections 4.5 to 4.7 will enhance processes to improve accountability for future disaster events.

4.1 Flood Recovery Capital Project Reporting to Council

We noted that status reports on flood recovery capital projects going to Council were prepared by the Flood Recovery Task Force (the Task Force) from the Recovery Operations Centre. In December 2013, the Task Force provided Council with a report[6] that grouped flood related capital projects into 56 project line items totaling $445M. This report provided the total estimated budget by project required to complete the recovery projects. The list of projects was further broken down into 185 separate projects each with unique flood project identifiers to support submissions to the province's disaster recovery program.

Since December 2013, there have been no additional flood recovery capital project reports to Council providing updates by project. The lack of timely flood recovery capital project update reports to Council during 1st quarter 2014 may have negatively affected Council's ability to provide appropriate oversight and guidance to Administration.

Subsequent to our audit, the Task Force delivered a flood recovery update report to Council in June 2014. However, this report did not provide status updates for the flood recovery capital projects on a project by project basis nor did it include all approved budget adjustments. There were three specific budget adjustments that had occurred in 2014 that were not reflected in the flood recovery update report. There is a risk that other flood recovery capital projects may require budget increases for future years and Council is unaware of potential future year adjustments.

Recommendation 1:

We recommend that the City Manager assign accountability for the timely delivery of status reports on flood recovery capital projects to Council until such time as all the projects are completed.

To support transparency to Council, reports should provide updates at a project level and include the following information for each on-going project:

a) Original approved budget;
b) Budget increases, decreases, or adjustments due to consolidation of recovery work that has occurred;
c) Revised budget, if any;
d) Costs to date;
e) Remaining budget; and
f) Estimated budget to complete.

[6] C2013-0836 Attachment 4 City Manager's Office report to Council, Dec 16, 2013

Management Response
Agree - Administration supports the principle of transparency in relation to budgets and ensuring that timely information is available to Council to support their analysis and decision making.

Action Plan	Responsibility
1. City Manager's Office will examine the feasibility and utility of expanding the current report format and frequency.	1. Lead: City Manager's Office Director Support: Recovery Operations Director Completion Date: Dec. 31, 2014
2. Execution of providing status reports on flood recovery capital projects at a project level.	2.TBD following completion of action item 1

4.2 Priorities and Finance Committee Report

We reviewed the Chief Financial Officer's September 2013 report[7] to the Priorities and Finance Committee Capital and Operating Budget Revisions for the period 2013 January 1 to June 30, with Flood Expenditure Update. We focused on the details relating to flood related capital projects and budget revisions in the report and in Attachment 3 Capital Budget Revisions Requiring Council Approval (flood related). See Appendix B for an excerpt from Attachment 3 that shows the breakdown of figures as discussed below.

Column A of Attachment 3 was labeled *Approved by CEMA*[8] *during SOLE*. The dollar amount was understated since it did not include all the capital budget dollars approved by CEMA during the SOLE. Specifically we identified insurance projects that started during the SOLE that were not reported in Column A.

Column B of Attachment 3 was labeled *Approved by Administration under the Municipal Emergency Plan* and Column C was labeled *2013 Additional Capital Requiring Council Approval*.

The distinction in the column headings does not reflect the actual overlap of activities that occurred during the periods and although reflective of the RFE process, may have created confusion to Council on whether they were approving work that had already started versus approval of a budget so Administration could commence work. There was work done in the SOLE, and/or the RFE period up to August 15, 2013 that is captured in Column C as requiring Council approval.

[7] PFC 2013-0634 CFO's Report to the Priorities and Finance Committee, Sept 3, 2013
[8] CEMA stands for Calgary Emergency Management Agency

In our sampled projects we noted the following in reference to Columns A, B & C:

CPS Administration Bldg: Remediation work started June 21, 2013; however, there are no figures reported under Column A. The report shows the $7M project budget under Column C. It may have appeared that CPS had not started the work and were asking for approval of $7M so they could start work. However, close to $2M had been spent by September 2013.

IT Telephone Restoration: IT was conducting telephone restoration work throughout the SOLE; however, the first request for approval was an RFE for $2.2M approved by the City Manager July 26, 2013 and no amounts were reported in Column A.

Civic Partners – Calgary Zoo Buildings: Rebuild work was being done to Zoo buildings after the end of the SOLE; however, no RFE was completed. Rebuild work estimated at $20M began in July; however, budget approval was reported under Column C for $16.6M with no amounts in Column B. Contracts for this work were entered into on July 11, 2013.

The inconsistencies of insurance projects approval led to the inaccuracies found in Attachment 3, and without accurate records it will be difficult to ascertain appropriate categorization, therefore we are not recommending restating this report to Council. Section 4.6 discusses inconsistencies in insurance projects further.

Recommendation 2:
We recommend that The Chief Financial Officer reassess disaster event processes to ensure Finance will have the documentation to support accurate and clear reports to Council for future events.

Management Response
Agree

Action Plan	Responsibility
CFOD will review and strengthen the project budget, approval and reporting processes to support and enhance accuracy, timeliness and consistencies in the reports to Council. Reports would include all funding third party (e.g. funding from disaster recovery program and insurance companies), self funded, mill rate supported, etc. Also please refer to the Action Plan relating to Recommendation 7.	Lead: Manager, Corporate Budgeting, Economics, Management Analysis and Reporting, CFOD Support: Portfolio Finance Managers; Director ROC; CMO Director; Risk Management & Claims Division, Law Department; CEMA; and Project Managers Completion Date: June 30, 2015

4.3 Consolidation of Parks Pathways Budgets

As part of the flood recovery effort the Parks business unit received separate capital budgets to rebuild Pathways, Major Parks (Prince's Island & Bowness), Other Parks, and Parks' Buildings. Our sampled project was the Parks Pathways project which had an estimated budget of $42.3M.

Within the overall Parks Pathways project there were 38 individual pathways requiring repairs due to the flood. We noted that 10 of the 38 Parks Pathways projects were consolidated with larger park projects under Major Parks or Other Parks flood recovery projects. We understand the reason to consolidate the work was to gain efficiencies in labour time and costs. However, we noted that budgets for the work were not being transferred consistently to the other project where the costs would apply.

For example, one invoice in our sample was recorded under Activity 793230 – Pathways in the general ledger; however, the budget was approved under Activity 793220 – Other Parks. Staff indicated that consolidation of work led to challenges with tracking the projects costs against original budget approvals.

Flood Recovery projects should be accounted for separately to support monitoring of expenditures against budget to identify and follow up on significant variances, and transparency of flood recovery budgets and expenditures.

There may be budget status reporting difficulties in reporting expenditures to date against budgets as approved in PFC2013-0634. If expenditures are not tracked and reported against the approved budget line item there is a risk of reporting misleading information on flood recovery projects.

Recommendation 3:

We recommend that Parks Management adjust flood recovery project budget allocations for significant pathway projects that are allocated to another flood project in order to facilitate monitoring and enhance reporting.

Management Response

Agree

Action Plan	Responsibility
Parks revised all flood related capital project budgets to more closely align to updated costing estimates and cash flows. This is being done with Council approval on two fronts: a June 2014 BG12 which requested a budget transfer between flood activities and an Action Plan request that will reduce our total future flood ask from $42M down to $6M. Parks enhanced its reporting on all flood projects including those relating to pathways. Updated reports now track individual projects including;	Lead: Manager Planning and Development Service North, Parks; and Finance Lead Support: Project Coordinator, Parks Completion Date: Sept. 30, 2014

Action Plan	Responsibility
budget, actual, and outstanding commitments, all by year. These reporting changes and budget moves will make it easier for Parks to identity and react to individual project spending variances going forward. With respect to future disaster events, all inventory assets located within a park, including pathways, will be identified and tracked in the budget request for the park. Stand alone pathways or pathways not associated with a park will be identified and tracked as an independent project.	

4.4 Calgary Police Service Budget Revisions

There is no policy in place for capital budget relinquishment; however, historical practice has been to wait until the project is complete prior to relinquishing the budget. CPS relinquished $3M of the budget for the CPS Administration Building project as part of budget finalization process for 2013 reducing the $7M budget to $4M, even though the project was still in-progress at that time. During the audit the CPS Project Manager indicated that he was not aware that the budget was decreased, and he estimated the project would require a budget of closer to $5M which exceeded the revised budget at that time of $4M. Subsequent to the audit fieldwork, CPS re-evaluated their project budget and requested a budget increase.

Requests for budget adjustments should be documented, supported by appropriate analysis, and approved. Finance staff and Project Managers should work together to ensure budgets are reviewed and revisions are requested when appropriate. There may have been an internal communication breakdown between CPS Finance group and Project Managers. There may have been a lack of clarity on whether to relinquish part of the budget prior to the completion of the project, and if so what amount should be relinquished.

Recommendation 4:

We recommend that City Finance work with CPS Finance Division to ensure CPS is aware of current direction and practices pertaining to capital budgets.

Management Response

Agree

Action Plan	Responsibility
1. Director Finance/City Treasurer had a discussion with the CPS Finance Manager to firstly understand why CPS relinquished the appropriation and secondly that CPS Finance fully understands the capital budget processes. 2. Corporate Budget Office will host a series of capital budget educational sessions for Finance Managers, Finance Leads and interested Project Managers on capital project budgeting, cash flow, project appropriation relinquishment, deferral and advancement.	1. Completed 2. Lead: Manager, Corporate Budgeting, Economics, Management Analysis and Reporting, CFOD Support: Portfolio Finance Managers Communication Advisor Corporate Project Management Framework Completion Date: March 31,2015

Recommendation 5:
We recommend that CPS Finance Division communicate with Project Managers prior to any capital project budget revisions.

Management Response
Agree

Action Plan	Responsibility
We will continue to have regular capital meetings and going forward there will be a deliberate request and approval before relinquishment of any capital budget amount.	Lead: CPS Finance Manager Support: CPS Facilities Manager Completion Date: Completed and On-going

4.5 Request for Expenditure Approval Process

During the SOLE, the Director of CEMA had the authority to approve work for flood response and recovery. As noted in the Results section above, once the SOLE ended Finance created a new interim approval process. The process included a RFE form which required approval by Administration (relevant General Manager, Chief Financial Officer, and City Manager).

Based on our sample of nine projects, we noted three projects where the RFE approval process was not consistently applied, resulting in business units seeking Council approval in September 2013 for work that had already started. This may have occurred due to communication to complete an RFE not being received by all appropriate staff. Further those who were aware of the process indicated in audit interviews the guidelines may not have been fully understood.

Recommendation 6:
We recommend that, if the Chief Financial Officer plans to use the Request for Expenditure process for future disaster events, the process should be enhanced by:

a) Creating and maintaining a key contact list; and
b) Incorporating the process guidelines into business continuity & disaster plans.

Management Response
Agree

Action Plan	Responsibility
1. Create and maintain a key contact list relevant to the RFE approval process which will contain contact information for key staff including the Manager Supply; Finance Managers, including CPS; and Manager Civic Partners.	1. Lead: Manager, Corporate Budgeting, Economics, Management Analysis and Reporting, CFOD Support: Portfolio Finance Manager ,Director CEMA, Communication Advisor Completion Date: Dec. 31, 2014
2. CFOD will revamp and roll out the RFE guidelines through a number of educational sessions for Project Managers, Finance Managers and Finance Leads. CFOD will develop a communication plan that can be activated in a timely manner when disaster events occur. CFOD will work with CEMA to include the guidelines into CEMA's business continuity and disaster plans.	2. Lead: Manager, Corporate Budgeting, Economics, Management Analysis and Reporting, CFOD Support: Portfolio Finance Manager ,Director CEMA, Communication Advisor Completion Date: June 30, 2015

4.6 Approval for Insurance Projects

As noted under Section 4.5, the RFE process was applied inconsistently. Project Managers of sampled projects supported by City insurance commented that they were unclear as to the necessity of the RFE approval process.

The following sampled projects started flood recovery work prior to approval as reported in PFC2013-0634 ATT3 (See Appendix B):

- CPS Administration Building: Council approved the project budget of $7M in September 2013, however, work started June 21, 2013. CPS Finance prepared an RFE on August 15, 2013. However, it was not included as an RFE in this report as it had not been signed by the City Manager prior to the cut-off date set for the process of August 15, 2013.

- IT Telephone Restoration: Work started June 20, 2013 under an IT Crisis Event and continued throughout the SOLE. The report shows no "approval" under the SOLE with the first approval coming on July 26, 2013 when the City Manager signed IT's RFE for $2.2M.

- Civic Partners – Calgary Zoo Buildings: Contracts for an estimated $20M in rebuild work were entered into on July 11, 2013. However, there was no RFE completed to approve this spending. $16.6M of the estimated $20M was included in the amounts requiring Council approval.

We are aware that for the majority of the projects, recovery costs may be recovered through insurance or provincial disaster recovery programs. While the insured projects may pose a lower financial risk to the City, clarity should be established as to the crisis event process for insured assets, which would include appropriate approval requirements (e.g. whether or not insured projects require an RFE) and reporting.

Recommendation 7:
We recommend that the Chief Financial Officer, in consultation with the City Solicitor, create a separate crisis event process for insured assets that includes determining approval requirements and reporting of insurance projects.

Management Response:
Agree

Action Plan	Responsibility
CFOD will work with the City Solicitor to develop an efficient and effective processes relating to insured assets - project approval including budget, cost recording, tracking, reporting and recovery.	Lead: Finance Manager, Corporate Services, CFOD and Manager, Risk Management and Claims Division, Law Department Support: Portfolio Finance Managers Completion Date: March 31,2015

4.7 Project Management Tools

One of the Project Managers' responsibilities is to track and manage the project budget and expenditures. They are also typically responsible for monitoring and reporting with respect to deliverables, schedule and budget.

We noted that there was no formal coordinated direction from CFO or the Corporate Project Management Centre to Project Managers to comply with the Corporate Project Management Framework (CPMF) with respect to the flood recovery capital projects. CPMF Wave 1 guidance was implemented as of February 2013 which includes standards for project estimations and progress reporting.

We understand that the flood recovery capital projects started in a time of crisis and following existing CMPF guidelines may not be feasible. However, an opportunity exists to address a number of our earlier observations, through the implementation of a corporate project management framework for disaster events that would allow for initial response efficiency yet provide the foundation for improved discipline as the project proceeds. We noted that four Project Managers for our sampled projects were directed by their managers after the SOLE to follow Wave 1 of the CPMF.

Areas to consider incorporating into a CPMF for disaster event are as follows:

- Template to capture amounts approved during a SOLE event;
- Insured Asset template to capture estimates of costs required to replace contents and repair buildings to their previous condition, as determined by the Risk Management & Claims Division in conjunction with The City's insurers;
- RFE approval guidelines and template;
- Budget templates including budget re-estimations templates and guidelines on the timing of budget re-estimations;
- Cost and issues tracking and reporting templates to allow for early identification and mitigation of risks and issues;
- Requirement to assign Project Sponsor Role to ensure that the progress reports are reviewed.

A CPMF for disaster events could be incorporated into Business Unit's business disaster and business continuity plans and shared with CEMA.

Recommendation 8: We recommend that the Director, Infrastructure & Information Service investigate implementing corporate project management guidelines and templates for disaster events.

Management Response:
Agree

Action Plan	Responsibility
1. Infrastructure & Information Services through the Corporate Project Management Framework (CPMF) will undertake work to review the application of existing CPMF standards as well as other corporate templates in respect to disaster events and advise the Priorities and Finance Committee (PFC) regarding its findings no later than end of Q2, 2015.	1. Lead: Manager Projects & Asset Management Support: CPMF Steering Committee Completion Date: May 31, 2015
2. Implement corporate project management guidelines and templates, inclusive of document management, for disaster events as approved by PFC.	2. TBD based on results of action item 1 (or Dec 31/15)

Appendix A - List of Sampled Projects

Sampled Flood Recovery Capital Projects

Figures agree to C2013-0836 Att 4 - ($000s)

PRG NO.		DESCRIPTION	Approved by CEMA during SOLE	Approved by Administration under the Municipal Emergency Plan	2013 Additional Capital Budget Council Approved on September 16 PFC2013-0634	2014 Adjustment	Future Years (Estimate)	Total	Audit - Sample Project Number
932	793230	Pathways	666	934	2,000	12,900	25,800	42,300	1
935	793506	Calgary Fire Department (CFD) Boat Launch Repairs	125	420	-			545	2
935	793501	Building Infrastructure Flood Mitigation	-	-	900	-		900	3
937	793701	Administration Building & Old City Hall Flood Recovery	1,048	2,000	4,893			7,941	4
941	414200	Telephone Restoration	-	2,200	3,900			6,100	5
949	794901	Pedestrian Bridges	-	378	1,050	7,950		9,378	6
952	795236	Recovery of Bonnybrook Wastewater Treatment Plant	2,087	5,150	10,094			17,331	7
953	428304	Administration Building	-	-	7,000			7,000	8
956	795615	Calgary Zoo Buildings	15,000	-	16,600	4,200		35,800	9
								$127, 295	

Appendix B - Flood Related Capital Budgets Requiring Council Approval

Excerpt from Attachment 3 of PFC2013-0634

CAPITAL BUDGET REVISIONS REQUIRING COUNCIL APPROVAL (FLOOD RELATED)
($000s)

PRG NO.	DESCRIPTION	A *Approved by CEMA during SOLE	B Approved by Administration under the Municipal Emergency Plan	C 2013 Additional Capital Budget Requiring Council Approval	D For Information Only Preliminary Budget Required for Future Years
	PARKS				
932	**Pathways** **Scope of Work:** Cleanup, repair and replacement of pathways that were adversely affected by the 2013 flood, over 30 pathway projects. **Impact:** Loss of connectivity in the pathway system.	666	934	2,000	38,700
932	**Parks Buildings** **Scope of Work:** Remediate Parks' facilities which include: washroom structures, depots, panabodes, restaurant structure, picnic shelters and lift stations. **Impact:** Major flooding damage.	2,542	-	-	-
932	**Major Parks (Prince's Island and Bowness Park)** **Scope of Work:** Park clean up, demolition and infrastructure repair. - Bowness Park: Flood damages are affecting the entire park. Significant damage to turf areas, picnic area and play grounds washed out, new parking lot compromised, damage to river edge and lagoon edge, boat house and dock washed out. Pathway at west end of park completely washed out. Lagoon assessment and dredging pending. - Prince's Island: Flood damage to causeway hard surface, furniture, landscaping, irrigation and electrical. East end wetland; bank failure, compromised. Lagoon assessment and dredging pending. **Impact:** Both parks closed due to flood, Prince's Island partially re-opened, Bowness to remain closed for season.	2,100	-	2,600	1,800
932	**Other Parks (excluding Bowness & Prince's Island Park)** **Scope of Work:** Park clean up, demolition and infrastructure repair. **Impact:** Parks closed or partially closed until restoration and repair completed.	4,500	-	3,900	25,000

Appendix C - Request for Expenditure (RFE) Template

Request for Expenditure (RFE)-Template[9]

2013 Flood Event only - non-budgeted Expenditures (>$200,000)

A. Project name –			
Scope of Work			
Impact			
Department			
Business Unit			
Project Mgr			
Finance Mgr			
B. Financial Information ($000's)			
Est. Total Capital Exp. (exclude GST)	Complete with whatever detail known		
Capital by year	2013: $	2014: $	2015 & beyond: $
Oper. Budget impact (if appl)	2013: $	2014: $	2015 & beyond: $
Capital Asset Type /Amount	Replacement: Upgrade:		
Program #	(contact Corporate Budget Office for Program # if not already known)		
Project #	(contact Corporate Budget Office for Project #)		
PO information	Complete with whatever detail known		

C. Approvals		
Project Mgr	Signature:	Date:
Finance Mgr	Signature:	Date:
BU Director	Signature:	Date:
Dept GM	Signature:	Date:
Final Authority (record in right-hand box)	Final Authority Options:	Final Authority Direction Chosen:
CFO	Signature:	Date:
City Mgr	Signature:	Date:

Department Finance Manager to forward copies of completed RFE Template to;

- Supply
- Budget Office
  - Capital Budget impacts
  - Operating Budget impacts
- Corporate TCA
- Recovery Operations

[9] Formatting of template modified for presentation purposes

Appendix D - Master List – Flood Related Projects

Excerpt from Attachment 4 of C2013-0836

C2013-0836
ATTACHMENT 4

Master List - Flood Related Projects

Last Update: November 8th, 2013

PROJECT IDENTIFIERS					FINANCIAL BREAKDOWN				
Province Unique Project Number	Project/Program Name	Department	BU	Project Description	A 2013 Total Approved	B 2014 Total Approved	C Total Approved (2013 and 2014) A+B	D 2015 and Future Years	E Total C+D
I-FL2013-AB-001	Centre City Team building repairs	Community Services & Protective Services	Animal & Bylaw Services	Repair and replace the flood-damaged equipment in basement and garage	$ 125,000	$ 125,000	$ 250,000		$ 250,000
ANIMAL & BYLAW SERVICES TOTAL					**$ 125,000**	**$ 125,000**	**$ 250,000**	**$ -**	**$ 250,000**
I-FL2013-FI-001	Station Flood Mitigation	Community Services & Protective Services	Fire	Implement flood prevention and mitigation measures at stations located with the flood plain (1, 2, 6, 15)	$ 900,000		$ 900,000		$ 900,000
I-FL2013-FI-002	Lifecycle Maintenance - Facility (Boat Launch Rapairs)	Community Services & Protective Services	Fire	Repair and rehabilitation of Boat Launches damaged during the flood.	$ 545,000		$ 545,000		$ 545,000
I-FL2013-FI-002-01	Lifecycle Maintenance - Facility (Boat Launch Rapairs)	Community Services & Protective Services	Fire	8th Street Boat Launch	$ -		$ -		$ -