



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Financial Services
Division: Finance
Report Number: 2020-273-Financial Services
Prepared By: Tracey Bailey, General Manager
Meeting Date: May 11, 2020
Subject: Audit Committee Review of the Municipal Works
Redevelopment Capital Project

Purpose

To provide Council with the findings of the Municipal Works (MW) Yard Redevelopment financial review.

Recommendation

That Council approve the recommendation from the Audit Committee to adopt a formal project management reporting plan as outlined in this report.

Financial Implications

As per the review undertaken by MNP LLC, the financial aspect of this project is being managed effectively at the contract level; however, there could be some benefit to raising the level of focus to the project level.

Strategic Priority Implications

This report addresses Council's accountability and transparency to the ratepayers of the City of Cornwall.

Background / Discussion

At its meeting of August 12, 2019, following several previous reports Council received regarding the MW Yard Redevelopment project, Council approved a Motion to refer this project to the Audit Committee for a review of the financial information with a report brought back to Council.

The Audit Committee met with the City's Auditor, MNP LLC, to discuss its engagement. The conclusions and recommendations from MNP's review are as follows:

CONCLUSIONS

- The variances in cost estimates from 2018 to today are all traceable, explainable and documented by the project team.
- The issue that arose is not about the data being wrong or funds being mismanaged but about a gap in expectations for reporting on the project and its financial progress.
- Additionally, there is a need for greater visibility and governance around managing changes to the cost estimates and plans in order to reduce the likelihood of future misalignment between project status and stakeholder (i.e. City Council, Public) expectations.
- The financial aspect of this project is being managed effectively at the contract level however there could be some benefit to raising the level of focus to the project level as well.

RECOMMENDATIONS

1. The Overall Project Status should be reported to Council on a quarterly basis (monthly by exception) in a dashboard format with attachments including a Change Register, Risk Register, Schedule, and Notes to explain variances in costs or schedule. Please see the recommended Project Status report for the MW Yard Redevelopment Project (at Feb 29, 2020) attached to this report.
2. A formal Project Management Plan should be adopted and implemented to support this project including:
 - Identification and documentation of project risks including mitigation strategies and the progress against those mitigations.

- Decomposition of the current project into a high-level work breakdown structure in order to provide greater visibility into the tasks required to be conducted, the dependencies and the critical path.
 - Project change process for scope, schedule or cost changes (+/- 10% of annual spend or greater than \$50,000) including documentation and approval within a governance structure.
3. Implementation of a standardized project gating approach to project approval, cost and schedule baselining as well cost/schedule/scope change management for the City and its applicable projects.

APPLICABLE CAPITAL PROJECTS

Following MNP's recommendations, the Audit Committee looked at when this project management reporting approach should be used by the City. It was determined that this reporting framework will be used for capital projects meeting the following criteria:

1. Is the Project total value estimated greater than \$2.5 million?;
2. Does the project involve multiple tenders?;
3. Does the project span multiple fiscal years?; and
4. Are the economic, social, or political risks above average for this project?

For capital projects meeting the above noted criteria, status updates would be prepared and reported to Council, on a quarterly basis (monthly by exception), using the framework outlined in the Project Management Plan.

Document Title:	Audit Committee Review of the MW Yard Capital Project - 2020-273-Financial Services.docx
Attachments:	- MW Redevelopment Project Status Report at Feb 20 2020.pdf
Final Approval Date:	May 3, 2020

This report and all of its attachments were approved and signed as outlined below:

Tracey Bailey - May 1, 2020 - 9:24 AM

Maureen Adams - May 3, 2020 - 7:03 PM