

Our File/N/Réf.
Your File/V/Réf.

DATE 22 April 1998

TO/DEST. The Chair and Members of Council

FROM/EXP. Regional Internal Auditor

SUBJECT/OBJET **INTERNAL AUDIT'S REPORT ON PROPERTY SERVICES
DIVISION**

BACKGROUND

The Internal Audit Department has concluded its review of the Property Services Division. The attached summary report captures Audit's observations and recommendations. These are intended to address both immediate and future needs. The recommended changes will assist the Division in responding more effectively to client demands and to more equitably apportion the staff workload in the division while strengthening the capacity to plan based on anticipated future needs and savings opportunities. The detailed audit report is available from the Regional Clerk's Department.

Audit and the Director, Property Services Division, have discussed the planned changes and improvements. The Division will keep the CAO's office apprised of progress against these plans. Comments from the Commissioner, Planning and Development Approvals are attached.

PUBLIC CONSULTATION

As this was a review of internal management practices, public consultation was not deemed appropriate or necessary. However, there was extensive consultation with management and staff in the Property Services Division, and with a number of outside organizations.

FINANCIAL IMPLICATIONS

This project dealt with the need to improve the cost-effectiveness of property services within the Corporation and the report's recommendations are aimed at that. The challenge now is in the implementation of these recommendations.

Approved by
Richard F. Palmer

INFORMATION PREVIOUSLY DISTRIBUTED
TO BE LISTED ON CORPORATE
SERVICES AND ECONOMIC DEVELOPMENT
COMMITTEE AGENDA - 21 JULY 98

Attach. (2)

Our File/N/Réf.
Your File/V/Réf.

DATE 1 May 1998

TO/DEST. The Chair and Members of Council

FROM/EXP. Commissioner, Planning and Development Approvals Department

SUBJECT/OBJET **AUDIT'S WORK WITH PROPERTY SERVICES**

I wish to take this opportunity to comment on the work Internal Audit undertook with our Property Services Division. The work which they put into this project has been very worthwhile and will lead to improvements and efficiencies in the way we deliver our services to the Region.

As a result of the observations and recommendations made by Internal Audit, the Director and Managers in Property Services conducted a further review of existing processes, investigated best practices within other organizations and reviewed a number of models designed to improve service delivery. Proposed changes to our organizational structure and processes as a result of the work of both Internal Audit and Property Services management, will be submitted to the CAO for approval.

In the meantime a number of changes have already been implemented, some on a permanent and some on an interim basis, to address immediate pressures. These include changes in procedure, supplementing resources with contracted services as well as interim organizational changes. These steps have proven beneficial but there is more to be done. The 1998 budget contains a proposed increase in expenditures in response to the impact of these changes.

We are committed to implementing these improvements over the coming months. I will keep the CAO apprised of our progress.

Approved by
Nick Tunnacliffe, MCIP, RPP

cc: Chief Administrative Officer
 Director Property Services

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
INTERNAL AUDIT DEPARTMENT
REVIEW OF PROPERTY SERVICES DIVISION

REPORT SUMMARY

INTRODUCTION

A review of the Corporation's facilities management activities was identified in Internal Audit's Annual Project Plan, approved by Regional Council in June 1996. As stated in that Plan, the objectives of this project were to investigate any opportunities to reduce property management costs at 111 Lisgar Street and Environment and Transportation Department facilities, to analyze alternative service delivery options, and to follow-up on Internal Audit's 1994 Buildings and Grounds project.

As a result of the initial analysis, Internal Audit determined that the focus of this project should be revised. The process of absorbing the additional clients and responsibilities which have recently been taken on by Property Services Division (PSD) is still in a transitional phase. The amalgamation of Environment and Transportation operations is also on-going. The objective of this review, therefore, was revised in order to assist PSD in identifying the current priorities to ensure that the needs of their existing clients are effectively met.¹

BACKGROUND

PSD is one division within the Planning and Development Approvals Department.² The total 1997 budget for PSD was \$13.9 million. The Ottawa-Carleton Centre (OCC) Branch budget was \$3.06 million while Property Management's was \$9.84 million.³ The number of full-time equivalent positions in the PSD in 1997 was 45. An organizational chart is attached at Annex B.

Prior to 1994, PSD managed the regional facilities at 111 Lisgar and 495 Richmond Road as well as all interim properties⁴. As a result of the 1994 review, responsibilities were expanded to include all Social Services and Health Department property needs. With the establishment of Regional Police Services in 1995, PSD also assumed the responsibility for providing a full range of property management services to Police. The OCC Branch manages the office complex at 111 Lisgar Street while the PM Branch manages all other regionally owned and leased facilities occupied by Police Services, the Health and Social Services Departments and all interim properties. Two departments, Environment and Transportation (ETD) & Homes-for-the-Aged (HFTA), continue to manage their own facilities.

¹ The project focused on the two of PSD's branches - Ottawa-Carleton Centre (OCC) and Property Management (PM) Branches - which provide buildings and grounds maintenance services. The Property Acquisitions Branch and the Security function were excluded from this review.

² See Annex A for an organization chart.

³ The Office of the Director, Security and Property Acquisition Branches total \$1 million.

⁴ Includes land and facilities purchased for future projects such as roads or water and sewer lines. Such commercial or residential properties are maintained and leased until the land is required for construction purposes.

OBSERVATIONS AND RECOMMENDATIONS

Many positive comments were received from PSD management and staff in the course of interviews. However, while the Division has many strengths on which to build, some outstanding operational issues are preventing the Division from realizing its potential. It is not surprising that the issues presented here have surfaced at this time. Current challenges flow from the changes and additional responsibilities that have been absorbed without, perhaps, enough time to strategize.

Observations and recommendations have been provided to PSD in a number of areas as follows: (1) Consolidation of Property Services, (2) Managing Client Expectations, (3) Maximizing the Use of Available Resources, (4) Coordination/Efficiency of Operations, (5) Organizational Structure, and (6) Implementation of Changes. The following provides a brief summary. A complete list of all recommendations is attached at Annex C.

(1) Consolidation of Property Services. To determine whether the RMOC should pursue further centralization of property services, Internal Audit spoke with all of PSD's current and potential client groups. While existing clients provided many positive comments, a number of significant concerns were also expressed. It is apparent that, with the recent expansion in its client base, there is a need for PSD to address some outstanding and critical operational issues. The Division should continue to focus on improving services to its existing clients rather than attempt to take on new ones.

The pursuit of corporate-wide savings opportunities does not depend solely upon formal centralization. Costs can be contained through the implementation of corporate standards and corporate-wide contracts for such items as janitorial services, window cleaning, landscaping, snow clearing, etc. The existing Interdepartmental Facilities Management Committee could coordinate these initiatives. In light of these considerations, further consolidation of the Region's property management is not recommended at this time.

(2) Managing Client Expectations. PSD clients have indicated that they are unclear about what services to expect from the Division. Service levels and respective responsibilities need to be established pro-actively by PSD management on a Division-wide basis in consultation with clients. Through clearly established responsibilities and adherence to agreed-upon priorities, client expectations will be more effectively managed.

(3) Maximizing the Use of Available Resources. Client service levels and the distribution of resources vary significantly among RMOC facilities managed by PSD. Improving the effectiveness with which resources are used will involve:

- a systematic assessment of all client needs and a Division-wide re-alignment of internal resources;
- routing of customer requests for service through one central service desk;
- addressing management style issues within the two branches to improve employee motivation, productivity and service delivery; and
- ensuring that PSD's information systems become fully functional on a priority basis.

(4) Coordination and Efficiency of Operations: A number of operational and organizational changes could significantly improve coordination and efficiency across the Division, including:

- standardizing the set-up and utilization of the property management information system;
- assigning daily maintenance work in a more time-efficient manner, based on an assessment of relative priorities and decreasing the frequency of interruptions to work in progress;
- reviewing facilities maintenance requirements against resource options across the Division to determine the optimum blend of in-house and contracted work;
- amalgamating the two existing service desk functions; and
- to the extent possible, amalgamating all responsibilities for the maintenance of an individual facility (whether technical or general in nature).

(5) Organizational Structure. PSD's current organization has grown significantly over the years, both in terms of client base and staff complement. A revised structure is required to better accommodate this growth and to resolve the problems it is now facing. Specific recommended changes include:

- delayering and streamlining the management structure in order to distribute workload more equitably, ensure Division-wide consistency, facilitate planning and decision-making at the divisional level, improve client liaison and service delivery, and strengthen the role and influence of the Director⁵;
- relocating staff who provide routine maintenance services to client sites in order to improve knowledge of facilities and related operational factors, efficiencies, response times and rapport with clients (clients have indicated that they would see on-site staff as a major improvement for them); and
- establishing a Facilities Planning & Analysis Function to clearly assign responsibility for accommodation master-planning, space planning, energy management, furniture supplies, corporate standards, compliance with legislated requirements, management of the service desk, information systems and data analysis, and customer service feedback.

(6) Implementation of Changes: The issues raised by this review are not new to PSD management. The Director has worked very closely with Internal Audit throughout this review and has found that the findings have, for the most part, served to confirm his own impressions of what needs to change. A necessary prerequisite to addressing the issues identified in this review will be restructuring the Division so that responsibilities for implementing improvements can be appropriately assigned. There is more than one option for restructuring the Division to achieve the recommended changes and consideration should be given to the strengths of existing staff. It is recommended that action be taken fairly swiftly to avoid a prolonged sense of uncertainty and anxiety for staff.

⁵ Internal Audit has discussed various organizational structure options with the Director, PSD. The revised structure should ideally combine the current Manager and Coordinator/Supervisor layers.

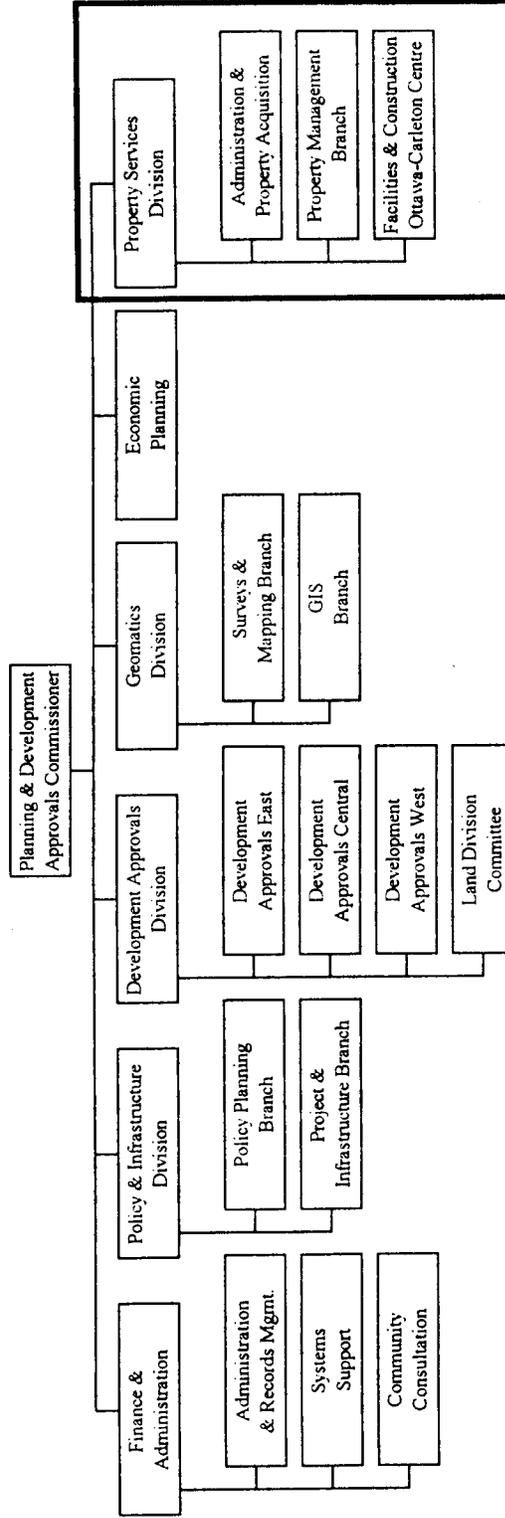
CONCLUSION

Property Services Division is at a critical stage. Clients are cognizant of the tremendous change that PSD has undergone and are still willing to be flexible. They are, however, becoming anxious to complete the transition phase so that they can focus on their own services and leave property issues to property staff.

There are strong staff resources across the Division, some of which are isolated and underutilized. In order to more effectively manage Regional property assets and meet client needs, PSD management needs to set direction and establish priorities as a Division. Facilities and resourcing options should also be assessed on a Division-wide basis to maximize the use of resources. It is felt that the recommendations provided will enable PSD to re-establish its credibility with clients and provide the required leadership in the cost-effective management of Regional facilities.

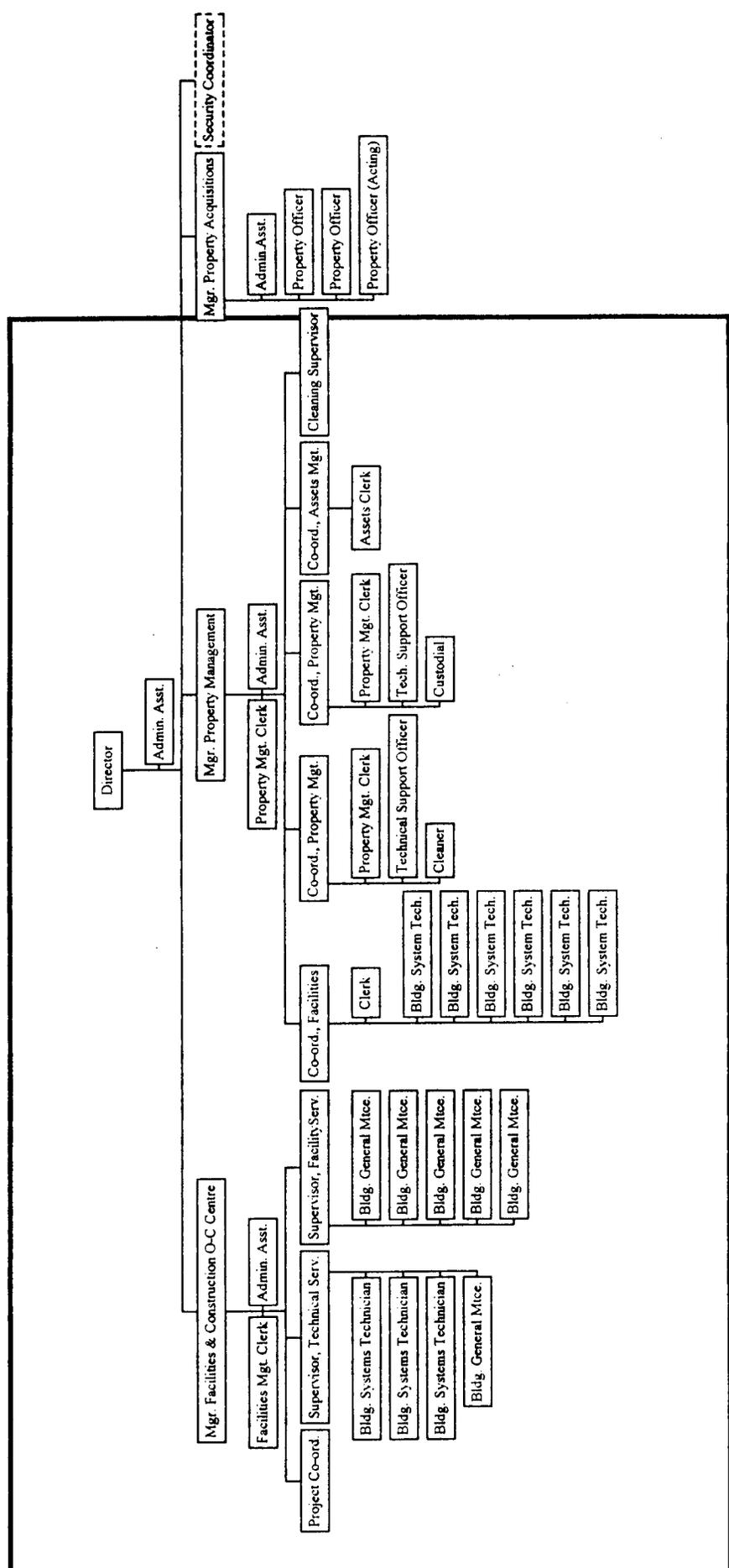
Opportunities for cost savings have been indicated throughout this report. By pursuing corporate standards and contracts, managing client expectations, maximizing the use of available resources and improving internal coordination and efficiency, Property Services Division, will over time, be able to effect cost savings in its provision of property management services to the Corporation. However, improved service delivery and responsible asset management are the more immediate requirements.

Annex A: Planning and Development Approvals Department



NOTE: Framed area represents placement of Property Services Division within Planning and Development Approvals Department.

Annex B: Current Organizational Chart - Property Services Division



OPE: Framed area represents focus of this project.

COMPLETE LIST OF RECOMMENDATIONS
Property Services Division

1. Consolidation of Property Services

- 1.1 Do not further consolidate corporate property services activities at this time.*
- 1.2 Empower PSD to pursue corporate consistency and savings initiatives by strengthening the mandate and role of the Interdepartmental Facilities Management Committee. The Committee should:*
- *continue to be chaired by PSD (ideally the Director); and*
 - *act as a vehicle for PSD to provide leadership and obtain input in the areas of corporate standards and corporate contracts.*

2. Managing Client Expectations

Manage client expectations more effectively by:

- 2.1 Clarifying the mandate of PSD in terms of:*
- *the provision of services; and*
 - *the need to balance a service-orientation with a focus on the cost-effective management of Regional assets.*
- 2.2 Clarifying service arrangements with respect to:*
- *the services to expect;*
 - *the division of responsibilities between Property Services and client departments;*
 - *turn-around times on services; and*
 - *avenues for providing client feedback on services.*
- 2.3 Developing key tools such as:*
- *performance indicators;*
 - *a feedback survey and the ongoing analysis of requests and complaints;*
and
 - *client service agreements.*

COMPLETE LIST OF RECOMMENDATIONS
Property Services Division

3. Maximizing the Use of Available Resources

Maximize the use of available resources by:

3.1 Reviewing and matching up client facilities with staff resources.

Consider:

- *facility characteristics, client needs, level of client service to be delivered;*
- *staff skills available within the Division;*
- *available contract resources;*
- *the balance between responsive customer service and cost-effectiveness;*
and
- *placing PSD staff on location at key client sites.*

3.2 Addressing performance management issues.

3.3 Completing automation of work orders, preventative maintenance, tracking properties, expenditures and revenue, building specifications/base data and space planning on a priority basis.

Consider:

- *increased use of technology to enhance performance;*
- *formal Timberline training for key program users;*
- *immediate conversion of remaining modules to Windows version;*
- *substitution of another compatible work order system for Timberline's Work Order module if the Windows version is not available in a timely manner;*
- *entering backlogged base data on building specifications and inventories into Timberline to optimize use of tracking and preventative maintenance features;*
- *choose either Autocad or Intergraph as the Division's CAD system; and*
- *ensure a CAD system is up and running and enter backlogged data to make the system usable.*

4. Coordination/Efficiency of Operations

4.1 Improve the coordination and efficiency of service delivery activities by:

- *planning and managing services more as a Division versus separate branches;*
- *centralizing the service desk function;*

COMPLETE LIST OF RECOMMENDATIONS
Property Services Division

- *ensuring an appropriate distribution of resources across client facilities; and*
- *establishing consistent operational processes across the Division.*

5. Organizational Structure

- 5.1** *Reorganize the structure of the PSD to strengthen its capacity to deal with current and future priorities.*
- 5.2** *Ensure that the reorganization serves to:*
- *streamline the management structure;*
 - *assign staff resources to client portfolios to ensure all clients are effectively served;*
 - *create a central resource pool for more specialized needs;*
 - *reduce the need for coordination between branches;*
 - *establish a facilities planning and analysis function; and*
 - *maximize the use of available human resources across the Division.*
- 5.3** *Review the location of the PSD within the corporate structure and its relationship with other Property Management groups within the Corporation in two years' time.*

6. Implementation of Changes

- 6.1** *Provide an action plan to the Chief Administrative Officer including financial implications.*
- 6.2** *Provide complete feedback to management and staff of the Property Services Division on the specific observations and recommendations resulting from this review, ideally through access to this report. Obtain staff input as appropriate and communicate management's action plan for addressing recommended changes as soon as possible. Consider consulting the Manager, Corporate and Internal Communications for advice regarding a communications plan.*
- 6.3** *Develop functional descriptions of new or revised organizational areas in consultation with Internal Audit (to facilitate job design by Human Resources).*
- 6.4** *Evaluate progress within two years to ensure that issues have been addressed, that clients are satisfied with services, and that staff morale is positive.*