



***Environmental Services – Forestry
Contract Management Audit
Report***

March 2020

TABLE OF CONTENTS

Section	Page No.
1.0 MANAGEMENT SUMMARY.....	2
2.0 INTRODUCTION	2
3.0 OBJECTIVES AND SCOPE.....	3
4.0 DETAILED OBSERVATIONS AND RECOMMENDATIONS.....	4
4.1 FINALIZE POLICIES AND STANDARD OPERATING PROCEDURES.....	4
4.2 WATERING CONTRACT MONITORING AND INSPECTIONS	5
4.3 ENSURE CONTRACTOR PROVIDES WORK NOTIFICATIONS AS REQUIRED BY CONTRACT	6
4.4 CONTRACTOR TRAINING DOCUMENTATION	7
4.5 FORMAL DEFICIENCY TRACKING DOCUMENTATION	7
4.6 CONTRACTOR CREW QUALIFICATIONS REVIEW	8
4.7 DISPOSAL OF MATERIAL FROM TREES IN REGULATED AREAS AND QUARANTINED ZONES.....	9

1.0 Management Summary

Audit Services has completed an audit of Forestry Contract Management in Environmental Services.

The audit was conducted in accordance with the *Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing*.

The scope of the audit included a review of the Region's policies that govern the Forestry Contract Management process. Additionally, we performed a detailed review on a selected sample of contracts to ensure adherence to contract requirements.

Testing was conducted at a sufficient level of detail to allow us to evaluate compliance with the contract requirements and other applicable policies / procedures.

Overall, the results of our detailed testing indicate that the Forestry Contract Management process operates in a manner that helps to ensure compliance with contract requirements.

Opportunities for internal control improvements were noted and discussed with appropriate management. These improvements relate to formal policies and Standard Operation Procedures, improved inspection documentation for the watering contract, and various contractor documentation collection and maintenance.

It should also be noted that there were key processes identified during the audit where controls were strong and working as designed. This includes the overall Region inspection process for Forestry contracts, communication with the contractors, and ensuring accurate billings according to contract terms.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank Environmental Services staff for their co-operation and assistance provided during the audit.

2.0 Introduction

As part of our Regional Council Approved Audit Plan, the Audit Services branch performed a Forestry Contract Management Audit. The Audit Plan, approved by the Audit Committee, is developed by Audit Services using a risk assessment methodology that helps to define the different risks associated with the various processes at the Region. It is one tool that Audit Services uses in assessing where best to allocate audit resources.

The Environmental Promotion and Protection branch manages the contracts within the Forestry and Natural Heritage area. The services covered by these contracts include tree planting, mature tree maintenance, watering, and timber harvest.

Audit Services reviewed the Forestry contract management process by reviewing the Region's process for ensuring adherence to contract requirements.

3.0 Objectives and Scope

The main objective of this engagement was to:

- Review contract administration within Forestry to ensure that performance is in adherence to contract requirements.

The audit objectives were accomplished through:

1. A review of the Region's processes and policies in place for Forestry Operations.
2. A review of Forestry contracts relating to Urban Forestry Renewal, Urban Forestry Operations, Forest Conservation and Green Infrastructure.
3. Selecting a sample of contracts to perform detailed testing ensuring adherence to contract requirements.
4. Observing patrols, inspections and other work performed within the Forestry unit.
5. Interviews with appropriate personnel.
6. Review of other related documentation.

4.0 Detailed Observations and Recommendations

4.1 Finalize Policies and Standard Operating Procedures

Observation

We noted a General Standard Operating Procedure Table that was created for tracking and reviewing the status of Standard Operating Procedures, however, there are currently no existing Standard Operating Procedures.

Our review of existing policies and Standard Operating Procedures available in the Forestry unit noted:

- 5 documents were created in November 2017 and have not been updated since, nor have been approved and signed off. These documents include Data Collection and Inspections, Roadside/Trailside/Parking Lot, Vehicles and Equipment, and Working at Heights.
- The Hazard Tree Management Strategy was last updated in October 2016 and was not approved and signed off.
- The Species at Risk Mitigation Measures for Forestry Practices in York Region is currently in draft form since 2010.
- The Juvenile Tree Maintenance Field Guide was created to utilize as a framework for training students on how to mulch and prune juvenile trees in accordance with York Region Forestry standards, however, this document has not been approved and signed off.

Recommendation

Management should create and finalize the Standard Operating Procedures document.

Management should review the existing policies and procedures that exist but have not been updated or approved as far back as 2010, as well as other various standards and guidelines, and consider their inclusion in the Standard Operating Procedures document.

Due to the inexperience and turnover of student employees, we recommend reviewing the Juvenile Tree Maintenance Field Guide for approval and sign-off to be communicated with students.

Management Response

Completion Q4 – 2021

As recommended, management will create a Standard Operating Procedures document for Natural Heritage and Forestry. This document will incorporate updates to existing Standard Operating Procedures, including the Juvenile Tree Maintenance Field Guide, as well as the creation of new standard operating procedures if required. Further a review, update and approval of the York Regional Forest Hazard Tree Management Strategy will be completed.

4.2 Watering Contract Monitoring and Inspections

Observation

We reviewed GPS analysis performed by Region staff in which it was identified that the Contractor was not spending a sufficient amount of time on route to properly water according to contract requirements. The contractor only completed 76% of the watering assigned. Staff has since brought this issue to the attention of the Contractor.

This type of analysis was a one-time exercise and is not performed on a regular basis.

Additionally, we reviewed the months of June and August 2019 to ensure that the watering Contractor was submitting their watering forms as required. In August 2019, we noted that on 4 dates in which the calendar indicated watering was performed, no forms were submitted.

The watering forms do not provide any information regarding the crew, or the opportunity for comments by the contractor. Through discussion with staff, we noted that the Region is aware that the information captured on the watering forms could be improved and that a review is underway to develop new forms.

There is no formal documentation for the soil moisture inspection details performed by the Region for the watering contract.

Recommendation

Management should consider performing regular audits using the GPS analysis on the Contractor to help ensure that the Contractor is spending sufficient time on route to properly perform watering. Management should include any audit results as a standing item with the Contractor at monthly meetings to formally document any performance issues.

Management should review and update the existing watering forms to include more detail regarding the work performed by the Contractor. The Region should ensure that these forms are collected from the Contractor and maintained.

Management should also formally document and track the soil moisture inspections performed and their results.

Management Response

Completion Q4 – 2020

As recommended, management will require regular audits of all contractor watering activities using the GPS based automated vehicle location system installed on contractor vehicles. Results of each audit will be documented and results shared with the Contractor. Payment is based on work actually completed, not assigned. In addition, results of watering and other work audits will be included as a standing agenda item in Contractor update meetings. Contractor update meeting agenda template will be revised to include this item and discussion documented in the meeting minutes.

Watering forms for all contracts will be reviewed and updated to include more detailed information regarding the work performed, and will be collected from the Contractor and maintained. Although the contractor only completed 76 % of the required watering, the issue was discovered early by our audit process and corrected by the contractor, minimizing impacts to tree survivability.

Soil moisture audits completed by staff will be formally documented in a soil moisture audit form.

4.3 Ensure Contractor Provides Work Notifications as Required by Contract

Observation

We randomly selected a month to review work notifications from the landscape maintenance Contractor to ensure they were sent within the contract required time limits. For June 2019, of the 8 maintenance notification emails received, only 1 met the minimum time notice as required by the contract (12.5%).

One of the notifications reviewed confirmed work that was performed the previous day, and was only confirmed due to Region staff questioning the quality of the work performed.

The landscape maintenance contract requires that the Contractor submit an electronic notification to the Region on a daily basis, setting out the proposed locations and descriptions of work to take place the following work day, at a minimum of 16 hours prior to commencing work.

The mature tree maintenance contract has the same contract requirements. We randomly selected a month for this contract to review work notifications as well. For August 2019, of the 13 email notifications received for the month, only 2 were sent the prior working day and provided the minimum 16 hours of notice (15.4%).

Recommendation

Management should ensure that Contractors are fulfilling their contractual requirement to provide electronic notifications of work to the Region within one working day notice and a minimum of 16 hours prior to commencing work each day (or other, depending on the contract).

Management Response

Completion Q4 – 2020

As recommended, management will ensure Contractors are fulfilling their contractual requirements to provide electronic notifications. Although notices were received later than required, Region staff was still able to complete inspections of the contractors' operations. A review of the current requirement will be completed to ensure it is reasonable given the nature of the work and time required to deploy staff to complete inspections. These changes will be incorporated as contracts are tendered. Contractor notifications will be tracked and compliance discussed at regular Contractor update meetings.

4.4 Contractor Training Documentation

Observation

In our review of the watering contract, we were unable to locate and review training records for the Contractor.

The contract requires that the Region provide mandatory training to the Contractor. It also requires that the Region provide a train-the-trainer version of this course to the Contractor. This enables the Contractor to ensure training is kept up to date for all staff.

As per discussion with management, the Region did provide training regarding working with rapid ways, however, we were unable to locate training records for our audit.

Additionally, there was no evidence that the train-the-trainer course was provided to the Contractor.

Recommendation

Management should document and maintain evidence that the Contractor was provided all mandatory training as required by the contract. For all contracts with training requirements, the Region should collect and maintain the corresponding training records regularly as evidence that training was provided.

Management should also ensure that train-the-trainer courses are provided to the Contractor as required by the contract, and that the Contractor ensures their staff training is up to date as per Region standards.

Management Response

Completion Q1 – 2021

As recommended, management will document and maintain evidence that Contractors have been provided all mandatory training, including train-the-trainer, using a training course sign-in sheet. A training course sign-in sheet template will be prepared and used for all Natural Heritage and Forestry contracts with training requirements.

Management will require Contractors to submit proof of training provided internally to their staff, in the form of a completed training sign-up in sheet.

4.5 Formal Deficiency Tracking Documentation

Observation

We noted that no formal deficiency tracking document was maintained for our review of the watering contract.

Deficiencies are identified and communicated via email to the Contractor, which are maintained in the eDOCS folder for the contract.

We reviewed a sample of deficiency emails and correspondence for our audit and found that deficiencies were being followed up with the Contractor for resolution. However, there was no formal document in place for logging deficiencies, their status, and the length of time for resolution to evaluate Contractor performance.

We noted that during our review of the mature tree maintenance contract, a comprehensive and detailed deficiency tracking document was maintained.

Recommendation

Management should implement formal deficiency tracking across all contracts. Deficiency tracking includes logging all deficiency items, their status, and the length of time for satisfactory resolution. This document should also ensure that we are capturing all the necessary information for contractor performance evaluation, if any, required by the corresponding contract.

Management should consider the existing deficiency tracking document maintained for the mature tree maintenance contract as a template for tracking deficiencies across other contracts.

Management Response

Completion: Q2 – 2021

As recommended, management will implement formal deficiency tracking across all contracts, including information required for contractor performance evaluation. Existing templates, including the mature tree maintenance contract, will be used as a guide for preparing contract specific deficiency tracking templates.

4.6 Contractor Crew Qualifications Review

Observation

The Region has requested documentation confirming crew qualifications from the mature tree maintenance contractor, however, had not received this information at the time of our audit for our review.

The contract outlines specific qualifications required by the Contractor and all crew including years of experience by position, qualifications and training requirements. This includes proper training to perform work within 3.05 meters of exposed power lines and have the Infrastructure Health and Safety (IHSA) Five Day Safety and Awareness for Line Clearing training.

Recommendation

Management should collect and review the crew qualifications for the mature tree maintenance Contractor.

Management should also ensure that for all contracts, as part of the contractor audit process, documentation confirming qualifications is obtained regularly and reviewed against contract

requirements to ensure the contractor and all their crew is qualified to perform work on behalf of the Region.

Management Response

Completion Q4 – 2020

As recommended, management will ensure that documentation confirming qualifications is collected prior to the Contractor commencing work and then updated regularly as part of Contractor update meetings. This item will be incorporated into Contractor meeting agenda templates.

4.7 Disposal of Material from Trees in Regulated Areas and Quarantined Zones

Observation

The Region does not have a process in place to ensure that the material from trees in regulated areas and quarantined zones is disposed of in accordance with Canadian Food Inspection Agency (CFIA) regulations. Without monitoring, the risk of inadvertently disposing of materials in violation of regulations is not mitigated.

The tree maintenance contract requires the Contractor to dispose of materials in accordance with regulations. To the knowledge of Region staff, the Contractor hauls these materials to a designated dumping site which is not monitored by the Region. Material disposal logs, if any, belong to the Contractor and are not reviewed by Region staff.

The current audit process by the Region does not include a review to ensure the disposal of material from trees in regulated areas and quarantined zones in accordance with CFIA regulations.

Recommendation

Management should include a periodic review of contractor disposal logs and designated dumping site information in the contractor audit process for contracts which involve tree maintenance and disposal.

This review should ensure that the contractor disposes of material from trees in regulated areas and quarantined zones in accordance with Canadian Food Inspection Agency (CFIA) regulations.

Management Response

Q2 - 2021

As recommended, management will review contractor disposal logs and designated site information to ensure that Contractor disposes of material from trees in compliance with CFIA regulations. Specifically the Contractor will be requested to provide the disposal locations at the contract pre-start meeting and at subsequent contract update meetings. The locations and disposal logs will be reviewed against current CFIA regulations to verify compliance. |

Original signed by

Erin Mahoney
Commissioner of Environmental
Services

Original signed by

Laura McDowell, P. Eng.
Director, Environmental Promotion
and Protection

Original Signed by

Antonio Bianchi
Acting Director Audit Services