



***Transportation Services – YRT  
Mobility on Request Contract  
Management Audit Report***

***December 2020***

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## 1.0 Management Summary

Audit Services has completed a contract management audit of the York Region Transit (YRT) Mobility on Request Service.

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 Mobility on Request service contracts that the Region has with four separate contractors. Audit Services reviewed the Region's policies and procedures to monitor and administer these contracts, as well as performed detailing testing on contract monitoring and the billing process.

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

Overall, the results of our detailed testing indicate that the Region's policies and procedures for contract administration operate in a manner to ensure contractors provide service in accordance with contract requirements, and billing and payments are in accordance with contract terms and conditions.

Opportunities for internal control improvements are detailed below and have been discussed with appropriate management. These improvements relate to insurance certificate requirements and addressing environmental commitments of the contract.

There were key processes identified during the audit where controls were strong and working as designed. This includes comprehensive and well-documented processes for actively monitoring contract requirements, merit incentives, and billing. Additionally, it should be noted that the active and comprehensive monitoring is supported by effective communication with the contractors to ensure any discrepancies are addressed and resolved in a timely manner.

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 Transportation Services staff for their co-operation and assistance provided during the audit.

## 2.0 Introduction

As part of the Regional Council Approved Audit Plan, the Audit Services Branch performed a contract management audit of the YRT Mobility on Request service. The Audit Plan 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.

York Region Transit provides residents with the Mobility on Request service. Mobility on Request is a ride-sharing service that allows residents to request transit when and where residents require it. This service is for individuals who are not able to use the conventional YRT services in their area due to limited access or disability.

The Region currently has contracts with four vendors to provide this service. Audit Services reviewed the contracts and all Regional policies and procedures in place to administer these contracts.

### **3.0 Objectives and Scope**

The main objectives of this engagement were to:

- To understand the responsibilities of the contractors and the Region's approach to monitor and oversight in respect to the Mobility on Request service contracts; and
- To review compliance to contract requirements.

The audit objectives were accomplished through:

1. A review of the Mobility on Request Service Contracts between York Region and the contractors.
2. A review of selected processes to help ensure that the Region and the contractors are in compliance with terms and conditions set out in the contract.
3. Detailed testing and review of contract requirements to ensure compliance.
4. Interviews with appropriate personnel.
5. Review of other related documentation.

## 4.0 Detailed Observations and Recommendations

### 4.1 Insurance certificate requires review to ensure contract requirements are satisfied

#### **Observation**

Audit Services reviewed all the insurance certificates from the four (4) contractors to help ensure that insurance requirements outlined in the contract were satisfied. At the time of the audit, three (3) of the contractors had adequate coverage in place.

Although the insurance certificate for one of the contractors is current and valid until July 31, 2021, there is only \$10,000 coverage under Crime for Employee Dishonesty when the contract requires coverage of \$100,000.

Section 25.2 (d) of the contract accepts umbrella coverage in place of Commercial General Liability (CGL) and Automotive. This section does not specify whether the umbrella coverage would cover the \$100,000 Crime for Employee Dishonesty requirement.

#### **Recommendation**

Management should review the Certificate of Insurance for this contractor with Risk to verify whether the contractor's umbrella coverage would satisfy the \$100,000 requirement for Crime for Employee Dishonesty.

If it is determined that the umbrella coverage does not cover the requirement, Management should collect an updated Certificate of Insurance from the contractor with the contract required coverage for Crime for Employee Dishonesty.

If it is determined that umbrella coverage covers this requirement, future contracts should be amended to reflect that.

#### **Management Response**

Completed.

Mobility On-Request Management requested Mobility Transportation Specialist (MTS) forward a revised Certificate of Insurance clearly identifying compliance with the requirement for \$100,000 Crime for Employee Dishonesty insurance.

On January 11, 2021, management received an updated Certificate of Insurance from Sound Insurance Services Inc. A copy was provided to Audit Services January 26, 2021. The requirement is now satisfied.

#### 4.2 Ensure contract requirements to address environmental commitments are being met

##### **Observation**

There is no formal process to monitor efforts of the contractors to address the environmental commitments section of the contract.

The contracts require the contractor's acknowledgement that the Region is committed to protecting the environment through sustainable activities and agrees to initiatives, such as:

- Reducing engine idling, training staff on "green driving" techniques
- Using environmentally friendly products in facilities
- Reduce carbon emissions
- Environmentally friendly disposal of materials
- Maintaining a sustainable maintenance environment that minimizes energy requirements

The current inspection process does not include review of contractor initiatives for addressing environmental commitments or require the collection of evidence ensuring initiatives are on-going.

As the Region identified sustainability as a key initiative in their Vision 2051 long-term plan, the Region should ensure that contractors are compliant with the environmental commitments within contracts.

##### **Recommendation**

Management should include a formal process to discuss and document contractor initiatives to address their requirements for environmental commitments during the regular inspection processes.

##### **Management Response**

Expected Completion Date: Q1 2021

Mobility On-Request Management has developed and approved a formal process to audit contractor environmental commitments under the contract:

- The addition of two inspector criteria for observing compliance with YRT "engine idling" policy and "green driving" techniques added to their daily on street inspection audit checklist – Completed January 15, 2021
- Mobility On-Request Environmental Commitments Audits MP-01-035 has been created and adopted – Completed January 27, 2021
- Mobility On-Request Environmental Commitments Compliance Checklist has been developed and incorporated into the overall Contract Compliance Checklist – Completed January 29, 2021
- A formal Contractor Specific Environmental Compliance Letter Template has been supplied to each contractor. All Mobility On-Request contractors will be required to

submit a signed copy each year confirming Environmental Commitments no later than March 31 of each contract year and held on file. – Completed February 5, 2021

- A new Google Docs Environmental Compliance Checklist App has been developed and issued to Mobility On-Request transit inspectors and York Region Transit Fleet Inspection staff. This will be used to record results of physical inspection of contractor’s maintenance facilities. – Completed Feb 5, 2021
- Environmental Compliance Audits of all Mobility On-Request contractor maintenance and 3<sup>rd</sup> party maintenance facilities to be scheduled and completed in March 2021. Results held on file. – Estimated completion date March 31, 2021.

Original signed

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**General Manager, Transit**

Original signed

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**Fabrizio Guzzo**  
**Director, Operations**

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**Michelle Morris**  
**Director Audit Services**