



To: Metrolinx Board Report
From: Robert Siddall
Chief Financial Officer
Date: February 17, 2017
Re: **Metrolinx Action Plans for the Auditor General's Report on Construction Contract Awarding and Oversight**

Executive Summary

The Auditor General released her Annual Report on November 30, 2016. The report includes a value-for-money audit of Metrolinx's processes relating to *Public Transit Construction Contract Awarding and Oversight*. The report concludes that Metrolinx should improve the controls and processes employed to manage contractors and consultants to get better performance and value from them. The report also recommends Metrolinx improve its oversight of contractors on the job site to ensure worker safety as well as public safety and that Metrolinx needs to increase value-for-money from the construction activities that CN and CP undertake on its corridors, on Metrolinx's behalf.

The Annual Report also included a Chapter on *Ministry of Transportation Road Infrastructure Construction Contract Awarding and Oversight*. Following the Annual Report's release, the Minister of Transportation requested the Ministry to develop a detailed action plan for public release to address the report's recommendations. Metrolinx has decided to follow a similar approach to the Ministry and has developed an action plan to respond to the 17 recommendations in the Auditor General's review. Metrolinx's action plan has two components:

- Actions for the 2017 construction season; and,
- Longer-term actions to be implemented for the 2018 construction season and beyond.

Metrolinx takes seriously its responsibilities for ensuring value-for-money in its activities and programs and the action plan will help to ensure that Metrolinx optimizes value-for-money in the delivery of its construction program. The Action Plan that has been publicly released is provided in **Appendix A**. The Action Plan has been tabled at the Audit, Finance, and Risk Management Committee, and the Committee has confirmed their satisfaction with the action plan and related next steps (outlined below).

Metrolinx agrees with and fully supports the majority of the Auditor General's recommendations outlined in the Report. For each of these recommendations, Metrolinx will ensure that action plans are robust and fully implemented. There are however, recommendations still under consideration by management (e.g. liquidated damages clauses on all construction contracts, monitoring sub-trade performance). For recommendations requiring further consideration, Metrolinx will put forward appropriate rationale on any decision not to implement the recommendation and will, where possible,

provide alternative mitigation strategies to address the risks and recommendations identified in the Auditor General's report.

Next Steps

Internal Audit will follow-up with Metrolinx management on the status of action plans and validate progress on action plans as progress is made (i.e. where recommendations are substantially complete or where significant progress has been reported). Current status of action plans and the results of Internal Audit's validation work will be tabled at the June 2017 Audit, Finance, and Risk Management Committee and will be reviewed with the Committee at each meeting until all action plans are closed.

Attachments

- Appendix A –Action Plan for Metrolinx Transit Construction Contract Awarding and Oversight

Respectfully submitted,

Robert Siddall
Chief Financial Officer
Metrolinx