

# Administrative Response to the Office of the City Auditor

## Real Estate Branch Audit

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### Recommendation

That the April 16, 2021, Financial and Corporate Services report FCS00378, be received for information.

### Executive Summary

An audit of the Real Estate Branch was initiated in summer 2020 by the Office of the City Auditor. The objectives of this audit were to determine if the Real Estate Branch:

1. Is effectively managing City property.
2. Is effectively administering the City's Land Inventory Database.
3. Is effectively and efficiently managing the City's surplus property holdings.

The City Auditor identified areas for improvement and provided Administration with five recommendations to improve role clarity, update process requirements, documentation and reporting, and improve performance measurement.

Administration accepts all the recommendations and is working to address the items identified. All actions will be implemented by Q2 2022. The following is a summary of Administration's current and planned activities.

### Report

The Real Estate Branch provides real estate and land development expertise to manage corporate real estate assets in support of both financial and City-building outcomes. The Office of the City Auditor initiated an audit of the Real Estate Branch focused on improving program effectiveness and efficiency.

The Auditor provided recommendations to enhance Real Estate's objectives of contributing to a financially sustainable and connected city. These recommendations complement and align with areas of improvement previously identified by Administration and include elements where work is currently underway.

### Response from Administration

Administration is addressing each recommendation as outlined below.

*Recommendation 1: Update Property Manager roles and responsibilities to ensure they are clear and consistently performed. Include standardized requirements relating to the documentation of work performed and where it is stored.*

Administration accepts this recommendation.

Work aligning with this recommendation was previously initiated as part of a branch service optimization project. Through this project, the branch completed an analysis of service provision and shifted organizational structure to enhance role clarity and balance portfolios. The new structure will support separate, clear and consistently performed property management functions. Updated and standardized process documentation, as well as centralized data storage, are goals of this project. Elements of this work were postponed due to the realignment of priorities for Administration's pandemic response, such as the provision of tenant rent relief. These elements have been reinitiated.

Requirements for standardized and centralized data storage, including content and location, will be addressed within this project. Service assessments from internal stakeholders are complete and will contribute to this recommendation's completion by December 31, 2021.

*Recommendation 2: Update lease creation process requirements to improve information retention and consistency. This should include:*

- *Standardized documentation*
- *Standardized, centralized filing structures*
- *Centralized data storage*

Administration accepts this recommendation.

The Real Estate Branch manages approximately 1,610 property leases and licenses. A recently created standardized process defines the documentation and information required within each lease. Upcoming improvements include the creation of a standardized lease request form for internal clients to submit when requesting support to gather specific information upfront. Options for standardized and centralized filing structures and data storage are currently under review for operational efficacy and user experience.

This recommendation will be fulfilled by September 30, 2021.

*Recommendation 3: Complete and implement the performance measurement framework including: developing measures for the goals of each service area, documenting measure methodology, and reviewing targets.*

Administration accepts this recommendation.

Enterprise Performance Measurement was paused due to COVID-19 and as a result of resource adjustments made through a corporate strategic transformation program. Administration will be updating branch measures through a revised corporate process for measure development, industry benchmarking and continual target review. This will ensure that all key Real Estate activities are included within the Performance Measurement Framework.

This work is underway and its anticipated completion date is December 31, 2021. It will be integrated with corporate enterprise performance management as required.

*Recommendation 4: Document processes for managing the Land Inventory Database.*

Administration accepts this recommendation.

As confirmed through the Audit, the land inventory database is both current and accurate. The Real Estate Branch will document the established process of updating the Land Inventory Management Database to support contingency planning and enable the continued accuracy and efficiency of the Database.

This work will be completed by September 30, 2021.

*Recommendation 5: Produce an annual report of the City's land holdings, as outlined in the Land Management Guidelines, to help guide senior management decision making.*

Administration accepts this recommendation.

The initial phase of producing an annual holdings status report was initiated in 2020 and included building a spatial tool to support operational needs. The tool will contribute to the production of the first report and allow for accurate and timely information, as well as historic reference points, to support informed decision making and to review progress.

The spatial tool will ensure the highest accuracy within the annual holdings status report. The recommendation will be completed by March 31, 2022.

### Corporate Outcomes and Performance Management

Corporate Outcome(s): Conditions of Success			
Outcome(s)	Measure(s)	Result(s)	Target(s)
All recommendations are completed within the specified timeframe	Timeline of recommendation completion	TBD	March 31, 2022

### Others Reviewing this Report

- G. Cebryk, Deputy City Manager, City Operations
- A. Laughlin, Deputy City Manager, Integrated Infrastructure Services
- R. Smyth, Deputy City Manager, Citizen Services
- S. McCabe, Deputy City Manager, Urban Form and Corporate Strategic Development
- K. Fallis-Howell, Acting City Solicitor