



Office of the Auditor General

**Audit of Recreation, Cultural and Facility
Services Department – Management Processes**

Tabled at Audit Committee

April 8, 2019

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Original signed by:

Auditor General

Executive summary

Purpose

The audit examined key management systems, practices and processes within the Recreation, Cultural and Facility Services Department (RCFS) to ensure they support the delivery of effective and efficient operations.

The Audit of Recreation, Cultural and Facility Services Department was included in the 2017 Audit Plan of the Office of the Auditor General (OAG), approved by City Council on December 14, 2016.

Rationale

The goal of RCFS is to provide access to high-quality recreation and cultural services, in collaboration with the community, in well-maintained spaces to contribute to Ottawa's quality of life, vibrancy and cultural identity and to improve health and economic well-being.

RCFS was reorganized under a broader City initiative in 2016, the key change being RCFS assumption of expanded responsibility for facilities management and the planning of new parks related to growth and new development. Currently, RCFS delivers a broad range of services to the residents of Ottawa including:

- Recreation and culture funding – RCFS provides \$10 million in annual financial grants and contributions to 140 community recreation and 250 local not-for-profit cultural organizations;
- Recreation and culture programming and delivery – RCFS delivers recreation and cultural programs to more than 215,000 participants annually and operates a wide range of City recreational and cultural facilities;
- Facilities management – RCFS maintains 867 City-managed buildings. These include City Hall, police headquarters and stations, fire headquarters and stations, public libraries and other administrative buildings; and
- Parks and facilities planning – RCFS provides project oversight to parks and recreation building planning programs within the City, including the Cash-in-lieu of Parkland program.

RCFS budget for 2018 is approximately \$301 million. One-third of this amount, \$101 million, is recovered from other City departments for facility management services provided by RCFS, and an additional \$68 million primarily represents revenues from the provision of recreation and cultural programs and services. RCFS services are delivered by its 1,721 full-time staff, which increases to a headcount of more than 4,700 due to the Department's use of part-time staff.

The effective and efficient delivery of high-quality recreation and cultural services, in well-maintained spaces, are key contributors to Ottawa residents' quality of life, vibrancy and cultural identity. The audit aimed to assure Council of the adequacy of management practices guiding the delivery of these services.

Findings

The audit focused on processes, practices and controls in three key areas, which were selected, based on risk:

- Departmental governance and oversight;
- Strategic and operational planning processes; and
- Performance measurement, monitoring and reporting processes.

The key findings associated with each area are as follows:

1. Opportunities exist to improve the current RCFS Strategic Plan

The audit found that the current priorities of RCFS are rooted in the City's 2015 – 2018 Strategic Plan. In connection with the 2016 City reorganization, which expanded the scope of RCFS to include Facility Services, RCFS re-examined and refocused its priorities for the remaining term of Council. This revised set of priorities which included elements such as the modernization of recreation services (recreation infrastructure standards), parks and recreation facility upgrades and a renewed action plan for arts, heritage and culture was endorsed by the City Manager.

While these term of Council priorities represent the current Strategic Plan of RCFS, the audit found that there is opportunity to improve the current Strategic Plan:

- RCFS priorities and supporting strategies are not defined beyond the 2018 end of term of Council, limiting the longer-term guidance provided by a strategic plan;
- The 2016 reorganization of RCFS was based on specific objectives including increased collaboration within the Department, establishment of consistent

standards for service delivery, and improved integration between building operations, maintenance and programming to improve client service. Strategies for addressing these expectations have not been defined; and

- While RCFS continues to make progress in defining broad improvement strategies including the development of a Sports Strategy and development of Recreation Infrastructure Standards, how these strategies will be executed has not been defined.

In the absence of an updated strategic plan, it is not clear how senior department management are able to collectively focus their efforts, and the efforts of their staff, and effectively allocate departmental resources to those areas of highest priority.

2. Key RCFS management committees, including the Departmental Leadership Team, are not fully satisfying their defined role

Since the 2016 City reorganization, RCFS has established key governance committees to support delivery against departmental objectives. These committees include the Departmental Leadership Team (DLT), a senior management forum, that is expected to play a strategic advisory and oversight role and focus on issues of longer-term significance for the Department. The audit found that DLT is primarily focused on operational matters, for example, employee eligibility for smartphones, media training candidates, City lease issues, etc., versus matters relating to the long-term effectiveness of the Department.

Given the current operational focus of DLT, it is not clear how DLT is supporting RCFS in positioning itself to respond to future challenges and opportunities in meeting its mandate.

3. RCFS does not maintain a department operational plan, for example, annual plan. Similarly, RCFS functional units, director/manager led organizations, do not maintain detailed operational plans.

The scope of RCFS operations and services is broad and complex. In delivering on its mandate and scope of services, the operating units of RCFS are highly varied in terms of their client base, their focus and their operational characteristics. As illustration:

- The City-Wide Programs, Aquatics and Specialized Services unit and the Community Recreation and Cultural Programs unit focus on effective and efficient

delivery of recreation and cultural programs to citizens and the identification and response to emerging program needs;

- The Facility Operations Services unit focuses on timely, efficient and cost-effective response (proactive and reactive) to City facility maintenance needs; and
- The Parks and Facilities Planning Services unit focuses on compliant planning, and timely, cost effective and compliant delivery of City park/facility projects.

While each of these units is unique, each has performance expectations, challenges, opportunities and constraints that must be managed in order to deliver effective and efficient operations.

Relative to this operational environment, the audit found that RCFS does not maintain a department operational plan that articulates, for example, its specific objectives, key activities, resource requirements and performance targets, including timelines for activities. Similarly, RCFS functional units do not maintain detailed operational plans for their areas that could serve to support monitoring of the status and progress against operational objectives.

4. Since the 2016 reorganization, RCFS has not undertaken an update of its strategic and operational risks. In addition, RCFS has not defined departmental requirements or processes for the identification, assessment and mitigation of strategic and operational risks.

Prior to the 2016 City reorganization and in response to a City requirement for departments to maintain and submit a risk register, the former Parks, Recreation and Culture Department maintained an annually updated risk register that was used to summarize and prioritize key strategic and operational risks facing the Department and to capture and monitor related mitigation actions.

The City process for coordinating the annual risk register exercise by departments was discontinued for 2017; however, departments were identified as being responsible for managing their own risks using the guidelines and tools available.

The audit found that RCFS has not, since 2016, undertaken a review of the strategic and operational risks that might impact the Department's ability to meet its objectives. Further, RCFS has not defined the requirements for, nor implemented a process for the periodic identification, assessment and mitigation of strategic and operational risks.

While RCFS does not maintain a thorough and systematic approach to identifying and addressing strategic and operational risks, ad hoc examples were noted of RCFS management focus on operational risks such as those relating to health and safety incidents arising from recreation and cultural programs or within City facilities.

5. RCFS has not defined performance measures to enable target setting or ongoing monitoring and assessment of the efficiency, effectiveness or impact of RCFS programs and operations

The audit found that RCFS has implemented basic elements of performance measurement, primarily focusing on financial performance measurement and the measurement of the status of “term of Council” initiatives.

While this information provides some insight into RCFS operations, there are significant opportunities to improve the management insight generated through broader performance information to enable RCFS management to assess and communicate its performance against the broad mandate and objectives of the Department. Areas of opportunity to improve management insight include the definition and implementation of performance measurement related to:

- The **efficiency** of RCFS program and service delivery such as program and service costs and FTE resources invested relative to program and service volumes and program participation;
- The **effectiveness** of RCFS program and service delivery, for example, the “reach” of programs and services; and
- The **impact** of RCFS program and service delivery in contributing to the mandate expectations of improving Ottawa’s quality of life, cultural identity, vibrancy, economic well-being and improved health.

The audit found that the Business and Technical Support Services unit of RCFS is in the early stages of engaging RCFS functional leads to identify how they can better assist in supporting operational requirements including performance measurement and business analysis. This remains a work in progress.

Conclusion

RCFS has a broad mandate in delivering a range of services to the residents of Ottawa with this mandate having recently been expanded, through the City’s 2016

reorganization to include facilities operations services and parks and facilities planning services.

The audit found that RCFS has established some management systems, practices and processes to support the delivery of operations and support RCFS in meeting its mandate and strategic objectives. The audit found, however, that opportunities exist to significantly strengthen current departmental management systems, practices and processes.

These opportunities include renewing its Strategic Plan to provide guidance beyond 2018; ensuring that current departmental governance, the Department Leadership Team, is focused on the matters impacting the long-term effectiveness of the Department; developing and maintaining operational plans to support management of progress against operational objectives; implementing processes to support the management of operational and strategic risks; and broadening departmental performance measurement processes to support the ongoing monitoring and assessment of the efficiency, effectiveness and impact of RCFS programs and operations.

Recommendations and responses

Recommendation #1

That the Department renew its Strategic Plan to:

- Define RCFS priorities beyond those identified as current term of Council priorities;
- Define the strategies and tactics for achievement of the objectives and related benefits defined for the 2016 reorganization for RCFS (i.e. increased collaboration with the Department, establishment of consistent standards for service delivery and improved integration between building operations, maintenance and programming to improve client service); and
- Incorporate the strategies and tactics that RCFS will undertake to implement the broad concepts defined in the current term of Council initiatives (e.g. Sports Strategy (completed), Recreation and Infrastructure Standards (in process)).

Management response:

Management agrees with this recommendation.

RCFS has identified its key initiatives to address the corporate strategic priorities for the 2019-2022 term of Council. If approved, RCFS will allocate the required resources to ensure completion of these initiatives.

RCFS will also develop a departmental strategy to complete outstanding priorities from the previous term of Council, initiatives aimed at the integration of facility operations with programming and, priority departmental policy and program improvements by Q3 2019.

Recommendation #2

That the Department ensure that its key internal governance group (i.e. Departmental Leadership Team) is meeting its defined mandate for providing strategic advice and focus on the long-term effectiveness of the Department.

Management response:

Management agrees with this recommendation, and it has been implemented.

Management believes that the Departmental Leadership Team focused on an appropriate blend of tactical and strategic priorities in the period following the 2016 reorganization, with a required emphasis on ensuring service continuity to the public and proactively addressing frontline employee transitional issues.

The 2017 DLT meeting snapshot provided to the OAG covered the period after the 2016 reorganization. Immediately following the realignment, DLT's focus was to maintain service continuity under new reporting relationships and the establishment of new operational policies and procedures to meet the blended Department's needs. DLT also assumed responsibility for some operational matters in the absence of decision-making structures that were in place in PRCS and Public Works prior to the reorganization. Some time was required to identify a governance structure for the Department's newly expanded areas of responsibility and the priority to integrate business lines at the strategic and tactical levels, and DLT acted as an interim authority during this period.

An Extended Departmental Leadership Team (EDLT) is now in place and has taken on responsibility to consider and decide operational matters. Both DLT and

EDLT have developed Terms of References to clearly define the mandate and focus of each group, with DLT focusing on strategic and corporate matters and EDLT focusing on the Department's tactical and operational issues. Individual branches have also developed governance structures to consider their operational matters and to escalate branch positions to EDLT.

Moving forward, DLT will ensure that primarily strategic and corporate matters are considered and that this is reflected in meeting agendas and minutes.

Recommendation #3

That the Department define requirements and implement processes for the development, maintenance and monitoring of RCFS Department and function operations plans.

Management response:

Management agrees with this recommendation.

RCFS will develop operational plans for each of the Department's business lines by Q4 2019. These plans will articulate the key action items, resources and time requirements to achieve strategic and operational objectives, as well as opportunities for service enhancements, rationalization, revenue generation and efficiencies.

Recommendation #4

That the Department define departmental risk management process requirements and supporting roles and responsibilities.

Management response:

Management agrees with this recommendation, and it has been partially implemented.

Management advises that a departmental risk registry was developed as part of the corporate process and it was updated in Q1 2018 to capture the 2016 reorganization. It remains relevant with respect to the broad risks faced and mitigation measures developed to address these.

RCFS will complete an update to the departmental risk registry list and will document the risk management process by Q3 2019.

RCFS will continue to work collaboratively with the Service Innovation and Performance Department and other departments through the BSS Integration Team to monitor and mitigate risks identified as corporate risks and horizontal risks.

Recommendation #5

That the Department define and implement performance measures that support assessment of the efficiency, effectiveness and impact of the full scope of RCFS operations.

Management response:

Management agrees with this recommendation.

RCFS will work with each of its business line owners to develop key performance measures that provide measures of efficiency, effectiveness and impact by Q4 2019. RCFS will strive to develop base-year data using 2019 performance for all measures. RCFS will also work to establish new sources of performance measure data as part of the replacement of its automated facility booking and program registration system.

A regular seasonal tracking tool to report the determined performance measures will be produced by Q1 2020 to report the key projects and programs using 2019 information as the baseline wherever possible.

RCFS will also monitor the development of corporate performance measures relating to the transformation of culture, empowerment, barriers to engagement, and servant leadership, and will incorporate these into its measures when they become available.

Detailed audit report

Audit of Recreation, Cultural and Facility Services Department – Management Processes

Introduction

The Audit of Recreation, Cultural and Facility Services Department (RCFS) was included in the 2017 Audit Plan of the Office of the Auditor General (OAG), approved by City Council on December 14, 2016.

When departmental audits are conducted by the OAG, a risk assessment is done to determine areas of audit. The outcome of the risk assessment is a departmental audit plan comprised of multiple audits that will be conducted over a number of years. The management processes of RCFS including strategic and operational planning, governance and performance measurement and monitoring were identified as an area of audit focus.

Background

The goal of the RCFS is to provide access to high-quality recreation and cultural services, in collaboration with the community, in well-maintained spaces to contribute to Ottawa's quality of life, vibrancy and cultural identity and to improve health and economic well-being.¹

RCFS is led by a General Manager with functional direct reports in the following areas:

- Business and Technical Support Services;
- City Wide Programs, Aquatics and Specialized Services;
- Community Recreation and Cultural Programs;
- Facility Operations Services; and
- Parks and Facilities Planning Services.

¹ Recreation, Cultural and Facility Services 2017 Budget Briefing Note

Key activities of RCFS include:

Recreation and Culture Funding

- Supports over 295 not-for-profit cultural organizations that service over 3.2 million participants and visitors; and
- Provides \$10 million in financial grants and contributions to more than 140 community recreation organizations and to more than 250 local not-for-profit cultural organizations to support the creation, production and presentation of arts, festivals, fairs and heritage activities, recreation and cultural programs and services for residents and visitors.

Recreation and Culture Programming and Delivery

- Delivers registered recreation and cultural programs to more than 215,000 participants annually;
- Promotes Ottawa's network of multi-use pathways and bike routes, through almost 1,200 parks;
- Operates summer and March Break camps for children and youth;
- Operates specialized and therapeutic recreation programs for more than 2,900 children, youth and adults with disabilities and an integration support service to facilitate access to all programs;
- Operates wading pools, outdoor rinks, outdoor pools and beaches; supports, oversees and allocates more than 500 sports fields and 283 ball diamonds; 115 tennis facilities, 250 outdoor basketball courts, 16 skateboard parks, 58 sledding hills and provides track and field opportunities at the Terry Fox Athletic Facility;
- Operates 23 cultural facilities across the city including: four theatres, five museums, seven art galleries, two instructional art centres, three artist studios and two multi-disciplinary facilities – including Arts Court;
- Offers over 600 hours per week (fall/winter) for public skating and public swimming and other sport drop-in programs to citizens of all ages; and
- Researches, develops and delivers local museum educational programs to meet school curriculum requirements.

Facilities Management

- Operates and maintains most City facilities and City-managed buildings. These include City Hall, all recreation facilities, police headquarters and stations, fire headquarters and stations, public libraries, social services and by-law facilities, work yards, museums, paramedic posts, shelters, long-term care facilities and other administrative buildings; and
- Maintains City buildings and surrounding grounds including 9.4 million square feet in 867 buildings.

Parks and Facilities Planning

- Provides project oversight (initiation and management) to parks and recreation building planning programs within the City, including the Cash-in-lieu of Parkland program.

RCFS resources available to deliver services consist of the following, as summarized from the 2018 Budget:

- Total expenditures: \$301 million (42 per cent of which relates to employee salaries)
 - *Less*: recoveries and allocations: \$101 million (represents primarily recoveries from other City departments for facilities services provided by RCFS)
 - *Less*: revenues: \$68 million (represents primarily revenues from provision of recreation and cultural programs and services)
- Net expenditures: \$132 million
- Human resources: 1,721 Full Time Equivalent staff which translates to a headcount in excess of 4,700 due to the Department's use of part-time staff.

The current priorities of RCFS were established through City strategic planning efforts in support of the current Council (2015 – 2018). This effort resulted in the definition of the following strategic priorities for RCFS:

- Revitalization of recreation services;
- Supporting Arts, Heritage, and Culture; and
- Improving access to City services through digital service delivery.

Subsequent to the adoption of the current 2015 – 2018 strategic priorities, RCFS was reorganized under a broader City initiative in 2016, the key change being RCFS assumption of expanded responsibility for facilities management and the planning of new parks related to growth and new development. This reorganization was based on the following objectives:²

- Increased collaboration within the Department and with the community to enhance and strengthen the ability to deliver on the RCFS mandate in a growing and changing City;
- Aligned organizational structure to establish consistent standards for service delivery; and
- Integration of building operations, maintenance and programming means that when cultural, recreation and specialized programming is delivered at the community level, all the resources required to create a positive client experience are integral parts of one team.

These strategic directions present an ongoing challenge for RCFS management to address program improvement expectations while still continuing to deliver a broad and complex set of services to a diverse set of clients.

It is within this context that the audit of RCFS management processes was undertaken.

Audit objectives and criteria

The overall objective of this audit was to assess whether key management systems, practices and processes within RCFS support the delivery of effective and efficient operations and adequately support RCFS in meeting its mandate and strategic objectives.

Based on a prioritized assessment of risk, the objectives of the audit are to:

Audit objective #1

Assess the processes and practices in place to ensure appropriate departmental governance and oversight.

² 2016 Organizational Alignment – Backgrounder for Recreation, Cultural and Facility Services Department

Criteria:

- The Department has clearly defined and communicated strategic directions and objectives, aligned with its mandate
- The Department has comprehensive and clearly defined oversight processes and governance structures in place to support delivery against departmental objectives

Audit objective #2

Assess the adequacy of the Department's strategic and operational planning processes.

Criteria:

- The Department has translated its strategic objectives into comprehensive operational plans that articulate how strategic and operational objectives will be achieved
- Management identifies strategic and operational risks that may preclude the achievement of its objectives, and management develops and maintains appropriate risk management strategies
- Department management regularly monitor progress against strategic and operational plans in order to make course corrections, as required

Audit objective #3

Assess the adequacy of the Department's performance measurement, monitoring and reporting processes.

Criteria:

- Department management has identified appropriate and comprehensive performance measures linked to planned results
- Department management has access to comprehensive and timely information to monitor and report actual performance against planned results and to support timely management decision making

Scope

The scope of the audit included an examination of RCFS management processes, including those related to strategic and operational planning, and performance measurement, monitoring and reporting as undertaken for RCFS as a whole and within the following RCFS organizational units:

- Business and Technical Support Services;
- City Wide Programs, Aquatics and Specialized Services;
- Community Recreation and Cultural Programs;
- Facility Operations Services; and
- Parks and Facilities Planning Services.

The scope of the audit was focused on the management of key change initiatives and ongoing service delivery undertaken from January 2015 to December 2017.

Audit approach and methodology

The audit methodology included the following activities:

- Interviews with RCFS management representatives and other departmental staff directly supporting the management processes in scope (e.g. department finance representatives);
- Review of documentation relevant to the audit scope areas, e.g. available governance documentation (e.g. management meeting agendas and outcomes), planning documentation, performance measurement documentation and reports, key initiative progress updates and reports (e.g. Committee presentations); and
- Analysis and testing of the linkages, alignment and consistency of audit evidence gathered for each of the selected areas of examination.

The audit plan was finalized in November 2017, and the audit fieldwork was substantially completed by December 31, 2017.

Audit observations and recommendations

Audit objective #1

Assess the processes and practices in place to ensure appropriate departmental governance and oversight.

1.1 RCFS Strategic Plan

Criteria: The Department has clearly defined and communicated its strategic directions and objectives, and these are aligned with its mandate.

Opportunities exist to improve the current RCFS Strategic Plan.

In 2009, City Council adopted phase one of the Parks and Recreation Master Plan; a set of operating principles and strategic recommendations to guide the development and implementation of parks and recreation services for the next 15 years. This was followed by the 2010 development of a roadmap (summarized below) which identified 21 separate components required to address strategic recommendations. This roadmap included forecasted delivery dates (2011 – 2013) for the various roadmap components.

Table 1: Roadmap – Reports and presentation sequence to the appropriate Committee of Council

Roadmap – Reports and presentation sequence to the appropriate Committee of Council	
Reports	Reference
Year 2011	Number
Infrastructure Standards	#1
Principles of Facility Usage	#2
Volunteer Strategy	#3
Community Operating Service Standards	#4
Parks and Recreation Financial Framework	#5
Social Recreation Strategy	#6
Sponsorship and Advertising Policy	#7

Roadmap – Reports and presentation sequence to the appropriate Committee of Council	
Reports	Reference
Year 2012	Number
Communications Strategy	#8
Community Support and Partnership Framework	#9
50+ Strategy	#10
Special Needs Strategy	#11
Children’s Strategy	#12
Youth Strategy	#13
Tennis Strategy	#14
Outdoor Rink Strategy	#15
Year 2013	Number
Healthy Lifestyles and Physical Activity Strategy	#16
Aquatic Strategy	#17
Sports Strategy	#18
Allocations and Facility Use Strategy	#19

Roadmap – Reports and presentation sequence to the appropriate Committee of Council	
Reports	Reference
Parks and Pathway Standards and Management Strategy	#20
Community Infrastructure Strategy	#21

While some progress was made in relation to the 2010 roadmap, the City’s Executive Committee approved a decision in 2013 to reprioritize and focus the roadmap, wherein, direction was provided to consolidate and combine the focus from 21 separate initiatives to less than 10 initiatives. Examples of the strategic initiatives identified in the 2010 roadmap, which were not completed and not explicitly included in the revised priorities, included the development of an Aquatic Strategy, a Parks and Pathway Standards and Management Strategy, a Tennis Strategy and a Special Needs Strategy. Remaining priority elements of the 2010 roadmap were then incorporated into the City’s 2015 – 2018 Strategic Plan (see Column A below).

In connection with the 2016 City reorganization, which expanded the scope of RCFS to include Facility Services, RCFS re-examined and refocused its priorities for the remaining term of Council (see Column B below).

Table 2: Priorities from the City 2015 – 2018 Strategic Plan and revised RCFS priorities for remaining term of Council

Column A	Column B
Priorities from the City 2015 – 2018 Strategic Plan (to be completed within term of Council)	Revised RCFS priorities for remaining Term of Council (ending in 2018)
Priorities of the former Parks, Recreation, Culture Department	Priorities
Modernization of recreation services (recreation infrastructure standards)	Modernization of recreation services (recreation infrastructure standards)
Community Rinks	Community Rinks
Targeted Low-Income Recreation Subsidies	Targeted Low-Income Recreation Subsidies
Develop a Sport Strategy	Completed in 2015/16
Revise Parks, Recreation, and Cultural Services Facility Allocation Policy	Completed in 2015/16
Recreation Major/Minor Capital Partnership	Recreation Major/Minor Capital Partnership
Parks and Recreation Facility Upgrades	Parks and Recreation Facility Upgrades
Renewed action plan for arts, heritage, and culture	Renewed action plan for arts, heritage, and culture
Program Registration, Facilities Booking and Payment System Replacement	Program Registration, Facilities Booking and Payment System Replacement

Column A	Column B
Priorities from the City 2015 – 2018 Strategic Plan (to be completed within term of Council)	Revised RCFS priorities for remaining Term of Council (ending in 2018)
Priorities of the former Public Works Department	Priorities
Waste Diversion in Parks, Buildings and Grounds Services Operations	No longer considered a strategic priority
Energy Management and Investment Strategy	No longer considered a strategic priority

This refocused set of priorities reflects that some of the initiatives defined in the City’s 2015 – 2018 Strategic Plan had been completed (e.g. Development of a Sports Strategy, Revision of Parks, Recreation, and Cultural Services Facility Allocation Policy), while some initiatives were no longer considered as strategic priorities (e.g. Energy Management and Investment Strategy). This revised set of priorities was endorsed by the City Manager.

While the seven initiatives remaining as term of Council priorities represent the current Strategic Plan of RCFS, the audit found that there is opportunity to improve the current Strategic Plan:

- RCFS priorities and supporting strategies are not defined beyond the 2018 end of term of Council, limiting the longer-term guidance provided by a strategic plan.
- The 2016 reorganization of RCFS was based on specific objectives including increased collaboration within the Department, establishment of consistent standards for service delivery, and improved integration between building operations, maintenance and programming to improve client service. Strategies for addressing these expectations have not been defined.
- While RCFS continues to make progress in defining broad improvement strategies including the development of a Sports Strategy and development of

Recreation Infrastructure Standards, how these strategies will be executed has not been defined.

In the absence of an updated strategic plan, it is not clear how senior department management are able to collectively focus their efforts, and the efforts of their staff, and effectively allocate departmental resources to those areas of highest priority.

Recommendation #1

That the Department renew its Strategic Plan to:

- Define RCFS priorities beyond those identified as current term of Council priorities;
- Define the strategies and tactics for achievement of the objectives and related benefits defined for the 2016 reorganization for RCFS (i.e. increased collaboration with the Department, establishment of consistent standards for service delivery and improved integration between building operations, maintenance and programming to improve client service); and
- Incorporate the strategies and tactics that RCFS will undertake to implement the broad concepts defined in the current term of Council initiatives (e.g. Sports Strategy (completed), Recreation and Infrastructure Standards (in process)).

Management response:

Management agrees with this recommendation.

RCFS has identified its key initiatives to address the corporate strategic priorities for the 2019-2022 term of Council. If approved, RCFS will allocate the required resources to ensure completion of these initiatives.

RCFS will also develop a departmental strategy to complete outstanding priorities from the previous term of Council, initiatives aimed at the integration of facility operations with programming and, priority departmental policy and program improvements by Q3 2019.

1.2 RCFS governance and oversight

Criteria: The Department has established oversight processes and governance to support delivery against departmental objectives.

Key RCFS management committees, including the Departmental Leadership Team, are not fully satisfying their defined role.

Since the 2016 City reorganization, RCFS has established key governance committees to support delivery against departmental objectives. Terms of Reference have been established to articulate the expectations of both the Departmental Leadership Team (DLT) and the Extended Departmental Leadership Team (EDLT), the two key internal RCFS governance groups.

The DLT comprised of the RCFS General Manager (GM) and leads of each of RCFS functions (e.g. Director of Facility Operations Services) is responsible for providing the GM with strategic advice and input on issues related to the long-term effectiveness of the Department. The DLT is expected to develop and review work and financial plans for the Department, monitor and control risks, performance measures, employee engagement, recognition and communication activities. The scope of DLT, as defined in its Terms of Reference, includes a focus on:

- Updates on service area priorities, strategic initiatives and key projects;
- Review of data and analytics to support longer-term strategic conversations;
- Review of RCFS priorities and objectives against expectations set by the Senior Leadership Team (SLT) and Council;
- Council priorities and legislative agenda;
- Client experience trends and feedback; and
- Introduction of new corporate strategic initiatives for which the GM is accountable.

DLT is intended to meet bi-weekly; however, based on a review of 2017 agendas/minutes, the group meets on average once per month.

The EDLT includes those staff (e.g. program managers) reporting directly to the members of the DLT. The purpose of this group is to create alignment around such things as leadership approach, priorities, risk and performance measures within the Department. The EDLT is intended to focus on key operational and financial priorities of the Department. This group meets monthly.

While DLT is expected to play a strategic advisory and oversight role and focus on issues of longer-term significance for the Department, the audit found that these meetings are primarily focused on operational matters (e.g. employee eligibility for smartphones, media training candidates, City lease issues, etc.). The audit found limited evidence of, for example: strategic advice and input being provided on issues related to the long-term effectiveness of the Department; discussion of priorities, strategic initiatives and key projects; or evidence of any reviews of data and analytics to support longer-term strategic discussions.

Given the current operational focus of DLT, it is not clear how DLT is supporting RCFS in positioning itself to respond to future challenges and opportunities in meeting its mandate: *The Recreation, Cultural and Facility Services Department (RCFS) improves Ottawa's quality of life, cultural identity, vibrancy, economic well-being and improved health by delivering high-quality recreation, cultural, sports and heritage programming and services in well maintained facilities, and works collaborative with community partners towards achieving these goals.*

Recommendation #2

That the Department ensure that its key internal governance group (i.e. Departmental Leadership Team) is meeting its defined mandate for providing strategic advice and focus on the long-term effectiveness of the Department.

Management response:

Management agrees with this recommendation, and it has been implemented.

Management believes that the Departmental Leadership Team focused on an appropriate blend of tactical and strategic priorities in the period following the 2016 reorganization, with a required emphasis on ensuring service continuity to the public and proactively addressing frontline employee transitional issues.

The 2017 DLT meeting snapshot provided to the OAG covered the period after the 2016 reorganization. Immediately following the realignment, DLT's focus was to maintain service continuity under new reporting relationships and the establishment of new operational policies and procedures to meet the blended Department's needs. DLT also assumed responsibility for some operational matters in the absence of decision-making structures that were in place in PRCS and Public Works prior to the reorganization. Some time was required to identify a governance structure for the Department's newly expanded areas of responsibility

and the priority to integrate business lines at the strategic and tactical levels, and DLT acted as an interim authority during this period.

An Extended Departmental Leadership Team (EDLT) is now in place and has taken on responsibility to consider and decide operational matters. Both DLT and EDLT have developed Terms of References to clearly define the mandate and focus of each group, with DLT focusing on strategic and corporate matters and EDLT focusing on the Department's tactical and operational issues. Individual branches have also developed governance structures to consider their operational matters and to escalate branch positions to EDLT.

Moving forward, DLT will ensure that primarily strategic and corporate matters are considered and that this is reflected in meeting agendas and minutes.

Audit objective #2

Assess the adequacy of the Department's strategic and operational planning processes.

2.1 Operational planning

Criteria: The Department has developed comprehensive operational plans that articulate the activities, resourcing and timing required to achieve its strategic and operational objectives and that the Department monitor progress against these plans.

RCFS does not maintain a department operational plan (e.g. annual plan). Similarly, RCFS functional units (i.e. director/manager led organizations) do not maintain detailed operational plans.

The scope of RCFS operations and services is broad and complex, encompassing, for example:

- Delivery of registered recreation and cultural programs to more than 215,000 participants annually;
- Provision of funding support for over 295 not-for-profit cultural and recreation organizations annually;
- Operation and maintenance of most City facilities and City-managed buildings;
- Provision of oversight and contract compliance monitoring for eight Public-Private Partnership agreements, sports domes, arenas, a multi-disciplinary cultural facility and Lansdowne; and

- Provision of project oversight to parks and recreation building planning programs within the City, including the Cash-in-lieu of Parkland program.

These services are delivered by the operating units of RCFS, which are highly varied in terms of their client base, their focus and their operational characteristics. As illustration:

- The City Wide Programs, Aquatics and Specialized Services unit and the Community Recreation and Cultural Programs unit focus on effective and efficient delivery of recreation and cultural programs to citizens and the identification and response to emerging program needs;
- The Facility Operations Services unit focuses on timely, efficient and cost-effective response (proactive and reactive) to City facility maintenance needs; and
- The Parks and Facilities Planning Services unit focuses on compliant planning, and timely, cost effective and compliant delivery of City park/facility projects.

While the uniqueness of each of these units is recognized, also recognized is the reality that each unit has performance expectations, challenges, opportunities and constraints and to support effective and efficient operations, a need for clarity in:

- Objectives;
- Activities to be delivered (including improvement initiatives);
- Desired outcomes;
- Staffing and resource requirements;
- Implementation timelines; and
- A process for monitoring progress.

Relative to this expectation, the audit found that RCFS does not maintain a department operational plan that articulates, for example, its specific objectives, key activities, resource requirements and performance targets, including timelines for activities. Similarly, RCFS functional units do not maintain detailed operational plans for their areas. Interviews with RCFS directors identified a variety of anecdotal current areas of focus including:

- Program approaches to address the recreation needs of target audiences (e.g. older adults, specific neighbourhoods);
- Opportunities to rationalize program offerings;

- Opportunities to optimize program revenues or achieve cost containment or program efficiencies; and
- Opportunities to address policy gaps.

However, these areas of focus have not been translated into actionable plans (i.e. defined activities, resource requirements and timing) that would support departmental monitoring of their status and progress.

Recommendation #3

That the Department define requirements and implement processes for the development, maintenance and monitoring of RCFS Department and function operations plans.

Management response:

Management agrees with this recommendation.

RCFS will develop operational plans for each of the Department's business lines by Q4 2019. These plans will articulate the key action items, resources and time requirements to achieve strategic and operational objectives, as well as opportunities for service enhancements, rationalization, revenue generation and efficiencies.

2.2 Risk management

Criteria: That management identifies strategic and operational risks that may preclude the achievement of its objectives and that management develops and maintains appropriate risk management strategies.

Since the 2016 reorganization, RCFS has not undertaken an update of its strategic and operational risks. In addition, RCFS has not defined departmental requirements or processes for the identification, assessment and mitigation of strategic and operational risks.

Prior to the 2016 reorganization and in response to a City requirement for departments to maintain and submit a risk register, the former Parks, Recreation and Culture Department maintained an annually updated risk register that was used to summarize and prioritize key strategic and operational risks facing the Department and to capture and monitor related mitigation actions.

The City process for coordinating the annual risk register exercise by departments was discontinued for 2017; however, departments were identified as being responsible for managing their own risks using the guidelines and tools available.

In the absence of a requirement to submit a risk register, RCFS has not undertaken a review of the strategic and operational risks that might impact the Department's ability to meet its objectives. Further, RCFS has not defined the requirements for, nor implemented a process for the periodic identification, assessment and mitigation of strategic and operational risks.

While RCFS does not maintain a thorough and systematic approach to identifying and addressing strategic and operational risks, ad hoc examples were noted of RCFS management focus on operational risks. Illustrative examples include:

- Terms of Reference for both the Departmental Leadership Team and the Extended Departmental Leadership Team identify risk management/monitoring as a responsibility; although, there is limited evidence of these groups addressing this expectation to date;
- Facility Operation Services maintains processes and controls to ensure the safety of City facilities (e.g. fire extinguisher testing, swimming pool testing, etc.);
- RCFS maintains incident reporting in relation to health and safety incidents arising from recreation and cultural programs or within City facilities; and
- RCFS conducts risk assessments related to new City facilities (e.g. Lansdowne sliding hill).

Recommendation #4

That the Department define departmental risk management process requirements and supporting roles and responsibilities.

Management response:

Management agrees with this recommendation, and it has been partially implemented.

Management advises that a departmental risk registry was developed as part of the corporate process and it was updated in Q1 2018 to capture the 2016 reorganization. It remains relevant with respect to the broad risks faced and mitigation measures developed to address these.

RCFS will complete an update to the departmental risk registry list and will document the risk management process by Q3 2019.

RCFS will continue to work collaboratively with the Service Innovation and Performance Department and other departments through the BSS Integration Team to monitor and mitigate risks identified as corporate risks and horizontal risks.

Audit objective #3

Assess the adequacy of the Department's performance measurement, monitoring and reporting processes.

3.1 Performance measurement and monitoring

Criteria: That department management has identified appropriate and comprehensive performance measures linked to planned results and that management has access to comprehensive and timely information to monitor and report actual performance against planned results and to support timely management decision making.

RCFS has not defined performance measures to enable target setting or ongoing monitoring and assessment of the efficiency, effectiveness or impact of RCFS programs and operations.

In the context of the audit, performance measurement is the process of collecting, analyzing and reporting information regarding the performance of RCFS as a department and RCFS component service and program areas.

The audit found that RCFS has implemented basic elements of performance measurement, primarily focusing on financial performance measurement and the measurement of the status of "term of Council" initiatives. Examples of these performance measurement practices include:

- RCFS maintains overall department and functional organization (e.g. FOS) measurement of financial performance (costs and revenues) against budget. Reports are produced monthly and reviewed in depth on a quarterly basis as part of the Quarterly Financial Review involving the members of DLT and EDLT.
- RCFS continues to maintain an annually updated benchmarking comparison of municipal and local program and user fees (last updated in 2017) as a means of measuring the level of City fees for specific programs and services (e.g. ice

rentals, fitness memberships, camps, etc.) relative to other municipalities and other recreation service providers (e.g. YMCA-YWCA).

- RCFS maintains a monthly updated status report on its remaining 2015 – 2018 term of Council (Strategic Plan) initiatives, indicating whether the initiative is on track or not, and providing high-level commentary on reasons for initiative delays.

While this information provides some insight into RCFS operations, there are significant opportunities to improve the management insight generated through broader performance information to enable RCFS management to assess and communicate its performance against the broad mandate and objectives of the Department. Areas of opportunity to improve management insight include the definition and implementation of performance measurement related to:

- The **efficiency** of RCFS program and service delivery (e.g. program and service costs and FTE resources invested relative to program and service volumes (e.g. program participation));
- The **effectiveness** of RCFS program and service delivery (e.g. the “reach” of programs and services); and
- The **impact** of RCFS program and service delivery in contributing to the mandate expectations of improving Ottawa’s quality of life, cultural identity, vibrancy, economic well-being and improved health.

In support of broadening the performance measurement focus of the Department, the audit found that the Business and Technical Support Services unit of RCFS is in the early stages of engaging RCFS functional leads to identify how they can better assist in supporting operational requirements including performance measurement and business analysis. This remains a work in progress.

Recommendation #5

That the Department define and implement performance measures that support assessment of the efficiency, effectiveness and impact of the full scope of RCFS operations.

Management response:

Management agrees with this recommendation.

RCFS will work with each of its business line owners to develop key performance measures that provide measures of efficiency, effectiveness and impact by Q4

2019. RCFS will strive to develop base-year data using 2019 performance for all measures. RCFS will also work to establish new sources of performance measure data as part of the replacement of its automated facility booking and program registration system.

A regular seasonal tracking tool to report the determined performance measures will be produced by Q1 2020 to report the key projects and programs using 2019 information as the baseline wherever possible.

RCFS will also monitor the development of corporate performance measures relating to the transformation of culture, empowerment, barriers to engagement, and servant leadership, and will incorporate these into its measures when they become available.