

Office of the Auditor General

Audit of Ottawa Community Housing's Development and Renewal Plan



January 2022



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Acknowledgement

The team responsible for this audit was comprised of Marlon Perez and Sarah Parr from the Office of the Auditor General and Orbis Risk Consulting, under the supervision of Ed Miner, Deputy Auditor General and my direction. My colleagues and I would like to thank those individuals who contributed to this project, and particularly, those who provided insights and comments as part of this audit.

Respectfully,

A handwritten signature in blue ink that reads "N. Gougeon".

Nathalie Gougeon, CPA, CA, CIA, CRMA, B.Comm.
Auditor General

Introduction

The Audit of Ottawa Community Housing Corporation (OCHC) was included in the 2020 audit work plan of the Office of the Auditor General (OAG), approved by Council on December 11, 2019.

Background and context

Ottawa Community Housing (OCH) is a non-profit organization that provides affordable housing for low and moderate-income residents of Ottawa. The City of Ottawa (“the City”) is its sole shareholder. OCH owns and manages two-thirds of Ottawa’s social housing portfolio consisting of townhouses, apartments, seniors-only apartments, family high-rise buildings and row-house communities. Approximately 32,000 tenants live in 15,000 OCH units across Ottawa.¹

The City’s 2019-2022 Strategic Plan identifies “Thriving Communities” as one of its seven priority areas for investment. To support this priority, the City plans to increase affordable housing as a key component of its 10-Year Housing and Homelessness Plan. Furthermore, on January 29, 2020, Ottawa became the first Canadian city to declare a housing and homelessness emergency. OCH plays a key role in increasing affordable housing in Ottawa and achieving the City’s desired outcomes related to housing and homelessness. In March 2021, City Council approved the first Housing Services Long Range Financial Plan (LRFP), which sets out the City’s long-term capital funding commitment to increase the supply of new affordable housing and the associated operational funding for support services.

OCH’s Long Range Financial Plan 2021-2030 was also approved in 2021 and supports both the City’s aspirational goals and OCH’s Board direction for the creation of up to 10,000 units of affordable housing over the next 10-15 years.²

10-Year Development and Renewal Plan

After a period of not building new housing stock and focusing on the repair of its existing stock, OCH began new development activities in 2010, and gradually increased its development capacity. These activities currently fall under the responsibility of OCH’s Chief Development Officer. OCH’s Asset Management team, which reports to the Chief Development Officer, is responsible for the maintenance, renewal, and redevelopment

¹ Ottawa Community Housing home page: <https://www.och-lco.ca/>

² Provided equity and debt financing can be secured

of OCH's housing stock through the development of building standards and strategic planning related to long-term asset management.

In 2015, OCH developed and approved a Portfolio Management Framework (PMF). This has involved introducing portfolio management policies and practices such as property disposition and property acquisition, as well as creating development and community renewal guiding principles. OCH adopted a redevelopment framework, which provides the generic business model to support its development initiatives. This framework is intended to support, in partnership, the addition of up to 10,000 homes to the Ottawa rental market over the next 10-15 years.

OCH is currently finalizing its 10-Year Development and Renewal Plan to identify a path forward for development and to seek Board approval for its objectives. A September 2020 submission to OCH's Board confirmed the finalization of Canada Mortgage and Housing Corporation (CMHC) funding, with the following four development projects being supported: Rochester Heights Phase I, Rochester Phase II, Gladstone Village and 715 Mikinak. Approval of the City's Housing Services LRFP, which occurred in March 2021, was also required to inform the Development and Renewal Plan. With these pieces now in place, OCH management plans to finalize the Development and Renewal Plan and present it to the OCH Board for approval in 2022.

Rochester Phase I Development Project

The Rochester Phase I Development at 811 Gladstone Avenue includes 140 homes: two 4-storey stacked townhome buildings of 16 homes each and one 6-storey passive house building with 108 homes.³ The \$49.5M project received financing from Action Ottawa's 2017-2018 provincial programs (\$18.2M) and CMHC's National Housing Co-Investment Fund (\$2.2M forgivable loan, \$26.2M repayable loan), with the balance of funding coming from OCH's Community Reinvestment Fund.

As a result of competitive procurement processes, OCH engaged an architect and a construction manager in 2018 and 2019 respectively. Construction began in 2019 and was originally expected to be completed by mid-2021. However, construction was delayed by approximately six months due to COVID-19 related impacts on labour and materials. COVID-19 has also resulted in additional costs, which have been covered by the project contingency budget. There is a risk that further COVID-19 related costs

³ According to the Passive House Institute US, Inc., "Passive building comprises a set of design principles used to attain a quantifiable and rigorous level of energy efficiency within a specific quantifiable comfort level." Source: <https://www.phius.org/what-is-passive-building/passive-house-principles>

could push the project over its budget. Final reporting on the project's budget, rent-up and schedule is expected in the first half of 2022.

Audit objective and scope

The objective of this audit was to assess the establishment and implementation of the Development and Renewal Plan and the adequacy of procurement, contract administration and project management practices for the Rochester Phase I development project, the first of several large-scale development projects being undertaken by OCH. More specifically, the audit assessed whether:

- OCH's approach to establishing, implementing, and updating the Development and Renewal Plan was effective, efficient, and included an evaluation of the needs of clients and stakeholders;
- OCH's procurement practices for the Rochester Phase I development project were adequate to support large-scale construction projects; and
- OCH's contract administration and project management practices for the Rochester Phase I development project were adequate to support large-scale construction projects.

The scope of the audit included:

- the approach used to establish and implement OCH's Development and Renewal Plan; and
- the procurement, contract administration and project management activities undertaken by OCH in relation to the Rochester Phase I de.

While costs incurred as part of the Rochester Phase I project were reviewed, its financial sustainability was not part of the audit's scope. Please see Appendix 1 for detailed audit criteria.

Conclusion

Based on the work conducted, we found that OCH's efforts to formally establish its 10-Year Development and Renewal Plan are still underway. Project approval and implementation processes have been defined; however, they need to be integrated into each development project. They also need to be periodically reviewed and updated to ensure their ongoing effectiveness and efficiency. OCH has not yet secured the staff it needs to support the implementation of the 10-Year Development and Renewal Plan, which is critical to its long-term success.

For the Rochester Phase I development project, we found that procurement practices were generally adequate to support large-scale construction projects. One exception is that requirements for conflict-of-interest declarations should be formally documented and adhered to.

We found that project management practices were in place but were not yet mature. Some industry best practices, such as approving a project charter and developing a Project Definition Document and a Project Management Plan, were not consistently followed. Opportunities to improve budget monitoring, project level risk management and reporting were also noted.

Additional opportunities to facilitate the implementation of the 10-Year Development and Renewal Plan and improve project management practices were outlined in a management letter which was provided directly to management.

Audit findings and recommendations

Audit objective 1: Development and Renewal Plan

We assessed OCH's approach to establishing and implementing its 10-Year Development and Renewal Plan. As the Plan had not yet been approved by OCH's Board of Directors at the time of the audit, we were unable to assess the processes to make regular updates to the Plan or report against it.

1.1 Project Approval and Implementation ("Stage Gate") Process

We expected that project approval and implementation processes would be designed in a way that supports agility and allows OCH to respond to emerging opportunities. We found that a "Stage Gate Redevelopment Process" was provided to the OCH Board of Directors for information in September 2020. It outlined the steps from development inception to completion for a typical development project, including the "stage gates" (decision points) which require Board approval. This process was defined at a high-level; the Board submission indicates that it was not intended to describe the details of each activity or department. At the time of the audit, more detailed processes had not been established. Without these detailed processes, delays and/or inconsistencies in project implementation are more likely to occur.

As the stage gate process was developed when the Rochester Phase I project was already in progress, we were not able to observe the application of the stage gates to this project. As OCH begins to conduct multiple large development projects simultaneously, the existing stage gate process may not be consistent with the desired

pace of development. For example, there is a need to balance Board and Committee approvals with construction timelines. Furthermore, lessons learned from the Rochester Phase I development project, which may result in changes to the process, have not yet been taken into consideration.

Conclusion

Project approval and implementation processes have been defined at a high level. Further refinement of these processes is needed to ensure continued agility and reflect lessons learned.

Recommendation 1 – Integration of Stage Gates into Project Documentation

The Chief Development Officer should integrate stage gates into project charters and/or project management plans to ensure that required steps are completed during future development projects.

Management Response 1

Management agrees with this recommendation.

A stage gate process will need to be developed at the outset for each opportunity and integrated into the preliminary approvals process. Due to the range of project types and partnership arrangement the stage gates will be specific to each project and made clear to the Board at the outset of the project. The Chief Development Officer will be responsible for this integration by Q2 2022.

Recommendation 2 – Review and Update of Stage Gate Process

The Chief Development Officer should ensure that the stage gate process is periodically reviewed and updated to reflect accelerated pace/volume of development and lessons learned from development projects.

Management Response 2

Management agrees with this recommendation.

Through the exercising of the stage gate process, it has become clear that the stage gates can vary significantly from project to project. The Chief Development Officer will be reviewing its process based on lessons learned from the variety of projects, partnerships, RFPs, and programs by Q2 2022.

1.2 Resourcing

We expected that a resourcing plan would be established to support updates to the Development and Renewal Plan and timely implementation of its projects. We found that a resourcing plan had not yet been developed. Based on discussion with OCH staff, before CMHC funding was secured, staffing levels in OCH's Asset Management team were kept low. Although OCH staff from other departments and external consultants provided assistance during the Rochester Phase I project, resource constraints remained apparent. Following the approval of CMHC funding, OCH added six full-time staff to its Asset Management team, including the current Director, Construction, who is responsible for development projects. This position is critical to the implementation of the Development and Renewal Plan. Dedicated staff with the necessary skillsets are needed to avoid project delays and ensure rigorous project management. We concur with OCH management that additional staff will be required as OCH begins to conduct multiple large development projects simultaneously. During the development of the audit report, OCH management provided the OAG with a restructuring plan for the Asset Management team, including additional resources for new development.

Conclusion

An Asset Management restructuring plan, which includes additional resources for new development activities, has recently been developed but has not yet been implemented.

Recommendation 3 – Implementation of Restructuring Plan

The Chief Development Officer should finalize and implement the restructuring plan, to ensure that development projects are adequately resourced and can be implemented in a timely manner.

Management Response 3

Management agrees with this recommendation.

In 2021, the staff dedicated to development activities increased by 50%. Following the audit fieldwork, a restructuring plan was developed, a summary of which was

provided in early January 2022. The plan, which will be implemented through 2022, will see the capacity of the Development team grow further to adapt to the current and anticipated needs, address delivery capacity, specialized skill sets and support for improved administrative oversight and reporting.

Audit objective 2: Rochester Phase I Procurement Practices

We assessed procurement practices used in the Rochester Phase I development project to determine whether they are adequate to support the other large-scale development projects that are envisioned in the 10-Year Development and Renewal Plan.

The Rochester Phase I project involved two large procurements for OCH: one for architectural services (\$1.5M) and one for development and construction management services (\$45M). Both were competitive procurements, and each was undertaken in two stages: a Request for Qualification (RFQ) and a Request for Proposal (RFP). The RFQ stage assessed whether bidders had the necessary capabilities, experience, and financial resources to undertake the project. The RFP was issued for bidders that qualified under the RFQ; these bidders were invited to submit proposals, including pricing for the project. Since the two-stage procurement process can be lengthy, in 2021, OCH issued RFQs for architects and construction managers for future development projects. As such, future RFPs will be issued to bidders that have already pre-qualified through this 2021 process, reducing the level of effort and time required.

OCH's Board of Directors approved the award of the architect and construction manager contracts, in accordance with financial signing authorities outlined in the OCH Procurement Procedure. Industry standard contract templates were used for both contracts. The construction manager was responsible for developing subcontract packages for the performance of the construction work and managing the tender process (i.e., distributing tender documents, receiving, and reviewing bids, conducting negotiations, and awarding subcontracts, following approval from OCH).

2.1 Conflict of interest declarations

We expected that conflict of interest declarations would be completed by OCH staff involved in procurement activities and by potential suppliers, prior to awarding contracts. We found that conflict of interest declarations was not signed by OCH staff involved in the Rochester Phase I architect procurement. Based on discussion with OCH staff, those involved in the procurement were expected to verbally declare any conflict of interest. We did however note that conflict of interest declarations was completed and

documented for the Rochester Phase I construction manager procurement. No conflicts were identified by OCH staff.

The architect procurement required bidders to complete a non-disclosure and conflict of interest agreement. We observed that these forms were completed as required and three architectural firms identified conflicts of interest (bidders were not asked to distinguish between perceived/potential and actual conflicts of interest). OCH staff informed us that these forms were reviewed, and that they determined that there were no conflicts. However, these actions taken by OCH staff were not documented.

For the construction manager procurement, bidders were required to complete a certificate against collusion and conflict of interest declaration, which specified that bidders were to declare their conflicts and those of their "affiliates". This declaration would not have addressed subcontractor conflicts as the subcontractors had not been selected when the forms were signed. Based on discussion with the construction manager's staff for the Rochester Phase I project, they did not require their subcontractors to sign conflict of interest declarations.

Although OCH's Procurement Policy and Procedure define conflict of interest, the Procurement Policy does not identify the requirement for OCH staff and potential suppliers to complete conflict of interest declarations as part of the procurement process. Furthermore, the Procurement Procedure does not provide guidance or templates to identify, document and address conflicts of interest within the procurement process. While OCH's Conflict of Interest Policy and Employee Conflict of Interest Procedure describe principles, processes and roles and responsibilities related conflict of interest, it is not clear how these apply to procurement activities and procurement-specific roles and responsibilities are not defined within these documents. Formally documenting expectations and guidance with respect to conflict of interest would help support a clear and consistent understanding among OCH staff regarding how conflicts are to be disclosed and addressed.

Conclusion

Conflict of interest declarations were not available for OCH staff involved in the architect procurement for the Rochester Phase I project. OCH also did not request that conflict of interest declarations be completed by subcontractors on the Rochester Phase I project.

Recommendation 4 – Update OCH Procurement Policy and Procedure

The CFO and VP Corporate Services should update the OCH Procurement Policy and Procedure to:

- clearly identify the requirement to complete and document conflict of interest declarations during the procurement process;
- ensure that subcontractors complete and submit conflict of interest declarations with their bids; and
- facilitate the completion of conflict-of-interest declarations within the procurement process.

Management Response 4

Management agrees with this recommendation.

Formal written Conflict of Interest Declaration documents are currently obtained from all evaluators prior to distribution of the bids/proposals for evaluation. The CFO and VP Corporate Services agrees that this process should be formalized within the procurement procedure, which will be updated to reflect the current practice by Q3 2022.

OCH will also amend the standard language in the RFP template to include the reference "including sub-contractors" to add clarity as to conflict-of-interest declaration requirements in Q1 2022.

For projects utilizing Construction Manager (CM) model, the CM shall provide signed subcontractor Conflict of Interest Declarations for all work tendered as a condition of OCH approval of the tender award, starting in Q1 2022.

For projects utilizing fixed price General Contractor (GC) model, a condition of GC contract award will be included wherein, the GC declares that there will be no conflict of interest for subcontractors retained for the project. GC's will be required to obtain the subcontractor declarations as part of their tendering process. These would be provided upon the request of OCH.

Audit objective 3: Rochester Phase I Project Management Practices

We assessed OCH's project management practices for the Rochester Phase I development project to determine whether these practices are adequate to support the other large-scale development projects envisioned within the 10-Year Development and Renewal Plan.

Project Governance

We expected that policies and procedures to support project governance and project management would be established. We found that a draft project charter for Rochester Phase I was developed; however, it was not finalized or approved. While the draft project charter described the project's governance structure, including key resources, stakeholders, and committees, it was missing details regarding roles and responsibilities, including task descriptions and terms of reference for committees. Based on discussion with OCH staff, the project charter was considered an internal document, while the architect and construction manager RFPs were viewed as the key project documents. However, without a finalized and approved project charter, misunderstanding of the project's objectives and/or participants' roles and responsibilities may occur.

Conclusion

While some policies and procedures were developed to support project governance and project management, the architect and construction manager RFPs were viewed as the key project documents. As a result, a baseline document to ensure a common understanding of the project (i.e., a project charter) was not formally approved and maintained throughout the project.

Recommendation 5 – Development and Approval of Project Charter

For future development projects, the Director, Construction should develop a Project Charter that clearly establishes project objectives, scope, and the roles and responsibilities of all parties. The Project Charter should be approved at the outset of the project to ensure a common understanding among project participants and establish a clear approach for project implementation.

Management Response 5

Management agrees with this recommendation.

By the end of Q2, 2022, the Director, Construction will ensure that Project Charters will be developed for all developments. The Project Charter will be reviewed and approved by the OCH Project Sponsor and utilized to manage the procurement, execution, monitoring and reporting of projects.

Project Requirements and Delivery

We expected to find clearly defined project requirements and delivery expectations. We found that there was a lack of clarity in project requirements and standards at the outset of the Rochester Phase I project. This became apparent during the project and OCH staff worked with the architect to develop a set of standards. OCH staff have since developed internal standards that are being used for other development projects.

We expected that a Project Definition Document (PDD)⁴ and a Project Management Plan (PMP)⁵ would be developed, per industry best practices. Although some elements of a PDD and a PMP were included in the project charter and/or the architect and construction manager RFPs, a formal PDD and PMP were not developed. In addition, although various communications and engagement plans were created early in the project, a comprehensive communications plan for the duration of the project, as a subset of the PMP, was not established. OCH staff explained that a PDD and PMP were not developed due to reliance on the architect and construction manager RFPs as the key project documents, as well as OCH resource constraints. Without a PDD, it can take longer to prepare the project's design and there is an increased risk that the performance and quality of the build may not meet the project's objectives. As the PMP provides a comprehensive, integrated planning and control document for the project, without a PMP in place, the ability to monitor and control project implementation is reduced, which can result in cost overruns and/or delays.

⁴ The PDD provides a clear and comprehensive definition of the project scope (e.g., general design concept, materials and finishes, building and systems standards, technical material and systems specifications).

⁵ The PMP enables rigorous monitoring and control of all aspects of project implementation including procurement, review and approval gates, risk management, stakeholder communications, task and activity planning etc.

Conclusion

Project requirements and delivery expectations were not clearly defined and documented.

Recommendation 6 – Project Definition and Project Management Plan

For future development projects, based on the objectives set out in the project charter, the Director, Construction should establish a Project Definition Document and a Project Management Plan, including an integrated communications plan, prior to project implementation. This will help ensure a clear and comprehensive definition of project scope and enable monitoring and control of all aspects of project implementation.

Management Response 6

Management agrees with this recommendation.

By the end of Q2 2022, for all new developments, the Director, Construction, will ensure that a Project Definition Document (PDD) will be developed along with the Project Standards that provide the quality and performance objectives for the project.

A Project Management Plan (PMP) will be developed inclusive of a comprehensive integrated planning and control process, a risk registry, and a communications plan.

The PDD and PMP will be updated as required with approvals from OCH Project Sponsor.

Risk Management

As part of the project's quality assurance and quality control processes, we expected that project level risks and corresponding mitigating strategies would be identified, documented, and monitored throughout the project. We found that the construction manager was responsible for maintaining a risk registry and reporting on risks as part of its monthly reporting. While these responsibilities were fulfilled, given when the construction manager joined the project and its focus on the construction phase of the project, the risks identified, monitored, and reported were construction focused. A broader project level risk registry was not established to identify, document and monitor risks related to other aspects of the project (e.g., funding, tenant relocations etc.), likely due to OCH resource constraints. As a result, project participants and stakeholders may

not have been aware of the full scope of risks facing the project at a given point in time, reducing their ability to implement mitigating strategies in a timely manner.

Conclusion

The project's construction related risks were identified, documented, and monitored. A project level risk registry to identify, document and monitor all risks throughout the project was not established.

Recommendation 7 – Project Level Risk Registry

For future development projects, the Director, Construction should develop a project-level risk registry at the outset of the project's design phase to identify, monitor, and mitigate all risks throughout the project.

Management Response 7

Management agrees with this recommendation.

By the end of Q2 2022, for all new developments, the Director, Construction will ensure that a Risk Registry will be developed, which includes mitigation strategies and risk owners. The Risk Registry will be included in reports to the OCH Project Sponsor.

Monitoring and Reporting

We expected monitoring processes would be established to support oversight of project activities and that lessons learned for the project would be documented. Project oversight should include regular reporting against the project's key performance indicators (KPIs). Based on discussion with OCH staff and our review of monthly reporting by the construction manager, progress against the project's budget and schedule was the focus of the reports, as no other KPIs were developed. While budget and schedule are important measures to monitor for any project, they may not provide an indication of progress against all project objectives (e.g., number of new units, rental activity etc.). In late 2021, OCH staff developed a dashboard report with additional measures to be used in future projects.

While the project's budget was monitored on an ongoing basis and reported monthly, our discussions with the architect and OCH staff indicated that there were challenges with respect to the precision of budget monitoring and reporting. For example, subcontracts were reported as under budget even when gaps in the scope of services

were identified and additional costs were subsequently incurred to address these gaps. The lack of real-time information reduced budget transparency and visibility during the project.

As additional development projects have recently been initiated by OCH and the Rochester Phase I project has not yet concluded, OCH staff began documenting preliminary lessons learned noted by the architect and OCH staff during the Rochester Phase I project. Based on discussion with OCH staff and document review, several changes have been implemented within the other development projects as a result of these lessons learned, demonstrating a commitment to continuous improvement. The lessons learned document is expected to be finalized when the project concludes. OCH staff indicated that a project close-out report is also in development and is expected to be presented to the OCH Portfolio Management Committee in 2022.

Conclusion

While monitoring and reporting processes were in place, there are opportunities to enhance project oversight by developing, monitoring, and reporting on additional KPIs and increasing the precision of budget monitoring and reporting.

Recommendation 8 – Project Reporting

The Director, Construction should ensure the use of the project dashboard in future projects to enable project oversight.

Management Response 8

Management agrees with this recommendation.

The Director, Construction has already developed Project dashboards which will be rolled out in Q1 2022.

Recommendation 9 – Budget Monitoring and Reporting

The Director, Construction should establish budget monitoring processes from the outset of each project to ensure that up to date financial information is available and being reported.

Management Response 9

Management agrees with this recommendation.

The Director, Construction, receives both real time and projected financial updates from dedicated resources of the Finance Team, who are integrated into the project team. This information will form part of the dashboards for easy access for stakeholders, starting in Q2 2022.

Recommendation 10 – Project Close-Out

The Director, Construction should ensure the completion of the lessons learned document and project close-out report for the Rochester Phase I project.

Management Response 10

Management agrees with this recommendation.

For all major construction projects, OCH undertakes a post-mortem to identify opportunities for improvement, which will generally be incorporated as lessons learned, subject to financial or staffing resources requirements.

In the case of Rochester Phase I, a best practices exercise was undertaken at the mid way point to ensure those lessons could be incorporated in other projects that were advancing in tandem.

By the end of Q4 2022, once the project is completed, a finalized lesson learned document, as well as project close-out, will be issued internally.

Appendix 1 – About the audit

Audit objectives and criteria

The objective of this audit was to assess the establishment and implementation of the Development and Renewal Plan and the adequacy of procurement, contract administration and project management practices for the Rochester Phase I development project, the first of several large-scale development projects being undertaken by OCH. More specifically, the audit assessed whether:

- OCH’s approach to establishing, implementing, and updating the Development and Renewal Plan was effective, efficient, and included an evaluation of the needs of clients and stakeholders;
- OCH’s procurement practices for the Rochester Phase I development project were adequate to support large-scale construction projects; and
- OCH’s contract administration and project management practices for the Rochester Phase I development project were adequate to support large-scale construction projects.

Criteria listed below were developed based on industry practices (e.g., Canadian Construction Documents Committee, Ontario Association of Architects, Project Management Institute) with the assistance of a subject matter expert.

-	Development and Renewal Plan
1.1	Clear objectives for the Development and Renewal Plan have been established and approved by key governance bodies.
1.2	Regular reporting to key governance bodies on the progress against the Development and Renewal Plan is occurring.
1.3	Policies have been established to support asset retention and divestiture decisions.
1.4	Processes, including roles and responsibilities, have been established to support the identification and assessment of new development opportunities.
1.5	Processes, including roles and responsibilities, have been established to regularly update and approve the Development and Renewal Plan.

Development and Renewal Plan	
1.6	Project approval and implementation processes, including roles, responsibilities, and authorities, are designed in a manner that supports agility and enables the organization to respond to emerging opportunities
1.7	A resourcing plan has been established to support the regular update of the Development and Renewal Plan, and timely implementation of projects.
Rochester Phase I Procurement	
2.1	Regular reporting to key governance bodies on project-level procurement plans and activities is occurring.
2.2	Appropriate procurement processes and authorities have been established and documented to support consistent understanding and execution.
2.3	Procurement processes, including roles, responsibilities, and authorities, are designed in a manner that supports agility and timely responses to resourcing requirements.
2.4	Processes, including appropriate roles, responsibilities, and authorities, are established, and consistently followed to ensure sufficient evidence is maintained to demonstrate value for money through its procurement activities.
2.5	OCH staff involved in procurement activities and approvals, and suppliers, are providing declarations of perceived or real conflicts of interest prior to contract award.
2.6	Due diligence reviews are conducted on new suppliers, including verification of credentials and reference checks, prior to contract award.
2.7	Appropriate processes are in place when establishing contracts that include OCH’s legal group accepting contract conditions.

-	Rochester Phase I Contract Administration & Project Management
3.1	Policies and procedures to support project governance and management have been established.
3.2	Project requirements and delivery have been clearly defined and documented.
3.3	A communications plan has been established to support stakeholder engagement activities during project design and execution.
3.4	Quality assurance/control processes, including roles and responsibilities, have been established, documented, and undertaken as expected.
3.5	Procurement and resourcing planning processes have been established that support the timely and effective resourcing and deployment of required expertise and materials.
3.6	Monitoring processes, including roles and responsibilities, have been established to support adequate oversight of project progress and activities.

Audit approach and methodology

The audit work in this report was conducted in accordance with the standards and practices of the Institute of Internal Auditors.

The audit involved the following activities:

- review of procurement and project management documentation related to the Rochester Phase I development project;
- review of reporting to the OCH Board and Committees;
- interviews with the architect and construction manager for the Rochester Phase I project; and
- interviews with OCH staff.