

**Date:** 2024-11-22

**Subject:** Road Resurfacing Audit 2024 Report

**Contact:** Claire Fang Mu, Director, Internal Audit

**Report Number:** CAO's Office-2024-968

**Recommendations:**




1. That the report titled: Road Resurfacing Audit 2024 Report, to the Audit Committee Meeting of December 3, 2024, be received and the recommendations contained in **Appendix 1: Road Resurfacing Audit 2024 Report** be approved.



**Overview:**

- This audit identified key areas for improvement in the City’s road resurfacing practices, including the on-site road condition assessment process, material testing practices, contractor insurance verification and vendor evaluations during warranty periods, project tracking, and service request management.
- The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Road Resurfacing Audit 2024 Report**.
- **Appendix 2** contains the presentation slides for this audit report.

Internal Audit discussed the following improvement opportunities with Capital Works.

Process	Finding	Rating
1. On-site Road Condition Assessment	City process requires staff to conduct on-site road condition assessments for every road on the preliminary resurfacing list. From 2021 to 2023, while on-site assessments may have been conducted, the lack of supporting documentation makes it challenging to verify their completion. Of the 54 roads approved for resurfacing in 2024, we only found evidence of on-site road condition assessments for 37.	P2

	<p>This lack of documentation limits the City’s ability to fully validate the necessity of each road scheduled to be resurfaced which could reduce the effectiveness of the road selection process.</p>	
2. Material Testing	<p>A review of material test results confirmed that concrete and asphalt tests received in 2023 met the required standards. However, test reports for certain days of concrete and asphalt activities were missing, sampling coverage was not always adequate, and compaction tests exceeded the required intervals.</p> <p>While tests are being done, there is currently no formal process in place to reconcile asphalt and concrete activity with the corresponding material test results. This increases the risk of substandard materials not being detected, potentially impacting pavement quality and longevity.</p>	
3. Contractor Insurance	<p>City Policy mandates that any on-site contractor provide a valid Certificate of Insurance. Our review of insurance coverage found that certificates of insurance are in place throughout the construction phase of the resurfacing project, however insurance is not being verified during the two-year warranty period.</p> <p>Not obtaining a certificate of insurance during the warranty period does not ensure the contractor has sufficient coverage and results in the City facing additional exposure if an accident were to occur. It should be noted that, in all likelihood, the contractor had insurance. However, staff did not obtain the Certificate of Insurance.</p>	
4. Vendor Evaluations	<p>City Policy outlines the vendor evaluations required for projects over 12 months, which are interim, final and, if applicable, post-warranty. Our review of vendor evaluations found that interim and final vendor evaluations were completed, however, post-warranty evaluations were not.</p>	

	<p>Not completing these evaluations may reduce the city’s insight into the quality of vendors’ post-project work, potentially impacting future project planning and vendor selection.</p>	
5. Uncompleted Roads	<p>Our review of roads on the approved resurfacing list from previous years noted that staff informally monitor the status of roads that were postponed, however there is no central document to track these uncompleted roads.</p> <p>This lack of centralized tracking could lead to delays in the timely resurfacing of roads in poor condition.</p>	
6. Service Requests	<p>Our review of service requests found that in general, they are being addressed and necessary action is being taken to resolve issues. However, we also noted there is no standardized process, no defined response time targets, and limited access to CityWorks, Capital Works service request tracking software, by some employees.</p> <p>This could increase the risk that requests are not actioned timely which can impact customer service.</p>	
<p>These issues and associated management action plans are discussed in more detail in <b>Appendix 1</b>. These issues are rated as per the criteria described in <b>Appendix 1</b>.</p>		

**Conclusion:**

Overall, the Road Resurfacing Program has an effective framework for planning, managing, and executing road resurfacing projects. This framework integrates strategic planning and coordination across multiple City departments and external agencies, ensuring that projects are managed cohesively from initiation to completion.

The audit noted some strengths, including effective interdepartmental collaboration, an experienced team for comprehensive oversight, and robust software like dTIMS and ProjectWise for efficient management. Proactive community engagement through construction notices and response to resident concerns further strengthens the program.

We also identified several improvement areas. The program should enhance on-site road condition assessments, monitor material testing practices to ensure adherence to standards, standardize insurance verification during warranty periods, and conduct post-warranty vendor evaluations. Additionally, improvements are needed to track deferred roads and manage service requests.

Implementing the six recommendations in this report will promote transparency, reinforce quality control, and ensure responsible resource use, all of which are essential for maintaining the City's infrastructure and delivering high-quality services to residents.

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**Attachments:**

- Appendix 1 – Road Resurfacing Audit 2024 Report
- Appendix 2 – Road Resurfacing Presentation Slides