




**CITY OF HAMILTON**  
**OFFICE OF THE AUDITOR GENERAL**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	April 6, 2023
<b>SUBJECT/REPORT NO:</b>	Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) Management Action Plans (AUD22007(a)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
<b>SUBMITTED BY:</b>	Charles Brown, CPA, CA Auditor General Office of the Auditor General
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That the Management Action Plans, as detailed in Appendix “A” of Report AUD22007(a) be approved; and,
- (b) That the General Manager of Public Works be directed to implement the Management Action Plans (attached as Appendix “A” to Report AUD22007(a) and report back to the Audit, Finance and Administration Committee by October 2023 on the nature and status of actions taken in response to the audit report.

### EXECUTIVE SUMMARY

An audit of Accessible Transit Services: DARTS Fleet Management and Vehicle Safety was completed in September 2022. Disabled and Aged Regional Transportation System (“DARTS”) is an external organization that provides accessible transit services in Hamilton under contract with the City.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The overall objective of the audit was to assess the maintenance and inspection activities employed by DARTS and its sub-contractors, with a view to concluding on the effectiveness of these processes in ensuring the safety of vehicles placed into service.

The audit was initiated as a result of a confidential Fraud and Waste report, expressing safety concerns with respect to the management of fleet, the Office of the Auditor General (OAG) initiated an audit of DARTS' vehicle maintenance and fleet inspection practices. DARTS is an external organization that provides accessible transit services in Hamilton under contract with the City.

A total of 73 recommendations were made in September 2022 (Report AUD22007). At that time an overall management response was provided, with Council direction to Public Works to provide detailed management action plans to the OAG by January 2023.

This report presents these management action plans Committee as Report AUD22007(a) so that direction to staff can be provided regarding implementation of the action plans.

### **Alternatives for Consideration – Not Applicable**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None.

Staffing: None.

Legal: None.

### **HISTORICAL BACKGROUND**

The Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included the completion of a DARTS Audit, noting that the audit was pending the completion of a revised Master Operating Agreement (MOA) between the City and DARTS. A revised MOA has not been completed, however an audit was initiated as a result of a confidential Fraud and Waste report, expressing safety concerns with respect to the management of fleet.

On March 24, 2022 this issue was reported by the City Auditor as a “Serious Matter” to Council, per the “City Auditor Reporting of Serious Matters to Council” policy. The two criteria being applied were that there was a situation that could threaten public safety and could have a significant adverse impact on the City’s vulnerable populations. The OCA informed Council that a comprehensive audit was being completed.

The results of that audit were reported in September 2022 as Report AUD22007.

Council provided direction to staff regarding Report AUD22007:

- (a) That the General Manager of Public Works be directed to report back to the Office of the City Auditor by January 2023 with a detailed management action plan, which will then be reported to the Audit, Finance and Administration Committee for approval.

The OAG (previously known as the Office of the City Auditor) received the management action plans in early February 2023. We reviewed the management action plans, ultimately found them to be adequate and are presenting them to Committee as Report AUD22007(a) so that direction to staff can be provided regarding implementation.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None.

## **RELEVANT CONSULTATION**

Appendix “A” to Report AUD22007(a) includes management action plans from management responsible for overseeing accessible transit services within the City’s Transit Division of the Public Works Department.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

### **Audit Process and Findings (September 2022)**

The OAG used the services of Fleet Challenge Canada (FCC) to conduct the main parts of the audit. FCC specializes in fleet compliance to complete a thorough review of the inspection, maintenance and fleet management activities performed on DARTS operated vehicles with a view to identifying any control weaknesses or compliance

issues that may impact public safety. This work included vehicle inspections completed by licensed Automotive Service Technicians and/or Truck and Coach Technicians.

The primary tool used to evaluate the current state of inspection and maintenance practices of DARTS was a planned sample of 40 (39 actual) vehicles during the first week of the review. The results were unequivocally poor. We found that 46% of the vehicles failed the independently conducted inspections.

According to FCC, this level of failure is “exceptionally high” and a decision was made to continue with further inspections of the entire fleet. The fail rates showed some improvement over time, mainly during the last weeks of the inspection process. The overall fail rate for first inspections, was 32%. For a commercial operation that serves a vulnerable population, we found this to be unacceptable, indicating an inadequate level of inspection and maintenance rigour that is systemic.

The audit found numerous issues relating to safety, and many opportunities for improvement. Issues were found with brakes, tires, exhaust systems, steering and suspension systems, including a “singular matter of urgency” – that being defective and/or seized emergency brakes which bear “rollaway” risk.

In terms of processes, we found various weaknesses related to inspection processes, quality assurance, safety awareness and training, contract oversight, qualifications, data management, and minimum standards requirements.

Perhaps most concerning to OCA was that the DARTS subcontractors were seemingly incapable of maintaining their fleets to the standards of safety required. These concerns are only magnified with the observation by FCC that some vehicles were taken out of service and retired permanently, shortly after the start of the vehicle inspection campaign.

OCA also had several additional audit findings related to contract management and oversight.

Management agreed with 70 recommendations and three recommendations were agreed in part. Management committed to providing a comprehensive management action plan to the OCA by January 2023. These were received by the OAG in early February 2023. We reviewed these responses and ultimately found that that they adequately address the audit recommendations and are submitted to this Committee for approval and to direct Management to implement these action plans. The recommendations and management action plans can be found in Appendix “A” to Report AUD22007(a).

## **ALTERNATIVES FOR CONSIDERATION**

Not applicable.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

### **Built Environment and Infrastructure**

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report AUD22007(a) – Recommendations and Management Action Plans

[Report AUD22007 Accessible Transit Services DARTS Fleet Management and Vehicle Safety Audit](#)

[Appendix "A" to Report AUD22007 \(Audit Report\)](#)

[Appendix "B" to Report AUD22007 \(Fleet Challenge Canada Report\)](#)

[Appendix "C" to Report AUD22007 \(Recommendations and Management Response\)](#)

[Appendix "D" to Report AUD22007 \(Infographic\)](#)