



- An opportunity for improvement (OFI) describes a requirement that can be more effectively addressed.
- An observation is a comment or remark provided to share the conditions found on the day of the audit, typically related to an “out of scope” finding.

Areas Visited:

- Lake Huron Water Treatment Plant (WTP), 71155 Bluewater Highway, South Huron
- Exeter Hensall Pumping Station (EHPS), 39590 Huron Street, South Huron
- McGillivray Pumping Station, 4064 McGillivray Drive, North Middlesex
- Arva Terminal Reservoir, 13964 Medway Road, Middlesex Centre
- Komoka-Mt. Brydges Pumping Station (KMBPS), 13964 Medway Road, Middlesex Centre

Interviews Conducted:

- Denny Rodrigues – Safety, Process and Compliance Manager, OCWA
- Greg Henderson – Senior Operations manager, OCWA
- Randy Lieber – Senior Operations Manager, OCWA
- Allison McCann – Team Lead, Operations & Compliance, OCWA
- Paladin Security Guard
- Blair Tully – General Manager, OCWA

Summary of Findings

Positive Findings

- New safety seals being used for the spill kits and first aid kits appear to be useful and makes inspections more efficient.
- The “Huron Handbook” created for new staff provides good background and reference information for an easier transition for new operators.
- The new dissolved oxygen analyzer at the Low Lift provides useful raw water quality information (e.g. early warning during lake turnover events and algal bloom events).

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Non-Conformances (NCs)

Element 5 (Document and Records Control)

- NC #1: Various different versions of LF-ADMIN-2200 (Calibration Certificate) were being used to record calibrations. The current version is v.4.0 (dated July 16, 2018) but in most instances v.3.0 was being used. The printed versions also don't match the corresponding template in SharePoint (i.e. multiple different versions of v.3.0 being used).

Opportunities for Improvement (OFIs)

Element 2 (QMS Policy)

- OFI #1: Consider the access and availability of the Policy.
 - i. The Policy is no longer available on the huronelginwater.ca website, it is only available upon request.
 - ii. Due to restricted access to the control room, the Policy is no longer readily available for contractors and other visitors at the WTP.

Element 5 (Document and Records Control)

- OFI #2: Consider identifying the location and record retention period for the Monthly Operations, Maintenance and Quality Reports and associated meeting minutes, in Appendix A of LH-ADMIN-200 (Document & Records Control Procedure). These reports and meeting minutes are QMS records as referenced in LH-ADMIN-2000.
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- OFI #3: Two documents in the Security Guard trailer were not the most current versions:
 - HSOP-2-06 v.7.0 (no longer available in SharePoint);
 - HSOP-2-05 v.3.0 (not current, there is a version 4.0 available in SharePoint).

Element 7 (Risk Assessment)

- OFI #4: Two items that are listed in the QMS Operational Plan as threats or operational challenges have not been considered in the QMS Risk Assessment:
 - SCADA communications failures (e.g. loss of communications between the WTP and remote sites);
 - Low raw water turbidity.

Element 8 (Risk Assessment Outcomes)

- OFI #5: The QMS Risk Assessment & Outcomes table references a number of Standard Operating Procedures (SOPs). Not all SOPs referenced are available in the EMS/QMS SharePoint library. Examples: Harmful Algal Bloom (HAB) monitoring; frazil ice; SCADA control.
- OFI #6: Section 5.1 of Procedure LH-CCP-2000 (Chlorination Control) contains outdated references to an older 2009 versions of the CT Tables and Excel-based CT Calculator. There is no reference to the online SCADA CT calculator as a tool for operators. Consider that the online SCADA CT calculator, Excel CT Calculator, and corresponding Technical Memo were all updated in 2021.

Element 11 (Personnel Coverage)

- OFI #7: Procedure LH-ADMIN-2600 indicates the “master copy” of the shift schedule is in the control room but it has been moved to the spare operator’s office.

Element 13 (Essential Supplies & Services)

- OFI #8: Consider listing a back-up suppliers for powder activated carbon (PAC) and sodium hypochlorite. These are the only chemicals currently listed without a back-up.
- OFI #9: Consider that there are new contacts and a new procedure for SCADA control system repair/troubleshooting. There is a new SCADA on-call procedure in which RWS staff (Control Systems Coordinator, or Information Security Supervisor) are contacted first. The Rockwell 24/7 monitoring service has been cancelled. There is now a Parts Management Agreement (PMA) with Rockwell.
- OFI #10: Consider that there is a name change for the back-up lab service provider. Maxxam is now Bureau Veritas.

Element 15 (Infrastructure Maintenance, Rehabilitation and Renewal)

- OFI #11: Consider completing a Management of Change checklist for the new Computerized Maintenance Management System (ie. Maximo) to ensure training requirements, procedural updates etc. are captured.
- OFI #12: The “Out of Service Equipment Logbook” at Exeter-Hensall PS indicates pumps #1 and #3 are currently out of service, but they have both been placed back into service.

Element 16 (Sampling, Testing and Monitoring)

- OFI #13: The Sampling & Lab Analysis Procedure (LH-ADMIN-2050) indicates that the operator records both the analyzer and hand-held chlorine test results on LF-ADMIN-2054. This is no longer the case, and only the hand-held test results are now required to be recorded on the Form.
- OFI #14: There has been an operational change at McGillivray PS and Exeter-Hensall PS in which the sample taps no longer run continuously. Consider updating the sampling procedure (LH-ADMIN-2050) with instructions on how long the sample taps must run before sampling.



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Element 18 (Emergency Management)

- OFI #15: Consider whether the “loss of alum” incident in August 2021 should be reviewed and documented as a contingency plan test, as loss of alum relates to a QMS critical control point (as per procedure CCP-3000).

Observations

- Health & Safety: There is a “silica gel” product at McGillivray PS that was not accompanied by a Safety Data Sheet (SDS).
- Health & Safety; Housekeeping: At Exeter Hensall PS there was a bucket containing an unknown liquid substance and used/dirty rags within the sodium hypochlorite spill containment area.



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To: Chair and Members, Board of Management
Lake Huron Primary Water Supply System

From: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Subject: Quarterly Operating Financial Status – 3rd Quarter 2021

RECOMMENDATION

That this report regarding the Quarterly Operating Financial Status of the Lake Huron Water Supply System be **RECEIVED** by the Board of Management for information; it being noted that the financial information presented in this report is unaudited and subject to adjustments including the preparation of the financial statements and completion of the annual audit.

BACKGROUND

At the request of the Board of Management, a Financial Status Report is provided on a quarterly basis for information. The financial status provides a high-level overview of incurred expenditures and revenues on a cash-flow basis and is compared to the approved operating budget of the water supply system. All expenditures and revenues provided in this Financial Status Report are unaudited and may include accrued and/or unaccrued expenses from a previous or future fiscal year.

A high-level summary of incurred expenses and revenues for the water supply system is attached to this report as Appendix A for the third quarter 2021 (July 1 to September 30) as well as a comparative accumulation of expensed for the year to date.

Note: The reported expenditures and revenues may be subject to adjustments, including but not limited to the preparation of financial statements and completion of the annual audit.

DISCUSSION

For the information and reference of the Board, the following highlights of the attached summary provides a brief explanation of notable deviations from the approved budget and/or clarifications of the financial summary:

- Contracted Operating Services in the summary report reflects the total direct operating costs of the contracted operation of the water treatment and transmission system, as well as other related contracted services. The total accumulated operating costs over the year (unaudited) is slightly higher than the same period in 2020 and is reflective of contractual increases in service agreements with the operating authority and other contracted services.
- Contracted Administrative Services in the summary report reflects the fees paid to the City of London.
- Electricity expenditures include the purchase of energy and related energy management service charges for the water system. The water system is currently tracking approximately \$9,000 lower than the previous year.
- Salaries, wages and benefits expenditures include all direct labour costs for administrative staff including benefits. Variations over the same period in 2020 are attributed to annual salary adjustments, staff vacancies, and additional costs as a result of the pandemic. In addition, the 2020 YTD amount shown is understated as the onset of the pandemic delayed accounting entries related to salaries, wages and benefits.
- Administration and Other Expenses relates to various overhead operating expenses, including subscriptions and memberships, office supplies and property taxes. While the reported expenditures will be adjusted as part of the year-end process, accounting for 2022 pre-payments and other cost accounting adjustments, the costs to date are higher than the same period in 2020 largely due to increased costs associated with property taxes.
- Vehicles and Equipment expenditures include costs associated with vehicles, computers and office equipment for administrative staff. Additional costs in 2021 were incurred related to replacement of computer equipment, as well as travel and vehicles due to the pandemic.
- Purchased Services and Professional Fees largely relates to allowances for ad hoc professional consulting and legal services, security services, office lease, telephone charges, network and SCADA maintenance, printing services, and pipeline locate costs. The increased cost when compared to the same period in 2020 is largely attributed to the addition of security services introduced in late 2020, higher insurance premiums, and additional legal costs incurred by the water system related to the High-Pressure

event as well as discussions related to the Joint Municipal Services Board and Municipal Services Corporation under the Municipal Act.

- Debt Principle and Interest payments occur twice per year; in the first and third quarter.
- Contributions to the Reserve Funds occur at the end of the fiscal year as part of the year-end audit preparation process, where the actual contributions are the total remaining revenue in excess of expenditures. Accordingly, the amount of the anticipated contribution is currently adjusted to reflect the additional revenue and expenses incurred and may be subject to further adjustment as a result of the completion of the year-end financial statements and audit.

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Budget and Finance Analyst

Submitted by: Andrew Henry, P. Eng.,
Director, Regional Water Supply

Recommended by: Kelly Scherr, P.Eng., MBA, FEC
Chief Administrative Officer

Attachments: Operating Financial Status Summary – 3rd Quarter 20201

