



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

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| TO: | Chair and Members Audit, Finance and Administration Committee |
| COMMITTEE DATE: | June 22, 2015 |
| SUBJECT/REPORT NO: | Audit Report 2015-04 - Public Works - Hamilton Water - Water Supply Compliance / Conformance Review (AUD15022) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Brigitte Minard 905-546-2424 x2088 Sophy Lian 905-546-2424 x7398 |
| SUBMITTED BY: | Brigitte Minard Acting Director, Audit Services City Manager's Office |
| SIGNATURE: | |

RECOMMENDATION

- (a) That the Management Action Plans as detailed in Appendix "A" of Report AUD15022 be approved; and
- (b) That the General Manager of Public Works be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD15022) implemented.

EXECUTIVE SUMMARY

The 2015 Internal Audit Work Plan approved by Council included a review of Water Supply. The scope included a review of all 2014 compliance/conformance reports to ensure all identified non-compliance/non-conformance items are being remediated within the required timeline.

The results of the review are presented in a formal Audit Report (2015-04) containing observations, recommendations and management responses. Audit Report 2015-04 is attached as Appendix "A" to Report AUD15022.

Alternatives for Consideration - Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: None.
Staffing: None.
Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

This review was scheduled as part of the 2015 Internal Audit Work Plan approved by Council. The fieldwork was completed in March 2015 to April 2015. The results of this review are attached as Appendix “A” of Report AUD15022.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

Appendix “A” to Report AUD15022 includes action plans which reflect the responses of management responsible for the administration of drinking water systems in the Hamilton Water Division of the Public Works Department.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION
(Include Performance Measurement/Benchmarking Data if applicable)**

Drinking water is a highly regulated operation and is being monitored and inspected regularly by the Ministry of Environment and Climate Change (MOECC), external auditors, as well as internally by Hamilton Water.

Audit Services reviewed all relevant reports relating to the audits/inspections, checked the current status of all non-compliance/non-conformance items that required action and evaluated if any identified areas of non-compliance/non-conformance are being remediated within the required timeline.

Given the large volume of audit and inspection reports that were reviewed, there was a very low volume of non-compliance/non-conformance items detected. All outstanding items are currently being addressed by management.

A formal audit report containing observations, recommendations and management action plans was issued and is attached as Appendix “A” of Report AUD15022.

The recommendations noted in Audit Report 2015-04 include:

- That Hamilton Water continues to follow up with the 24 open findings from the 2014 Drinking Water Quality Management System (DWQMS) Conformance Internal Audit.
- That Hamilton Water ensures that the 2015 version of the DWQMS is signed off by the recently elected City Council.

Management and staff agreed with the two recommendations, with implementation expected to be completed in December 2016. Specific action plans can be found in the attached Audit Report (Appendix “A” to Report AUD15022).

Audit Services conducted this review in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the review to obtain sufficient, appropriate evidence to support the findings and conclusions based on the review objectives. Audit Services believes that the work performed provides a reasonable basis for the review findings and conclusions.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not Applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD15022

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