

**CITY OF HAMILTON  
INTERNAL AUDIT REPORT 2015-04  
WATER SUPPLY COMPLIANCE/CONFORMANCE REVIEW  
PUBLIC WORKS**

## **Background**

It is the responsibility of the Hamilton Water Division (HW) to ensure that clean, safe and reliable drinking water is supplied to all of the City's residents. There are a total of five drinking water systems for the City:

- Hamilton Woodward (including Fifty Road)
- Carlisle
- Greensville
- Lynden
- Freelton

Drinking water is a highly regulated operation and is monitored and inspected regularly by the Provincial Ministry of Environment and Climate Change (MOECC), external auditors, as well as internally by Hamilton Water. The inspection and audit process includes the following activities:

### Compliance Activities

Compliance auditing is carried out to determine whether an organization is operating according to applicable legal, regulatory and other requirements. If identified, compliance audit findings are issued to indicate that a legal requirement (e.g. Federal, Provincial & Municipal Acts and Regulations) was not met.

Compliance activities include:

- The MOECC performs inspections on all drinking water systems every year (March to February) for water plant operations compliance. An inspection report is provided for each drinking water system.
- The Annual Summary Report required by Schedule 22 of Ontario Regulation 170/03-Drinking Water Systems (O. Reg. 170/03) (Summary Report for Municipalities) is submitted for Council's information as the Owner of the Drinking Water System every year.
- The Annual Water Quality Report required by Section 11 of O. Reg. 170/03 (Annual Report) is prepared by the City of Hamilton Environmental Lab (CHEL). The report is to be made available to the public by February 28th of each year.
- CHEL is licensed by the MOECC and is inspected two to three times per year by the MOECC.

### Conformance Activities

Drinking Water Quality Management System (DWQMS) audits are conducted to evaluate the effectiveness of the DWQMS (i.e. meeting the requirements of the Provincial Drinking Water Quality Management Standard). If identified, conformance findings are issued to indicate that a requirement of the Standard was not met.

Conformance activities include:

- The external auditor, SAI Global, performs quality audits as follows:
  - An off-site documentation audit every year; and
  - An on-site verification audit every 3 years.
- Internal audits conducted by Hamilton Water Internal Auditors and led by the Compliance and Regulations Section from Hamilton Water are performed every year to evaluate conformance with the 21 elements of the Standard.
- There is a Top Management Review held once a year to review the suitability, adequacy and effectiveness of the DWQMS.
- The DWQMS Operational Plan Summary Report explains how the 21 elements of the Standard are addressed by the City of Hamilton. It also includes the signing of the Commitment and Endorsement by the Owner of the Drinking Water Systems (City Council).
- The CHEL is an accredited lab and is audited every two years by the Canadian Association for Laboratory Accreditation (CALA).

### **Compliance/Conformance Review**

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

The findings were as follows:

### Compliance Activities

- Hamilton Water provided evidence that all compliance requirements were met.

### Conformance Activities

- An internal audit was performed by Hamilton Water Internal Auditors, led by the Compliance and Regulations Section in Hamilton Water in 2014. Findings from the internal audit had an action required date of March 1, 2015.
  - As at March 18, 2015, 10 of the 56 findings have been closed, 22 of the 56 findings are waiting approval, and the remaining 24 of the 56 findings still remain open.

Further follow up is required for the open findings. This was due to the level of effort required to remediate the open findings and a large volume of frozen water pipes in February 2015 which was a top priority for Hamilton Water. Therefore the remediation of outstanding findings has been delayed.

- The 2015 DWQMS Operational Plan Summary Report is still pending sign-off from the recently elected City Council after they received the required Standard of Care training.

The remainder of the reviewed reports either had zero non-compliance/non-conformance items or any non-compliance/non-conformance items were remediated in a timely manner and no further follow up was required.

### **Summary**

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.

#### **It is recommended:**

***That the Hamilton Water Division continue to follow up with the 24 open findings from the 2014 DWQMS Conformance Internal Audit led by the Compliance and Regulations Section.***

#### **Management Response**

***Agreed. Hamilton Water continues to focus on the closure of the open findings from the 2014 DWQMS Internal Audit. Copies of the closed findings will be submitted to Audit Services within 18 months of the 2015-04 audit closing.***

***That the Hamilton Water Division ensure that the 2015 version of the DWQMS is signed off by the recently elected City Council.***

**Management Response**

***Agreed. Hamilton Water prepared the attached DWQMS Operational Plan Summary Report for Council that will be presented at the Public Works Committee on June 15th and to Council on June 24th for their review and endorsement. A copy of the DWQMS Operational Plan Summary Report Commitment and Endorsement page will be provided to Audit Services once signed by the Mayor, City Clerk (on behalf of Council), General Manager, Public Works and the Director of Hamilton Water.***