



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	March 7, 2016
SUBJECT/REPORT NO:	Follow Up to Audit 2013-17 Public Works - Traffic Inventory (AUD16007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP 905-546-2424 x2088 Domenic Pellegrini CPA, CMA, CIA 905-546-2424 x2207
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

That Report AUD16007, respecting the follow up of Audit Report 2013-17, Public Works – Traffic Inventory, be received.

EXECUTIVE SUMMARY

Audit Report 2013-17 was originally issued in June, 2014 and management action plans with implementation timelines were included in the Report. In fall 2015, Audit Services conducted a follow up exercise to determine if appropriate and timely actions had been taken. Of the nine recommendations made in the original Report, two recommendations have been completed, three are in progress and four remain not completed. Details of implementation specific to each recommendation are included in Appendix “A” to Report AUD16007.

Alternatives for Consideration –Not Applicable

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

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

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2013-17, Public Works – Traffic Inventory was originally issued in May, 2014. The report provided nine recommendations to strengthen controls, ensure traffic inventories are adequately safeguarded and accounted for and identify opportunities for administrative efficiencies and improved management oversight.

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It is normal practice for Audit Services to conduct follow up reviews within 12-18 months following the issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

The results of the follow up were provided to management responsible for the administration and monitoring of traffic operations inventory, the Corporate Assets and Strategic Planning Division of the Public Works Department.

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

The report attached as Appendix “A” to Report AUD16007 contains the first three columns as originally reported in Report 2013-17 along with an added fourth column indicating Audit Services’ comments as a result of the follow up work.

There were nine recommendations. Two recommendations were “Completed”; three were “In Progress” (inventory management; parts and materials-segregation of duties; and physical inventory count). An additional four recommendations were “Not Completed” (two relating to inventory manufactured in-house; performing cycle counts at year-end; and physical inventory count-adjusting Hansen records). Appendix “A” to Report AUD16007 should be examined for details of implementation by recommendation.

Some of the current status updates contain estimated completion dates that may have passed by the time the report is received at Committee; these were current at the date of the follow up fieldwork. Management can provide a further update as requested, and all outstanding items will be part of the Annual Follow Up Audit that is scheduled to occur during summer 2016.

Audit Services conducted this follow up assignment in conformity with the *International Standards for the Professional Practice of Internal Auditing*. Audit Services believes that the work performed provides a reasonable basis for the follow up comments 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 #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

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 AUD16007

bm:ah