




## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	January 19, 2023
<b>SUBJECT/REPORT NO:</b>	Road Maintenance Small Tools and Equipment Inventory Audit and Follow up to Audit Report AUD11006 (AUD21010): Management Update (PW23004) (City Wide) <b>(Outstanding Business List Item)</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brian Zaffuto (905) 546-2424 Ext. 4625
<b>SUBMITTED BY:</b>	Mike Field Acting Director, Transportation Operations & Maintenance
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

On September 23, 2021, Council directed the General Manager of Public Works to implement the Management Responses contained within the Road Maintenance Small Tools and Equipment Inventory Audit and Follow up to Audit Report AUD11006 (AUD21010) (City Wide) and report back to Audit, Finance and Administration Committee by September 2022, on the nature and status of actions taken.

### INFORMATION

The Road Maintenance Small Tools and Equipment Inventory Audit AUD11006 (AUD21010) (City Wide) assessed the management of the City of Hamilton's (City) road maintenance small equipment and tool inventory to identify gaps that expose the inventory of small tools and equipment in the Transportation Operations & Maintenance Divisions, Roadway Maintenance Section, to the risk of fraud and misappropriation. The Office of the City Auditor (OCA) followed up on 8 recommendations from a similar audit conducted in 2010 and made 21 new recommendations to strengthen controls and increase process efficiencies related to inventory. Of the recommendations, two of the twenty-one (recommendation 20 and 21) were identified as Private and Confidential.

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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.

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While Council approved a report back timeline of September 2022, this was deferred until January 2023 due to the 2022 Municipal Election.

Management agreed with 20 recommendations and partially agreed with one recommendation. Management provided responses for implementation, with completion anticipated by the beginning of 2023.

The purpose of Information Report PW23004 - Roads Tools and Equipment Audit Management Update, is to provide the Audit, Finance and Administration Committee with a status report on the 21 recommendations as directed.

An internal working group in Transportation Operations & Maintenance (TOM) was established to address the 21 recommendations. An implementation plan for the audit recommendations has been developed and work is underway in completing the various action items. A summary of the progress to date is attached to Report PW23004 as Appendix "A". Of the twenty-one recommendations, actions on five have been completed and the remainder are generally in the stages of finalization.

The Office of the City Auditor has not validated the information contained in Appendix "A" to Report PW23004, however they were conferred with in the drafting of Information Report PW23004.

Implementation of the recommendations incorporates industry best practices, ensures a more robust inventory management approach and further embeds continuous improvement and quality management processes to small tool and equipment handling in the TOM Division. These initiatives will align with the future implementation of the Enterprise Asset Management System (EAM). In responding to the audit action items, five standard operating procedures have been developed, which are listed as follows:

1. Roadway Maintenance Small Tools and Equipment Inventory Management Procedure
2. Roadway Maintenance Small Tools and Equipment Procurement Procedure
3. Roadway Maintenance Small Tools and Equipment Maintenance Procedure
4. Roadway Maintenance Small Tools and Equipment Disposal Procedure
5. Roadway Maintenance Small Tools and Equipment Missing of Stolen Asset Procedure

The implementation plan includes standard operating procedures that will form part of the Transportation Quality Management System (TQMS) Operational Plan. The TQMS

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is a framework that documents processes, procedures, and responsibilities to safely, effectively, and efficiently design, construct, maintain and operate the City's transportation system while meeting applicable legislative and regulatory requirements.

As required, a subsequent report will be provided to the Audit, Finance and Administration Committee in December 2023 which will include a further status update on the progress implementing the recommendations from The Road Maintenance Small Tools and Equipment Inventory Audit AUD11006 (AUD21010) (City Wide).

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report PW23004 – Road Maintenance Small Tool and Equipment Audit Deliverables