

CAO-2025-095

1ST QUARTER AUDIT STATUS REPORT

Summary



Completed:

- ✓ Fire Life Safety Systems
- ✓ Cash Deposits
- ✓ Employee Parking Tax Exemption

In progress:

- ☐ Custodial at Community Centres – Service Delivery
- ☐ Concrete Maintenance – Service Delivery & Lean Review



FIRE LIFE SAFETY SYSTEMS

Background



- 2018 audit by City of Toronto found widespread fraud with 3rd party vendors for fire life safety system inspections and repairs
- 2019 City of Kitchener audit in response found appropriate controls and no fraud
- Added to list of recurring audits

Objective



To ensure our buildings are not at risk due to ineffective inspections.

- Confirm vendor is not related to fraudulent vendor
- Assess vendor selection process
- Verify inspections are completed and billed correctly

Methodology



- Interviews
- Review of tender specifications
- Confirm current vendor
- Review all 2024 invoices to ensure:
 - All buildings inspected
 - Correct and reasonable prices
 - No duplicates

Findings



- Controls in place to monitor vendor and invoices
- 174 invoices reviewed
- No duplicates
- Minor errors resulting in net undercharge
- Some items unverifiable
- Recommendation to require more clarity on invoices in future tenders
- Will remain on list of recurring audits



CASH DEPOSITS

Audit Objectives



- To document current cash deposit processes and assess adequacy of controls
- **Scope:** Cash deposits across all City locations
- **Out of scope:**
 - Testing of transactions
 - Controls around VISA, Debit or Cheque deposits

Methodology



- Interviews / correspondence with divisions that process cash deposits to determine
 - Deposit process
 - Control points
 - Issue or concerns
- Process mapping
- Analysis of control points

Findings



- 45% reduction in cash deposits since 2014
- Several locations are cash free
- \$4M cash deposits (\$2.8M from taxes/utilities)
- Controls have improved
- Most locations use point of sale machines
- Most locations have eliminated inventory
- Control weaknesses low risk and low dollar
- Will remain on list of recurring audits



PAID PARKING

EMPLOYEE PARKING TAX EXEMPTION

Background



- Employees provided with parking in proximity to work location
- Fair market value taxable benefit
- Some positions drive personal vehicles regularly for work purposes
- Approved list of tax-exempt positions
- CRA stipulates must drive an average of 3 of 5 days or 60% to be tax exempt

Audit Objective



- To verify tax-exempt employees drove their vehicles at or above the CRA threshold in 2024
- Purpose is identify any positions which should be removed from the list for 2025

Audit Methodology



- Count of number of days mileage claimed in 2024 for each tax-exempt employee
- Factor in start and end dates, statutory holidays, vacation and sick days
- Highlighted employees who do not meet the threshold

Audit Findings



- 42 of 47 employees met the threshold
- 5 employees did not appear to meet the threshold:
 - One employee removed from list during 2024
 - Two employees removed from list in 2025 due to job duty changes
 - Two positions did not keep adequate records but are required to drive regularly – keep on list and educate employees to keep better records

Next Steps



- Any new positions added to the list monitored for one year
- Continue to remind staff to claim mileage and / or record trips in logbook