

CAO-2022-418

3RD QUARTER AUDIT STATUS REPORT

Summary



Completed:

- ✓ Sign Shop – Lean process review / Inventory control
- ✓ Procurement Controls – status update
- ✓ 3 Confidential Investigations

In progress:

- ☐ Training documentation review

SIGN SHOP LEAN PROCESS REVIEW & INVENTORY CONTROL

Sign Shop



Overview:

The Sign Shop manufactures regulatory and non-regulatory signage for the City and external customers

Product Offerings:

- Stock Signs
- Custom order signs
- Name plates
- Vehicle graphics
- Interior wall graphics
- Decals & stickers
- Braille signage



Sign Shop Review



Audit Objective:

To analyze sign shop process and inventory controls to ensure inventory is accurately recorded and billed, and the process is efficient and effective as possible.

Scope:

- Sign shop process from order to fulfillment
- Customer satisfaction
- When to use sign shop vs. outsource

Out of Scope:

- Value for money analysis

Methodology



- Staff training on Lean
- Current state mapping
- Customer survey (internal and external)
- Identification of problems and control gaps
- Root cause analysis
- Solution generation
- Implementation planning and execution

Findings



- 3 main problem areas identified:
 - Cost estimates and intake process
 - Inventory accuracy
 - Work order accuracy

1. Cost Estimates / Intake Process



Problem:

- Customers want to know up front how much the custom sign will cost
- Time and effort required to gather requirements and follow up on valid cost centres to charge
- Estimation time is not chargeable to the customer – Sign Shop must bear this cost

Solutions



- Online intake form with mandatory fields
- Sign Shop intranet page

Signs

How long will this sign be used? *

☐ Temporary (less than 2 yrs.) ☐ Permanent (more than 2 yrs.)

Purpose of the sign *

Quantity needed *

Size * (height x width)

Unit of measurement

☐ Inches ☐ Centimeters

How many sides is the sign? *

☐ 1 ☐ 2

When do you require the sign to be ready to install? *

Additional comments

Sign Shop

Enter content here.

[WHAT WE DO](#) [HOW WE CAN HELP](#) [WHO TO CONTACT](#) [HOW TO ORDER](#)

Order Process:

```
graph LR; A(Complete order form (including cost centre)) --> B(Sign Shop to confirm details with you within 2-3 business days); B --> C(Production of Sign(s)- time to complete varies); C --> D(Sign Shop will email you with pick-up location)
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Order Forms

To order a custom sign or employee name plates (desk or wall mount), complete and submit this intake form.

To order stock signs (e.g. stop signs, yield signs, etc), email StoresOrder@kitchener.ca. [Click here](#) to see a list of stock.

Sign Shop staff will contact you to confirm details before proceeding with the order.

Expected Impacts



- Customers can self-serve information such as sign ideas, materials, relative cost, when to outsource
- Decrease in cost estimates requested
- No missing information or cost centres
- Saves both staff and customers time
- No missing or delayed orders

2. Sign Shop Inventory Accuracy



Problem:

- Multiple divisions touch the work order which leads to missing paperwork and delay in inventory relief
- Incorrect raw materials due to:
 - Stock outs related to missing paperwork
 - Short-shipped orders from Stores or supplier
 - Incorrect quantity or material dispersed from Stores

Solutions



- Regular cycle count program
- Minimum re-order point set in SAP
- Sign Shop given access to view SAP inventory
- Digital solution for stock usage including scanners, barcodes and Excel

	A	B	C	D	E	F	G	K	L	M	N	O	P	Q
	DATE & TIME	EMPLO YEE #	STOCK #	QTY	WORK ORDER #	DESCRIPTION	UoM	SAP UPDATED?	COMMENTS					
1	Jul/26/2022 2:10 PM	13657	7502215	90	344963	8528 UV CLEAR OVERLAMINATE 54"x150'	FT2	issued						
177	Jul/26/2022 2:10 PM	13657	7502318	35	344963	ROLAND INK CARTRIDGE 440 CCM/ CART	CCM	issued						
178	Jul/26/2022 2:10 PM	13657	7502310	15	344916	3M I J3650-114 CLEAR CAST FILM, 54"x150	FT2	issued	Roll of clear cast film finished. 3 full rolls remain @ this point	Inventory shows 2309 sf (off by 284 sf) adjusted to 2025				
179	Jul/26/2022 2:11 PM	13657	7502215	15	344916	8528 UV CLEAR OVERLAMINATE 54"x150'	FT2	issued						
180	Jul/26/2022 2:11 PM	13657	7502318	6	344916	ROLAND INK CARTRIDGE 440 CCM/ CART	CCM	issued						
181	Jul/27/2022 2:13 PM	13657	7501509	10	342056	3M 7725-12 SCOTCH CAL BLACK, 48"x 150'	FT							
182	Jul/27/2022 2:14 PM	13657	7501455	4	342056	3M 1172, TRANSPARENT RED, 48"x150'	FT2							
183	Jul/27/2022 2:14 PM	13657	7500222	7	342056	24"x300' TRANSFER TAPE, CONFORM SERIES	FT							
184														
185														
186														

Solutions

- Stock clean-up of parts >5 years old
- Racking for better visibility of stock

Before



After



Solutions

- Specification templates created for each type



Solutions

- Incoming bundles counted and labeled
- Reorganized and labeled storage shelves

Before



After



Expected Impacts



- No missing paperwork or delayed inventory relief
- Accurate inventory levels at all times and no stock-outs
- More space and decreased number of parts to count
- Signs meet specifications
- Correct quantity and part numbers dispersed
- Save time and eliminate rework

3. Work order Accuracy



Problem:

- Work orders found to have incorrect materials charged
- Manual process subject to keying errors
- Some product charged out in full sheets vs. what was used
- Over or under charge the customer

Solutions



- Digital solution for stock usage
- Cityworks access for Stores staff
- Use digital solution for sheet material and only charge out what material was used

Expected Impacts



- No keying errors on parts
- Ability to look up workorders to ensure product matches the project
- Reduction in incorrect workorders
- Customers are accurately charged for their signs

Conclusion



- Simple solutions with large impacts
 - Improved accuracy of inventory and workorders
 - Improved customer service
 - Reduction in waste and rework
- Sustainment plan to ensure completion of actions and continued focus on improvement

PROCUREMENT CONTROLS

Status Update



Status Update Objective:

To hold staff accountable for addressing audit findings and identify areas without significant progress.

Original Audit Objective:

To ensure that procurement controls are adequate to safeguard from theft.

Status of Recommendations



Status	Number of Recommendations
Total recommendations	5
Complete	3
In progress	1
Not started	1
Not required	0

- Audit detection feature activated in SAP Concur
- Lack of resources for vendor and master file analysis

CONFIDENTIAL INVESTIGATIONS

Confidential Investigations



Audit Objective:

To investigate and respond to any allegation of fraud, theft or misconduct by City staff or Council.

3 Cases:

- 1 case – not enough details to substantiate
- 2 cases – termination with cause and recovery of funds
 - Isolated instances
 - Detective controls in place when preventative controls overridden