

CAO-2022-500

# 4TH QUARTER AUDIT STATUS REPORT

# Summary



## Completed:

- ✓ Physical Inventory – count verification
- ✓ Market – Alcohol - controls
- ✓ Pandemic – after action review

## In progress:

- ☐ Inventory – status update
- ☐ Parking and Mileage – compliance
- ☐ Technology Field Assets – physical inventory
- ☐ Underground Locate Service – org structure / capacity
- ☐ Training documentation review



**STORES PHYSICAL INVENTORY**

# Objectives



## **Physical Inventory** (done by staff):

- Count all inventory to ensure financial records match physical inventory on hand

## **Count Verification** (done by Internal Audit):

- To count a sample of inventory to verify that staff counts are accurate

# Methodology



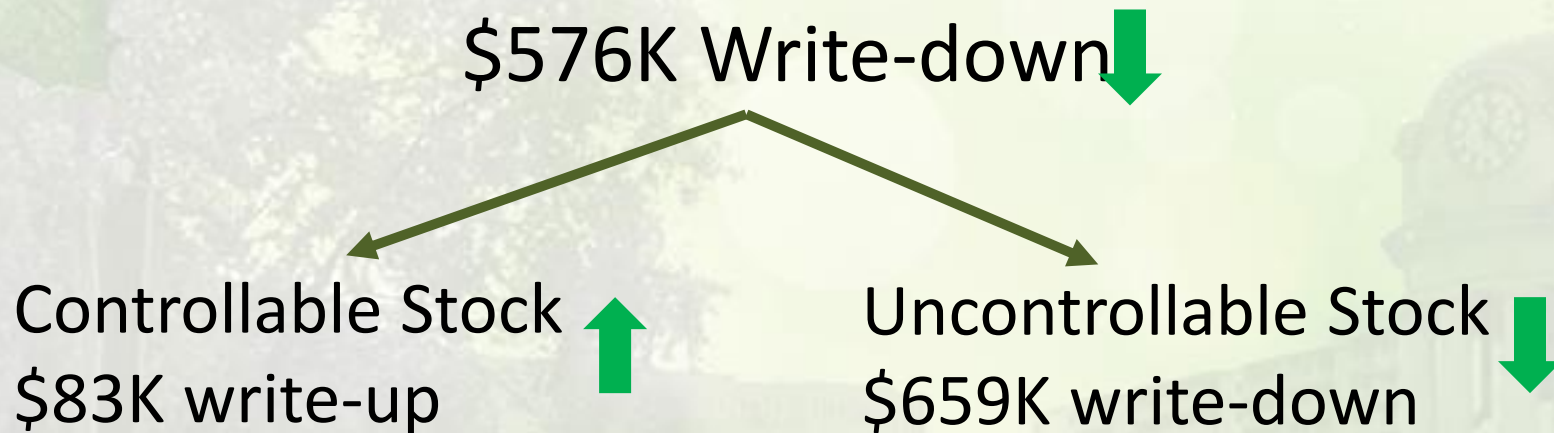
- Sheet-to-floor counts
  - Top 25 total values
  - Top 25 unit values
- Floor-to-sheet counts
  - 20 random parts
- Verified 22% of the total inventory value

# Findings



- 6 variances found
  - i.e. Internal audit counts did not match financial records
- Represent 9% of sample
- Resulted in a write-up of \$5,621
- Low number and value of variances found during count verification (0.2% of total inventory on hand)

# Total Adjustments



Year	2020	2021	2022
Total write-up (down)	\$65K	(\$141K)	(\$576K)

# Uncontrollable Inventory



- Located outside, no direct control by Stores
- Typically see large write-downs in aggregates
- Two new large write-downs in 2022:
- Geomelt Brine \$120K
  - Never counted before; multiple years of variance
  - Usage underestimated
- Road Salt \$504K
  - Past estimates incorrect; multiple years of variance
  - Charged directly to Winter Maintenance budget rather than being written down

# Actions



- Regular cycle counts for high moving parts
- Aggregates:
  - Some single user aggregates removed from inventory and charged directly to projects
  - Signage, training, and instructions to estimate quantities of other aggregates
- Geomelt:
  - Remove from inventory
  - Expense immediately
- Road Salt:
  - Develop more accurate method of estimating volume
  - Process as an adjustment for consistency

# Conclusion



- Total write-downs are 3.6% of purchases, slightly over the 2.5% industry benchmark
- Adjustments, excluding salt and brine, are small in value and expected
- Actions are in progress or planned to address issues
- Inventory process is in control



# MARKET - ALCOHOL

# Market - Alcohol



## **Audit Objective:**

To review / confirm controls are in place to protect alcohol from theft by staff or customers.

# Methodology



- Documentation of process
- Tour of Market kitchen and storage areas
- Physical inventory count
- Identification of existing or missing controls points

# Findings

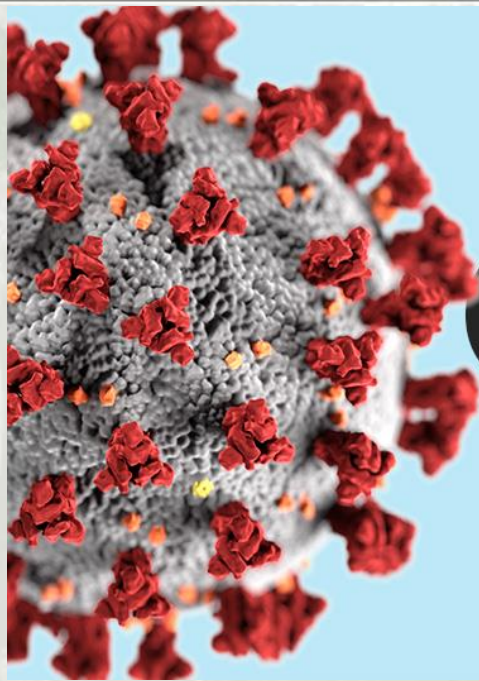


- 2013 recommended process not in use
- Staff tracking event usage but not ongoing inventory or reconciliation of purchases
- Work in process to build locked storage area
- Investigating point of sale system for event sales
- Opportunity for theft by staff or customers

# Recommendations



- Confirm, track and reconcile incoming purchases of alcohol
- Event day tracking and reconciliation of opening balances, uses during the event, closing balance, and sales/deposits
- Periodic inventory counts



# COVID-19

CORONAVIRUS PANDEMIC

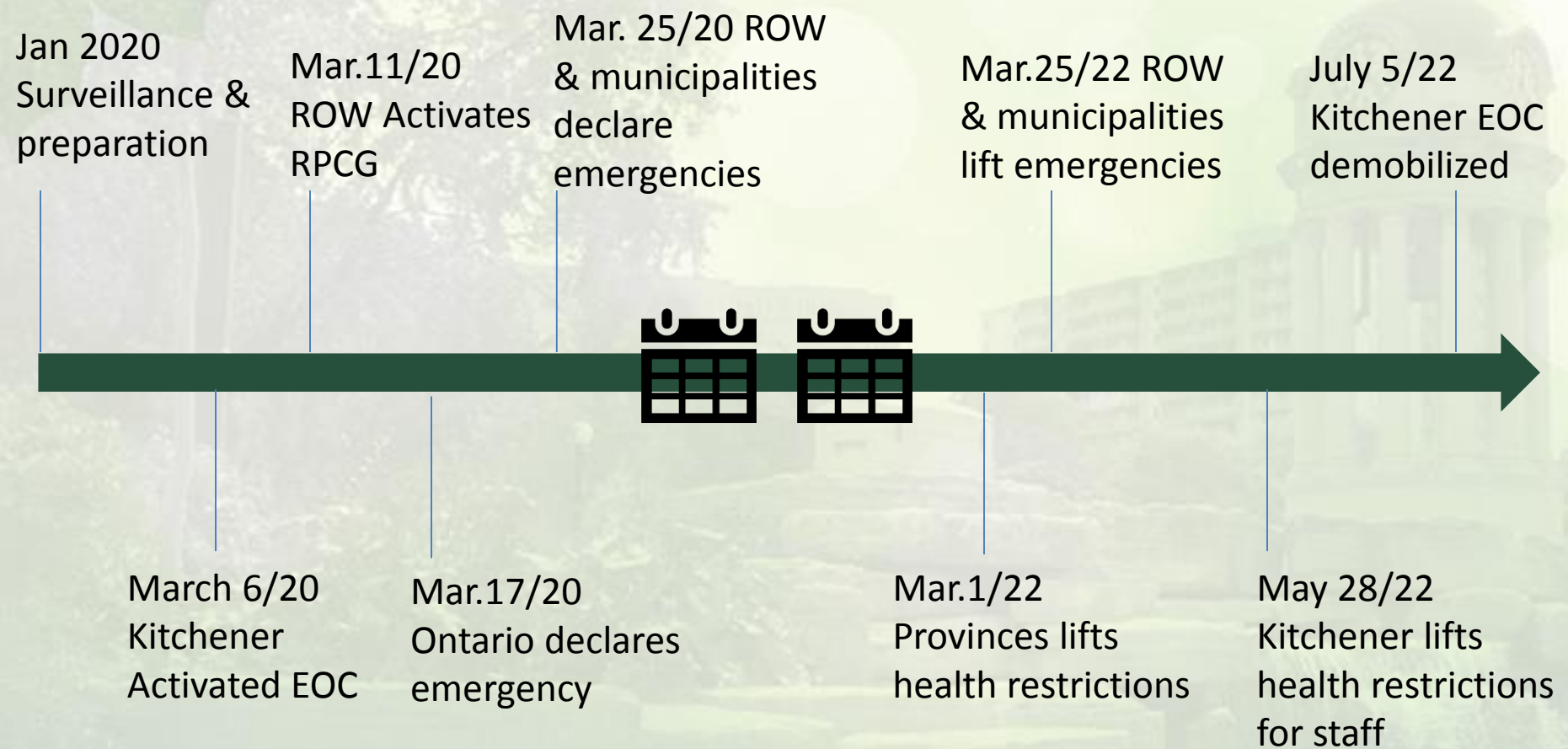
## PANDEMIC AFTER-ACTION REVIEW

# After-Action Review Purpose



- Opportunity to identify and strengthen successful processes
- Reflect on lessons learned to make improvements, provide better resource allocation, and build further connections with partner agencies

# Timeline



# Kitchener Actions Taken



- **Safety of staff:** PPE, distancing, training, active daily screening, vaccine policy,
- **Safety of public:** limited access or capacity, cancellation of programs, masking, screening, contact tracing, online services
- **General safety:** deep cleaning, improved ventilation

# Strengths



- Strong leadership and direction
- Collaboration across the Region
- Continuity of operations – ability to quickly transition to online services and programs
- Focus on health and safety – minimal transmission in the workplace

# Challenges



- Pace of change and reaction to Provincial directives
- Understaffed, particularly in HR
- Staff burnout and extreme stress
- Facility limitations – washrooms, physical distance

# Recommendations



- Many ideas gathered from staff to address challenges
- Sorted into two categories:
  - Preparedness actions
  - Response and recovery actions
- Actions will be reviewed and prioritized in order to mitigate risk and improve the emergency management program