

**City of Brampton Internal Audit – Asset Management (Small Equipment & Operating tools) Audit**  
**Private & Confidential**

<b>Audit Name</b>	Asset Management (Small Equipment & Operating Tools) Audit		
<b>Sponsor(s)</b>	<ul style="list-style-type: none"> <li>• Marlon Kallideen, Chief Administrative Officer and Acting Commissioner, Public Works &amp; Engineering</li> <li>• Bill Boyes, Commissioner, Community Services</li> <li>• Rajkaran Chhina, Director, Facilities Operations &amp; Maintenance</li> <li>• Robert Gasper, Director, Road Maintenance, Operations &amp; Fleet.</li> <li>• Edward Fagan, Director, Parks Maintenance &amp; Forestry</li> <li>• Anand Patel, Director, Recreation</li> </ul>		
<b>Business Unit(s)</b>	<ul style="list-style-type: none"> <li>• Facilities Operation &amp; Maintenance</li> <li>• Road Maintenance, Operations &amp; Fleet</li> <li>• Parks Maintenance &amp; Forestry</li> <li>• Recreation</li> </ul>	<b>Date Issued:</b>	January 25, 2024

**1.0 Executive Summary**

**Audit rating:** Processes around Asset Management (Small Equipment & Operating Tools) activities were rated as "Immediate Action Required" (See **Appendix 8** for the criteria for audit report rating).

Four operating units with the Public Works and Engineering Department and Community Services Department are the primary users of small equipment and operating tools in the City. We observed that no formalized policies and operating procedures are in place for managing the life cycle of small equipment and operating tools. This has led to limited management controls in asset planning, purchasing, inventorying, tracking of purchases and usage, repairs, disposals, and the storage and safeguarding of assets.

The Small Engine Shop alone managed about \$2.1M worth of small equipment in 2017 before its closure. The City had other small equipment that was managed outside of the Small Engine Shop. The current total value of the City's small equipment and operating tools remains unknown, due to the following reasons:

- Following the closure of the Small Engine Shop, small engine equipment has not been tracked by the various operating units, except for certain items that were procured through the Fleet unit for individual asset valued over \$1,500. Staff advised us that the small assets under Fleet management totals \$170,000.
- The value of operating tools is unknown, as operating units manage their own operating tools and have not consistently tracked the purchases or usage of these tools.

The City should formalize policies and procedures for managing small equipment and operating tools. Specifically,

- The City should establish a capitalization threshold in the City's Accounting policies.
- Management should implement a process to ensure that purchases are approved and, wherever applicable, central asset planning is conducted for commonly used small equipment and high dollar value operating tools.
- Management should implement segregation of duties in purchasing, recording, and receiving small assets where practical, and apply compensating controls where segregation of duties is impractical.
- Staff should develop a process for asset inventoring, periodic counts, and usage tracking.
- Staff should ensure small assets are safely stored.
- Staff should establish a formalized process for asset maintenance, repairs, and disposals.

**Conclusion:**

The City's management of small equipment and operating tools requires immediate attention. The recommendations outlined in this report provide a roadmap for the City to improve its management of small equipment and operating tools.

**2.0 Background, Objectives, and Scope**

**Background**

The City of Brampton offers diverse services to its residents and local businesses. These include community support, public works and engineering, legislative services such as by-law enforcement, public transit, and fire and emergency services. City departments utilize various specialized equipment and tools to conduct these functions effectively. This includes heavy machinery, small equipment, and operating tools. This audit focuses on evaluating the City's management of its small equipment and operating tools.

Although there is no formally documented definition for these items in the City, experienced City staff have made a distinction between small equipment and operating tools as follows:

Small Equipment	Operating Tools
Machines that are powered by small gas or diesel engines (less than 25hp) are perceived as high-value items.	Handheld tools that can be either electronically recharged or manually operated, and are typically perceived as low-value items.

The following operating units within the Public Works and Engineering Department and the Community Services Department are the main users of small equipment and operating tools:

1. Public Works and Engineering Department
  - Facilities Operations & Maintenance
  - Road Maintenance, Operations & Fleet

## 2. Community Services Department

- Parks Maintenance & Forestry
- Recreation

From our discussions with City staff, the City's small engine equipment was once centrally managed by the Small Engine Shop within the Parks Maintenance and Forestry Division until its closure in 2017, whereas operating tools had always been managed in a decentralized fashion.

### A. The City used to centrally manage small equipment

Before its closure in 2017, the Small Engine Shop, consisting of two staff members and part of Parks Maintenance and Forestry, played a vital role in centrally managing small engine equipment for the Public Works & Engineering and Community Services Departments. The Shop was involved in managing the various life cycle stages of small engine equipment, including:

- **Assessing Equipment Needs:** assessed the purchasing requirements for small engine equipment across various units like parks maintenance, forestry, recreation, and road maintenance, and submitted acquisition requests to the Purchasing Department for approval.
- **Selecting and Acquiring Equipment:** selected and purchased the appropriate models, sizes, and features of small engine equipment needed for the different operating units.
- **Receiving and Processing New Assets:** inspected small engine equipment upon arrival and implemented a systematic process for numbering and labelling, aiding in asset recording and identification.
- **Creating and Maintaining Equipment Inventory:** maintained a detailed inventory using tools like Excel spreadsheets to record key details such as model, quantity, and purchasing date of each small engine equipment.
- **Assigning and Tracking Equipment:** distributed small engine equipment to the respective operating units based on their specific needs (e.g., seasonal works) and tracked these assets until they were returned.
- **Storing and Inspecting Equipment:** stored small engine equipment that was not assigned or used off-season at the shop and conducted periodic inspections and physical counts to identify any deficiencies, missing items, or equipment that reached its end-of-life.
- **Maintaining and Repairing Equipment:** established a preventive maintenance schedule and provided repair services as needed, including on-site repairs, seasonal changeovers, and regular updates to the equipment inventory.
- **Disposing Equipment:** conducted cost analyses to decide between repair or replacement for aging equipment and disposed and replaced the asset accordingly.

Forms and documents were created and maintained by the Small Engine Shop to demonstrate the risk control activities implemented across the life cycle of small engine equipment. These records included equipment inventory, acquisition forms, inventory logs, distribution records, sign-in/sign-out forms, maintenance schedules, service orders, and disposal forms.

Staff advised that before its closure, the Small Engine Shop managed an inventory of small engine equipment valued at \$2.1M in 2017. This value is likely outdated as the City has grown significantly<sup>1</sup>. Additionally, the Small Engine Shop was responsible for only a portion of the City's small equipment.

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<sup>1</sup> From 2017 to 2024, the City's overall operating budget has increased by 45% from \$632M to \$913M. The combined operating budgets for the Public Works and Engineering Department and the Community Services Department have grown by 14% from \$198M to \$225M. If we were to combine operating and capital budgets, the growth rate from 2017 to 2024 for the overall City is 79%, from \$815M to \$1,456M. Coincidentally, the combined operating and capital budgets for the two departments also grew by 79%, from \$294M to \$528M.

Following the shop's closure, the control processes for managing small engine equipment became decentralized, with the responsibilities and the equipment distributed among various operating units.

Preventive maintenance for small engine equipment, typically in the form of seasonal checks, occurs twice a year, with no formal maintenance intervals established. With the decentralized approach, small equipment and operating tools are not inventoried across various units.

Although not formally documented in City's accounting policies, the Accounting Services Group has defined a capitalization threshold. This threshold increased from \$500 to \$1,000 in 2023 and was communicated to City staff via email. During our on-site visits and discussions, we observed that the understanding of the threshold varies among different units.

B. The City has not tracked the purchases, usage, and current inventory levels of small equipment and operating tools

The value of operating tools remains unknown because each operating unit manages their own operating tools and has not tracked the purchases or usage of their tools.

Small equipment and operating tools are purchased either through P-cards or purchase orders. Although these purchases are recorded in the City's P-card Reporting tool (Pcard purchases) and PeopleSoft (purchase orders) at the transaction level, City staff have not tracked the purchases or usage of these items. Audit staff encountered difficulties in isolating these purchases from other City spending. As a result, we are not able to provide an estimate on the City's past purchases, usage, and current inventory levels of small equipment and operating tools.

In early December, we initiated an exercise of working with staff from each operating unit to estimate the cost of purchases and inventory levels of their small equipment and tools. We were unable to arrive at a satisfactory estimate due to the lack of historical data and the complexity of the exercise.

**Objectives**

The objective of this engagement is to assess the management practices of small equipment and operating tools and identify gaps to best practices.

**Scope**

In this engagement, Internal Audit will focus on the management practices of small equipment and operating tools throughout their life cycle, encompassing:

- Asset planning
- Asset acquisition
- Asset receipt
- Asset inventory and tracking
- Asset storage
- Asset maintenance, repair, and disposal

Based on our 2023 Audit Work Plan, the initial scope was to assess how the Public Works and Engineering Department manages its small equipment and operating tools. However, our audit planning revealed that the Community Services Department also heavily relies on small equipment and operating tools for their daily operations. Consequently, we have extended the scope of our audit to include the Parks Maintenance & Forestry and Recreation units within the Community Services Department.

Please note that the audit scope does not preclude us from looking at anything else that comes to our attention during the review.

### 3.0 Detailed Audit Findings, Recommendations, and Proposed Management Actions

Ref #	Findings	Rating	Recommendations	Management Action Plan, Responsible Person(s) and Due Date
1	<p><b>Lack of policies and procedures for the management of small equipment operating tools</b></p> <p>The City of Brampton (the “City”) has developed a Strategic Asset Management Policy (dated July 2019) and Corporate Asset Management Plan (dated June 2022) to manage major capital assets. However, specific policies and procedures for managing small equipment and operating tools have not been developed, either centrally or by operating units.</p> <p>The lack of established policies and procedures leads to inconsistent and ineffective life cycle management of small equipment and operating tools. As a result, our review has identified improvement areas in the planning, acquisition, receipt, inventory, storage, maintenance, and disposal of small equipment and operating tools.</p> <p>For effective management of small equipment and operating tools, staff should establish and communicate policies and procedures to City staff.</p> <p><b><u>Potential Impact</u></b></p> <p>Without established policies and procedures, ownership and accountability in managing small equipment and tools are unclear. This can lead to inconsistent understanding of risk management requirements, such as the need to have</p>	P1	<p>1. City Council request that the Chief Administrative Officer ensure that staff develop specific policies and procedures for managing the life cycle of small equipment and operating tools, including their planning, acquisition, receipt, tracking of purchases and usage, inventory, storage, maintenance, and disposal, by December 31, 2024, and that such policies and procedures are reviewed and updated regularly.</p>	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Asset Ownership and Asset Lifecycle Program management currently being reviewed (for assets procure by user groups other than Fleet). Due: Q4 2024</li> <li>- Fleet Services to work with IT to review the process of entering Fleet Special Tools into M5 Program. Due: Q4 2024</li> <li>- Fleet Services to develop SOP regarding the monitoring and procuring of “Fleet Special Tools” used by our Maintenance staff. Due: Q4 2024.</li> </ul> <p><b>Facility:</b></p> <ul style="list-style-type: none"> <li>- Department to conduct a comprehensive review of existing practices and industry standards for managing small equipment and operating tools.</li> <li>- Collaborate with departmental heads and key stakeholders to identify specific requirements and expectations.</li> <li>- Develop clear and concise policies outlining the entire life cycle of small equipment, covering planning, acquisition, receipt, inventory, storage, maintenance, and disposal.</li> <li>- Work with departmental representatives to document detailed procedures for each stage of the small equipment life cycle.</li> <li>- Timeline: Q3-2024</li> </ul>

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	<p>segregation of duties in the purchasing, recording, and receipt of small assets.</p> <p>Additionally, the lack of established policies and procedures has led to inadequate and inconsistent management of small equipment and operating tools. These issues are discussed in detail in Audit Findings #2 through #8 in the sections below.</p>			<p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks is developing and renewing SOPs in relation to Parks' small engines and operating tools reporting and storage.</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Recreation:</b></p> <ul style="list-style-type: none"> <li>- Recreation services to develop SOPs regarding the monitoring and procuring of small equipment and operating tools used by our Operations staff.</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to review and develop SOP regarding the monitoring and procuring of Roads Maintenance and Operating Tools.</li> <li>- Due: Q4 2024</li> </ul>
2	<p><b>Lack of formally documented and effectively communicated capitalization threshold</b></p> <p>The Accounting Services Group initially set a capitalization threshold at \$250, gradually increasing to \$1,000. This threshold has been emailed to City staff. However, this threshold has not been formally documented in City policies.</p> <p>It's essential for the Accounting Services Group to formally document the capitalization threshold in City policies and ensure its communication to City staff. This step will facilitate the proper recording and management oversight of small equipment and tool purchases.</p> <p>Additionally, publishing the capitalization threshold on the City's webpage under "Policies</p>	P1	2. City Council request the Treasurer to ensure that the accounting treatment for asset capitalization for small equipment and tools is clearly defined, formally documented, and effectively communicated by April 2024.	<p><b>Accounting Services Group:</b></p> <p>Management agrees with the recommendation. Tangible Capital Asset Accounting Policy and related Standard Operating Procedure (SOP) will be updated to reflect \$1,000 capitalization threshold. This threshold will be communicated to relevant City Departments.</p> <p>Even though TCA capitalization thresholds were not originally intended to be used for the purpose of asset planning and inventory control we understand that they can be used as a starting point for these purposes. Actual thresholds for the purpose of asset planning and inventory control are at the discretion of individual City Departments and should be based on their operational needs and risk assessments. They</p>

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	<p>and Documents” will clarify City staff’s understanding.</p> <p><b><u>Potential Impact</u></b></p> <p>The lack of a formally documented and communicated capitalization threshold may lead to incorrect and inconsistent financial reporting.</p>			<p>should be documented in their respective Policies and/or SOPs.</p> <p>Due date: Q1 2024</p>
3	<p><b>Lack of central planning in the acquisition of commonly used small equipment</b></p> <p>Currently, each operating unit independently purchases small equipment. While this approach offers flexibility, it lacks coordinated planning that can lead to increased inventory and associated costs, especially for commonly used equipment. Refer to <a href="#">Appendix 2</a> for a sample list of equipment commonly used across different operating units.</p> <p>After the Small Engine Shop was closed in 2017, the Forestry Unit was assigned ten extra pole saws, estimated to be worth around \$6,000. These additional saws, which take up storage space and are prone to mechanical wear and loss in value, have the potential to be shared with other units (e.g., Parks) through centralized planning.</p> <p>Centrally managing the planning and acquisition of small equipment can help avoid unnecessary purchases.</p>	P1	3. City Council request the Chief Administrative Officer to consider centrally planning, purchasing, and maintaining small engine equipment.	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to work with working group to determine central planning/group for the acquisition of commonly used small equipment procured citywide (assets not currently procured through Fleet Services). Due date: Q4 2024</li> </ul> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Form a dedicated team responsible for centrally planning the acquisition of commonly used small equipment with the working group.</li> <li>- Develop a centralized procurement strategy to streamline the acquisition process.</li> <li>- Department to identify preferred suppliers and negotiate bulk purchase agreements for commonly used equipment.</li> <li>- Establish a program for sharing assets, such as the extra pole saws, among units to reduce redundancy with the working group.</li> <li>- Timeline: Q4-2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks to work with working group to determine central planning/group for the acquisition of commonly used small equipment procured citywide</li> </ul>



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	<p><b><u>Potential Impact</u></b></p> <p>The lack of central asset planning may lead to unnecessary purchases and missed opportunities to reduce small equipment spending.</p>			<ul style="list-style-type: none"> <li>- Timeline: Q4 2024.</li> </ul> <p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services to develop and implement a central planning process for the acquisition of commonly used small equipment.</li> <li>- Recreation services (mmanagement) to work with IT for implementation of required asset management system.</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to collaborate with working group to determine central planning/group for the acquisition of commonly used small equipment procured citywide (assets currently procured through Road Maintenance and Operations Division).</li> <li>- Due date: Q4 2024</li> </ul>
4	<p><b>Lack of proper controls in the purchases of small equipment and operating tools</b></p> <p>The acquisition of small equipment and operating tools typically lacks formal documentation, such as a signed and dated acquisition request form to demonstrate management’s review and approval. Staff have indicated that requests for purchasing small equipment and operating tools were discussed either verbally or through email communication. We recognize that some units have better purchasing controls, such as:</p> <ul style="list-style-type: none"> <li>• Parks Maintenance &amp; Forestry and Fleet use standard forms for purchasing.</li> <li>• Fleet mechanics purchase their tools with personal funds. For specialized tools like</li> </ul>	P1	4. City Council request the Chief Administrative Officer to ensure that controls are in place for the acquisition of small equipment and operating tools.	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to work with working group to determine asset ownership and proper controls in the purchases of small equipment and operating goods (assets not currently procured through Fleet Services). Due date: Q4 2024</li> <li>- Fleet Services to develop SOP regarding the monitoring and procuring of “Fleet Special Tools” used by our Maintenance staff. Due: Q4 2024</li> <li>- Fleet Services to work with IT to review the process of entering Fleet Special Tools into M5. Program. Fleet “Special Tools” entered into M5 will ensure asset life cycles and</li> </ul>

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	<p>diagnostic equipment, Fleet has \$45,000 in its annual equipment budget, and the purchases are monitored by dedicated staff.</p> <p>P-card has been used as one of the two purchase methods for small equipment and tools. Staff mentioned that for P-card purchases, there is a subsequent review and approval. Nonetheless, these reviews are post-purchase and should not be relied on as the main control, especially when there is a lack of purchase and usage tracking as well as inventory and receipt verification.</p> <p><b><u>Potential Impact</u></b></p> <p>Without formal review and approval prior to asset acquisition, compounded by the lack of controls in the purchase and usage tracking, equipment receipt, and storage, expenditures on small equipment and operating tools may not be warranted.</p>			<p>current inventories are also monitored. Due: Q4 2024</p> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Establish standardized procedures for requesting and approving the purchase of tools and repair items.</li> <li>- Require confirmation between the requestor and approver for tracking purposes.</li> <li>- Timeline: Q4-2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks to work with working group to determine asset ownership and proper controls in the purchases of small equipment and operating goods</li> <li>- Parks is developing an SOP in relation to Parks' small engines and operating tools reporting. This will put in place a process for formal documentation for small engine purchase request and approval</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services to include purchasing controls within the scope of SOPs and launch of an asset management software to support controls</li> <li>- Recreation services will implement solutions as needed to facilitate this process, e.g. a form and workflow</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to work with IT to review the process of entering Roads Operating Tools into asset program. Operating Tools in program will</li> </ul>

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				ensure asset life cycles and current inventories are also monitored Purchases will follow the corporate credit card purchasing process. Due Q4, 2024
5	<p><b>Lack of small equipment and tools receipt verification</b></p> <p>Operating units do not have specific steps for verifying and confirming the receipt of small equipment and operating tools against purchase approvals. This includes checking the quantity and condition of purchased assets received at the operating locations or after store purchases before their storage.</p> <p>Operating units should verify the quantity of received small equipment against the purchasing order and invoice and confirm that the equipment received is in good condition.</p> <p><b><u>Potential Impact</u></b></p> <p>Lack of asset receipt verification, compounded by inadequate asset inventory and tracking practices, does not ensure that the City has received the assets purchased and in good condition.</p>	P1	5. City Council request that the Chief Administrative Officer ensure proper segregation of duties in purchasing, recording, and receiving small equipment and operating tools, where practical; ensure compensating controls are in place, where segregation of duties is impractical.	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to work with working group to determine asset ownership and procurement policies addressing equipment receipt verification and managing of small equipment and operating goods (assets not currently procured through Fleet Services). Due date: Q4 2024</li> <li>- Fleet Services to work with IT to review the process of entering Fleet Special Tools into M5. Program. Fleet “Special Tools” entered into M5 will ensure receipt verifications are captured. Due: Q4 2024</li> </ul> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Establish standardized procedures for verifying and confirming the receipt of small equipment against approved purchase or repair requests.</li> <li>- Clearly outline steps for checking quantity, condition, and functionality upon receipt. Due Q4 2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks to work with working group to determine asset ownership and procurement policies addressing equipment receipt verification and managing of small equipment and operating goods</li> <li>- Generally, not applicable as Parks equipment and tool acquisitions are primarily performed immediately in person</li> <li>- Timeline: Q4 2024.</li> </ul>

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				<p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services (management) to include receipt verification within the scope of SOP</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to work with IT to review the process of entering Roads Operating Tools and small equipment into asset program. Operating Tools in program will ensure receipt verifications are captured. Due: Q4 2024</li> </ul>
6	<p><b>Lack of asset inventorying, periodic counts and usage tracking</b></p> <p><u>Lack of asset inventorying and periodic counts</u></p> <p>Most operating units have not yet established an inventory for small equipment and operating tools under their management, ranging from drill sets costing hundreds of dollars to ride-on scrubbers costing \$45,000 each.</p> <p>The Parks Maintenance and Forestry Unit has established an inventory of small engine equipment. In late 2022, the Parks Maintenance &amp; Forestry Unit undertook an inventory count of its small engine equipment, totalling 993 items. Of these, 196 were classified as active but could not located. Staff explained that 80% of these items have been in use for over seven years, exceeding their typical lifespan. The entire inventory is currently valued at around \$1.24 million, of which 382 items have no cost information. Depending on whether these 382 items have passed their</p>	P1	<p>6. City Council request the Chief Administrative Officer to ensure that operating units develop and comply with policies and procedures regarding establishing an inventory for small equipment and operating tools that include but are not limited to the following:</p> <ol style="list-style-type: none"> <li>a. a dollar value threshold for inventorying small equipment and operating tools</li> <li>b. regularly updating the inventory for purchases and disposals</li> <li>c. conducting periodic inventory counts</li> <li>d. criteria for inventory write-off.</li> <li>e. tracking small asset usage among locations.</li> </ol>	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to work with working group to determine asset ownership and to assign assets to proper asset life cycle program, including inventory and periodic counts (assets not currently procured through Fleet Services). Due date: Q1 2025</li> <li>- Fleet Services to work with IT to review the process of entering Fleet Special Tools into M5. Program. Fleet “Special Tools” entered into M5 will ensure dollar value and location of Fleet Special Tools is captured. Due: Q4 2024</li> <li>- Fleet Services to conduct annual inventory count on Fleet Special Tools. Obsolete tools to be replaced and disposed of through disposal process (disposal results to be captured in M5). Due Q4 2024</li> </ul> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Introduce a standardized method for logging small equipment usage, such as a sign-in and sign-out sheet.</li> </ul>

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	<p>lifespan, the actual inventory could be higher or lower than the \$1.24 million book value.</p> <p>Although various units agree on the necessity of inventorying high-value equipment, there is inconsistent understanding as to when to inventory small equipment. Some think that a particular type of equipment should be inventoried, such as those operating on small gas or diesel engines. Others suggested inventorying small equipment and tools based on a dollar value threshold.</p> <p>Without an inventory, no periodic counts have been performed on small equipment and operating tools.</p> <p><u>Lack of usage tracking</u> Most operating units do not log the assignment for small equipment usage through a sign-in or sign-out sheet. For a few units that have put tracking in place (refer to <a href="#">Appendix 3</a> for an illustration), it was informally managed using a small chalkboard or a piece of paper.</p> <p>Currently, there is no formal system to track the movement of small equipment when they are transported between locations. Internal audit noted the following during our on-site visits:</p> <ul style="list-style-type: none"> <li>• A water pump, valued at approximately \$700 or \$800, was found unused in a recreation storage for over a year, with no records available to trace its origin or borrowing details. Refer to <a href="#">Appendix 4</a> for further information.</li> <li>• Staff indicated that four generators, each worth about \$1,000 and owned by Park's</li> </ul>			<ul style="list-style-type: none"> <li>- Working group should collaborate with each operating unit to develop a comprehensive guideline for creating an asset inventory</li> <li>- Department to develop guidelines outlining the requirements for conducting periodic physical counts of small equipment and high-value operating tools.</li> <li>- Timeline: Q4-2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks will maintain the small equipment inventory within the M5 system</li> <li>- Procedures are being put in place to have a pre-season and post-season inventory count Parks-wide</li> <li>- Parks to work with working group to determine the process to track and maintain the inventory of non-small engine Operating Tools</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services to develop and implement an annual inventory count, inventorying, and usage tracking and include in the scope of SOPs</li> <li>- Recreation services (management) to work with IT for implementation of required asset management system</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to conduct annual inventory count on motorized tools only. Obsolete motorized tools to be replaced and disposed of through disposal process.</li> </ul>

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	<p>Central Operations, along with one generator from the Facility, were missing at our visit.</p> <p><b><u>Potential Impact</u></b></p> <p>The absence of a comprehensive inventory and periodic physical counts of small equipment and high-value tools, along with inadequate usage tracking practices, hinder the operating units' ability to:</p> <ul style="list-style-type: none"> <li>• manage risks of asset theft and misappropriation</li> <li>• assess inventory levels and make informed purchase decisions.</li> </ul>			<ul style="list-style-type: none"> <li>- For Inventorying and usage tracking, roads will follow the same process as fleet given that they are under the same umbrella.</li> <li>- Due Q4 2024.</li> </ul>
7	<p><b>Lack of safe storage for some small equipment and operating tools</b></p> <p><u>Storage and Physical Access Control</u> Physical access controls to storage areas like warehouses, sheds, and steel containers are generally in place. Yet the security measures surrounding these storage facilities vary across different units and some operating units could benefit from improved security measures, where it is cost effective to do so. Key observations from our on-site visits to the selected locations include:</p> <ul style="list-style-type: none"> <li>i) Access to most storage areas is restricted to senior staff (e.g., forepersons, coordinators, crew leaders). However, some locations managed by Parks and Recreation allow contractors and summer students to enter.</li> <li>ii) Sheds and containers do not have surveillance cameras and alarm systems, primarily due to high installation costs. A notable incident occurred in December 2023</li> </ul>	P1	<p>7. City Council request the Chief Administrative Officer to take steps to improve the security measures surrounding equipment storage sites and ensure that small assets are properly labelled and safely stored between use.</p>	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to work with working group to determine asset ownership. Asset Owners to determine proper storage (assets not currently procured through Fleet Services). Due date: Q1 2025</li> <li>- Currently Fleet Special Tools are kept in a locked area, will ensure the process of signing equipment in/out is documented in SOP. Due Q4 2024</li> </ul> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Review and update access permissions, restricting entry to authorized personnel only.</li> <li>- The working group should assess the feasibility of installing surveillance cameras and alarm systems, prioritizing high-value storage locations.</li> <li>- Evaluate the necessity of high-value items stored in infrequently accessed sheds and containers.</li> </ul>

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	<p>when a break-in at a Park's container led to the theft of string trimmers valued at approximately \$35,000. Refer to <a href="#">Appendix 5</a> for a visual depiction.</p> <p>iii) A Recreation Centre has placed two floor-cleaning machines valued over \$5,000 in a hallway due to insufficient storage space.</p> <p>iv) At a Park's storage site, an entrance door was found left open for an extended period. Staff indicated this is a common practice while temporary workers wait to receive their City security passes, which can take up to two weeks. Coincidentally, this location reported four missing generators.</p> <p><u>Asset Labelling</u></p> <p>The current method for labelling small equipment lacks consistency, involving various techniques such as asset stickers, numbering with permanent markers, and engraved markers.</p> <p>In the case of numbering by permanent markers, there is no unique identifier for each operating unit. This may cause duplicated numbering and confusion over equipment ownership, mainly when borrowed between different units. Refer to <a href="#">Appendix 6</a> for a visual depiction.</p> <p><u>Potential Impact</u></p> <p>Due to the inconsistent labelling of assets and varying levels of physical access control, small equipment and tools are prone to misplacement, theft, and misappropriation.</p>			<ul style="list-style-type: none"> <li>- Standardize the labeling method for small equipment across operating units.</li> <li>- The working group to establish a clear protocol for reporting security incidents, including break-ins or unauthorized access.</li> <li>- Timeline: Q3-2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks will liaise with Facilities and Security to determine the feasibility of installing further security measures around equipment storage locations.</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services (management) to determine proper storage and access processes and update SOPs accordingly.</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Currently Road Maintenance and Operations Division motorized tools are kept in a locked area, Road Operations will ensure the process of signing equipment in/out is documented. Due Q4 2024</li> </ul>

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8	<p><b>Lack of formalized processes for small asset maintenance, repair, and disposal</b></p> <p><u>Asset Repair</u> Currently, the repair of small equipment primarily relies on external vendors. There is no system to log broken items and track their status until they are returned to service. An exception is with Facilities Operations and Maintenance, where, in most cases, vendors are brought on-site for repairs.</p> <p>Moreover, key information such as warranties is not recorded. This could lead to uncertainty about whether applicable warranties are effectively utilized.</p> <p><u>Asset Disposal</u> Due to the lack of a standardized procedure for disposing of small equipment and tools, staff have a different understanding of disposal options.</p> <p>For instance, a piece of equipment deemed beyond repair was left in storage at a recreation centre for an extended period, despite staff's repeated attempts to seek disposal guidance.</p> <p><b><u>Potential Impact</u></b></p> <p>The lack of a standardized process for managing the repair and disposal of small equipment poses several risks to the City:</p> <ul style="list-style-type: none"> <li>• Ineffectively managed maintenance may lead to more costly repairs and/or longer operational downtime.</li> </ul>	P1	8. City Council request the Chief Administrative Officer to ensure that operating units establish, communicate, and comply with a formalized process for the maintenance, repairs, and disposals of small assets.	<p><b>Fleet</b></p> <ul style="list-style-type: none"> <li>- Fleet Services to collaborate with working group to determine asset ownership and potential Small Engines Shop - where maintenance, repair and disposal of small engine equipment will be addressed. Asset Owners to maintain assets and to conduct proper asset disposal procedures (assets not currently procured through Fleet Services). Due date: Q1 2025</li> <li>- Fleet Services to work with IT to review the process of entering Fleet Special Tools into M5. Program. Fleet "Special Tools" entered into M5 will capture maintenance and disposal details. Due: Q4 2024</li> <li>- Fleet Services to include maintenance, repair and disposal process into SOP. Due: Q4 2024</li> </ul> <p><b>Facility</b></p> <ul style="list-style-type: none"> <li>- Department should establish an internal system to log and track small equipment repair requests and their status.</li> <li>- Department should prioritize the creation of an asset inventory to facilitate tracking warranties and repair history (FAMIS)</li> <li>- Working group to develop and communicate a standardized procedure for the disposal of small equipment and tools.</li> <li>- Timeline: Q4-2024</li> </ul> <p><b>Parks</b></p> <ul style="list-style-type: none"> <li>- Parks to collaborate with Working Group to determine asset ownership and potential Small Engines Shop - where maintenance, repair and disposal of small engine equipment will be addressed</li> <li>- Timeline: Q4 2024</li> </ul>



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	<ul style="list-style-type: none"> <li>• Inappropriate disposal of equipment, especially those with lithium-battery or residual oil, could pollute the environment and result in non-compliance with applicable laws and regulations.</li> <li>• Unsafe disposal of small equipment and tools, particularly those with batteries and sharp parts, can cause fire hazards, explosions, and bodily injuries.</li> </ul>			<p><b>Recreation</b></p> <ul style="list-style-type: none"> <li>- Recreation services (management) to include maintenance, repair, and disposal within the scope of SOPs</li> <li>- Recreation services (management) to work with IT for implementation of required asset management system</li> <li>- Timeline: Q4 2024</li> </ul> <p><b>Roads</b></p> <ul style="list-style-type: none"> <li>- Road Maintenance and Operations Division to work with IT to review the process of entering motorized tools into asset program. Roads motorized tools entered into asset program will capture maintenance and disposal details. Due: Q4 2024</li> <li>- SOP development for repairs, maintenance and disposal will follow the same process as Fleet mentioned above since they fall under the same umbrella.</li> </ul>

<b>Report Distribution List</b>	
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