

City of Mississauga
Internal Audit Report

COMMUNITY SERVICES DEPARTMENT
PARKS, FORESTRY & ENVIRONMENT DIVISION
PARKS OPERATIONS SECTION
PARKS OPERATIONS – TURF INVENTORY AUDIT

February 21, 2024

City Manager's Department
Internal Audit Division

TABLE OF CONTENTS

Distribution List

Report on Community Services Department, Parks, Forestry & Environment Division,
Parks Operations Section – Parks Operations – Turf Inventory Audit

Appendix A – Summary of Recommendations

**COMMUNITY SERVICES DEPARTMENT
PARKS, FORESTRY & ENVIRONMENT DIVISION
PARKS OPERATIONS SECTION
PARKS OPERATIONS – TURF INVENTORY AUDIT**

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**Community Services Department
Parks, Forestry & Environment Division
Parks Operations Section
Parks Operations – Turf Inventory Audit**

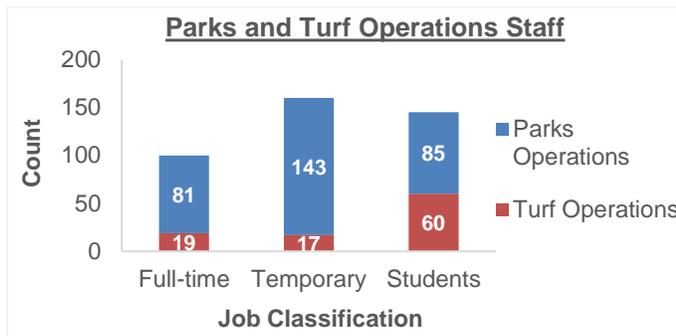
BACKGROUND

The Parks Operations Section is part of the Parks, Forestry and Environment Division of the Community Services Department. This section is responsible for the ongoing care and maintenance of over 500 City parks, including trails, general parkland, playgrounds, spray pads, sports fields and courts, leash frees, and community gardens, as well as twelve (12) municipally-owned cemeteries and two (2) marinas. Turf operations is a large portion of the Parks Operations portfolio, that includes (but is not limited to) cutting, trimming, cultural practices (e.g. overseeding), debris removal and litter picking.

Parks Operations consists of:

- Full-time non-union staff
- Temporary staff (working from April to October)
- Students (working from May to August)

The chart to the right illustrates the number of staff within Parks Operations and those allocated to turf operations.



Turf operations staff use the following items:

- Large equipment: vehicles, truck/trailer to transport equipment, riding mowers, etc.
- Small equipment: string trimmers, backpack blowers, push mowers, etc.
- Tools: litter pickers, brooms, tool boxes, etc.
- Materials: soil, fertilizer, grass seeds, etc.
- Supplies: line strings for trimmers, gas, oil, etc.

Parks staff (in designated roles) are provided with a City-issued Procurement Card (P-Card) to acquire the necessary items for their operation (with the exception of large equipment).

SCOPE

This audit examined controls over the management (i.e. acquisition, storage, cost control and disposal) of small equipment and tools from January 2022 to September 2023. The review focused on turf operations' inventory control processes as a basis, with the intention to apply the principles of effective asset management to other areas within Parks Operations.

Out of scope

Fleet, large equipment, materials and supplies, as well as Parks-related operations not specific to turf were excluded from the scope of this audit.

OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Small equipment and tools are acquired in a cost-efficient manner, and compliant with the City's Procurement By-law and applicable Corporate Policies and Procedures;
- B) Staff have access to the small equipment and tools necessary to perform their duties (i.e. small equipment and tools are available, well-maintained and safe to use, etc.);
- C) Small equipment and tools inventory is accurate and adequately safeguarded to keep waste and losses to a minimum;
- D) The disposal of small equipment and tools is managed in a manner that is aligned with applicable Corporate Policies and Procedures.

SUMMARY OF OBSERVATIONS

Based on the audit work performed, certain processes around the management of small equipment, such as acquisition, expense allocation, maintenance and disposal, are generally effective, with staff involved aware of their roles within the process. However, there is an opportunity to improve controls around management and record-keeping of small equipment, training staff in asset management and analyzing data to plan and leverage purchasing power. Strengthening controls in these areas would enhance the effectiveness of asset management, identify trends and opportunities and minimize risks related to misappropriation.

Our main observations, summarized below, relate to improving the management of small equipment. A detailed list of observations and recommendations was provided to management. Appendix A provides an overview of the recommendations and management action plans.

Improve the management of small equipment

Items classified as small equipment include string trimmers, backpack blowers, push mowers, etc. The average recorded value of these items ranged from \$500 up to \$1,200. Our review noted some concerns related to the accuracy and completeness of information recorded, consistency of labelling/tagging equipment and validity of the physical inventory counts.

It is prescribed in the Parks Operations Standard Operating Procedures that when small equipment is purchased, the item is to be entered into the enterprise system. The equipment information (e.g. brand, purchase price, location, year of purchase, etc.) is recorded and a unique identifier (UI) is assigned to each item. The UI is then placed on the equipment. Similarly, when the item is decommissioned, the item is expired in the system.

The majority of small equipment is tracked in the system. However, Internal Audit noted instances of inaccurate and/or incomplete information being captured. Examples include, but are not limited to, missing information (e.g. make, manufacturer, purchase price, year purchased, etc.), inaccurate information (e.g. form was submitted to expire a piece of equipment, however, that equipment was not expired in the system), and inconsistent information (e.g. some equipment prices included tax, whereas other equipment prices did not).

During site visits, Internal Audit observed instances where small equipment was not labelled/tagged (i.e. a UI could not be found on the equipment) and instances where the UI was illegible (e.g. the print was faded or partially erased). It would be difficult to complete a proper inventory count without the UI affixed to the equipment.

Additionally, Internal Audit noted that small equipment for the various operations (i.e. turf, sports, and horticulture) are stored together, and are located in various areas, including depots, bunkers, satellite offices, etc., across the City. The specific location of the small equipment is not identified in the system, making it difficult to locate. Capturing the additional information assists in identifying which operation the equipment belongs to, and organically creates a comprehensive list of inventory belonging to Parks Operations. Furthermore, it will assist with physical counts and identification of lost, stolen or misplaced items.

Management and staff indicated that prior to the pandemic, physical inventory counts were completed twice a year, and small equipment inventory was tracked more comprehensively. However, in recent years, the information in the system has not accurately reflected inventory on hand, despite staff's attempts to fill in the required forms. Consequently, each area initiated its own method of tracking small equipment, but the source of the inventory list could not be traced, therefore Internal Audit could not validate its accuracy and completeness.

Incomplete or inaccurate record-keeping affects the effectiveness of the asset management lifecycle and increases the risk of misuse, loss or theft. It may result in assets going unnoticed for an extended period, impairing adequate investigation of any issues that may arise and reducing management's ability to identify trends.

Subsequent to the improvements recommended above, Parks Operations would benefit from enhancing staff training on asset management, and applying data analysis to identify trends and leverage economies of scale, where possible.

CONCLUSION

The procedures developed to manage small equipment inventory in an enterprise system are conceptually well-documented; however, over time, the quality of the inventory records decreased, which limited staff's ability to execute an effective inventory management program. Re-establishing inventory management processes that were functioning effectively and strengthening controls could enhance the effectiveness of asset management, identify trends and opportunities and minimize risks related to misappropriation.

A total of eight (8) recommendations resulted from this audit. Management has agreed to complete three (3) by the end of 2024, four (4) by the end of 2025 and one (1) by the end of 2026.



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**Community Services Department
Parks, Forestry & Environment Division
Parks Operations Section
Parks Operations – Turf Inventory Audit
Summary of Audit Recommendations**

Rec	Recommendation	Priority (H/M/L)	Comments/Status
1	<p>That management establish a process to manage tools to enhance accountability and minimize potential misappropriation. Examples to consider include:</p> <ul style="list-style-type: none"> • Tracking tools over a certain threshold and capturing information (such as tool name, description, operation the tool is primarily used for, date purchased, quantity, bulk vs. singular purchase, purchase price, primary storage location, etc.) • Outfitting turf vehicles with a standard set of tools required to complete work; staff can confirm the presence of tools at the beginning and end of their work day and discrepancies should be noted 	M	<p>Although informally, Turf crews are typically outfitted with the same types of equipment scaled to the uniqueness of their areas.</p> <p>Management will develop the standard set of tools required for turf vehicles to complete their work by August 2024.</p> <p>Management will establish a threshold that is appropriate for tools inventory after further analysis.</p> <p>A daily confirmation process will be implemented for staff using turf vehicles. This will ensure uniformity and ease of tracking.</p> <p>The final date provided as part of this recommendation takes into consideration timing of audit approval and Parks' busy operational season. To be completed before the active spring operational season of 2025.</p> <p>To be completed by May 5, 2025.</p>
2	<p>That small equipment information be tracked accurately in Infor. Capturing additional information (e.g. operation equipment belongs to, specific location where equipment is primarily stored, etc.) will assist in asset management, forecasting and trend analysis.</p>	H	<p>Processes are already established; however, staff need to be retrained on the execution of the processes, including the completion of the new capital equipment and decommissioning forms.</p> <p>Documentation of a standardized process will be completed by August 2024. Standardization will include updated location tracking.</p> <p>The final date includes complete retraining of all impacted staff. Date provided as part of this recommendation takes into consideration timing of audit approval and Parks' busy operational season. To be completed before the active spring operational season of 2025.</p> <p>To be completed by May 5, 2025.</p>

**Community Services Department
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Parks Operations Section
Parks Operations – Turf Inventory Audit
Summary of Audit Recommendations**

3	That the process be re-established to periodically conduct physical inventory counts of tools and small equipment (upon completion of Recommendations #1 and 2) to ensure inventory is accurate and up to date. Personnel who do not typically handle the purchasing, operation or disposal of the tools and/or equipment should be designated to conduct the physical inventory count to ensure segregation of duties.	H	<p>The process will be re-established to conduct physical inventory counts of the new inventory program.</p> <p>Documentation of a standardized process will be completed by August 2024 and the new process will be tested in Fall 2024.</p> <p>The final date provided as part of this recommendation takes into consideration learning from the fall process, timing of audit approval and Parks' busy operational season. To be completed before the active spring operational season of 2025, with first inspection and Q4 check-in (after turf season).</p> <p>To be completed by May 5, 2025.</p>
4	That a consistent labelling technique be established for all equipment to clearly identify City of Mississauga assets. Management may want to consider including the area/location and operations the equipment primarily belongs to (for quick identification) and a City of Mississauga logo (as an additional safeguard to misappropriation).	M	<p>Parks Leadership Team (PLT) will develop a labelling convention incorporating feedback from front line staff during this audit on effective format (etching, stickering, etc.) and placement to ensure longevity.</p> <p>To be completed by September 27, 2024.</p>
5	That the naming convention of equipment be revisited to allow for flexibility and scalability and minimize the possibility of inaccurate reporting.	M	<p>The Parks Leadership team will develop new naming conventions for Parks' small equipment that follows asset management best practices.</p> <p>The documented standardized process will be established by August 2024, and will ensure future growth and resulting changes to operational boundaries are taken into consideration.</p> <p>The new naming convention will be implemented on an "as new" basis, meaning that Parks will implement changes to new equipment assets and not complete a historical correction/renaming of all small equipment assets.</p> <p>To be completed by November 4, 2024.</p>

**Community Services Department
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Parks Operations Section
Parks Operations – Turf Inventory Audit
Summary of Audit Recommendations**

6	<p>That formal training documentation be developed for Supervisors and relevant front-line staff. The training documentation should include topics such as when to use which cost element (e.g. what is considered sufficient documentation when submitting P-Card expense reports, when pre-approval is required, etc.), management of inventory lifecycle, etc. Staff should be provided with reference materials (e.g. updated SOPs that are accessible to staff), as well as refresher training opportunities.</p>	M	<p>Formal training is currently underway with Parks Managers and Supervisors; this will be completed quarterly, with the final module completed by December 2024. This was a gap in the current operation that Parks Leadership has been actively working towards closing.</p> <p>Finance has provided training on SAP, and will continue with educational sessions on budget and understanding the budget processes.</p> <p>This will be extended to crew leads, with an anticipated completion date by December 2024 as well.</p> <p>In addition, the Operational Performance and Analysis Team will create reference materials that will assist with reconciliation of purchased items, ensuring good governance for all staff that have a P-Card. This will be completed by August 2024.</p> <p>Finance, Operational Planning and Analysis and Parks Leadership have emphasized and continue to educate staff on the correct allocations in cost centres/elements.</p> <p>To be completed by December 31, 2024</p>
7	<p>That management perform detailed analysis to identify trends and determine if it is practical to establish contracts with the respective suppliers, leading to cost efficiency and opportunities for economies of scale. Detailed analysis can include identifying frequently-purchased items, frequent vendors, number of purchases made at a specific vendor, amount of money spent at specific vendors, spends approaching or surpassing medium- or high-value limits, etc.</p>	M	<p>Working with our Operational Planning and Analysis team, we will undertake an analysis of all spends available via P-Card, Capital, Invoicing, spend locations to better understand our spending trends and look into feasibility of putting such spends onto contracts.</p> <p>The target date in this recommendation reflects the need to have accurate and complete data (as per Recommendation #2) in order to facilitate a thorough analysis.</p> <p>To be completed by December 31, 2025.</p>
8	<p>That Parks Operations work with Procurement Services to determine if it is practical to establish contracts with the respective vendors based on the analysis performed in Recommendation #7.</p>	M	<p>Currently underway with early-on analysis and this audit, Parks Leadership has taken a proactive approach to ensuring compliance with procurement and contract management.</p>

**Community Services Department
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Parks Operations – Turf Inventory Audit
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		<p>Parks Leadership has worked with the Manager of Procurement Services to leverage Group Purchasing Organizations (GPO's) to ensure alignment with procurement policy.</p> <p>Parks Leadership has also identified other contracts out of scope of this audit in which contracts are being developed to align with the City's Procurement Policy and leverage volumes of scale.</p> <p>Following the analysis completed in Recommendation #7, we can identify additional opportunities for additional contracts.</p> <p>The final date for this recommendation allows for the analysis to be done in Recommendation #7 and work towards RFP's, RFT's, Single/Sole Sources and allows time for those to get into place without disrupting operations.</p> <p>To be completed by December 31, 2026.</p>
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