

Status of Non-inventoried Material and Supplies in HRM

Access & Privacy Review Completed May 18, 2006

Revision September 29, 2004
March 31, 2004

Report Prepared by Cathie Osborne, B.Comm, CGA
Research conducted by Jim Burgess, Team Leader Inventory and Asset Management

Introduction

The effective and efficient management of inventoried materials and supplies is an important service to the business units who deliver services to the citizens of HRM. Providing the right product, in the right quantity, at the right time requires that material and supplies be stored securely and handled efficiently. Just as importantly is the public's expectation that inventory purchased with public funds to be safeguarded and used for the public good.

Over the past three years, in the delivery of its mandate, Business Systems and Control (BSCG) has had opportunity to make personal observations as to the safeguarding of certain assets located throughout the HRM. BSCG had identified a number of items stored in various HRM locations that were not administered through the HRM centralized inventory management system. As a result, a partnership was established with the Procurement Division of Financial Services to conduct a study and determine the level and type of risk associated with the acquisition and storage of non-inventoried material and supplies.

Jim Burgess, former Team Leader of Inventory & Asset Management, working in collaboration with Business Systems and Control, conducted a series of site visits and interviews with managers and supervisors of each Business Unit to ascertain the nature, volume and value of non-inventoried items. Items identified as non-inventoried material and supplies were then subjected to a risk analysis exercise. The results of the analysis form the findings and recommendations of this report.

Scope of the Project

The focus of the project¹ was to locate, identify and assign responsibility for non-inventoried items held around the HRM. Once identified, the project focussed on the level of security provided the items and the administrative process used to ensure effective custodial accountability. This was accomplished through one-on-one interviews with supervisors and managers and by personal observation. A standard questionnaire² was developed and used during the interview process. After evaluating the level and type of risk associated with each non-inventoried item, an estimated value of the replacement cost of each item was prepared using a very conservative (low) value. Additionally, the review was not able to differentiate between goods and materials purchased with operating funds versus capital funds. It is assumed that all purchases used operating funds.

¹ Terms of Reference, Appendices XX

² Copy of questionnaire, Appendices XX

Project attention focussed in the following areas:

1. Raw materials, parts and supplies inventories held in formal storage warehouses but not recorded as inventory.
2. Raw materials, parts and supplies inventories maintained in semi-formal or informal storage warehouses and not recorded as inventory
3. Equipment inventories recorded as to identification, value and location
4. Equipment inventories not recorded as to identification, value and location
5. HRM records and documents
6. HRM collections, art, precious gifts.
7. HRM scrap inventories, disposal and procedures
8. HRM internal security methods, asset loss/control/reporting procedures
9. Overall management awareness of asset control responsibilities.

Risk Analysis

In order to determine the level and type of risk associated with HRM Management's handling of non-inventoried items, a risk matrix was developed and applied to each identified item. A weighted average approach was applied using four common criteria.

- 1) Accessibility
- 2) Value or Volume
- 3) Portability/Diversion
- 4) Desirability/Marketability

Table I: Risk Analysis

Criteria Category	Description of Category	Ranking	Weighted Average
Accessibility	How easy is it to get to the item? Look at building configuration, geographic location and security features. Security features could include processes, procedures in place for moving/using the item. Is there a usage log or a lack of documentation regarding usage or assignment?	High risk = 10 Med Risk = 5 Low Risk = 1	25%
Value or Volume	Per item value ranges of less than \$10,000; between \$10,000 to \$50,000; over \$50,000. Volume of item should also be considered. High volume may indicate that it would be less obvious to confirm slippage.	High Risk = 10 Med Risk = 5 Low Risk = 1	20%
Portability/ Diversion	How easy is it to move the item? Low weight, fits into pocket, bag, vehicle, forklift, dolly, etc. Can the delivery of the item be easily diverted to another location?	High Risk = 10 Med Risk = 5 Low Risk = 1	20%
Desirability/ Marketability	Is the item highly desired by the general public; a specialized multi-industry component; a specialized industry with few members. Is the asset/item tagged, bar coded, or identified as HRM property in a clear and permanent manner?	High Risk = 10 Med Risk = 5 Low Risk = 1	35%

Background

Normally when one thinks of inventory, we think of stationary, automotive parts or raw materials stored in warehouses. Inventoried materials and supplies are managed using the SAP Materials Management Module. As of April 15, 2004, there were approximately 494 material commodity classes, 16 hazardous material classes and 1,545 vehicle type classes maintained within the SAP system. Items range from abrasive products, general cleaning supplies, automotive supplies, building supplies, computer supplies, electrical, fasteners, hand tools, hardware, hydraulic parts, landscaping supplies, oil, lubricants and fuels, painting supplies, paper, paper products, pipe related, roadway material, safety equipment and supplies, signs, small equipment, snow removal equipment, stationary supplies, tape, tires, uniforms and welding equipment supplies.

However, HRM inventory and assets of value encompasses a wider range of items. Major inventories managed by the HRM include:

- Real estate
- Stocks, bonds, debentures, cash
- Human Resources
- Large mobile equipment - trucks, vehicles, construction equipment, landscaping equipment
- Small mobile equipment - tools, chainsaws, cameras, portable computers, photocopiers, lawn mowers, weapons, hand held radios, cell phones
- Raw or finished material - salt, sand, fuel, gravel
- Records - information management of legal records, personnel records, tax records, blueprints
- Collections - works of art, gifts from other countries, legal library, HRM internal library, historical photographs,
- Computer Software and hardware.

Financial Services, Procurement Division maintains four warehouses in key locations throughout the core area of HRM. The stores location at Turner Drive supports the General Fleet and PWT - Streets and Roads and TUGS East and Central Operations. A smaller stores area is located at McKintosh Street which supports the western Streets and Roads and Technical and Underground Services of PWT and RPAMS. The warehouse situated at Isley Avenue supports Transit Services and a warehouse to support Fire Emergency Fleet has been opened on the Waverley Road, Dartmouth.

Turner, Isley and Waverley carry mostly automotive supplies. General supplies are stored and issued from the McKintosh Street location. Not all purchased items are maintained in-house as inventoried items. Venders selected through an open tendering process provide "just-in-time" delivery for stationary items, hand tools, paper, paper

products and uniforms to name a few.

The HRM Procurement Policy details the variety of business processes each business unit must adhere to in acquiring materials, supplies and services. Purchases of under a certain value can also be acquired through the use of the HRM Visa Purchase Card, in keeping with the Procurement Policy.

Ordering Support Representatives (FSR), Procurement Buyers and Coordinators record requests for purchases received from business units by creating an order against a material number. The material master database is maintained by one clerical support position. When an item cannot be matched to a material number in the system, a new material master number is created. Once a material master number has been created the item can be monitored and reordering quantities established based on the quantities used over a given period of time. When used appropriately, the process can be quite efficient and cost effective.

Legislation, Policies, and Guidelines:

Legislation, policies and operating guidelines were reviewed to determine the authority and accountability framework and to measure the level of compliance to any established processes.

The HRM is authorized to collect and expend funds for municipal services from the Municipal Government Act. Section 67 states:

Section 67 “Where an Act of the Legislature authorizes or directs a municipality to make an expenditure, enter into a contract or guarantee or take action as a result of which it may be required to pay money, the sums required are for the ordinary lawful purposes of the municipality.”

In November 1996, HRM Council approved a comprehensive Purchasing Policy. The following relevant excerpts highlight the purposes and applicability in regards to the acquisition of goods and services.

- 1.1 “The purpose of the policy is to “establish purchasing guidelines to ensure the most cost effective and cost efficient methods are used to purchase goods and services for the Regional Municipality..”
- 2.1 “Procurement policy and procedures should provide the most cost efficient and cost effective methods to purchase and dispose of goods and services for operations of Halifax Regional Municipality.”
- 4.1 “This policy applies to all Departments, Agencies...over which the Regional Municipality has jurisdiction”

- 4.2 "The procurement of goods and services will be facilitated by the Procurement Section according to this policy."
- 4.5 "The Procurement Section shall work with the user departments to combine requirements where possible and encourage overall standardization of items to reduce the overall cost to the Municipality."
- 6.1 "The following guidelines will be followed for the purchase of goods and services for Halifax Regional Municipality:
- Up to \$1,000 - The acquisition of goods and services having a value up to \$1000 and not covered by a Price Agreement or supplied by the Municipal Stores System, may be purchased by the department in accordance with the principles set out in this policy.
 - More than \$1,000 but less than \$10,000 - For the acquisition of goods and services, at least three quotations will be solicited by the Procurement Section in consultation with the user department."
- 7.1 "Low Value - Purchases that are random in nature, and are not included in a Price Agreement or available in Inventory under the value of \$1000 may be purchased by the department, using either a Small Purchase Order, Purchase Order, Petty Cash, Cheque or Halifax Regional Municipality Credit Card."

In addition, the Procurement Section released a "List of Exceptions - Revised May 10, 2003" on the Inside HRM intranet page that identifies items that can be purchased without a purchase order.

Petty Cash Items

Training and Education - Conferences, Magazines, Conventions, Memberships, Periodicals
 Refundable Employee Expenses - Advances, University Course, Meal Allowance, Entertainment, Travel Expenses, Hotel Accommodation, Miscellaneous Non-travel
 Employer's General Expenses - Payroll deduction remittances, grants to agencies, debenture payments, payments of damages, tax remittance, employee income. licenses (vehicles, etc)
 Professional and Special Services - Committee fees, witness fees, court reporter fees, Honoraria, discoveries (legal), legal settlements, Audit fees, performance payments for services (recreation events <\$1,000)
 Utilities - postage, water and sewer, power, furnace fuels, telephones, refunds
 Miscellaneous - photocopier charges, customs invoices, taxi, courier

The Purchasing Card Policy and Procedure Book provides additional clarification as to appropriate uses and types of purchases.

"Purpose - The HRM Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and payment for small-dollar transactions. The program is designed to replace a variety of processes including petty cash, low-value purchase orders, cash advances, expense purchases and certain purchase orders."

"Do's & Don'ts - The program is not intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the program complements the existing processes available."

"Warnings - Although the card is issued in your name, it is the property of the Halifax Regional

Municipality and is only to be used for Halifax Regional Municipality purchases as defined in this document.”

Examples Where the Purchasing Card May Be Used -

- Miscellaneous maintenance requirements
- Office Supplies
- Automotive repair for field personnel

Examples Where the Purchasing Card May Not Be Used -

- Capital equipment
- Stock items available through our warehouses or through approved ordering systems or programs
- Items secured through blanket orders and negotiated contracts.

Finally, the Human Resources Policies and Business Practices (August 2003) articulates a code of behaviour expected from an employee in dealing with public goods.

Excerpt from Code of Ethics

“Use of Public Property: No employee shall request or permit the use of municipal-owned vehicles, equipment, materials, or property for personal convenience or profit, except where such privileges are granted to the general public.”

Conflict of Interest:

Contracts with Municipalities: No employee of Halifax Regional Municipality shall have any interest, direct or indirect, in any legal municipal contract issued by him/her or by any public committee, board, commission or business unit of which they are a member, agent or employee.”

and

“Reporting Breaches of this Code

Employees who have reason to believe that this Code of Ethics has been breached in any way are encouraged to bring their concerns to their manager or to any member of the Senior Management Team. No adverse action shall be taken against any employee who, acting in good faith, brings forward such information.”

The foregoing is the legislation and policies guiding the behaviour of HRM employees and the standards to which they will be held.

Justice and Arbitration

The Criminal Justice System and Labour Case Law speak to the responsibility of the public employee to treat public property with greater care than their own property. Excerpts from Conduct Handbook for Municipal Employees and Officials, Second Edition M. Rick O’Connor, Peter-John Sidebottom, David G. White, LexisNexis™ Butterworth™ speak to this topic quite succinctly.

Page 181

"Few kinds of employee behaviour are as universally condemned as theft. It should then hardly be surprising that prohibitions against this kind of wrongdoing should find their way into the ideal code of conduct for local government employees."

Page 182

"In the case of government employees, federal legislators have recognized the special trust that is vested in those who have control or have possession of government property by making it a criminal offence for a public servant to refuse to turn in that property on demand. Section 227 of Canada's Criminal Code, R.S.C 1985, c. C-46" (maximum penalty 14 years imprisonment)

"In addition the general offence of theft can equally be applied in the context of a local government employment relationship. The code defines theft as follows:

322. (1) Everyone commits theft who fraudulently and without colour of right takes, or fraudulently and without colour of right converts to his use or to the use of another person, anything, whether animate or inanimate, with intent

- a) to deprive, temporarily or absolutely, the owner of it, or a person who has a special property or interest in it, of the thing or of his property or interest in it;
- b) to pledge it or deposit it as security;
- c) to part with it under a condition with respect to its return that the person who parts with it may be unable to perform; or
- d) to deal with it in such a manner that it cannot be restored in the condition in which it was at the time it was taken or converted.

(Maximum penalty 10 years imprisonment)

Labour Case Law confirms that discipline meted out for minor theft is an appropriate medium because "misuse of government property constitutes an ethical offence. (Page 183.) This would best apply where a clearly stated and communicated Code of Ethics Policy has been implemented.

Page 184

1991, Town of Langley, BC, Arbitration Board

"The grievor has misappropriated company time, company equipment and company material on a number of occasions...Dishonesty of this nature, particularly when repetitious, is extremely serious and goes to the very root of the employment relationship. Only in the most exceptional of circumstances, will theft and dishonesty not be grounds for discharge. Langley(Township_ v. C.U.P.E. Local 403 (1991), 20 L.A.C. (4th) 256 at 260

M. Rick O'Connor, Peter-John Sidebottom, David G. White go on to say on page 185,

"The introduction of restrictions on the use of the organization's property may receive a less-than enthusiastic response from a workforce accustomed to lax enforcement of such rules. Therefore, the adoption of express prohibitions on the misuse of company property, combined with a vigilant eye on the part of supervisors, may go a long way toward ensuring that employees are aware of, and respect, the local government organization's ethical expectations."

Specific Findings:

Security of Assets

This long introduction is necessary background to a significant finding collected as a result of the project. Every manager (31) interviewed during the project identified frequent occasions of theft occurring in their work areas. Supervisors lock equipment in their trucks and take it home overnight so it is available for the next day's work. Some managers refuse to purchase power saws. Generators are stolen from locked city vehicles, stored in locked buildings. Expensive aluminum poles and signs are cut up within city property and hauled away. Transmissions are removed from city vehicles while parked. Most thefts go unreported to the Insurance Section and Police. When reported, little action can be taken by Police Services, as equipment is not tagged as HRM equipment and there are no records or pictures maintained of most equipment that is stolen.

Although the project was not able to validate the statement directly, the risk analysis conducted on inventory maintained outside of the four warehouse locations managed by Procurement strongly supports the validity of the statements. This is a significant finding which requires immediate and appropriate attention. The remainder of the report will quantify the potential dollar impact of not addressing the issue and recommend a number of possible approaches.

Purchasing Practices:

In addition to quantifying the level of risk and the potential dollar impact of non-inventoried materials and supplies held within the HRM, a comparison was completed between the items purchased without purchase orders (cheque requests, VISA Purchase Card) and non-inventoried items identified during the project. This information was then compared to the item description of materials that are stored in HRM Warehouses to determine the level of overlap. (Table III, page 17)

It is not possible to drill down to the actual purchased item when a purchase order is not used. Therefore, the analysis is at a very high level and may not accurately represent individual items held in HRM Store Warehouses. Table II highlights a number of comparable goods and services by occurrence and company and suggests:

- Staff is by-passing the Procurement Policy by not utilizing standing orders for goods and services covered by the orders.
- Standing orders are not set up to cover the goods and services needed or likely to frequent by staff due to past practice or convenience.
- Staff is not coding goods receipts correctly to reference a standing order.

Table II: Cheque Request Occurrences for Companies <\$1000 (2002)

Where Occurrences > 100

Company Name	Total Occurrences
W & A Moir Ltd	243
Maritime Tel & Tel Co Ltd	185
GE Capital Information Technologies	165
R Smith Rentals	159
Canadian Linen Supply	153
Burnside international Trucks	146
Fairley & Stevens Limited	136
National Book Service	127
Fastenal Canada	124
The News Group-Atlantic Canada	108
CB Cameron & Associates	106
Stricker Books	104
Total Companies: 12	1756 Occurrences

Best Practices in the Management of Inventory and Assets within HRM

(based upon findings of non-inventoried items)

Best Practice - Policy and Procedure:

- *Written policies and procedures are in place*
- *Policies and procedures are well distributed and well known to staff*
- *Continuous management review of policies and procedures*
- *Historical procedures used, known but unwritten*

Halifax Regional Municipality

HRM has written policies and procedures which are distributed and should be well known to staff. However, management does not conduct a regular review of policies and procedures, nor does it review for compliance.

Business Unit Awareness of Responsibilities:

Best Practice

- *Large equipment purchases are tendered through Procurement following co-ordinated meetings. Specifications are standardized across business units for similar purpose equipment. Required spare (repair) parts listing received and parts stocked through coordination with Inventory and Stores.*

Halifax Regional Municipality

HRM has not developed a co-ordinated approach to stocking parts for repair purposes. Stock becomes obsolete and held in inventory well after the useful life of the equipment.

Best Practice

- *Small tools, instruments and office purchases are acquired through the quoting processes through Procurement following co-ordinated meetings. Specifications are standardized across business units for similar purpose equipment. Required spare (repair) parts listing received and parts stocked through coordination with Inventory and Stores.*

Halifax Regional Municipality

HRM has developed but not successfully implemented a coordinated approach to acquiring small tools, office equipment or instruments except in the area of desktop or laptop computers.

Management Response:

An initiative is underway within Inventory and Stores to identify all dead stock and dispose of it through sale or landfill. To date \$40,000 has been identified.

Best Practice

- *Inventoried materials used in day to day operations are acquired through Procurement and all new items required on a regular basis are processed through a formal process and entered into inventory.*

Halifax Regional Municipality

Where goods and material have been classified as an inventoried item, they are processed according to the established process. There is not a formal process established to identify new items that should be eligible for inclusion into inventory.

Asset Control:

Best Practice

- *Large/small equipment, once acquired, is recorded as an asset and a planned*

“life cycle” is established in order to maintain the equipment in good operating condition up to point of disposal. All data pertaining to the equipment is recorded and maintained in an electronic format - value, purchase date, maintenance, refurbishing costs, location assignment and daily use.

- All equipment is tagged with a non-removable unique tag . Digital pictures have been taken prior to placement into service.*
- All equipment is stored in a secure area when not in use and each business unit maintains a current listing of all equipment in their possession including description, asset number and current condition. Annual checks are conducted by Inventory and Asset staff.*

Halifax Regional Municipality

HRM has not developed a consistent approach to establishing a planned “life cycle” for large or small equipment. Data is not recorded or maintained in a format that is easily accessible. Large equipment does have affixed identification numbers (veh numbers, licence plates) but most small or hand equipment is not tagged. Digital pictures are not taken, nor is a list maintained by most business units of the equipment in their possession. Most equipment is not appropriately secured when not in use.

Management Response

Management is currently compiling a list of physical assets in preparation of the development of a capital asset sub-ledger. Life cycle information will be addressed as part of the depreciation structure under the sub-ledger.

Management acknowledges that annual checks should be conducted by Inventory and Asset staff. However, there are not current staff resources to carry out this activity.

Best Practice

- Office equipment, cameras, computer accessories, cell phones and computer software are recorded and a planned “life cycle” is established. The equipment is maintained in good working order up to point of disposal.*
- All equipment is tagged with non-removable unique tag. Digital pictures have been taken prior to placement into service.*
- All equipment is stored in secure area when not in use and each business unit maintains a current listing of all equipment in their possession including description, asset number and current condition. Annual checks are conducted by Inventory and Asset staff.*

Halifax Regional Municipality

HRM has not developed a consistent approach to establishing a planned “life cycle” for

all equipment. Most data is not recorded or maintained in a format that is easily accessible. Except for desktop and laptop computers most equipment of this type is not tagged. Digital pictures are not taken, nor is a list maintained by most business units of the equipment in their possession. Most equipment is secured within office locations but individual security of the equipment may not be appropriate when not in use.

Management Response

Management acknowledges that annual checks should be conducted by Inventory and Asset staff. However, there are not current staff resources to carry out this activity.

Best Practice

- *Raw materials, parts and supplies inventories are maintained in a formal storage warehouse, staffed and controlled by professional managers, supervisors and trained warehouse staff in access controlled areas. Inventoried materials are recorded, maintained and issued from approved software programs with appropriate checks and balances conducted on a regular basis.*

Halifax Regional Municipality

HRM has developed formal storage warehouses staffed with experienced staff. As noted in this report, many purchases occur outside of the inventory management system and the items are not recorded, maintained or issued through a controlled environment.

Best Practice

- *Records and documents are stored in a central fireproof, secure location where they are in microfiche or computer image as back up.*
- *Collections of art, precious gifts and libraries are recorded and maintained in an accessible system. Collections are tagged and stored in safe environments and a listing is maintained of the location and value. Digital pictures have been taken. Works of art have been professionally valued and listed with an insurer under a separate loss policy.*

Halifax Regional Municipality

HRM has been working towards compiling a complete inventory of all collections and works of art. This work is not yet completed. The HRM Legal Library is one area of concern as the books, documents and records located in Duke Tower cannot be easily replicated should loss or damage occur. Neither have the library assets been fully recorded.

Best Practice

- *Security of public property should be sufficient to limit not only external intrusion*

but to act as a safeguard from losses resulting from staff. Security guards, cameras, fences, and locked gates are barriers that reduce access.

Halifax Regional Municipality

HRM has not maintained a practice of securing properties from public access nor has it implemented sufficient safeguards or controls to ensure that goods, materials or equipment is not removed from HRM property or returned after use. There are no security controls in the HRM Coin Room where staff is free to enter or leave without fear of being challenged.

Management Response

Management is currently reviewing internal controls in the HRM Coin Room to ensure that controls in place are working as intended and that there is sufficient internal control.

Disposal and Losses:

Best Practice

- *Disposal of scrap or surplus equipment or materials should occur as established in the life cycle plan or formal operational practices. Records of equipment and material eligible for disposal should be regularly reviewed and disposal should occur in keeping with the Procurement Guidelines.*

Halifax Regional Municipality

HRM does have a disposal procedure for surplus material and goods that have been turned over to Inventory and Stores. However, the process is voluntary and ineffective when dealing with goods or materials that have not been recorded in the inventory management system. There is no mechanism in place for inventory and stores staff to ensure that all surplus material or goods have been identified.

Management Response

Management is currently drafting policies and procedures for the disposal of surplus goods and materials and scrap.

Best Practice

- *All losses should be reported to the appropriate parties - Insurer, Police, controlling business unit (Fleet, IS, Procurement) for investigation with appropriate action taken should the loss result from theft, mis-use or abuse.*

Halifax Regional Municipality

As noted in this report HRM staff interviewed do not normally report losses. Past experience indicates that no action will be taken if the loss is related to a theft, mis-use or abuse. The fact that equipment, goods and materials are not tagged, recorded or easily identified as HRM property makes it very difficult for enforcement agencies and management to appropriately deal with non-compliance or theft.

Recommendations:

There appears to be an appropriate policy accountability framework under which issues of non-compliance to policy and theft can be appropriately dealt with. However, there is an immediate need to improve the physical security of non-inventoried assets. Costs associated with limiting accessibility and improving the ability of staff to identify missing HRM assets can be recouped from the reduction in the loss of these assets.

- Institute a practice of immediately tagging or bar coding all assets with an unremovable asset number.
- This could be accomplished more effectively by implementing a centralized receiving area for all inventoried purchases and arranging shipping or pickup after the goods have been received, tagged and recorded into inventory. Assigning the function of "receiver" to appropriate staff located in satellite locations would also create a quasi-centralized approach to receiving, tagging and recording inventory.
- Institute a practice of recording non-inventoried items and issue from SAP. Increase awareness and control of leased equipment as the HRM is assessed a higher penalty for loss, mis-use or abuse of leased equipment such as laptop and desktop computers than equipment it owns outright.
- Install appropriate security controls such as secured gates, doors, cameras and or secure card access to control sign in/out to areas where inventoried goods and material are stored.
- Ensure that all vehicles are locked at the end of each shift and that keys are stored in a secure, restricted area.
- Conduct unscheduled inventory checks and record missing goods and materials, charging back the cost of replacement of missing goods and materials to the appropriate business unit.
- Expand the number of standing orders or price agreements to include companies where staff frequent the establishment more than 100 times per year.
- Monitor Visa Procurement Card and cheque request purchases to determine if standing orders should be expanded to include additional items.
- As necessary, advise staff of potential penalty associated with non-compliance with the Procurement and Purchase Card Policies. Develop solutions and take appropriate action when non-compliance continues.

Appendices and Tables

Table III: Comparison of Non-inventoried Purchases to the Inventory Management System

Description	Occurrences	Occurrences	Quantity
	Selected Visa Purchases, no purchase orders (2003)	< \$1000 - Cheque Requests - no purchase order, no standing orders (2002)	Selected Standing orders - inventory (2002 - current)
Artists Supply and Craft Stores	196		2
Automobile and Truck Dealers	1689	282	175
Automotive Body Repair Shops			
Automotive Paint shops			
Automotive Parts, Accessories Stores			
Automotive Service Shops			
Automotive Tire Stores	13		3
Camera & Photographic Supply Store ; Commercial Photography, art, graphics	193		7
Caterers	38		22
Speciality Services: Cleaning and Maintenance, Janitorial, Detective agencies, protective services, Electrical and small appliance repair, Electrical contractors, heating, plumbing air conditioning, Landscaping and horticulture services	1070		148
Computer Maintenance, repair, svc; computer network/information services; computer programming, integrated systems; Computer software stores; computers and computer peripheral equipment	240	165	10
Concrete work contractors, Construction material	60		26
Electrical parts and equipment	173		34
Electronics Sales	359	185	12
Fines	4		0
Fireplace, fireplace screens and accessories	435		0
Furniture, home furnishings, office equip	686		46
Glass, paint, wallpaper stores, paint, varnishes, etc	187		4
Hardware stores, hardware, equipment and supplies fasteners	1917		52
Home supply warehouse stores	216		65
Hardware: industrial supplies, hydraulics, pipe related	833	243	104
Lumber and building materials, flooring, plumbing, heating	418		24
Nurseries, Lawn and garden supply	235		28
Package stores - beer, wine, liquor	34		0
Recreational and utility trailers	20		
Stationery stores, office and school, printing, paper	4833		203
Welding Repair	109		9
Totals:	12073	875	212

Table IV: Business Unit Comparative of Selected Non-inventoried Items

Business Unit	Section	Overall Risk Rating (H=100)	Historical Records \$\$	Equipment\$ \$	Material Description	Materials \$\$	Value Totals
Governance	Councillor's Office	6.1		\$100,000			\$100,000
	Mayor's Office	3.75	\$10,000	\$105,000			\$115,000
Financial Services	McKintosh Stores	0	\$10,000				\$10,000
	Turner Drive Stores	1.8	\$10,000				\$10,000
	Metro Transit Stores	1.8	\$100,000				\$100,000
	Parking Meters	28.75	\$10,000	\$30,000	cash, bus passes & tickets	\$60,000	\$100,000
Real Property & Asset Mgmt	Fleet Services - Metro Transit	7.2	\$50,000.00	\$1,000,000	auto parts	\$100,000	\$1,150,000
	Fleet Services - Turner Drive	17.2	\$10,000.00	\$1,000,000	auto parts	\$20,000	\$1,030,000
	Fleet Services - Fire (West Street)	9.2	\$30,000.00	\$1,000,000	auto parts	\$100,000	\$1,130,000
	Parks - Cowie Hill	19.5	\$10,000	\$500,000	Granite building siding, concrete pavers	\$100,000	\$610,000
	Parks - Cobequid Rd	4.0		\$50,000			\$50,000
	Parks - Point Pleasant Park	3.2		\$50,000			\$50,000
	Parks - Turner Drive	10.9		\$200,000	lawn supplies	\$10,000	\$210,000
	Parks- Eric Spicer Building	3.2		\$100,000			\$100,000

Business Unit	Section	Overall Risk Rating (H=100)	Historical Records \$\$	Equipment\$ \$	Material Description	Materials \$\$	Value Totals
	Parks - Sackville Street	3.2		\$100,000			\$100,000
	Facility Operations	9.35	\$20,000	\$10,000	Spare rads	\$20,000	\$50,000
	Contract Services	10.15	\$20,000	\$10,000	spare material (sinks)	\$1,000	\$31,000
Public Works & Transportation	Traffic Services	12.15	\$100,000	\$200,000	Controllers, parts material	\$500,000	\$800,000
	Streets & Roads, all locations	7.5		\$50,000	tools, roadway material	\$200,000	\$250,000
	Sign Shop	27.35	\$10,000	\$10,000	sign blanks, finished, scrap materials/signs	\$210,000	\$230,000
	Design & Construction Services-Surveyors	5.0	\$1,000,000	\$150,000			\$1,150,000
	Street Lights (TUGS)	23.5	\$10,000.00	\$220,000	Bulbs, materials, poles	\$250,000	\$480,000
Recreation, Heritage & Culture	Recreation Services	5.8	\$10,000				\$10,000
Fire Services	Logistics	14.55	\$200,000	\$2,200,000	Clothing Fire Equipment		\$2,400,000
Legal Services	Duke Tower	4.6	\$1,200,000				\$1,200,000
Human Resources	Duke Tower	2.8	\$1,000,000				\$1,000,000
Environmental Management Services	Community Projects	1.0	\$20,000		Finished goods	\$100,000	\$120,000

Business Unit	Section	Overall Risk Rating (H=100)	Historical Records \$\$	Equipment\$ \$	Material Description	Materials \$\$	Value Totals
Shared Services	Print Shop	2.8		\$100,000	Paper, ink, bindings	\$5,000	\$105,000
Totals:			\$3,830,000	\$7,185,000		\$1,676,000	\$12,691,000

Table V: Business Unit Comparative - Potential Loss and Final Risk Rating

	Risk Ranking	Estimate \$\$	Potential \$\$
(Factors: Accessibility, Value, Portability, Desirability)		Equip/Materials	Loss
Councillor's Office	6.1	\$100,000	\$ 6,100
Mayors Office	3.75	\$105,000	\$ 3,938
FS -Purchasing Stores - McKintosh	0	\$0	\$ -
FS -Purchasing Stores - Turner	1.8	\$0	\$ -
FS -Purchasing Stores - Metro Transit	1.8	\$0	\$ -
RPAMS -Fleet Services Turner Drive	17.2	\$1,020,000	\$ 175,440
RPAMS -Fleet Services - Fire (West Street)	9.2	\$1,100,000	\$ 101,200
RPAMS -Fleet Services - Metro Transit	7.2	\$1,100,000	\$ 79,200
PWT - Streets and Roads, all locations	7.5	\$250,000	\$ 18,750
PWT - Traffic Services	12.15	\$700,000	\$ 85,050
PWT - Street Lighting	23.5	\$470,000	\$ 110,450
PWT - Sign Shop	27.35	\$220,000	\$ 60,170
PWT - Design & Construction Services	5	\$150,000	\$ 7,500
FS - Parking Meters	28.75	\$90,000	\$ 25,875
Recreation	5.8	\$0	\$ -
RPAMS - Cowie Hill	19.5	\$600,000	\$ 117,000
RPAMS - Cobequid Road	4	\$50,000	\$ 2,000
RPAMS - Point Pleasant Park	3.2	\$50,000	\$ 1,600
RPAMS - Sackville Street	3.2	\$100,000	\$ 3,200
RPAMS - Turner Drive	10.9	\$210,000	\$ 22,890
RPAMS - Eric Spicer Building	3.2	\$100,000	\$ 3,200
RPAMS - Facilities	9.35	\$30,000	\$ 2,805
RPAMS - Contract Services	10.15	\$11,000	\$ 1,117
Fire - Logistics	14.55	\$2,200,000	\$ 320,100
Legal Services	4.6	\$0	\$ -
Human Resource Services	2.8	\$0	\$ -
EMS - Community Projects	1	\$100,000	\$ 1,000
SS - Print Shop	2.8	\$105,000	\$ 2,940
		\$8,861,000	\$ 1,151,524
Note: Not included in the analysis was Police Services, Library Services.			
Library Services - Accessibility and Portability factors would be high risk areas.			