



SUBJECT: Summary of audit results - accounts payable and purchase card program

TO: Audit Committee

FROM: City Auditor's Office

Report Number: CA-04-20

Wards Affected: Not applicable

File Numbers: 430-03-Finance

Date to Committee: February 12, 2020

Date to Council: February 24, 2020

Recommendation:

Receive and file City Auditor's office report CA-04-20 providing a summary of audit results – accounts payable and purchase card audit in Appendix A.

PURPOSE:

Vision to Focus Alignment:

- Deliver customer centric services with a focus on efficiency and technology transformation

Background and Discussion:

Accounts payable and purchase card program are corporate functions handling large volumes of payment transactions ranging from small to large dollars.

Strategy/process

Overall Audit Rating – **FAIR** (details of the overall audit ratings are located on page 20 of Appendix A to this report).

Summary of Audit Findings & Severity (Measure of Residual Risk)

Category	Area of Focus	Risk Category	Risk Severity
P'Card Program	Operating Agreement	Process	Medium
	Extension of Credit	Process	Medium
P'Card Statements	P'Card Responsibility	Performance & Responsibility	Medium
	Account Reconciliation	Process	Low
Vendor Master	Data Integrity	Process	High
	Logical Security & Segregation of Duties	Unauthorized Activity	Medium

Details of Audit Finding Severity Scale are located on page 20 of Appendix A to this report.

The audit report is as follows:

- Summary of Audit Results begins on page 1 of Appendix A to this report.
- Detailed Audit Report begins on page 4 of Appendix A to this report.
- Detailed Findings, Recommendations & Management Action Plans begin on page 7 of Appendix A to this report.

The findings and recommendations were discussed with the Controller & Manager Financial Services, Manager Procurement and Coordinator of Accounting on January 10, 2020. The final report was issued on January 27, 2019 as of December 23, 2019.

Financial Matters:

City Auditor Involvement

- Estimated audit hours for completion: 200 - 275 hours
- Actual hours required to complete: 163 hours

Estimated audit hours were based on general guidelines before the scope of the audit was decreased.

Other Resource Impacts

This audit required direct interaction with a management and staff in various departments and agencies (e.g. Finance, Burlington Economic Development Corporation, Art Gallery of Burlington, Recreation Services, etc.) for interviews and report review.

Climate Implications

Not applicable.

Enterprise Risk:

Not applicable.

Engagement Matters:

Not applicable.

Conclusion:

The heart of the accounts payable process is the vendor master file requiring strong vendor master file management policy and practices. While standard operating procedures are documented for the set-up of vendors, the controls over the maintenance and upkeep of the vendor master file are ineffective in design and operation. This situation was reported previously in the 2010 Accounts Payable audit and by the External Auditors in the City's management letter for the 2007 audit.

Respectfully submitted,

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Appendices:

A. CA-04-20 Appendix A – Accounts Payable & P-Card Program Audit

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Council. Final approval is by the City Manager.