



Internal Audit Office

Date: March 10, 2015

To: Andrew Ching, City Manager

Cc: Jerry Hart, Deputy Internal Services Manager, Finance
Renie Broderick, Internal Services Manager
Greg Ruiz, Fire Chief
Ken Jones, Deputy City Manager – Chief Financial Officer
Steven Methvin, Deputy City Manager - Chief Operations Officer

From: Barbara Blue, City Auditor

Subject: Vendor Master File Follow-up Audit

Background

An audit of the Vendor Master File (VMF) was completed in July 2013. The VMF contains vital information about the City's vendors and facilitates their engagement in transactions with the City for the procurement of goods and services.

As part of our approved Internal Audit Plan for fiscal year 2014/15, an audit follow-up was conducted in December 2014 to review the progress made by staff to implement the twenty-two (22) audit recommendations included in the audit report.

Audit Objective, Scope, and Methodology

Objective

The objective of this follow-up was to determine whether the action plans established by the Finance Division and the Fire Department management in response to our recommendations were implemented.

Scope

Recommendations made by Internal Audit, and agreed upon by the Finance Division and the Fire Department was reviewed. Testing was completed, where appropriate. Our work did not provide any guarantee or absolute assurance against material errors, loss or fraud.

Methodology

We reviewed and analyzed management's evidence of implementation by interviewing staff responsible for addressing recommendations and reviewing various supporting documentation.

Conclusion

We found that of the twenty-two (22) recommendations made, eighteen (18) or 82% have been fully implemented, three (3) or 14% are in the process of implementation, and one (1) or 4% will not be implemented. Management indicates that the potential cost of implementing Recommendation 2.1 that suggests changing the system naming parameters in the Customer Care and Billing subsystem may outweigh the benefits obtained. Management is assuming the risk of not addressing potential duplicate entry of vendors that may result in duplicate payment for goods or services.

With the exception of Recommendation 2.1, we determined that significant progress has been made to implement actions to address Internal Audit's recommendations. We encourage staff to continue working on the remaining recommendations that have not yet been implemented. We will follow up on their status until fully implemented.

The attached **Appendix I** details the status and level of implementation for each of the recommendations.