Vendor Master File Audit

Audit Committee – June 13, 2022

Today's Presentation

- Audit Objective
- Scope and Methodology
- Audit Conclusion
- Management Action Plans
- Next Steps
- Questions

Audit Objective

To evaluate the adequacy and effectiveness of the internal controls, processes and procedures related to the vendor master file, and that they are adequately designed and operating as intended to mitigate business risks associated with the City's procure to pay processes.

Audit Scope & Methodology

- Review of system access
- Completeness and accuracy of file data
- Management oversight processes
- Records maintenance and clean-up
- Use of technology
- Review of policies and procedures
- Conduct interviews
- Perform process walk throughs
- The scope of the audit covered activities for the period of January 2019 to December 2020.

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Audit Conclusion

This audit has raised significant concerns over the administration and oversight of the vendor master file, which increases the risk of misappropriation and reputational damage to the City.

Issues and Observations

The following opportunities were identified:

- Enhance controls over system access control and user access
- Segregate incompatible duties
- Deactivate dormant and duplicate vendors
- Develop clear and sufficiently detailed policies, procedures and guidelines

Management Action Plans

Enhance controls over system access control and user access
- Perform a thorough review of JDE user access rights to ensure an appropriate segregation of duties within the ERP system

Management Action Plans

Segregate incompatible duties.
- Split control of Vendor Master file in JDE between Procurement Services and Financial Services
- Eliminate multiple user ID's and inappropriate user roles

Management Action Plans

Deactivate dormant and duplicate vendors

- Working with OCIO we will develop a monthly process to automatically deactivate vendors not used within the last 15 months
- We will review duplicate vendors annually as part of our year end procedures

Management Action Plans

Develop clear and sufficiently detailed policies, procedures and guidelines
- Outlining roles, responsibility, accountability, management and oversight of the VMF
- Documenting frequency, timing, & oversight over deactivation of dormant & duplicate vendors
- Define procedures for reactivation of vendors
- Define new/change vendor process

Next Steps

- Action plans have been developed
- Implementation is underway or completed
- Internal Audit will follow up and report on the status of these action plans

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Questions?