Office of the Auditor General: Follow-up to the 2012 Audit of Corporate Credit Cards, Tabled at Audit Committee – October 27, 2016
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Executive Summary

Introduction

The Follow-up to the 2012 Audit of Corporate Credit Cards was included in the 2014 Audit Plan of the Office of the Auditor General (OAG).

The key findings of the original audit included:

- The City’s credit card program, with 2011 purchases valued at $16.6 million, is well administered and well supported by Finance department.
- The City has clear processes, heightened supervision and oversight over reconciliations verification, as well as satisfactory compliance against applicable policies and procedures.
- Based on both a judgmental and random sample, error rates were low and controls were functioning as intended.
- The audit recommends that the City increase the use of credit cards versus petty cash or cheques which could yield annual savings of $250,000. Having staff at the lower operational level carry out the purchasing instead of more senior level employees could save approximately $10,000 per year. Total potential savings identified in the audit are $260,000.

Summary of the Level of Completion

The table below outlines our assessment of the level of completion of each recommendation as of October 2015.
Table 1: OAG’s assessment of level of completion of recommendations

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<tr>
<th>Category</th>
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<th>Recommendations</th>
<th>Number of Recommendations</th>
<th>Percentage of Total Recommendations</th>
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<tr>
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The table below outlines management’s assessment of the level of completion of each recommendation as of July 2016 in response to the OAG’s assessment. These assessments have not been audited.
Table 2: Management’s assessment of level of completion of recommendations

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**Conclusion**

Management has been proactive in addressing the recommendations of the 2012 Audit of Corporate Credit Cards. At the time of this follow-up, 12 out of 13 recommendations are complete and 1 is partially complete.

**Acknowledgement**

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

The following section is the detailed follow-up report.
Follow-up to the 2012 Audit of Corporate Credit Cards

The detailed section of this report is available in English only and may be translated in whole or in part upon request. For more information, please contact Ines Santoro at 613-580-2424, extension 26052.

La section détaillée de ce rapport n’existe qu’en anglais et pourrait être traduite en partie ou en totalité sur demande. Renseignements : Ines Santoro, 613-580-2424, poste 26052.

Detailed Follow-up Report

Introduction

The Follow-up to the 2012 Audit of Corporate Credit Cards was included in the 2014 Audit Plan of the Office of the Auditor General (OAG).

Key Findings of the Original 2012 Audit

1. The credit card program is well administered and well supported by Finance department. The City has clear processes; heightened supervision and oversight over reconciliations verification; as well as satisfactory compliance against applicable policies and procedures. Policies and procedures are readily available through Ozone, the City’s intranet, and are well understood by employees.

2. Finance department has not fully documented an operational risk assessment for the credit card program as required by the Corporate Risk Management policy and Corporate Enhanced Risk Management (ERM) Framework approved by Senior Management, Executive Committee and City Council in April 2010. As an operational risk assessment has not been completed for the credit card program, risks may not be fully or properly identified and mitigated. Management advised us that while Finance staff have not formalized the considerations and actions the department has taken to consider risk within the credit card process in a document under a banner of “operational risk assessment”, Finance believes these considerations and actions were the components of an operational risk assessment.

3. We conducted testing of 150 credit card reconciliations. The reconciliation activity verifies that the items purchased were received and match the receipts provided, and that the transactions are allowable and have the correct tax coding applied. We found that the error rate was low which demonstrated that controls were operating effectively.
Follow-up to the 2012 Audit of Corporate Credit Cards

4. A community centre used a non-City bank account for expenses and reimbursement incurred for a dance program which is not in compliance with the City’s Cash Handling Policy and Procedures.

5. We found that 60 City employees used their card to pay for parking instead of submitting a claim for reimbursement (248 transactions totalling more than $1,500). Purchasing Card Procedures indicates travel as a card restriction; however, it does not differentiate between local and out of town travel. It was noted that on April 22, 2013 a Management Bulletin was issued relating to the policy on mileage and parking to improve monitoring and compliance.

6. The Purchasing Card policy lacked clarity about paying for local parking with a P-Card. It was recommended that the City review the Purchasing Card policy to clarify if local parking is an allowable purchase.

7. We found that the purchasing cards of four employees, who left the City in 2011, had not been deactivated. However, we were able to confirm that, after the employees left the City’s employment, no activity had occurred on these cards. The Deputy City Treasurer, Corporate Finance was provided with the four cardholders’ names on June 14, 2012 for action.

8. By increasing the use of credit cards in lieu of petty cash or cheques, the City could potentially save in the range of $150,000 to $250,000 and could further obtain savings in the form of contract negotiated rebates. These potential savings are calculated based on an average cost for issuing a cheque ranging from $15.00 to $25.00, and an estimated increase in transaction volume of 20% (approximately 10,000 more credit card transactions than 2011 levels).

9. In 2011, 248 card users spent over $237,430 at grocery stores and supermarkets (MCC 5411). Savings could be obtained by having lower level staff perform this additional purchasing; by having Supply Management put to tender larger purchases e.g., grocery stores and supermarkets; by expanding a current agreement for food and groceries; or by approaching individual stores for preferential pricing. A review of 2011 expenditures at Grocery Stores, Supermarkets showed that $125,899 of the $237,430 was spent at Loblaws and Loblaws Superstore, yet no preferential pricing, whether it be in the form of rebate, incentive, etc., has been established with these stores. While Supply Management could not provide us with the dollar amount of the potential saving from tendering groceries, doing so would also improve the controls surrounding the purchase of food and provide more efficient use of staff time.

10. The City could benefit directly by collecting loyalty points for specific suppliers or programs. Previous audit work has noted that Ottawa Police were successful
Follow-up to the 2012 Audit of Corporate Credit Cards

in negotiating an agreement to collect loyalty point at a specific vendor. This further supports the City’s need to establish a procurement contract for the purchase of food.

**Status of Implementation of 2012 Audit Recommendations**

**2012 Recommendation 1:**

That the Finance department formalize in a document an operational risk assessment for the credit card program as set out in the City’s Enhanced Risk Management Framework.

**2012 Management Response:**

Management agrees with this recommendation.

The Finance department will be completing a detailed risk assessment by the end of Q4 2014 as part of a corporate cyclical reporting framework that aligns with the Term of Council. As part of the cycle for the Corporate Risk Profile, departments will be required to complete an assessment of corporate, operational, strategic and project risks. Risks associated with the credit card program will be identified and monitored as part of the corporate risk assessment process.

**Management Representation of Status of Implementation of Recommendation 1 as of October 31, 2014:**

This recommendation is complete.

In Q3 2014, an Accounts Payable Operational Risk Assessment was completed as part of the unit’s ongoing operations and the corporate risk assessment exercise. Accounts Payable will continue to review and document risks associated with our operation as part of routine operations.

**Management: 100% complete**

**OAG’s Follow-up Audit Findings regarding Recommendation 1:**

The 2014 operational risk assessment for the Accounts Payable unit was provided and reviewed.

Risk mitigation plans have been created for all risks identified as medium-high and high. Specifically, risks relating to the P-Card program are identified in the risk assessment for “Duplicate Payment” and “P-Card Transfers”.

**OAG: 100% complete**
2012 Recommendation 2:

That the Finance department ensure proper and consistent tax coding across reconciliations and that appropriate training is provided to cardholders requiring it.

2012 Management Response:

Management agrees with this recommendation.

The Commodity Tax unit is responsible for the identification, development and delivery of training related to all commodity tax issues, including tax coding, on an annual basis. The 2013 workplan for that unit includes an assessment of the effectiveness of that training, and prioritization and delivery strategies for future direction. The assessment and communication of strategies will be completed by the end of Q4 2013. Any updates or changes to existing training materials and approaches will be highlighted and incorporated into future annual training.

Management Representation of Status of Implementation of Recommendation 2 as of October 31, 2014:

FSUs are working directly with their clients to complete the reconciliation of their credit card transactions, including the correct tax codes. As identified in the project charter for the HST Awareness Project, the Commodity Tax staff will develop an E-Learning HST 101 course to address the need for training on tax coding with specific emphasis on corporate credit cards. The expected roll out of the E-Learning HST 101 is Q1 2015. Commodity Tax staff will also conduct an in-depth analysis of the tax coding utilized by Parks and Recreation clients to further identify the tax coding training needs of the City’s highest percentage of credit card users. This analysis is also expected to be complete by the end of Q1 2015.

Management: 50% complete

OAG’s Follow-up Audit Findings regarding Recommendation 2:

Commodity Tax unit (CTU) analyzed three months of transactions from Parks, Recreation and Cultural Services (PRCS) to identify the most common errors and develop a training program.

In April 2015, the Finance department introduced and advertised internally the HST 101 e-learning. As at the end of August 2015, 88 City employees had completed this training, 21 were from the PRCS and 50 from Finance department (of which 15 are FSU Finance Officers). The remaining 17 were from other departments or branches.
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The HST 101 training was developed specifically for FSUs. FSU Account Managers endorsed the training and agreed to have all team members complete it by December 2015. As at the end of August 2015, 15 of the 41 FSU Finance Officers, responsible for reviewing the financial data, including the tax codes, on the P-Card statements; and, 21 of the 263 PRCS employees with a purchasing card for the full year had completed the training.

As at Q4 2015, no assessment of the effectiveness of the HST 101 e-learning had been undertaken as there was insufficient data to formulate an accurate assessment.

Additional effort is required to ensure that: employees, who incur the most transactions, as well as FSU Finance Officers responsible to review purchasing card statements (reconciliations), complete the training; and, assessments of the effectiveness of e-learning are performed periodically.

**OAG: 50% complete**

**Management Representation of Status of Implementation of Recommendation 2 as of July 31, 2016:**

Management agrees that FSU staff responsible for reviewing the purchasing card statements should complete the HST 101 eLearning. These individuals will be identified and they will complete the course by end of Q4 2016.

The HST 101 eLearning course was made available in Q1 2015 through the City’s eLearning platform. The course was designed for the Finance department, specifically for FSU staff and with the assumption that the target audience has a prerequisite knowledge of finance. The terminology and definitions match references to the Excise Tax Act as well as the Canada Revenue Agency policies and procedures. Though the HST 101 was designed to be a resource for FSU staff, access is made available to all City staff through the City’s eLearning platform. Operational staff are welcome to enroll in the HST 101 course with the assumption that they will contact their FSU representative for additional clarification particularly on the tax codes. The Commodity Taxes unit completes an annual review of the course to ensure legislative compliance is updated.

The Commodity Taxes unit completes an annual tax code P-card review with a focus on high risk portfolios. Upon completion of the analysis, the results are forwarded to the corresponding FSU team. FSU staff enrolled in the HST 101 eLearning course will be required to complete a detailed satisfaction survey upon completion to assess the effectiveness of the course.
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Management: 75% complete

2012 Recommendation 3:
That the City ensure that all recoveries/reimbursements be made as per the Cash Handling Policy directly to the City.

2012 Management Response:
Management agrees with this recommendation.

With regard to the reimbursement of expenditures related to dance programs run by the City, the applicable staff member has been given explicit direction with respect to their contravention of the policy and appropriate action has been taken to ensure that this practice does not reoccur. The Recreation Supervisor and the Customer Service Part Time Clerk on site have taken PCI Awareness and Cash Handling Training. In addition, a copy of the Cash Handling Policy has been sent via email by the Program Manager to the staff on site and a printed copy is available at the front desk. In addition, a review of the Cash Handling Policy and Procedures will be provided at the department’s Finance Training, which is scheduled for Q1 2014.

Management Representation of Status of Implementation of Recommendation 3 as of October 31, 2014:
This recommendation is complete.

A review of the Cash Handling Policy and Procedures was provided at the department’s Finance Training on November 19, 2013.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 3:
The Cash Handling Policy was reviewed with 97 PRCS full time employees during a training session in November 2013. Management indicated that only full-time employees were trained as they are responsible to ensure that part-time employees reporting to them are aware and follow the applicable policies and procedures. We confirmed that the past and current Recreation Supervisor of the community centre attended the November 2013 training.

OAG: 100% complete
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2012 Recommendation 4:
That the City ensure that the practice of setting up non-City bank account be discontinued and any non-City account be closed immediately.

2012 Management Response:
Management agrees with the recommendation.

Under direction from management, the non-City bank account was closed. A communication was sent to all Parks, Recreation and Cultural Services staff confirming that non-City bank accounts are not to be opened, in accordance with the City’s Cash Handling Policy.

Management Representation of Status of Implementation of Recommendation 4 as of October 31, 2014:
This recommendation is complete as per the management response.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 4:
In July 2013, the GM, PRCS reminded all PRCS staff that “all funds received and collected at your facilities must be deposited in the City bank account”.

OAG: 100% complete

2012 Recommendation 5:
That the City ensure that only itemized receipts are accepted as support for a transaction.

2012 Management Response:
Management agrees with this recommendation.

The Purchasing Card Policy addresses this recommendation by requiring that: 
“Documentation supporting a purchasing card transaction must be retained for verification and audit purposes and must specify what was purchased and itemize the cost. All cardholders must complete a mandatory review of transactions and submit monthly statement reconciliations.”

The Purchasing Card Procedures require the Cardholder to attach all receipts and source documents to the monthly statements, which are reviewed for compliance by the FSU.
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The Purchasing Card Policy and Procedures will be further communicated and reinforced by management by the end of Q4 2013.

Management Representation of Status of Implementation of Recommendation 5 as of October 31, 2014:

This recommendation is complete.

The Purchasing Card Policy and Procedures were further communicated and reinforced by the Accounts Payable Manager at a meeting with FSU Account Managers on February 25, 2014. The Payment to Vendors Policy clearly outlines what must be included on an invoice. All managers were notified of the policy by the Treasurer via email on May 8, 2014. Information sessions on the new policy were provided to the FSU on May 23, May 28 and June 2, 2014. Accounts Payable has continued to work with the FSU to provide information sessions to staff on an as needed basis.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 5:

The OAG recognizes the efforts made by the Finance department in communicating the importance of ensuring that only itemized receipts are accepted as support for a transaction. The analysis performed by the Commodity Tax unit in Q1 2015, on three months of PRCS transactions (2014), identified that frequently there were still receipts missing or no receipts.

Tax coding cannot be appropriately assessed without a detailed receipt.

OAG: 100% complete

2012 Recommendation 6:

That the City review the Purchasing Card policy to clarify if local parking is an allowable purchase.

2012 Management Response:

Management agrees with this recommendation.

Local parking is an allowable expense per the Purchasing Card Policy. The Procedures restrict travel expenses, which are defined in the Travel Policy to be travel outside the City. Management will review the policy to ensure the restrictions on the use of the purchasing card for parking expenses are clear. This is expected to be completed by the end of Q4 2013.
Management Representation of Status of Implementation of Recommendation 6 as of October 31, 2014:

This recommendation is complete.

The Purchasing Card Policy and Procedures were updated and posted to Ozone on March 31, 2014. Specifically, in the restrictions table included in the procedures, a reference to the Travel Policy was added next to travel and entertainment expenses.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 6:

The Purchasing Card Policy and Procedures were last updated, posted on the City’s Intranet and available to employees in February 2015. Local parking is an allowable expense per the Purchasing Card Policy.

OAG: 100% complete

2012 Recommendation 7:

That the City perform an analysis of grocery requirements (per centre, program, etc.) for all of Community and Social Services and Parks, Recreation and Culture and investigate any opportunity to take advantage of better prices/delivery; and/or undertake a competitive process.

2012 Management Response:

Management agrees with this recommendation.

CSS and PRCS management have performed an analysis of grocery requirements (per centre, program, etc.). CSS have proactively added and will continue to add, many of the larger daycare centres and shelters to the complete purchasing contract where it is financially viable. The process would not, however, be viable for the smaller CSS and PRCS programs/centres due to the minimum order requirements, scheduled delivery dates and delivery charges.

Management Representation of Status of Implementation of Recommendation 7 as of October 31, 2014:

This recommendation is complete.
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Parks, Recreation and Cultural Services (PRCS) staff will strive to minimize the number of trips to the grocery store and wherever possible, lower paid staff members will carry out the shopping. In some cases, it may be more efficient for a supervisor to pick up a few 'last minute' items while already on the road rather than return to their facility to have a staff member make a special trip. This could save both staff time and mileage charges.

It should be noted that PRCS reviewed and validated the 2013 transactions and list of cardholders at each facility with the Area Supervisors. PRCS has implemented "best practice" training for purchasing cards as part of the departmental Finance Training module and included a reminder of these “best practices” in an e-mail to all staff from the General Manager on March 31, 2014.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 7:

Management maintains that having a purchasing contract and buying directly from a supplier is not viable for the smaller CSS and PRCS programs/centres due to minimum order requirements, scheduled delivery dates and delivery charges.

Specific to PRCS, in March 2014 the GM emailed all staff a reminder of the “best practices” guidelines when using P-Cards for grocery shopping. Specifically, “approved grocery spending… should be completed by the program coordinator level or lower whenever it is deemed most efficient”; and, “when possible, shopping trips should be managed effectively taking into consideration an emphasis on improving the efficient allocation of resources such as mileage and time”.

Ten Child Care centres with Community and Social Services purchase grocery supplies through an agreement with Complete Purchasing Services based on a purchasing review summary price comparison performed in 2009. We found that management continues to review expenditures by centre on an ongoing basis to ensure that groceries are primarily purchased using this arrangement. The summaries of grocery expenditures per centre for Q1 and Q2 2015 were provided and reviewed.

OAG: 100% complete

2012 Recommendation 8:

Until such time as the City establishes a competitive process for the procurement of groceries, that the both Community and Social Services and Parks, Recreation and Culture assign shopping more cost effectively.
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2012 Management Response:

Management agrees with this recommendation.

CSS will monitor monthly and review on a quarterly basis, the use of complete purchasing and limit purchasing groceries beyond the online ordering system. Childcare staff have adapted best practices used in the Long Term Care branch in menu planning and online food purchasing to maximize efficiency of online ordering and delivery.

Multiple levels of PRCS staff make purchases – summer camp counsellors, program coordinators, park programmers, facility supervisors, program instructors, etc. PRCS will assign shopping more cost-effectively by implementing a “best practice” within the department’s Finance Training to identify that the Program Co-ordinator level or lower will complete purchases for program supplies/groceries where possible. PRCS will complete a review of the cardholders at each facility in order to implement this best practice by Q1 2014.

Management Representation of Status of Implementation of Recommendation 8 as of October 31, 2014:

This recommendation is complete.

In collaboration with the Ottawa Public Health department, the CSS Municipal Child Care unit has developed new Healthy Eating Guidelines which include Food Purchasing Guidelines for Municipal Child Care Centres. Guidelines clearly identify that purchases must be made from one of the purchasing companies from the standing offers. It also identifies items permitted to be purchased at grocery stores if they are not available from the companies on the standing offer. The new guidelines have been successfully rolled out to all 12 preschool programs as of January 2014 and review of the guidelines is part of the annual training.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 8:

As noted in recommendation 7, in March 2014, part of the GM’s email to all PRCS employees served as a reminder of “best practices” guidelines when using P-cards. In addition to the reminder, PRCS performed an analysis (on 2013 transactions), and found there were no significant savings (1% of dollar value of purchases) in having the program coordinator shop for groceries instead of higher level employees.
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The Municipal Child Care Healthy Guideline that was rolled out to all municipal Child Care Centres directs staff to purchase grocery supplies through an agreement with Complete Purchasing Services. We found that management continues to review expenditures by centre on an ongoing basis to ensure that groceries are primarily purchased using this arrangement. The summaries of grocery expenditures per centre for Q1 and Q2 2015 were provided and reviewed.

**OAG: 100% complete**

**2012 Recommendation 9:**

That the City establish a policy relating to the collection of all loyalty program points (including store purchases, fuel, etc.).

**2012 Management Response:**

Management agrees with this recommendation. A policy will be established by the end of Q1 2014.

**Management Representation of Status of Implementation of Recommendation 9 as of October 31, 2014:**

This recommendation is complete. The *Payments to Vendors Policy* was created, approved and posted to Ozone on March 31, 2014.

**Management: 100% complete**

**OAG’s Follow-up Audit Findings regarding Recommendation 9:**

Two policies addressed this recommendation: the *Payments to Vendors Policy* revised February 2015 and posted on the Intranet stipulates that “the collection of personal credits or points in conjunction with purchases made with a City P-Card is prohibited”; and the *Travel Policy* addresses loyalty program points with reference to travel.

In addition, in August 2014, the Section Manager, Fleet Information and Fuel System sent an email to vehicle card users advising them that “no reward points/air miles will be accrued to City of Ottawa employees purchasing fuel on behalf of the City of Ottawa.”

**OAG: 100% complete**
2012 Recommendation 10:
That the City develop a corporate policy or guideline governing the awarding of cash or near cash prizes including but not limited to: Criteria for awarding prizes; Accounting of prizes; and, Evidentiary documentation of the disbursement; and that the appropriate FSU ensure its enforcement.

2012 Management Response:
Management agrees with this recommendation. A corporate policy will be developed by the end of Q1 2014.

Management Representation of Status of Implementation of Recommendation 10 as of October 31, 2014:
A Use of City Funds for Prizes: Cash, Gift Certificates and Gift Cards Policy was developed and circulated to internal stakeholders for review and feedback. As a result of the feedback received during the circulation, the policy is currently being refined further before circulation to senior management. The policy will be finalized, implemented and communicated to all staff by the end of Q4 2014.

Management: 90% complete

OAG’s Follow-up Audit Findings regarding Recommendation 10:
The Use of City Funds for Prizes: Cash, Gift Certificates and Gift Card Policy was approved and has been in effect since December 2014.

The policy includes stipulations referring to: criteria for awarding prizes, accounting of prizes, evidentiary documentation of the disbursement, and that the appropriate FSU ensure the enforcement.

All recommended guidelines have been included in the policy.

OAG: 100% complete

2012 Recommendation 11:
That the City not pay individual memberships or professional fees using purchasing cards as per the Purchasing Card Policy.

2012 Management Response:
Management agrees with this recommendation.
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The *Purchasing Card Policy and Procedures* will be further communicated and reinforced. This is expected to be completed prior to the end of Q4 2013.

**Management Representation of Status of Implementation of Recommendation 11 as of October 31, 2014:**

This recommendation is complete.

The *Purchasing Card Policy and Procedures* were further communicated and reinforced by the Accounts Payable Manager at a meeting with FSU Account Managers on February 25, 2014.

**Management: 100% complete**

**OAG’s Follow-up Audit Findings regarding Recommendation 11:**

The *Purchasing Card Procedures* clearly identifies “Individual Membership or Professional Fees” as a P-Card restriction.

We reviewed the agenda for the FSU-AP collaboration meeting of February 25, 2014, attended by FSU Account Managers, and confirmed through interviews that the requirement for Individual Membership to be paid through payroll was communicated.

**OAG: 100% complete**

**2012 Recommendation 12:**

*That the City regularly review any termination of employment and ensure that cards are deactivated at the time an employee leaves the Corporation.*

**2012 Management Response:**

Management agrees with this recommendation.

The corporate policy for *Termination, Resignation/Retirement Procedures* sets out management’s responsibilities regarding the return of City property. Human Resources will amend the policy to further indicate that managers are responsible for advising Finance to deactivate a purchasing card upon any termination of employment. As an additional measure, Human Resources will begin providing a monthly report to the Finance department of all terminations for auditing purposes. Finance will be able to compare the list of terminations against all purchasing cardholders to ensure that all cards are deactivated when an employee leaves the corporation. The amendment of the policy and commencement of the monthly report will be implemented by the end of Q3 2013.
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In addition, the Purchasing Card Policy assigns the responsibility to the manager to “ensure cancellation of the card when the cardholder terminates employment”. The Purchasing Card Policy and Procedures will be further communicated and reinforced by management. This is expected to be completed prior to the end of Q4 2013.

Management Representation of Status of Implementation of Recommendation 12 as of October 31, 2014:

This recommendation is complete.

The Terminations, Resignations/Retirement Procedures were approved on April 1, 2014 and are posted on Ozone.

Human Resources amended the corporate policy for Terminations, Resignations/Retirement Procedures to clarify management’s responsibility for advising Finance to deactivate a purchasing card upon an employee’s termination of employment. A report of all terminations from October 2013 until February 19, 2014 was provided to Finance for auditing purposes. Effective February 19, 2014, Information Technology Services (ITS) provides a daily feed of any termination transactions to Finance. This enables Finance to conduct daily audits.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 12:

As required by the procedures, the Finance department has established a new process where the Business Analyst, Accounts Payable responsible for the administration of the P-Card program receives a daily feed of all terminations for auditing purposes. This process which started in February 2014 is in addition to the regular process of having managers cancel an employee’s P-card when they leave the City. Changes made to the system by the Business Analyst take effect immediately.

The Business Analyst’s audit of the terminations that occurred from October 2013 up to February 17, 2014 was also reviewed. The new process implemented by the Finance department covers the requirements of the recommendation.

OAG: 100% complete
2012 Recommendation 13:
That the City consider expanding the use of credit card in lieu of cheques or petty cash and take advantage of savings ranging from $150,000 to $250,000.

2012 Management Response:
Management agrees with this recommendation.

The City will continue to explore opportunities to increase the use of the credit card in lieu of cheques or petty cash. A project to review the expanded use of the credit card was developed in 2012 and started in 2013. The project will include an analysis of vendors and payments to identify transactions that, in the future, could be paid by credit card. This project is expected to be completed by the end of Q2 2014. Finance will continue to communicate the benefits of using the credit card, and encourage City staff to consider this method of payment where feasible.

Management Representation of Status of Implementation of Recommendation 13 as of October 31, 2014:
This recommendation is complete.

In Q2 2014, the Supply branch launched the Purchasing Card Expansion project. The 2-year project targets pre-identified contracts and high volume users with low dollar transactions with the goal of converting them to purchasing card use. The project also seeks opportunities to pay inventory items using a purchasing card and to eliminate the use of Departmental Purchase Orders where a purchasing card can be used.

Management: 100% complete

OAG’s Follow-up Audit Findings regarding Recommendation 13:
In April 2014, the Supply branch launched a six phase, P-Card Expansion Project, for which the planned start date was Q1 2014 and the planned completion date is Q4 2016.

The project goal is to expand the purchasing card program throughout the City and transition high volumes of low dollar value invoices to P-Card and increase the efficiency of purchases and payment processing.
Follow-up to the 2012 Audit of Corporate Credit Cards

The City estimated that 16,100 invoices could be paid annually using P-Cards instead of through its accounts payable (A/P) system (i.e., MarkView). While none of these figures were audited during our follow-up work, Supply branch reported that in 2014, a total of 1,046 invoices were transitioned from the A/P system to P-Card compared to 1,569 as at Q2 2015 which equated to savings of $12,000 in 2014 and of $13,500 as at Q2 2015.

Overall, the P-Card Expansion Project is being implemented and the savings are quantifiable as of the end of Q2 2015.

OAG: 100% complete

Summary of the Level of Completion

The table below outlines our assessment of the level of completion of each recommendation as of October 2015.

Table 3: OAG’s assessment of level of completion of recommendations (Repeat of Table 1 in Executive Summary)

<table>
<thead>
<tr>
<th>Category</th>
<th>% Complete</th>
<th>Recommendations</th>
<th>Number of Recommendations</th>
<th>Percentage of Total Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little or no action</td>
<td>0 – 24</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Action Initiated</td>
<td>25 – 49</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Partially Complete</td>
<td>50 – 74</td>
<td>2</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Substantially Complete</td>
<td>75 – 99</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Complete</td>
<td>100</td>
<td>1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13</td>
<td>12</td>
<td>92%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>13</td>
<td>13</td>
<td>100%</td>
</tr>
</tbody>
</table>

The table below outlines management’s assessment of the level of completion of each recommendation as of July 2016 in response to the OAG’s assessment. These assessments have not been audited.
Table 4: Management’s assessment of level of completion of recommendations (Repeat of Table 2 in Executive Summary)

<table>
<thead>
<tr>
<th>Category</th>
<th>% Complete</th>
<th>Recommendations</th>
<th>Number of Recommendations</th>
<th>Percentage of Total Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little or no action</td>
<td>0 – 24</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Action Initiated</td>
<td>25 – 49</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Partially Complete</td>
<td>50 – 74</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td>Substantially Complete</td>
<td>75 – 99</td>
<td>2</td>
<td>1</td>
<td>8%</td>
</tr>
<tr>
<td>Complete</td>
<td>100</td>
<td>1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13</td>
<td>12</td>
<td>92%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>13</td>
<td>100%</td>
</tr>
</tbody>
</table>

Conclusion

Management has been proactive in addressing the recommendations of the 2012 Audit of Corporate Credit Cards. At the time of this follow-up, 12 out of 13 recommendations are complete and 1 is partially complete.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.