

City of Minneapolis Audit Committee

Accounts Payable Review #2013-01

**January 23, 2013
Regular Meeting**

The Internal Audit Department contracted with PricewaterhouseCoopers to collaboratively conduct an Accounts Payable review for the City of Minneapolis

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Background

The process whereby the City makes payments owed to vendors for goods, supplies, or services is commonly referred to as AP processing. Data pertaining to the City's AP function for 2011 and 2012 (through September 30) is referred to in the table below:

City of Minneapolis Accounts Payable Processing			
Year	Number of Payments Processed	Amount of Payments Processed	Average days to process payments
2011	65,069	\$ 712 million (approx.)	34.5
2012 (through September 30)	47,137	\$ 518 million (approx.)	31.7

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Objective

The review was performed to:

- Identify key financial and operational risks within the AP process;
- Assess whether appropriate controls are designed to mitigate key risks;
- Assess whether key controls are operating effectively through limited testing;
- Provide control recommendations, as appropriate; and
- Document the end-to-end AP process with agreed upon key controls.

Scope

This review included identifying key internal controls, including current policies and procedures, through observation, inquiry, analytical procedures and limited testing within the AP process. We performed, on a sample basis, testing of current processes and transactions within the period of January 1, 2011 through the end of field work, November 16, 2012.

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Recommendations

1. Monitoring User Access Rights
2. Approving and Monitoring Vendor Master File Changes
3. Adherence to Current Processes and Procedures

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Conclusion

Based on our review, the AP process appears to be well controlled, with some opportunities for improvement to address risk areas identified in this report. Finance worked collaboratively with IA to develop action plans.

IA and PwC would like to extend our appreciation to Finance personnel who assisted and cooperated with us during this review.