

**CITY OF HAMILTON  
INTERNAL AUDIT REPORT 2014-09  
CORPORATE SERVICES – ACCOUNTS RECEIVABLE**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Policies &amp; Procedures</u> The policy and procedures on file are dated from 2004 to 2008. Per Accounts Receivable (AR) management, revisions occurred in 2013 but the documents bear no evidence of this review that could be verified by Audit Services.</p> <p>Out of date policies and procedures that do not reflect current AR operations may cause inconsistency in the work processes or confusion among staff.</p>	<p>That management review and update Accounts Receivable policies and procedures regularly and the revision date be noted on these documents.</p> <p>That management communicate the current policies and procedures to AR staff (especially whenever any revisions are made) and ensure that all AR staff are aware of and follow them in daily operations.</p>	<p>Agreed. "Revised" and "Reviewed" dates will be noted on all procedures when annual review occurs.</p> <p>Agreed. Management will ensure all AR Clerks are made aware of the location of the policies. Management will conduct an annual review of all policies and procedures. Expected Completion: June 2015.</p>

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NOVEMBER 2014**

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2.	<p><u>Credits/Reversals Initiated by Departmental Financial Assistants</u></p> <p>Most of the department initiated credits/reversals only require the departmental Financial Assistants to create drafts with credits in PeopleSoft and notify AR to post the drafts. Neither approval from departmental management nor verification by AR is required. AR does not receive the "Request For Invoice" forms for the credits/reversals or the corresponding supporting documentation.</p> <p>Such lack of controls increases the risk of fraudulent credits/reversals and may result in revenue loss and damage to reputational image.</p>	<p>That all credit/reversal requests be processed by only AR staff.</p> <p>That all credit/reversal requests from departments include supporting documentation.</p>	<p>Agreed. The ability to process credits on departmental templates has been removed. In some areas, Finance and Administration staff process "Request for Invoice" forms remotely and back up is kept in the department. AR will not post credits unless an approved "Request For Invoice" form and supporting documentation has been received.</p>