

**CITY OF HAMILTON  
PERFORMANCE AUDIT REPORT (2013-15)  
CORPORATE SERVICES – CHEQUES FOLLOW UP**

<b>AUDIT SERVICES' RECOMMENDATION</b>	<b>MANAGEMENT ACTION PLAN</b>	<b>FOLLOW UP (JANUARY 2016)</b>
<p>1. That Accounts Payable set a minimum payment threshold in the PeopleSoft Finance System to reduce the quantity of low dollar value cheques. This payment process change should be communicated to vendors.</p>	<p>Agreed. A communication to vendors regarding the new Accounts Payable process of receiving invoices is scheduled for Q2 – 2014. This communication will incorporate a message regarding the minimum payments threshold.</p>	<p>No Longer Applicable. The PeopleSoft Finance System no longer has the functionality to set a minimum payment threshold. The labour costs required to manually hold and group individual invoices and pay accumulated balances exceed the potential cost savings from no longer issuing low dollar value cheques.</p>
<p>2. That Accounts Payable contact vendors who received individual cheques greater than \$1 million or more than 100 cheque payments each in the audit period selected in order to investigate whether EFTs or other forms of electronic payments are available in lieu of cheques.</p>	<p>Agreed. Vendors are currently being contacted.</p>	<p>Not Complete. Vendors continue to receive individual cheques greater than \$1 million or more than 100 cheque payments each. Management was unable to provide Audit Services with evidence to support that vendors were contacted.</p> <p>Management has indicated that identified vendors will be contacted and the outcome will be documented for audit purposes.</p> <p>Expected Completion: April 2016.</p>

**CORPORATE SERVICES – CHEQUES  
FOLLOW UP – JANUARY 2016**

<b>AUDIT SERVICES' RECOMMENDATION</b>	<b>MANAGEMENT ACTION PLAN</b>	<b>FOLLOW UP (JANUARY 2016)</b>
<p>3. That Accounts Payable develop a strategy to encourage use of corporate procurement cards to reduce the quantity of vendors with single cheque payments.</p>	<p>Agreed. A project to enhance the Pcard program will be undertaken in Q4 – 2014.</p>	<p>Initiated. Accounts Payable commenced activities to encourage the use of corporate procurement cards. However, not enough time has passed to see a change in cardholder behaviour and a reduction in the quantity of vendors with single cheque payments.</p> <p>Management has indicated that an analysis of single cheque vendors will be performed to identify opportunities to pay through other methods such as procurement card or electronic funds transfer (EFT).</p> <p>Expected Completion: April 2016.</p>
<p>4. That Accounts Payable develop a process with Procurement to proactively obtain EFT banking information for vendors who sign a corporate contract on a go-forward basis. Accounts Payable should obtain EFT banking information for existing corporate contract vendors who receive cheque payments and ensure this data is correctly entered in the PeopleSoft Finance System.</p>	<p>Agreed. Discussion has taken place and additional meetings will take place in order to develop a process by Q1 – 2014.</p>	<p>In Progress. Procurement obtains EFT banking information from vendors who sign a corporate contract. Very few corporate contracts have been awarded since this process came into effect on June 15, 2015. As a result, not enough time has passed to verify that EFT information is obtained from corporate contract vendors on a consistent basis.</p> <p>Expected Completion: Ongoing as corporate contracts are signed.</p>

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<b>AUDIT SERVICES' RECOMMENDATION</b>	<b>MANAGEMENT ACTION PLAN</b>	<b>FOLLOW UP (JANUARY 2016)</b>
<p>5. That Accounts Payable approach departmental management in areas with high special handling requests to understand issues driving special handling and help develop amicable solutions to reduce the number of special handling cheques.</p>	<p>Agreed. Discussions will be held in Q1 – 2014 during the implementation of the Accounts Payable Automated Workflow with the goal of reducing special handling.</p>	<p>Completed. The number of special handling cheques in areas with high special handling requests has been reduced where feasible.</p>
<p>6. That Accounts Payable analyze cheque population data on an annual basis to proactively identify opportunities to work with departments and vendors to streamline the City's payment processes.</p>	<p>Agreed. This task will be included in the Accounts Payable year end schedule.</p>	<p>Not Complete. Cheque population data is not being analysed.</p> <p>Management has indicated that staff will contact the PeopleSoft Finance System vendor to obtain reports that will facilitate analyzing cheque population data.</p> <p>Expected Completion: April 2016.</p>