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

OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2017)
Policies & Procedures 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.	1. That management review and update Accounts Receivable policies and procedures regularly and the revision date be noted on these documents.	Agreed. "Revised" and "Reviewed" dates will be noted on all procedures when annual review occurs.	In Progress. AR policies and procedures are reviewed on an annual basis; however, the review and revision dates are not noted on all documents. Management has indicated that additional oversight will occur to ensure the review and revision dates are documented appropriately. Expected Completion: Q3 2017.
Out of date policies and procedures that do not reflect current AR operations may cause inconsistency in the work processes or confusion among staff.	2. 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.	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.	Completed. AR staff are aware of the location of current policies and procedures. A process is in place to communicate revisions to staff.

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FOLLOW UP – JULY 2017

OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2017)
Credits/Reversals Initiated by Departmental Financial Assistants 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. Such lack of controls increases the risk of fraudulent credits/reversals and may result in revenue loss and damage to reputational image.	3. That all credit/reversal requests be processed by only AR staff. 4. That all credit/reversal requests from departments include supporting documentation.	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.	Completed. Only AR staff have the ability to approve and post credit/reversal requests to customer accounts. Completed. Each credit/reversal entry is accompanied by supporting documentation which is either approved by departmental management or verified by AR staff before the credit/reversal is posted.