



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit

CM/ DCM/ ACM: Mayor and Councilmembers

DATE: September 19, 2017

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the Vendor Master File Audit.

BACKGROUND

The City Auditor has conducted a Vendor Master File (VMF) audit. This audit was conducted under the authority of Ordinance #2017-112 and in accordance with the FY17 Audit Plan approved by the Denton City Council.

OPTIONS

N/A

RECOMMENDATIONS

- 1) Management needs to specify what department and who in the department is responsible for the Vendor Master File.
- 2) Management needs to create VMF Policies and Procedures and update as necessary.
- 3) Management should consider if the JD Edwards Financial Accounting System can be reconfigured to accommodate a one-up sequential numbering system.
- 4) Management should consider creating naming conventions for the VMF and add them to the policies and procedures. Using the U.S. Postal Service Rules of Addressing may be used.
- 5) Responsible parties should collaborate with the IT department to find a solution to the Search Function difficulties.
- 6) Once or twice a year certain vendors need to be inactivated.
- 7) After being inactivated for two years, vendors should be purged from the VMF and placed in an archived file.
- 8) Create access rights policies and procedures to memorialize the checks and balances needed to strengthen the access rights over this file.
- 9) Management should review access reports yearly.
- 10) Institute a proper review of adds/changes/deletions made to the VMF. To ensure completeness and accuracy, this review should be performed by management or staff independent of those involved in vendor setup.
- 11) VMF should be reviewed on a regular basis for:
 - Inactive accounts
 - Duplicate vendors
 - Vendors with incomplete records

- Accuracy issues
 - Inconsistent naming conventions
- 12) Management should consider reversing the order for the TIN matching and debarment reviews. The accountable department should be Purchasing.
- 13) Determine the feasibility of narrowing the amount of user defined codes for the VMF and ensure all codes are used appropriately.

ESTIMATED SCHEDULE OF PROJECT

FY18

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

This audit has been briefed at the September 12, 2017 Audit and Finance Committee Meeting.

FISCAL INFORMATION

N/A

BID INFORMATION

N/A

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

Respectfully submitted:

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City Auditor

Prepared by:

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City Auditor