

## **CORPORATE CREDIT CARD (DATA ANALYTICS) AUDIT**

---

### **EXECUTIVE SUMMARY**

The City Auditor's Office issued the Corporate Credit Card (CCC) Audit Report to Administration on January 16, 2018. The report includes Administration's response to four recommendations to further enhance controls and efficiencies of the CCC process. Administration accepted all recommendations and has committed to the implementation of action plans no later than September 30, 2018. The City Auditor's Office will track the implementation of these commitments as part of our on-going follow-up process.

### **RECOMMENDATIONS**

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

### **RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2018 JANUARY 26:**

That Council receive Report AC2018-0035 for information.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2017/2018 Annual Audit Plan was approved on November 10, 2016. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

### **BACKGROUND**

This audit was undertaken as part of the approved City Auditor's Office 2017/2018 Annual Audit Plan. The objective of this audit was to review the anomalies in the CCC data analytic results and provide assurance on the effectiveness of related compliance and fraud prevention controls. This was achieved through testing associated credit card monitoring controls and validating the results of our data anomalies with Accounts Payable (AP).

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

The audit utilized data analytics to examine anomalies in credit card data from June 2016 to June 2017. Through our review of these anomalies we confirmed that a majority were indicative of non-compliance to CCC policy and procedures. We determined that existing monitoring controls over CCC were generally operating as designed, however, despite AP's monitoring practices, non-compliance to CCC policy continues to occur. Therefore, there is an opportunity to improve on and enhance current controls over the CCC to reduce instances of non-compliance. We made three recommendations related to employee training and communication, enforcing accountability to individual cardholders, developing escalation steps to support card suspension and improving efficiency and effectiveness of CCC processes. We also made one recommendation to re-evaluate the process to capture GST on foreign transactions.

## **CORPORATE CREDIT CARD (DATA ANALYTICS) AUDIT**

---

### **Stakeholder Engagement, Research and Communication**

This audit was conducted with Accounts Payable acting as the principal audit contact within Administration. Additional support was provided by Supply.

### **Strategic Alignment**

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

### **Social, Environmental, Economic (External)**

N/A

### **Financial Capacity**

#### **Current and Future Operating Budget:**

N/A

#### **Current and Future Capital Budget:**

N/A

### **Risk Assessment**

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure.

Credit card purchases average approximately \$65 million per year and as of June 2017, there were approximately 3000 credit cards in use across The City. While CCC offers significant benefits such as increased purchasing flexibility for low-dollar value purchases, there are also associated risks of improper use by cardholders. Non-compliance to CCC policy and procedures increases The City's exposure to financial and reputational risks.

#### **REASONS FOR RECOMMENDATIONS:**

Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual Audit Report and forwards these to Council for information".

## **ATTACHMENT**

AC2018-0035 CORPORATE CREDIT CARD (DATA ANALYTICS) AUDIT