

CITY OF MINNEAPOLIS

Audit Committee Meeting

September 20, 2016

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State Auditor Finding on PeopleSoft Finance Access

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State Auditor Finding

Finding 2014-003 - Network and System Access Termination

Our testing of 11 terminated employees' removal from the general ledger system revealed access for 1 City employee,had not been removed. One of the terminated employees accessed the system after they were terminated.



State Auditor Finding on PeopleSoft Finance Access

Internal Audit Analysis

- 7/10/15 last COMET login (general ledger)
- 8/13/15 last day of employment
- 9/8/15 job change form signed by supervisor
- 10/15/15 HR account locked
- 1/6/16 PeopleSoft Finance account locked
- 8/9/16 Active Directory account locked

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DMTMO Audit Update

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PeopleSoft Finance Access and Security Audit

PeopleSoft Finance Access and Security Audit – Background

The City of Minneapolis uses the PeopleSoft Enterprise Resource Package software to support their Finance department operations. The Finance functions manage confidential and sensitive data such as social security numbers, tax identification numbers, personal wage garnishment, vendor and personal banking information to name a few. The City's Internal Audit department conducted a review of the PeopleSoft application in collaboration with PeopleSoft Support and the IT Department.

PeopleSoft Finance Access and Security Audit – Objective and Scope

The objective for this audit is to review system access to note potential segregation of duties conflicts and privileged access management practices. The scope included:

- Functional end-user access for segregation of duties across treasury, purchasing, inventory, fixed assets and general ledger roles.
- Procedural and systematic enforcement of privileged access via both the front end through the application and the back end through direct database or operating system access.

PeopleSoft Finance Access and Security Audit – Findings

System Access

- Segregation of Duties
- Administrative Access
- Access Reviews

Secure Configuration and Change Management



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Procure to Pay Audit

Procure to Pay Audit - Objectives & Scope

Objective The objective of the audit was to assess the effectiveness of how the City records receipts of the goods and services, records invoices and pays its vendors. Additionally, Internal Audit evaluated how the City uses Comet to ensure that it adequately facilitates the process, meets the needs of the users and appropriately safeguards data and records.

Scope The timeframe of the audit was from January 1, 2015 to March 31, 2016. The audit scope included a review of:

- The maintenance of the Vendor Master File, including vendor set-up and changes.
- The requisition, purchase order (PO) and receiving processes.
- The issuance of payments to vendors by Treasury.
- The administrative access supporting the operating system and Database for in-scope applications.

Procure to Pay Audit - Findings

Finding 1 – Vendor File Maintenance

- Unauthorized Vendor File Changes
- Missing Tax Identification Number (TIN)
- Duplicate Vendors



Procure to Pay Audit - Findings

Finding 2 – Timely Payments

- Discount Potential on Early Payments
- Observation: Late Payments



Procure to Pay Audit - Findings

Finding 3 – Segregation of Duties



Procure to Pay Audit – General Recommendations

- Closing Out Blanket POs at Year End
- 3-way Match and Exception Reporting
- Invoice Approvals



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Auditor Update

Audit Plan and Projects Update

Projects Completed:

- Employee Separation Analysis
- Neighborhood Programming and Support Audit (2015)
- DMTMO Third-Party Audit
- CPED Loan Programs (2015)
- IT Projects Management
- PeopleSoft Web Portal
- Procure to Pay
- PeopleSoft Finance Access & Security

Projects in Progress:

- License Plate Reader Readiness – Fieldwork Phase
- Police Records Management Implementation – Planning Phase
- MPD Third-Party Audit – Fieldwork Phase
- Park and Recreation Board Worker Safety – Fieldwork Phase

Projects Not Started:

- Civil Rights Contract Compliance
- Police Body Camera Pre-Requirement Review (potential deferral)

License Plate Reader Update

- State Statute
- Commissioner Checklist
- Compliance



State Auditor Findings Update – City

The 2015 State Auditor Report identified 6 findings related to financial statements audited in accordance with government auditing standards. 5 findings were listed in the 2014 State Auditor Report and 1 new finding is listed below.

Finding	Status
• Loan C Documentation: 2013-002	Dec 2016
• Audit Adjustments: 2014-001	Corrected
• Network and System Access Termination: 2014-003	March 2017
• Identification of Federal Awards: 2011-002	Dec 2016
• Prompt Payment of Invoices: 2009-001	Dec 2016
• Prior Period Adjustment: 2015-001	Corrected

State Auditor Findings Update – Park & Rec

The 2015 State Auditor Report identified 4 findings related to financial statements audited in accordance with government auditing standards. 1 finding was listed in the 2014 State Auditor Report and 3 new findings are listed below.

Finding	Status
• Audit Adjustments: 2014-001	Corrected
• Application Access: 2015-001	Dec 2016
• Federal Grants (CFDA #97.036) Noncompliance: 2015-002	Dec 2016
• Prompt Payment of Invoices: 2015-003	Dec 2016

Audit Findings Follow Up

Audit Name	Findings	Findings resolved	Findings Open	Due Date Range
Application Security Review	4	3	1	Dec 2016
Construction Contract Review	3	2	1	Dec 2016
Records Management Audit	16	1	15	Dec 2016 to Dec 2019
Records Management Audit Addendum	3	0	3	Dec 2016
HR File Maintenance and Retention Audit	13	4	9	Sept 2016 to July 2017
IT Program and Project Management Office (PMO) Consultation	6	0	6	Sept 2016 to Nov 2016
CPED Loan Lifecycle Management Audit	18	0	18	We are in the process of establishing due dates for these findings.

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