

AGENDA	Wednesday, October 11, 2017	
Audit Committee Meeting	4 PM	
Sioux Falls City Council	Carnegie Town Hall	
	235 West 10th Street	

1. Call To Order

2. Recognitions

A. Recognition of Service of Audit Committee Member, Seth Peterson

B. Introduction of new Audit Committee Member, Rose Grant

3. Approval of Minutes

A. Meeting of Thursday, June 29, 2017

4. Reports and Updates

A. Audit Report 17-02: Cable TV & OVS Audit Report

B. Audit Report 17-03: Accounts Payable Audit Report

C. Update on audits currently in progress

5. Travel / Continuing Education Requests

A. Kim Schroeder and Ashley VanDeBerg, 2017 Audit & Assurance Update

B. Kim Schroeder, The Mid-America Intergovernmental Audit Forum

6. Discussion regarding the external audit of the City s financial statements

7. Open Discussion

8. Adjournment

Date: 2017-10-11  
SIRE Meeting ID: 2646  
Meeting Type: Committee Meeting  
Subtype: Audit Committee  
YouTube:  
Agenda Item: Not Assigned  
Item ID: 85383

The following document(s) are public records obtained from the  
City of Sioux Falls.

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# MINUTES

Thursday, June 29, 2017

Audit Committee Meeting

4 PM

Sioux Falls City Council

Carnegie Town Hall  
235 West 10<sup>th</sup> Street



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**Members Present:** Committee Member Arnold Martens, Committee Member Seth Peterson, Committee Chair Rex Roling, Committee Member Greg Neitzert, Committee Member Rick Kiley, Committee Member Dean Buckneberg

**Members Absent:** Committee Member Michelle Erpenbach

## 1. Call To Order

Committee Chair Rex Roling called the meeting to order at 4 p.m.

## 2. Recognitions

### A. Recognition of Service of Audit Committee Member, Jason Forbes

Jason Forbes served as a member of the Audit Committee for three years. Forbes was unable to attend the meeting, but will be presented with a plaque recognizing his service.

### B. Introduction of New Audit Committee Member, Dean Buckneberg

Dean Buckneberg was appointed to the committee by the City Council on June 18, 2017. He replaces Jason Forbes.

### C. Introduction of New Internal Auditor, Abby Vandelanotte

Abby Vandelanotte was recently hired as an Internal Auditor.

## 3. Approval of Minutes

### A. Meeting of Monday, March 13, 2017

A motion was made by Committee Member Rick Kiley and seconded by Committee Member Greg Neitzert to approve the minutes.

Committee Chair Rex Roling called for a voice vote. All members present voted yes.

**Motion Passed.**

#### 4. Reports and Updates

##### A. External Audit Results: City of Sioux Falls 2016 Financial Statements

Keith Severson and Brian Stavenger (via phone) of Eide Bailly provided a summary of the firm's audit of the City's 2016 Financial Statements and federally awarded funds. The audit is conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Title 2 of the U.S. Code of Federal Regulations. The financial statements audit resulted in a clean, unmodified opinion, no required audit adjustments, no material weaknesses or significant deficiency internal control findings, and the finding that end-of-year estimates are soundly made by management. The federal audit is required when a government entity receives more than \$750,000 in federal awards. The federal audit resulted in a clean, unmodified opinion, no material weakness or significant deficiency internal control findings, and no material weakness or significant deficiency compliance findings. Discussion about significant estimates, a previous audit of the Fairgrounds, the City Pension Fund, and the difference between financial statement, performance, and forensic audits followed.

#### 5. Audit Report Review

##### A. Audit Report 17-04: Cash Handling - SFAHS

Ashley VanDeBerg, Internal Auditor, discussed background information, objectives, and the scope and methodology of the audit. Results of the audit focused on three areas: Policies and Procedures, Cash Handling, and Management Oversight, which resulted in six recommendations. Discussion about cash handling, impounding fees, boarding, and cash receipts followed.

A motion was made by Committee Member Seth Peterson and seconded by Committee Member Rick Kiley to submit Audit Report 17-04: Cash Handling - SFAHS, to the Mayor and City Council.

Committee Chair Rex Rolwing called for a voice vote. All members present voted yes.

**Motion Passed.**

##### B. Audit Report 17-01: Ambulance Service Contract

Ashley VanDeBerg, Internal Auditor, discussed background information, objectives, and the scope and methodology of the audit. Results of the audit focused on two areas: Response Time Compliance and Mutual Aid. It was found that the City has various procedures in place to determine if Paramedics Plus is in compliance with response time requirements of the contract; that there are

proper mutual aid procedures in place; and, Paramedics Plus meets their contract requirements by having mutual aid agreements with other Minnehaha County services. Discussion about response times, exemption approval, calculation of response times, reasons for exemptions, the call review process, fines, mutual aid requirements, audit procedures, classification of priorities, and compliance rates followed.

A motion was made by Committee Member Dean Buckneberg and seconded by Committee Member Greg Neitzert to submit Audit Report 17-01: Ambulance Service Contract, to the Mayor and City Council.

Committee Chair Rex Rolfing called for a voice vote. All members present voted yes.

**Motion Passed.**

**6. Open Discussion**

There was none.

**7. Adjournment**

Committee Chair Rex Rolfing adjourned the meeting at 5:09 p.m.

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Thomas M. Greco  
City Clerk

Date: 2017-10-11  
SIRE Meeting ID: 2646  
Meeting Type: Committee Meeting  
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YouTube:  
Agenda Item: Not Assigned  
Item ID: 85384

The following document(s) are public records obtained from the  
City of Sioux Falls.

**Internal Audit Report 17-02**  
**Cable TV & OVS**  
**September 2017**



City of Sioux Falls  
Internal Audit Department  
Carnegie Town Hall  
235 W. 10<sup>th</sup> Street  
Sioux Falls, SD 57117-7402  
[www.siouxfalls.org/council/internal-audit](http://www.siouxfalls.org/council/internal-audit)

## **CABLE TV & OVS INTERNAL AUDIT REPORT 17-02**

### **INTRODUCTION**

The City of Sioux Falls is authorized by Ordinance to enter into Franchise Agreements with cable operators that permit the companies to use the public right of ways to install and maintain the equipment needed to provide cable television and related services to residents. These agreements describe the services to be provided and the Cable Television Franchise Fees and Open Video System (OVS) License Fees to be collected by the City. The Federal Communications Commission mandates some of the agreement terms and other terms are negotiated between the City and the franchisee.

### **BACKGROUND**

The City currently has a Cable System Franchise agreement with Midco. The term of the agreement was ten years and will expire December 31, 2019. Midco was originally founded in 1931 and is currently operated as a joint venture between Midcontinent Media and Comcast. They provide internet, cable TV, home phone and home automation services. They currently serve more than 300,000 customers in 335 communities in Minnesota, North Dakota, South Dakota, and Wisconsin and have recently expanded services into Kansas.

The City currently has an OVS license with Clarity Telecom d/b/a Vast Broadband. The License originally expired December 31, 2014 but was extended through a renewal for an additional five years and will expire on December 31, 2019. Vast Broadband was formed in 2014 after the acquisition of cable systems in South Dakota from Wide Open West which Wide Open West had previously picked up through its acquisition of Knology in 2012. They provide internet, cable TV and phone services in South Dakota, northwestern Iowa and southwestern Minnesota.

Cable Franchise & OVS Fees are self-reported and remitted to the City on a monthly basis. Revenues are reviewed by Multimedia Services and compared to historical payments for reasonableness and any unusual changes are researched. Cable Franchise & OVS Fees were last reviewed by Internal Audit in 2009.

#### **Total Cable TV Franchise & OVS Fees**

<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 989,207	\$ 969,689	\$ 947,213



## **OBJECTIVES**

The objectives of this audit were to:

1. Determine if the cable television fees and OVS license fees are properly calculated and paid on time.
2. Ensure compliance with various insurance requirements of the agreement.
3. Determine if the City has established and sufficiently defined roles and responsibilities to administer the agreements.

## **SCOPE AND METHODOLOGY**

The scope of this audit included a review of the franchise fee calculations and video system fee remittances from January 1, 2014 through December 31, 2016 and a review of other compliance requirements in place as of December 31, 2016. Our audit work included the following:

- Review of Franchise Agreements in place with service providers and Chapter 123: Cable Service of the Code Ordinances of the City.
- Interviews with the City's Central Services and Multimedia management.
- Interviews with service provider management and staff.
- Detailed testing of franchise fee calculations for a sample of individual customers to verify that the franchise fee is being billed to all applicable revenues as defined by section 123.050.
- Testing of supporting schedules for a sample of monthly remittances to ensure the franchise fees paid to the City were complete.
- Review of insurance certificates to confirm franchisees had adequate coverage.

## **RESULTS**

### **Recalculation and payment of fees**

We selected six months of cable franchise fees and OVS remittances and traced the amount paid to the City back to the detailed support schedules. Fees were properly supported and paid to the City in a timely manner.

We tested individual customer invoices for a sample of 31 Midco customers and recalculated the franchise fee for the same six months. The franchise fee was calculated properly against all services and fees defined as Gross Revenue with the following exception.

Midco identified a period from January 2011 through May 2015 when the franchise fee was calculated at 2 percent instead of 2.5 percent on the Local Broadcast Retransmission Fee. The retransmission fee is charged by local broadcast networks to cable operators for consent to retransmit their signal to customers. Although Midco performs an annual rate review, this miscalculation was not discovered until 2015 as the variance on individual customer bills was approximately \$0.005-\$0.02 for the first few years and was assumed to be a rounding issue. As the retransmission fee increased the difference in franchise fees on the individual customer bills rose to \$0.02 – \$0.03 and the issue was identified and corrected in May 2015. City Ordinance defines the period of limitation for recovery of franchise fees as three years. The tables below show the calculations for the uncollected franchise fees within the recovery period as well as the estimated uncollected fees for the three years outside the recovery period.

#### Uncollected Franchise Fees for January 2014 -May 2015

	Retran Fee per Customer	Difference in Franchise Fee	Uncollected Franchise Fee per Customer per Month	Number of Midco Cable Customers	Monthly Uncollected Franchise Fees	Annual Uncollected Franchise Fees
<b>2014</b>	4.52	0.50%	\$0.0226	31,035	\$701.39	\$8,416.69
<b>2015 (Jan-May)</b>	4.52	0.50%	\$0.0226	32,122	\$725.96	\$3,629.79
						\$12,046.48

#### Estimated Uncollected Franchise Fees for 2011 - 2013

	Retran Fee per Customer	Difference in Franchise Fee	Uncollected Franchise Fee per Customer per Month	Average Number of Midco Cable Customers*	Monthly Uncollected Franchise Fees	Annual Uncollected Franchise Fees
<b>2011</b>	0.66	0.50%	\$0.0033	31,578	\$104.21	\$1,250.49
<b>2012</b>	2.26	0.50%	\$0.0113	31,578	\$356.83	\$4,281.98
<b>2013</b>	4.32	0.50%	\$0.0216	31,578	\$682.08	\$8,185.02
						\$13,717.48

\* The average number of cable customers used is an average of actual customers from 2014 and 2015 above.

We also tested individual customer invoices for a sample of 30 Vast Broadband customers and recalculated the OVS fee for the same six months. The OVS fee was calculated properly against all services defined as Gross Revenue.

### **Insurance requirements**

The franchise agreements require certain insurance coverages that franchisee's must maintain such as Commercial General Liability, Worker's Comp, and Auto. The agreements also outline certain provisions and clauses that protect the City from undue liability. We reviewed the insurance certificates on file with the City and observed that proper coverage levels are in place and policies are up to date with both franchisees.

### **Contract monitoring**

The City does not have a centralized process for monitoring compliance with contracts. Monitoring is done at the departmental level based on the individual requirements of the contract. Internal Audit assists with this process through audit requests and routinely scheduled contract compliance audits. The Cable TV & OVS franchise agreements are managed by Multimedia Support with the assistance of the City's Finance and Legal departments when needed.

## **RECOMMENDATIONS**

We made the following recommendations that address the above referenced results.

- 1) We recommend that Midco remit the amount of uncollected franchise fees within the recovery period in the amount of \$12,046.48. These fees are to be remitted prior to December 31, 2017.

*Management's Response: Midco will remit the amount due by 12/31/2017.*

*Management Representative Responding:  
Nancy Vogel, Director of Regulatory Finance, Midco*

*Date of expected implementation: Prior to December 31, 2017*

- 2) We recommend that management and internal audit develop a plan for the routine review of revenue received from the Cable TV & OVS franchise agreements.

*Management's Response: The Multimedia Support division of Central Services completely agrees with this recommendation. We look forward to working with the Internal Audit team to develop a plan for routine reviews.*

*Management Representative Responding: Sue Quanbeck Etten, Director of Central Services and Brett Mathison, Multimedia Manager*

*Date of expected implementation: In collaboration with Internal Audit, we would like to develop a plan before the end of the year.*

## **CONCLUSION**

The Cable TV & OVS franchise agreements ensure community needs are met and cable systems are accessible throughout the City. They also allow the City to ensure that it can properly manage and controls rights-of-way use while allowing the prompt establishment of cable services. The City has established good working relationships with its franchisees. We would like to thank management and staff of the City, Midco, and Vast Broadband for their assistance throughout the course of this audit.

## **AUTHORIZATION**

The Sioux Falls City Council approved this audit by resolution in April 2017 as a carryforward audit from the 2016 Annual Audit Plan. The Internal Audit Division operates under the authority of an Internal Audit Charter adopted by City Council resolution 11-13.

## **AUDIT STANDARDS**

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

## **STATEMENT OF INDEPENDENCE**

Internal Audit is administratively and operationally independent of the programs and departments it audits, both in appearance and in fact. The Internal Audit Manager is accountable to an Audit Committee appointed by the City Council per section 32.022 of the Code of Ordinances of Sioux Falls, SD.

## **DISTRIBUTION OF REPORT**

This report is intended for the information and use of the Mayor and City Council, management, and others within the City of Sioux Falls. However, the report is a matter of public record and its distribution is not limited.

## **PERFORMED BY**

Kimberly Schroeder, CIA  
Internal Audit Manager

Date: 2017-10-11  
SIRE Meeting ID: 2646  
Meeting Type: Committee Meeting  
Subtype: Audit Committee  
YouTube:  
Agenda Item: Not Assigned  
Item ID: 85385

The following document(s) are public records obtained from the  
City of Sioux Falls.

**Internal Audit Report 17-03**  
**Accounts Payable**  
**September 2017**



City of Sioux Falls  
Internal Audit Department  
Carnegie Town Hall  
235 W. 10<sup>th</sup> Street  
Sioux Falls, SD 57117-7402  
[www.siouxfalls.org/council/internal-audit](http://www.siouxfalls.org/council/internal-audit)

## ACCOUNTS PAYABLE INTERNAL AUDIT REPORT 17-03

### INTRODUCTION

The Accounts Payable Audit was included on the 2017 Annual Audit Plan as a carryforward audit from 2016. The purpose of the audit was to review the accounts payable system and current procedures to ensure internal controls are in place and functioning. It should be noted that controls are intended to provide reasonable assurance, but cannot guarantee, that fraud and errors will not occur. The audit focuses on vendor management, invoice handling, and the accounts payable reconciliation process. This audit will not include a review of the purchasing process and will also exclude purchases made using a City credit card<sup>1</sup> as these areas are addressed in separate audits.

### BACKGROUND

The City's accounts payable process is centralized within the Accounting Division of the Finance Department. The Accounts Payable (AP) staff are responsible for the receipt and processing of invoices for payment, assisting in the resolution of vendor issues, check printing, and providing support to all City departments. They are also tasked with effectively managing and monitoring the recording of all expenditures within the City and providing assurance that all payments made by the City are financially accurate. The Finance Department has 4 FTE's (full-time equivalents) dedicated to the centralized payment function. The table below shows the activity carried out by the AP staff.

<b>Fiscal Year</b>	<b># of Invoices Processed</b>	<b>Dollar Amount of Invoices Processed</b>
<b>2014</b>	27,415	\$174,500,008
<b>2015</b>	27,890	\$175,643,992
<b>2016</b>	28,954	\$185,167,041
<b>2017 (Jan. to July 2017)</b>	13,454	\$ 93,105,582

Achievement of accurate and timely payments to vendors is the primary goal of the AP staff. However, to achieve this goal, they must collaborate with other departments in the City. The City uses the MUNIS software product to manage its financials. Department staff procure goods and services by creating an electronic requisition in MUNIS. The requisition is converted to a

<sup>1</sup> Any non-equipment or other purchase under \$1,000 is generally made using City credit cards, also known as purchase cards or p-cards, held by the various department heads.

purchase order by a specialist in the Purchasing Division of the Finance Department and then sent to the vendor. The duties of vendor set-up and Master Vendor File maintenance reside with designated AP staff. All vendors are required to register with the City, preferably through the online MUNIS Vendor Self Service (VSS) portal. A W-9 must be submitted by the vendor before business can be conducted with them.

When an invoice for the goods or services is received, it is scanned into MUNIS, compared to the purchase order, and entered into the system. Some invoices, such as those for refunds, utility payments, and contractual agreements, will not have a purchase order. The majority of invoices are either mailed to the AP office or submitted electronically via email to the Finance AP inbox. Prior to payment, all invoices must be reviewed and approved by the department manager or Finance. Once approved, an AP clerk can process the invoice which posts the debit to the corresponding expense account. Invoices approved and processed will advance to the weekly check run process or EFT (electronic funds transfer) payment process. Prior to the release of checks and EFT payments, an Accounts Payable Warrant report is sent to the Finance Director and Mayor for signature approval.

**Summary of Checks and EFT Payments**

Fiscal Year	# of Disbursements		% of Total Dollar Value	
	Checks	EFT Pmts.	Checks	EFT Pmts.
2014	6,579	6,147	19%	81%
2015	6,450	6,753	16%	84%
2016	6,345	6,980	18%	82%
2017 (Jan. to July 2017)	3,252	3,275	16%	84%

**OBJECTIVES**

The objectives of this audit were to:

1. Determine if adequate controls exist over the process of vendor setup, maintenance, and validation.
2. Determine if adequate controls are in place to ensure payments are mathematically accurate, properly supported, authorized, and remitted in a timely manner.
3. Determine if adequate controls are in place to prevent duplicate payments to vendors.
4. Determine if an accurate and timely reconciliation is prepared between the accounts payable bank account and general ledger.



## **SCOPE AND METHODOLOGY**

The scope of this audit included a review of the current vendor listing, system access, and policies and procedures. The detailed testing of transactions covered the 12 month period of June 1, 2016 to May 31, 2017. Our audit work included the following:

- Interviews with accounts payable management and staff.
- Review of prior audit recommendations.
- Research of best practices in vendor management and accounts payable.
- Review of written policies and procedures over vendor management and accounts payable.
- Review of Master Vendor File for duplicate vendors and proper maintenance.
- Review of system access to the Master Vendor File.
- Analytical review of the Vendor Payment History report dating back to January 1, 2014.
- Review of a sample of vendor files.
- Detail testing of a sample of randomly selected invoices processed using a confidence level of 95% and a sampling error of plus or minus 3%.
- Review of invoices greater than \$500 for the period being tested for duplicate payments.
- Review of a judgmentally selected sample of monthly reconciliations.

## **RESULTS**

### **Vendor Management**

We interviewed management, reviewed internal policies, reviewed and analyzed the Master Vendor File and Vendor Payment History, and reviewed a random sample of 42 vendor files. We determined that the following internal controls exist over the process of vendor setup, maintenance, and validation.

- AP staff perform an independent review of the vendor information entered in VSS to ensure it is accurate prior to activation.
- A W-9 is required to be on file prior to conducting business with the vendor.
- AP staff verify the taxpayer identification number (TIN) provided by the vendor to the Internal Revenue Service TIN matching program provided online.
- An ACH form for bank to bank payments is required to be on file in order to conduct EFT payments.
- AP staff review a random selection of vendors being paid to verify name of company, banking information, federal tax ID, and address to which the remittance will be sent.
- Changes made to the Master Vendor File are reviewed on a monthly basis by management.

The following audit findings were noted during the review and testing of the vendor management process. Recommendations are included on page six to address these issues.

Audit Finding 1:

Based on review of the Master Vendor File, we determined there are (1) duplicate vendors, (2) vendors with identical addresses, (3) vendors with no activity during the last 3 years, and (4) vendor names that are not in agreement with the Master Vendor File Naming Convention Policy. We also determined the Master Vendor File has not been thoroughly reviewed since the implementation of MUNIS in 2014. Best practices encourage keeping the vendor file free from inactive vendors and erroneous data by regularly reviewing the file on at least an annual basis. A “clean” vendor file will decrease the opportunity for remittance errors and fraudulent vendor practices and will increase user efficiency. **See recommendation 1 below.**

Audit Finding 2:

We reviewed access rights to the Master Vendor File and to the various roles within MUNIS and determined the following:

- nine employees within the Finance Department currently have access to create a new vendor, enter invoices, and print checks, and
- fifteen employees within the Finance Department currently have access to enter invoices and print checks.

Even though there are mitigating controls, unnecessary access to the above activities creates an opportunity for fraud and/or misappropriation of assets. **See recommendation 2 below.**

**Invoice Handling**

We selected and obtained a random sample of 42 invoices. We recalculated the payment amount on the invoice to ensure it was mathematically accurate and verified that the amount paid agreed with the check stub or EFT payment notification. We verified that proper approvals were obtained prior to disbursement by reviewing the workflow approval status in MUNIS, the purchase order information, contract agreement information, etc. We also verified that payment was timely by comparing the invoice date, the date stamp on the invoice, and the check or EFT payment date. Based on the testing, we conclude that adequate controls are in place to ensure payments are mathematically accurate, properly supported, authorized, and remitted in a timely manner.

**Duplicate Payments**

We obtained a listing of all invoices paid during the testing period. We sorted the list of invoices and identified identical invoice numbers with identical amounts for the same vendors. We then reviewed each invoice greater than \$500. We did not identify any duplicate payments which provides assurance that proper internal controls are in place to prevent duplicate payments to vendors.

### **AP Reconciliations**

We judgmentally selected a sample of two monthly reconciliations between the accounts payable bank account and general ledger. We determined that the reconciliations are materially accurate and properly completed each month. Each monthly reconciliation is sent to management for review and sign-off.

## **RECOMMENDATIONS**

We made the following recommendations to address the above referenced audit findings.

- 1) We recommend that management ensure the Accounts Payable Policy and Master Vendor File Naming Convention Policy are consistently followed. The AP policy states that the Master Vendor File will be reviewed on an annual basis and all vendors not used within the last three years will be inactivated. The policy also states that the process by which vendor names are entered in the Master Vendor File will be standardized. Vendors with no payment activity for a specified period of time should be inactivated. In addition, duplicate vendor records should be corrected and the accuracy of vendor information should be verified.

*Management's Response: We will complete a cleanup of the master vendor file, including duplicate vendors, standardization of naming, and inactivation of vendors with no activity in the last 3 years prior to year-end. We will continue to perform this process in December of each year going forward. Staff will continue to reference the Master Vendor File Naming Convention Policy for the addition of all new vendors.*

*Management Representative Responding: Janelle Zerr, Finance Manager*

*Date of expected implementation: December 31, 2017*

- 2) We recommend that management ensure proper segregation of duties exists by requesting that those with unnecessary access to various accounts payable activities in MUNIS are deactivated.

*Management's Response: We agree that it would be preferable to have fewer users with access to multiple roles. However, software limitations and efficient operations require certain individuals to have multiple role access. To compensate, we have implemented review controls to mitigate any risk of loss, including a separate review of changes to the vendor file on a monthly basis by an independent manager. In addition, we will be adding an independent monthly review of all Finance employee role changes.*

*Management Representative Responding: Janelle Zerr, Finance Manager*

*Date of expected implementation: December 31, 2017*

## **OPPORTUNITY FOR IMPROVEMENT**

The following recommendation does not address an audit finding, but rather an opportunity for improvement to the accounts payable process.

We recommend that management establish, document, and implement a standardized invoice coding process for all invoices entered for payment. The AP staff often receive invoices that do not have invoice numbers and, therefore, they assign a random number/name to the invoice. If the invoice is entered a second time and formatted different from the original entry, the system would allow payment of both invoices. The Accounts Payable Policy states that invoices will be standardized when entering them into MUNIS. It does appear that AP staff have attempted to enter invoices in a consistent manner. However, with no formal written policy to outline the formatting rules, it makes it difficult to remain consistent and the risk of an invoice being paid twice increases. With the implementation of a standardized invoice coding policy, the risk for duplicate payments will decrease. It will also increase the efficiency for Finance staff when researching financial records to determine if an invoice has already been paid.

## **CONCLUSION**

Overall, adequate controls exist over the accounts payable process administered by the City's Finance Department. We noticed that, with the implementation of MUNIS, additional controls are now in place since the prior audit in 2008. The AP staff are processing payables on a timely basis. Based upon our audit design and tests, we did not identify duplicate payments or unusual activity and we do not have reason to believe fraud exists. The recommendations above, which are based on industry best practices, will provide additional assurances through increased risk mitigation designed to prevent errors and fraud. We would like to thank the Finance Department staff for their cooperation and assistance provided during the audit.

## **AUTHORIZATION**

The Sioux Falls City Council approved this audit by resolution in April 2017 as a carryforward audit from the 2016 Annual Audit Plan. The Internal Audit Division operates under the authority of an Internal Audit Charter adopted by City Council resolution 11-13.

## **AUDIT STANDARDS**

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**PERFORMED BY**

Ashley VanDeBerg  
Internal Auditor

DRAFT