




CITY OF ATLANTA

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TO: Lynnette W. Young, Chief Operating Officer and Chair,
ERP Steering Committee

FROM: Leslie Ward, City Auditor 

DATE: February 5, 2007

SUBJECT: Follow-up on Oracle Implementation Recommendations

As the implementation schedule heads into its final months, I'm writing to share our plans for following up and verifying that agreed-upon audit recommendations have in fact been included in the Oracle system configuration.

As you know, we've made recommendations to the steering committee and project team based on our review of project deliverables, interviews with project team members, and observations of conference room pilots (CRPs). Our recommendations were intended to support the city's efforts to configure the new ERP system by identifying appropriate system controls and process controls, and in some cases by recommending process changes to minimize system modifications and reduce the need for additional controls outside the system.

As of February 5, 2007, we've made 106 recommendations with which the steering committee and project team agreed. A complete listing is attached. The table below shows the number of open recommendations from each memorandum or audit report.

Report	Date Released	Open Recommendations
Audit memorandum: Review of the Finance, HRMS, and Purchasing Responsibility Matrices	January 19, 2007	6
Performance Audit: City Payroll Processes	March 1, 2006	7
Performance Audit: Pre-Implementation Review of the ERP System	November 21, 2005	9
Audit memorandum: Oracle ERP Target Process Blueprint	September 1, 2005	10
Audit memorandum: HRMS Applications Round 2 CRPs	April 19, 2006	11
Audit memorandum: Oracle To-Be Processes	August 15, 2005	30
Audit memorandum: HRMS, Financial, and Procurement Applications Round 3 CRPs	July 19, 2006	33
Total Open Recommendations		106

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February 5, 2007
Ms. Lynnette Young, COO

We recognize that the timing of follow-up and verification is critical. Some of the recommendations can be verified during system integration testing, such as software set-ups and configurations. Other recommendations, which pertain to the creation of policies and procedures, for instance, will have to be verified when the city is closer to implementing the ERP.

We will meet with the appropriate team members to begin verifying the implementation of these recommendations. For recommendations that cannot be verified at this time we will establish a date when the recommendation will be implemented and verify its implementation at that time.

We look forward to continuing this constructive relationship throughout the implementation process. Please feel free to contact Gerald Schaefer at 404/330-6876 if you have questions or would like to discuss further. You can reach me directly at 404/330-6804.

cc: Lynnette Young, Chief Operating Officer
Luz Borrero, Deputy Chief Operating Officer
Abe Kani, Chief Information Officer
Janice Davis, Chief Financial Officer
Adam Smith, Chief Procurement Officer
Benita C. Ransom, Commissioner of Human Resources
Elizabeth B. Chandler, City Attorney
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Delicia Nwadike, Finance Lead
Peggy Sangiorgi, Oracle Finance Lead
Keith Brooks, Procurement Lead
Raju Iyer, Oracle Procurement Lead
Felita Jones, Human Resources Lead
Kathleen Essig, Oracle Human Resources Lead
Sherri Dickerson, Change Management Lead
Desmond McKenzie, Oracle Change Management Lead
Steve Holdridge, Consultant RVP
Audit Committee

Schedule 1 - Audit Recommendations

Count	Report Title	Report Type	Phase	Recommendation #	Description	Recommendation	Management Response/Action Plan	Degree of Agreement	Target Implementation Date	Follow-up Status
1	Target Process Blueprint	Memo	I	1	Change asset type to CIP	The steps needed to change an asset type to CIP instead of capitalized should include the following controls: a) a level of supervisory review; b) limit access to change the asset type to one or two staff; c) generate and review weekly asset reports	Agreed. Security will be limited to who can assess the Prepare Mass Additions screen where the Asset Type field is located. Oracle standard functionality does not build security on the specific Asset Type field.	Agrees	Not specified	Open
2	Target Process Blueprint	Memo	I	2	Accounts payable retainage	Oracle cannot automate the retainage process. To ensure efficient and effective processing, the city should restrict the ability to process retainage invoices and payments to a single individual (with a trained backup person).	The Accounts Payable Team is recommending two-way matching (Purchase Orders) together with workflow approvals. This will streamline the processing of all invoices, including retainage invoices. In the proposed centralized accounts payable environment, retainage invoices will not be readily identifiable. In a centralized AP environment, I am not sure how realistic is to have only one individual responsible for entering retainage invoices	Partially Agrees	Not specified	Open
3	Target Process Blueprint	Memo	I	3	Automatic hold on employee advances	To ensure that there are no outstanding advances prior to approval, the city should require both the department and accounts payable to perform a query in Oracle to review expense information for all employees requesting advances to detect any outstanding invoices.	Agreed.	Agrees	Not specified	Open
4	Target Process Blueprint	Memo	I	4	Workflow routing	To avoid overdue or late payments, the city should set a time limit for invoices to be approved by the department and returned to AP for processing	Agreed. Time limits will be set as part of the approval workflow of accounts payable invoices.	Agrees	Not specified	Open
5	Target Process Blueprint	Memo	I	5	Customer refunds	Processing customer refunds in Oracle requires a two-step process. Step one is to write off the receivable, and step two is to set up the customer as a vendor in accounts payable in order to remit payment to the customer. These tasks should be done by two different people. Distinguish between write-offs for refunds and uncollectible.	Agreed.	Agrees	Not specified	Open
6	Target Process Blueprint	Memo	I	6	Milestone functionality	The process of notifying users of events and milestones (e.g. insurance premium dates, lease renewal dates, etc.) should be automated outside of Oracle (since it cannot be done in Oracle).	Reports will be run upon request or as scheduled to monitor milestones.	Agrees	Not specified	Open
7	Target Process Blueprint	Memo	I	7	Property definition	To ensure that the property information is accurate in property manager, the city should match property information against information in the fixed asset module	Agreed. The Fixed Asset Number will be incorporated in the naming segment in the Property Module.	Agrees	Not specified	Open
8	Target Process Blueprint	Memo	I	8	Lease purchase order	For better control and accuracy, manual encumbering and tracking of lease payments should be restricted to one or two individuals. The lease account and payment amounts should be reconciled at least monthly.	TAR was issued to determine if Oracle will support customization to integrate Property Manager and Accounts Payable. Work-around solution includes processing recurring invoices.	Agrees	Not specified	Open
9	Target Process Blueprint	Memo	I	9	Abstract and user responsible fields	To maintain tight security and avoid giving unauthorized or too much access to users, these fields should be restricted to only a few individuals.	Oracle does place default values in the Abstracted By field only. To safeguard against unauthorized use of this module, limited access will be granted to both Abstracted By and User.	Agrees	Not specified	Open
10	Target Process Blueprint	Memo	I	10	Collection late payment fees if fixed amount	To ensure that these charges and fees are applied to all of the appropriate delinquent accounts, employees should periodically run Oracle aging reports to check that all overdue accounts have been properly assessed the correct fees and charges.	Oracle cannot calculate interest charges or late payment fees based on a fixed fee rate. However, interest charges or late payment fees can be calculated based on a percentage of an outstanding customer invoice balance. The Team has identified procedures whereby, if applicable, additional lines on an invoice or debit memos will be entered for customers requiring a fixed interest/late payment fee.	Agrees	Not specified	Open
11	To Be Processes	Memo	I	HR 1	Temporary employees dates	Temporary positions should be set up in Oracle with both a "to" and "from" effective date to help ensure that temporary positions are not occupied past their intended dates.	Yes, temporary positions will be setup in Oracle with both a "to" and "from" effective date to help ensure that temporary positions are not occupied past their intended dates.	Agrees	Not specified	Open
12	To Be Processes	Memo	I	HR 2	Termination checklist	The city should create an employee termination checklist in Oracle to ensure terminated employees return all city equipment, access cards, and pay outstanding debts (e.g. advanced leave), etc. when they leave city employment.	Yes, employee termination checklist will be created in Oracle to ensure terminated employees return all city equipment, access cards, and pay outstanding debts (e.g. advanced leave), etc. when they leave city employment.	Agrees	Not specified	Open

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13	To Be Processes	Memo	I	HR 3	Access to Oracle when terminated	When an employee is terminated, access to Oracle should be denied as soon as the termination is effective.	Yes, when an employee is terminated, access to Oracle should be denied as soon as the termination is effective. This is however contingent upon how soon the communication reaches HR.	Agrees	Not specified	Open
14	To Be Processes	Memo	I	HR 4	Update/Correction Key	The use of the correction key should be strictly limited to as few users as possible and only in situations in which the correction applies retroactively.	The city should adopt and strictly enforce these limitations.	Agrees	Not specified	Open
15	To Be Processes	Memo	I	HR 5	Hourly employees and timecards	Oracle should be configured to require hourly employees to submit a timecard to be paid. For these employees, the "time card required" field should be checked as a default. Any exceptions to this rule should be determined beforehand so that Oracle can be determined beforehand so that Oracle can be properly configured.	Yes, team is planning to enable the time card required field to YES.	Agrees	Not specified	Open
16	To Be Processes	Memo	I	HR 6	SSN field	The city should enter the SSN for each employee. The city should require use of the Employer Verification Service to verify SSN and use Oracle to record and track compliance.	The city should require use of the Employer Verification Service to verify SSN and use Oracle to record and track compliance.	Agrees	Not specified	Open
17	To Be Processes	Memo	I	HR 7	Exempt employees and OT	Oracle should be configured to prohibit exempt employees from receiving overtime pay.	Yes, the team is planning to configure Oracle to prohibit exempt employees from receiving Overtime Pay. However there are few salaried employees who receive Overtime Pay. For such employees this rule will be overridden.	Agrees	Not specified	Open
18	To Be Processes	Memo	I	HR 8	Negative leave balances	Oracle should be configured to prevent negative leave balances.	This will be treated slightly differently. If a person's leave type is approved and he does not have any leaves to his/her credit) it will be recorded against Advanced Sick leave and not under Vacation or Sick Leave. However if the leave type is not approved it will be treated as leave without pay.	Agrees	Not specified	Open
19	To Be Processes	Memo	I	HR 9	Medicare withholding	Oracle should be configured to identify employees working on F-1, J-1, M-1, and Q-1 visas and comply with the different Medicare withholding rules that apply to these individuals.	Yes, the team is planning to configure Oracle to identify employees working on F-1, J-1, M-1, and Q-1 visas and comply with the different Medicare withholding rules that apply to these individuals.	Agrees	Not specified	Open
20	To Be Processes	Memo	I	HR 10	Tuition reimbursement	Tuition reimbursement (under the current agreement with Georgia State University) should be tracked in Oracle to ensure that the city can monitor this benefit for (1) potential tax reporting requirements and (2) potential repayment requirements if the employee leaves city employment	The team is planning to track Tuition reimbursement in Oracle to ensure that the city can monitor this benefit for (1) potential tax reporting requirements and (2) potential repayment requirements if the employee leaves the City employment.	Agrees	Not specified	Open
21	To Be Processes	Memo	I	HR 13	Eligible or ineligible choice	The choice of "eligible and ineligible" should be disabled.	Yes the choice of "eligible and ineligible" will not be disabled but it can be disabled if there is no requirement to utilize it.	Partially Agrees	Not specified	Open
22	To Be Processes	Memo	I	HR 14	Temporary employees benefits	For temporary employees, Oracle should default to ineligible for benefits. Any exceptions to this rule should be determined beforehand so that Oracle can be properly configured.	Yes for temporary employees, Oracle will default to ineligible for benefits.	Agrees	Not specified	Open
23	To Be Processes	Memo	I	F 1	Reconcile subledgers to GL	The sub-ledgers in Oracle should be reconciled against the Oracle general ledger at least monthly.	The City will have a monthly closing process schedule which will detail the reconciliation procedures that need to occur on a monthly basis between the sub-ledgers and the General Ledger.	Agrees	Not specified	Open
24	To Be Processes	Memo	I	F 2	State uniform chart of accounts	The city should enter only the accounts from the State's Uniform Chart of Accounts that it actually uses.	The City is planning on using on accounts valid for the City's business purposes.	Agrees	Not specified	Open
25	To Be Processes	Memo	I	F 3	Update chart of accounts	Only one or two staff should have access to update the chart of accounts, once it is entered in Oracle. The same employee(s) should not have access to both disable and re-activate accounts.	Oracle standard functionality allows the same user the ability to "enable" and "disable" accounts by way of a check box. Security will be setup to limit access to the account maintenance screens to a select individuals for the City as whole.	Agrees	Not specified	Open
26	To Be Processes	Memo	I	F 4	Attachments-read only	Attachments posted to the general ledger should be read-only to prevent the documents from being altered.	Standard functional in Oracle does not allow an attached document to be modified. However, an attached document can be deleted. The Team will explore system settings that will prevent attached documents from being deleted.	Agrees	Not specified	Open

Schedule 1 - Audit Recommendations

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27	To Be Processes	Memo	I F 5		Prior period adjustments	Prior period adjustments to the general ledger should require at least two levels of approvals before the adjustments are posted.	The processes will be adjusted to require an additional level of approval.	Agrees	Not specified	Open
28	To Be Processes	Memo	I F 6		Unique journal entry	The general ledger module should be configured to apply the unique document number feature to journal entries.	The Team is planning to implement this functionality.	Agrees	Not specified	Open
29	To Be Processes	Memo	I F 7		Budgetary control	Budget controls should be set to default to "absolute" to prevent the budgeted amounts from being overspent.	The Team is planning implement budgetary controls with absolute setting for all budgetary accounts. Standard Functionality defaults Budgetary control settings to be "None." However, access to creating a budget forms in Oracle will be restricted to select individuals for the City as a whole.	Agrees	Not specified	Open
30	To Be Processes	Memo	I F 8		Currency	Only U.S. currency should be enabled in Oracle.	The Team is planning to only enable USD as the currency.	Agrees	Not specified	Open
31	To Be Processes	Memo	I F 9		Duplicate postings	Users should be trained to avoid duplicate postings, and reports should be run and reviewed regularly to identify potential duplicate postings.	User procedures will be put in place to control the uploading of ADI journals to General Ledger. In addition, all journals coming from ADI are subject to the same approvals routings as regular journals. Only select individuals will have access to ADI.	Agrees	Not specified	Open
32	To Be Processes	Memo	I F 10		Bank transfers	The same employee(s) should not have access to both create and execute bank transfers.	The Team agrees with this recommendation. The Team is planning to segregate these two functions.	Agrees	Not specified	Open
33	To Be Processes	Memo	I F 11		AP refunds	Manual processes and procedures should be done to direct all refunds to be deposited into Accounts Payable to ensure that the vendor history information is maintained.	The Team is planning to implement this process.	Agrees	Not specified	Open
34	To Be Processes	Memo	I F 12		Tracking of assets	Manual policies and procedures should be done to instruct all individuals entering receiving items to enter serial number, descriptions and tag number for accurate tracking of assets.	User procedures will be developed to help ensure that users have proper training with regard to the receiving of assets. In addition to serial number, description, and tag numbers, the team is exploring additional data (i.e. VIN #) that can be captured during receiving. We are working with the Procurement Team to firm up this process.	Agrees	Not specified	Open
35	To Be Processes	Memo	I F 13		Write off A/R	Access to write off accounts receivable should be restricted to a few users and require at least one level of supervisory approval.	The Team is planning to limit write-off capability to a few users and also establish approval limits for users to require two levels of approval.	Agrees	Not specified	Open
36	To Be Processes	Memo	I P 1		Blind receiving	Oracle should be set up for blind receiving	Procurement will allow you to turn "on" or "off" the blind receipt function. Blind receiving will be turned "on" (activated) in the City's ERP System	Agrees	Not specified	Open
37	To Be Processes	Memo	I P 3		Contract terms library	The Contract Terms Library Module should be implemented to facilitate consistency and inclusion of required provisions in bid and contract documents. The module also will facilitate status tracking and maintain a repository of these documents.	The Contract Terms Library will be configured to allow for consistency and inclusion of required provisions in bids and contract documents. Additionally, it will be repository for these documents. However, the Purchasing Module will be used for status tracking.	Agrees	Not specified	Open
38	To Be Processes	Memo	I P 4		Condition of goods received	Required receiving information should include condition of goods received from vendor, in order to track defective items and other problems.	If damage goods are visible at time of receiving, goods will not be received. Therefore, there is not a need to note damage receipt at this time. If damage goods are discovered after receipt, goods will be returned. There are "Return Codes" in Oracle that the receiving clerk must populate to state reason for return.	Agrees	Not specified	Open
39	To Be Processes	Memo	I P 5		Supplier classification codes	Oracle should be configured to view and track Minority Business Enterprise and other supplier classification codes for Federal and State reporting requirements.	This information will be tracked via Business Classification Codes.	Agrees	Not specified	Open
40	To Be Processes	Memo	I P 6		Document retention policies	The city should review its document retention policies and practices in light of Oracle implementation. Because system entry of purchase, payment, and receipt transactions will occur from several locations, responsibility for retention and storage of supporting documents should be specified clearly.	This will require a business policy decision that requires input from various departments, i.e., DOP, DOL, DOF and selected user agencies.	Agrees	Not specified	Open
41	Pre-Implementation Review	Report	I 1		Airport implementation budget	The ERP Steering Committee should include in the ERP project budget the estimated additional cost of system implementation at the airport. Once included, the actual costs should be tracked against the budget in the same way as other project costs.	Will report ongoing cost.	Agrees	11/1/2005	Open

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Count	Report Title	Report Type	Phase	Recommendation #	Description	Recommendation	Management Response/Action Plan	Degree of Agreement	Target Implementation Date	Follow-up Status
42	Pre-Implementation Review	Report	I 2		Written policies and procedures	The ERP Steering Committee should ensure that written policies and procedures are prepared for all manual processes that are not automated in the new system implementation.	Will update during development of Training materials.	Agrees	9/15/2006	Open
43	Pre-Implementation Review	Report	I 3		System access	The ERP Steering Committee should oversee development of a formal plan for system access that user departments must follow when the new system is operational.	Will develop using IBM System Profile and Role and Responsibility matrix deliverable	Agrees	9/15/2006	Open
44	Pre-Implementation Review	Report	I 4		Data conversion process	The ERP Steering Committee should oversee the data conversion process to ensure that the data transferred to the ERP system is accurate and reliable. The data conversion process should be based on a formal data conversion plan, a definition of clean data, and written specifications for the source and destinations for all data items being converted.	Ongoing management including testing starting 15 Nov 2005 after development of IBM's Data Conversion Strategy.	Agrees	11/15/2005	Open
45	Pre-Implementation Review	Report	I 5		Disaster recovery plan	The ERP Steering Committee should ensure that the city has an adequate disaster recovery plan for the ERP system and that the plan has been tested before the ERP system is operational.	Disaster Recovery Plan included in Infrastructure Plan, City to have full DR Plan in Nov 2005 and Test ERP in UAT in Aug 2006.	Agrees	8/15/2006	Open
46	Pre-Implementation Review	Report	I 6a		Few pay groups	Consolidate the city's pay groups into as few pay groups as possible	Plan is to move to (2) Pay Groups Sworn and Non Sworn employees.	Agrees	TBD	Open
47	Pre-Implementation Review	Report	I 6c		90 day waiting period for benefits	Analyze the fiscal impact of reducing or eliminating the 90-day waiting period for employees to receive health benefits.	We will assess the impact to the Budget	Agrees	TBD	Open
48	Pre-Implementation Review	Report	I 6d		Taxable benefits	Include all taxable employee benefits and taxable expense reimbursements in the payroll process.	Agree. Will be done as part of the HR/Payroll starting with design, testing and implementation process	Agrees	7/31/2006	Open
49	Pre-Implementation Review	Report	I 7		Advanced sick leave	The ERP Steering Committee should ensure that controls for advanced sick leave are included in the system implementation and related administrative policies and procedures: 1. limit amount, 2. track separately, 3. calculate dollar amount, 4. allow other leave to repay, 5. limit amount of time to repay	Will be done as part of the HR/Benefits starting with design, testing and implementation process. Will decide with Finance on whether to eliminate advance sick leave.	Agrees	7/31/2006	Open
50	HRMS applications round 2 CRP	Memo	II 1		Benefits in arrears	Oracle should be configured to require employees to pay for benefits in arrears as soon as possible.	Agree.	Agrees	Not specified	Open
51	HRMS applications round 2 CRP	Memo	II 2		No benefits after 60 days	Oracle should be set up to drop individuals from benefits coverage if no payment for the benefits is received after 60 days.	Agree.	Agrees	Not specified	Open
52	HRMS applications round 2 CRP	Memo	II 3		TADs	The city should eliminate the use of paper Turn Around Documents (TADs) in the new ERP system. To replace TADs the city should utilize the self service functions available in Oracle.	Agree – Oracle Self Service rollout to City users will be phased so that the processing can be streamlined.	Agrees	Not specified	Open
53	HRMS applications round 2 CRP	Memo	II 4		Pre-notification	The city should use Oracle's functionality of pre-notification for direct deposits.	Agree.	Agrees	Not specified	Open
54	HRMS applications round 2 CRP	Memo	II 5		Reverse termination	Access to the reverse termination feature in Oracle should be limited to as few users as practically possible. Additionally, Oracle should be configured to alert the appropriate supervisor when a termination is reversed.	Agree.	Agrees	Not specified	Open
55	HRMS applications round 2 CRP	Memo	II 6		Donated leave	To better track donated leave, Oracle should be configured with donated leave received and donated leave given fields.	Agree.	Agrees	Not specified	Open
56	HRMS applications round 2 CRP	Memo	II 7		Taxability rules	The city should use the taxability rules, which come seeded with Oracle. These rules apply to supplemental earnings, pre-tax deductions, and imputed earnings.	Agree.	Agrees	Not specified	Open
57	HRMS applications round 2 CRP	Memo	II 8		Manual data entry	As part of the data conversion process, there is some information, such as the number of people covered under COBRA insurance, which has to be manually entered in Oracle. The city should take the necessary steps to ensure that this information is accurate and complete before and after entering it in Oracle	Agree.	Agrees	Not specified	Open

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Count	Report Title	Report Type	Phase	Recommendation #	Description	Recommendation	Management Response/Action Plan	Degree of Agreement	Target Implementation Date	Follow-up Status
58	HRMS applications round 2 CRP	Memo	II	9	Unacceptable tax balance report	The city should run the unacceptable tax balance report before each payroll.	Agree.	Agrees	Not specified	Open
59	HRMS applications round 2 CRP	Memo	II	10	Location codes	The city should limit employees that have access to change or update location codes. Access to these codes should be restricted to Human Resources personnel.	Agree.	Agrees	Not specified	Open
60	HRMS applications round 2 CRP	Memo	II	11	Access during payroll run	When the city processes payroll through Oracle, the system should restrict users to "view only" access, to prevent changes being made to payroll as it is being processed.	Agree that appropriate controls and procedures should be implemented so that payroll processing is not impacted by late changes.	Agrees	Not specified	Open
61	City payroll processes	Report	N/A	1b	FLSA status	Correct errors in exempt/nonexempt status in the HR/payroll system. DHR review of audit findings identified several hundred employees whose positions were coded as exempt or nonexempt in error in the PeopleSoft system. All data corrections should be made before the Oracle ERP system replaces PeopleSoft in 2007.	In May 2005, DHR completed an extensive study of all job classifications and corresponding FLSA designations. DHR also drafted a policy, "FLSA Status Determination" that formalizes guidelines for determining the FLSA status of newly created and positions and, reclassified positions.	Agrees	Not specified	Open
62	City payroll processes	Report	N/A	N/A	Overtime and more than 40	Configure Oracle to ensure that overtime is paid to nonexempt employees who work more than 40 hours in a week	N/A. On page 14 of the report.	N/A	N/A	N/A
63	City payroll processes	Report	N/A	N/A	Overtime and less than 40	Configure Oracle to ensure that overtime is not paid if the number of regular hours worked is less than 40	N/A. On page 14 of the report.	N/A	N/A	N/A
64	City payroll processes	Report	N/A	N/A	Prompt repayment of advanced sick	When employees leave city employment without paying back advanced sick leave, prompt repayment through the employees retirement account should be sought	N/A. On page 17 of the report.	N/A	N/A	N/A
65	City payroll processes	Report	N/A	N/A	Holiday pay codes	Establish separate pay codes for holidays worked and for holidays not worked	N/A. On page 14 of the report.	N/A	N/A	N/A
66	City payroll processes	Report	N/A	6	Leave balances	Ensure vacation balances do not exceed the maximum limit	Agree.	Agrees	Not specified	Open
67	City payroll processes	Report	N/A	8	Multiple employee IDs	Develop procedures to ensure that employees do not have multiple employee ID numbers in Oracle	Agree.	Agrees	2nd quarter of 2006	Open
68	HRMS, Financial and Procurement round 3 CRPs	Memo	II	1	Less than 3 suppliers	The city should establish a policy requiring city buyers to document justification within the Oracle system when the city cannot obtain quotes from three suppliers.	Agree. This justification can be inserted in "Note to Buyer" section of the form.	Agrees	N/A	Open
69	HRMS, Financial and Procurement round 3 CRPs	Memo	II	2	3-way match	The city should establish a policy that prohibits buyers from changing the 3-way match rule. The only exception to this rule should be for construction purchase orders, which have a 2-way match because of retainage requirements.	Suppliers will be set up as 2-way and 3-way. Suppliers who provided construction related services i.e. general contractors, construction services, professional related construction services, will default to 2-way. Buyers may be required to change the default to 3-way for a supplier for a given purchase order if the supplier is providing goods against the purchase order.	Agrees	N/A	Open
70	HRMS, Financial and Procurement round 3 CRPs	Memo	II	3	iSupplier registration	The city should establish a policy requiring formal contract (request for proposals and invitation to bid) awardees be registered in iSupplier.	Agree.	Agrees	N/A	Open
71	HRMS, Financial and Procurement round 3 CRPs	Memo	II	4	Electronic proposals	The city should establish a policy for formal procurement contracts requiring suppliers to submit an electronic copy of their proposal along with the paper copy.	Agree.	Agrees	N/A	Open
72	HRMS, Financial and Procurement round 3 CRPs	Memo	II	5	Receiving goods	In cases where the receiver of goods does not have access to a computer, the city should establish a policy requiring Oracle users who enter receipt information on behalf of the received to specify the name of the employee who actually received the goods and other pertinent information into the comments field of the receipt document.	Agree.	Agrees	N/A	Open
73	HRMS, Financial and Procurement round 3 CRPs	Memo	II	6	QC over iSupplier entries	In instances where the city has to enter supplier information into iSupplier, the city should establish a quality control policy for entering information into the system to decrease the likelihood of protests due to data entry errors.	Agree.	Agrees	N/A	Open

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74	HRMS, Financial and Procurement round 3 CRPs	Memo	II	7	Effective date on contracts	The city should have the final approver, the City Clerk or her designee; change the effective date to correspond with the date she made her approval.	Agree. DOP recommends that the buyer becomes the final person in the approval flow. This allows the buyer to insert the contract execution date. The buyer's signature will not show on the printed executed contract; however, the action history will show the date that the buyer executed the contract.	Agrees	N/A	Open
75	HRMS, Financial and Procurement round 3 CRPs	Memo	II	8	Adding lines not linked to a requisition	Departmental buyers should be restricted from adding lines in the sourcing application that are not related to any requisition because they must specify the charge account for the line--a function that should be limited to centralized buyers.	Agree. The add line button will be removed from the departmental buyer's responsibility.	Agrees	N/A	Open
76	HRMS, Financial and Procurement round 3 CRPs	Memo	II	9	RFQ templates	Response rules under controls in the sourcing application allow the buyer to restrict RFQ to only invited suppliers and manually close before the RFQ close date. The city should develop templates to reduce the likelihood of these errors.	Agree.	Agrees	N/A	Open
77	HRMS, Financial and Procurement round 3 CRPs	Memo	II	10	RFQ event type	The field that contains the RFQ event type should be a required field since the Department of Procurement will monitor activity based on these events.	Agree.	Agrees	N/A	Open
78	HRMS, Financial and Procurement round 3 CRPs	Memo	II	11	Computer generated numbers	Requisition numbers, purchase order numbers, and bid numbers should be computer-generated without intelligence because Oracle does not support intelligence numbering without customization. This recommendation supersedes the Purchasing recommendation #2 from the August 15, 2005 audit memo: Oracle To-Be Processes.	Agree.	Agrees	N/A	Open
79	HRMS, Financial and Procurement round 3 CRPs	Memo	II	12	Bank reconciliations and closing accounting periods	When the city goes live, a centralized unit within the Department of Finance should be responsible for performing all of the city's bank reconciliations and closing accounting periods.	The Department of Finance would like to have a centralized group responsible for bank reconciliations and a separate group responsible for closing accounting periods.	Agrees	N/A	Open
80	HRMS, Financial and Procurement round 3 CRPs	Memo	II	13	External audit adjustments	The Department of Finance should ensure that the recommended external audit adjustments are accounted for before the city begins to use Oracle.	Agree with recommendation.	Agrees	N/A	Open
81	HRMS, Financial and Procurement round 3 CRPs	Memo	II	14	Location of fixed assets	The city should record the location of fixed assets in Oracle. The location should be recorded with enough detail (e.g. floor and suite) so the assets can be located when needed.	The Department of Finance is in agreement with the above recommendation for all capital assets that cost is greater than or equal to \$5,000. The Department will be glad to work with Internal Audit on developing categories of trackable assets (i.e. computers).	Agrees	N/A	Open
82	HRMS, Financial and Procurement round 3 CRPs	Memo	II	15	FDPOs and fixed assets	The city should establish a policy that prohibits departments from purchasing fixed assets through a field purchase order (FDPO).	While Department of Finance is in agreement with this recommendation, this will have to be addressed by the Department of Procurement.	Agrees	N/A	Open
83	HRMS, Financial and Procurement round 3 CRPs	Memo	II	16	Adjustments to sub-ledgers	Adjustments to sub-ledger journal entries should take place in the sub-ledger application where the journals originated.	Agree with recommendation.	Agrees	N/A	Open
84	HRMS, Financial and Procurement round 3 CRPs	Memo	II	17	iReceivables registration	The city should require that customers register themselves in iReceivables rather than having city staff do this.	Agree with recommendation.	Agrees	N/A	Open
85	HRMS, Financial and Procurement round 3 CRPs	Memo	II	18	Credit memo to PO	When processing credit memos, the city should apply the credit memo against the appropriate purchase order to ensure that the refunded amount is applied against the proper account and to the supplier's Form 1099.	Agree with recommendation.	Agrees	N/A	Open
86	HRMS, Financial and Procurement round 3 CRPs	Memo	II	19	Masking account numbers	The city should mask bank and credit card account numbers from most city users by limiting this access in their user responsibility.	Agree with recommendation.	Agrees	N/A	Open
87	HRMS, Financial and Procurement round 3 CRPs	Memo	II	20	Debit memo reasons	The city should record the reason for issuing debit memos in either a comments field or a descriptive flexfield within the Oracle accounts receivable application.	Agree with recommendation.	Agrees	N/A	Open

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Count	Report Title	Report Type	Phase	Recommendation #	Description	Recommendation	Management Response/Action Plan	Degree of Agreement	Target Implementation Date	Follow-up Status
88	HRMS, Financial and Procurement round 3 CRPs	Memo	II	21	Tolerance limits	The city should configure Oracle not to allow any tolerance limits for invoice quantity.	While Department of Finance is in agreement with this recommendation, this will have to be addressed by the Department of Procurement.	Agrees	N/A	Open
89	HRMS, Financial and Procurement round 3 CRPs	Memo	II	22	Dynamic insertion	To prevent invalid account segments from being entered in Oracle, the city should set up detailed cross validation rules.	Agree with recommendation.	Agrees	N/A	Open
90	HRMS, Financial and Procurement round 3 CRPs	Memo	II	23	Own journal entry approval	To prevent someone from approving his or her own journal entry the city should configure Oracle as follows: 1) for manual entries, have the journal approval box enabled, and 2) for automatic journal entries, have the self-approval profile set to "no".	Agree with recommendation.	Agrees	N/A	Open
91	HRMS, Financial and Procurement round 3 CRPs	Memo	II	24	Issue PO and receive goods	To the extent possible, the same employees should not have the responsibility to issue purchase orders and the responsibility to receive goods.	The Department of Finance is unaware of this functionality. If this functionality exists, the Department of Finance is in agreement with this recommendation. However, this will have to be addressed by the Department of Procurement.	Agrees	N/A	Open
92	HRMS, Financial and Procurement round 3 CRPs	Memo	II	25	Requisitions needed for Pos	All purchase orders should come from approved requisitions.	While Department of Finance is in agreement with this recommendation, this will have to be addressed by the Department of Procurement.	Agrees	N/A	Open
93	HRMS, Financial and Procurement round 3 CRPs	Memo	II	26	Limit direct pays	The city should limit the use of direct pay to secure goods or services.	Agree with recommendation.	Agrees	N/A	Open
94	HRMS, Financial and Procurement round 3 CRPs	Memo	II	27	Dunning letters and aging	Oracle allows dunning letters to be generated on either a scoring system or an aging system, for overdue accounts. The aging system should be used since all overdue accounts are treated the same.	Agree with recommendation.	Agrees	N/A	Open
95	HRMS, Financial and Procurement round 3 CRPs	Memo	II	28	Informal projects	The city needs to ensure that all projects are entered into MARS-G before MARS-G data is converted to Oracle.	The Department of Finance will be glad to assist Internal Audit and user departments with developing a procedure to enforce this recommendation.	Agrees	N/A	Open
96	HRMS, Financial and Procurement round 3 CRPs	Memo	II	29	Adjustments to paid invoices	The "Allow Adjustments to Paid Invoices" box should not be enabled for grants and projects staff.	The Department of Finance is in agreement with the recommendation. Disabling this functionality also affects adjustments made within the Accounts Payable Division. Oracle is recommending if invoice adjustments need to be made in the Accounts Payable Division, the before mentioned box would need to be enabled to make the adjustment and disabled after the adjustment has been made.	Agrees	N/A	Open
97	HRMS, Financial and Procurement round 3 CRPs	Memo	II	30	City-wide e-mail	The city should develop a plan to ensure that all city employees have e-mail access before the ERP system is fully implemented.	DIT will develop a plan and implement in phases to ensure that all city employees have a work e-mail address. The plan will include: identifying employees who do not have e-mail addresses; determining system and network capacity; establish a timeline for phasing in all City employees. For employees without a computer or appropriate access, computer workstations will be available in designated areas.	Agrees	N/A	Open
98	HRMS, Financial and Procurement round 3 CRPs	Memo	II	31	garnishment and deductions payment system	The city should implement a garnishment management system and deductions payment system.	The City has approved the purchase of the garnishment management system and deductions payment system and is pursuing negotiation with the vendor.	Agrees	N/A	Open
99	HRMS, Financial and Procurement round 3 CRPs	Memo	II	32	labor distribution and project payroll costs	The city should use the labor distribution application to distribute payroll costs to the proper projects and grants.	Labor distribution has been reconsidered and included in the City's inventory of gaps.	Agrees	N/A	Open
100	HRMS, Financial and Procurement round 3 CRPs	Memo	II	34	CRP attendance	The change management team should review the list of invitees and ensure that appropriate staff attends the CRPs. The team should ensure that all appropriate departments are represented.	The Change Management Team agrees that it is imperative to have participation of end-users in the CRPs. Department heads, change management coordinators and staff identified by the functional leads were all notified of the CRP dates, times and locations. The Change Management Team will continue updating Cabinet members and soliciting input and participation of end-users. Change coordinators will begin identifying end-users for future CRPs and access to the Sandbox, which should be available late August or September.	Agrees	N/A	Open

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101	Review of the Responsibility Matrices	Memo	II	1	System access of the PSP Super User and the PSP Manager	The city should limit the system access of the PSP Super User and the PSP Manager. These responsibilities are able to complete the following tasks: create purchase orders, create vendors, receive and return items, and accrual write-offs. These four duties should be separated; otherwise, a single employee could set themselves up as a vendor, purchase items from the fictitious vendor they created, record fictitious items as received, and potentially write-off the items. In addition, the PSP Super User is able to maintain inventory documents and delete inventory items. These two record keeping functions over assets should be separate from receiving functions and from writing off accruals.	The finance Department concurs with the recommendation. This represents a clear instance of conflicting responsibilities and violates a primary internal control tenet. The Department of Procurement is in agreement with the Auditor's recommendation as well. The "incompatible" functions were identified and discussed with the Auditor prior to the publication of this report. The "incompatible" functions for both the PSP Super User and the PSP Manager were identified and custom responsibilities will be created prior to SIT to assume these "incompatible" functions. For example, the PSP Super User will not have responsibility for Accounting, Accrual Write Offs, many Purchase Order related functions, Receiving, Flexifields, Tax, External Suppliers, Credit Cards, Contract Terms, Advanced Pricing Administration, Supply Base, Supplier Guest User Menu, Supplier Management, Workflow User and Advanced Pricing. Additionally, "incompatible" functions for the PSP were identified and scheduled for deletion prior to SIT.	Agrees	N/A	Open
102	Review of the Responsibility Matrices	Memo	II	2	System access to the General Ledger	The city should limit access to the General Ledger only to General Ledger users. The PSP Super User has access to the following General Ledger setup functions: GL Accounts, Open and Close Periods, and Define Credit Card GL Account Sets. Allowing the PSP Super User access to the General Ledger increases the chance for inaccurate or fraudulent transactions.	The finance Department concurs with the recommendation. The Charter specifically requires that the CFO shall provide for the "administration of the financial systems of the city." This is a clear infringement on that requirement. The department of Procurement will present to the Department of Finance resources for review, comments and approval as it relates to the four applications (i.e., Purchasing, iProcurement and iSupplier, Property Management). The Department of Human Resources agrees and will comply with recommended Procurement, Financial and DIT processes as functions drill down to operating departments.	Agrees	N/A	Open
103	Review of the Responsibility Matrices	Memo	II	3	System access of Property Manager COA Super User and Property Manager Administrator	The Property Manager COA Super User and the Property Manager Administrator should not be able to both create vendors and authorize payments. Allowing these responsibilities access to both of these functions allows a single employee the ability to create a vendor and then pay the vendor without the involvement of another employee. Furthermore, the creation of vendors should be restricted to as few responsibilities as possible.	The finance Department concurs with the recommendation. This represents a clear instance of conflicting responsibilities and violates a primary internal control tenet. The "Create Supplier" function will only be performed in the iSupplier Application. Again, this will be properly documented in SIT before February 7, 2007. The Department of Human Resources agrees and will comply with recommended Procurement, Financial and DIT processes as functions drill down to operating departments	Agrees	N/A	Open
104	Review of the Responsibility Matrices	Memo	II	4	Maintaining system access control	DIT should develop citywide policies and procedures for authorizing access to information resources and documenting such authorization. These policies should include procedures for terminating an employee's access to Oracle responsibilities when an employee leaves the city, and changing an employee's Oracle functional access to reflect their new duties when an employee changes positions.	The Department of Information Technology (DIT) will develop an internal Standard Operating Procedure to provide/revoke access to information. However, the request for extending proper access or revoking an existing employee's access must be provided to DIT by the Departments of Human Resources, Procurement, and Finance. DIT does not know when a City employee leaves, is terminated, or has been transferred. This information must be submitted to DIT by the appropriate Departments in order to revoke a user's access. The finance Department concurs with the recommendation. The Department of Human Resources agrees and will comply with recommended Procurement, Financial and DIT processes as functions drill down to operating departments.	Agrees	N/A	Open

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105	Review of the Responsibility Matrices	Memo	II	5	Role Based Access Control	The city should implement Role Based Access Control (RBAC), which enables organizations to manage users based on job roles. Job roles can be defined to determine what applications as well as what data and functions within those applications a user can access. With RBAC, roles are hierarchical; so, roles can be defined that inherit other roles. Therefore, Oracle users can be assigned to a single role rather than multiple responsibilities. By leveraging the information about different groups already stored within Oracle applications, RBAC implementation has the ability to automatically assign roles, permissions, and responsibilities to users as they change positions or groups within the city.	The finance Department concurs with the recommendation. The Department of Human Resources agrees and will comply with recommended Procurement, Financial and DIT processes as functions drill down to operating departments.	Agrees	N/A	Open
106	Review of the Responsibility Matrices	Memo	II	6	Access to own records	The city should prevent users from updating their own salary records in Oracle. An employee that has access to update employee's salaries in Oracle should not have access to update their own record.	The finance Department concurs with the recommendation. The Department of Human Resources agrees that Oracle provides a HRMS security profile that prevents users from updating their own records, including salary. The Department will test this security during SIT.	Agrees	N/A	Open