



AUDITOR GENERAL

Halifax Regional Municipality

Management of Accounts Payable Audit
April 29, 2021

Management of Accounts Payable Audit Overview

- Most accounts payable functions are effectively managed
 - Certain areas require improvements
- Compliance with documented policies and procedure
- Accounts Payable staff enter vendor information and invoice in some instances
- Improvements needed in monitoring for duplicate payments
- Lack of performance measures and targets

Management of Accounts Payable Detailed Results

- Tested 125 samples – no issues
 - Complied with policy, appropriate approvals
- 120 manual purchases
 - Properly approved and accurately entered
 - Two should have gone through procurement process
 - Purchases already made, Accounts Payable processed the payments



Management of Accounts Payable Detailed Results

- Daily monitoring of all invoices over \$50,000
 - Sampled 30 reports – complete and reviewed
- Invoices under \$50,000 – monitored twice a month
 - Reviewed a sample – no issues



Management of Accounts Payable

Detailed Results

- Lack of monitoring to detect potential misuse of one-time vendor account
 - No formal monitoring
 - Staff processing invoices should not add vendors
 - Helps protect against fraud
- No documented policy on when to use one-time vendor account
 - Analyzed transactions account from April 2016 – February 2021
 - Found 466 duplicate vendors
 - Could be more

Management of Accounts Payable Detailed Results

- Need improvements to prevent paying duplicate invoices
 - Identified 116 potential duplicates
 - Could be duplicate payments we did not identify
- Gaps in controls to prevent processing and paying duplicate invoices
- No formal monitoring to detect duplicate invoices and payments



Management of Accounts Payable Detailed Results

- Does not have performance measures or targets
 - To track efficiency and effectiveness of program objectives
 - Help identify areas for improvement
- We found:
 - Accounts Payable pays invoices in a timely manner
 - Obtains early payment discounts from vendors



Management of Accounts Payable Wrap Up

4 Recommendations

All accepted by management

Determine if using one-time vendor account is worthwhile
Perform analysis to identify duplicate payments
Monitor for duplicate invoices and payments
Develop accounts payable performance measures and targets

Follow up in 18 months



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Transit Technology Project Management Audit

Transit Technology Project Management Audit Overview

- Effectively managing day-to-day completion of Transit Technology projects
- Project budgeting needs significant improvement



Transit Technology Project Management Detailed Results

- Lack of detailed capital budget support
- Transit management had no support for original Transit Technology program budget
 - Expected detailed, approved budget
 - Tracked against actual and forecasted costs per project



Transit Technology Project Management Detailed Results

- 2012 estimated cost \$35 to \$51 million
 - No support for annual changes to budget
 - Approved Transit Technology project budget of \$32.7 million (as of 2020-21)
 - Turnover in key Transit management roles
 - However, annual estimates from current management since 2017-18 lacked adequate support
 - As of December 31, 2020, \$23.3 million spent



Transit Technology Project Management Detailed Results

- December 31, 2020 forecast \$40 million
 - \$7.3 million more than total approved program budget
 - Transit Management told us additional funds not needed if projects on hold cancelled
 - No detailed budgets by project
 - Management has nothing to support additional funds not needed



Transit Technology Project Management Detailed Results

- One capital account for all Transit Technology projects
 - No breakdown by project in financial system
 - Tracked in a separate spreadsheet
 - Inefficient
 - Larger, distinct projects should be tracked separately in the financial system
 - Interim measure, add more capital accounts



Transit Technology Project Management Detailed Results

- Day-to-day project management
 - Did a good job
 - Two steering committees
 - External project management office
 - External program manager provided monthly status updates
 - Most change orders met approval requirements



Transit Technology Project Management Detailed Results

- Five-year roadmap began in 2012
 - Not complete eight years later
 - No revised completion date
 - Transit management told us five-year plan was unrealistic
 - Contract negotiations with vendors took a long time
 - Expected management to have a realistic planned completion date for the program



Transit Technology Project Management Detailed Results

- No business case for cost/ benefit of external resources versus internal
 - We analyzed project management costs.
 - Found potential savings of \$1.6 million
- May be other factors, experience in the subject matter, or the availability of internal resources
- Business case should have examined these areas to determine the most cost effective and beneficial solution

Transit Technology Project Management Other Matters

- Other matters – reported in-camera



Transit Technology Project Management Wrap Up

4 Recommendations

All accepted by management

- Develop project forecasts that support annual capital budget requests
- Establish processes to track individual project capital accounts
- Establish timelines for outstanding project milestones
- Establish a cost-benefit analyses process

Follow up in 18 months



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Questions?