FINANCE ACCOUNTING VENDOR FILE AUDIT (AR27-01)

This report contains internal control related information and audit recommendations, and the executive summary is being posted to ensure security of City business processes.

CITY OF ALEXANDRIA, OFFICE OF INTERNAL AUDIT

NOVEMBER 3, 2026

Executive Summary
Vendor File Audit
(AR27-01)

Background:
The Office of Internal Audit (OIA) undertook an audit of the Finance Department Accounting Division's vendor file operations based on several factors which included materiality, prior experience, and incidents identified by other governments and businesses. The scope of the engagement encompassed records beginning in fiscal year 2023 to February 2026. The engagement included reviews of policies and procedures, staff interviews, and analysis of system generated data. One concern initially identified was that City personnel might also simultaneously be present in the vendor file while being employed by the organization. This concern was addressed in the engagement where we compared records from the vendor file to sanitized employee data.

Conclusions:
Our audit concluded that the City has deployed several internal controls which are critical to performance, are functioning as intended, and should continue operating as they have been. Examples of these internal controls include 1) using a vendor self-serve portal to allow vendors to register and update information, 2) supervisory approval, 3) vendor vetting, 4) vendor bank change confirmation, and 5) capability to inactivate vendors. Regarding our concern related to simultaneous presence of employees in the vendor file, we did not discover any instances that were not explainable situations (such as a prior contractor subsequently being hired by the City, or two employees that lived in the same household).

Our audit also identified areas of improvement which included 1) need for deployment of enhanced security measures, 2) need for improvement involving suspension and debarment verification, 3) need for formalization of vendor inactivation process, 4) concern regarding segregation of duties between staff with vendor responsibilities and other tasks, and 5) concern related to system access controls.

Recommendations: The Office of Internal Audit made the following recommendations:

1. The Finance Department should adopt areas of improvement identified in the report related to security measures, debarment, and inactivation of accounts. The Purchasing Division should update the purchasing manual to address suspension and debarment.

2. The Information and Technology Services Department should adopt areas of improvement identified in this report concerning system access controls.

3. Department heads should be required to formalize review of user access to the financial system of record.

Departmental Response: See responses from department in respective section.