

January 2019

MASTER SUPPLIER FILE MAINTENANCE

An independent audit report

www.bcauditor.com



OFFICE OF THE
Auditor General
of British Columbia

CONTENTS

Auditor General's comments	3
Report highlights	5
Summary of recommendations	6
Response from the Ministry of Finance	7
About the audit	8
Background	8
What is a master supplier file?	8
Why is it important to have a master supplier file?	8
Who is responsible for maintaining the province's master supplier file?	8
Why audit the maintenance of the master supplier file?	9
Audit scope	9
Audit method	9
Audit objective, criteria and conclusion	11
Audit objective	11
Audit criteria summary	11
Audit conclusion	11
Key findings and recommendations	12
Clear direction and security	12
There are gaps in the Ministry of Finance's direction to those who maintain supplier records	12
Adding and updating supplier information	13
Ministry controls for the master supplier file are insufficient	14
General maintenance	16
The Ministry of Finance is not regularly maintaining the master supplier file	16
Audit quality assurance	20
Appendix: complete audit criteria	21

The Honourable Darryl Plecas
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Mr. Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report *Master Supplier File Maintenance*.

We conducted this audit under the authority of section 11(8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the CPA Canada Handbook—Assurance—Canadian Standard on Assurance Engagements (CSAE) 3001 and Value-for-money Auditing in the Public Sector PS 5400.



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
January 2019

The Office of the Auditor General of British Columbia would like to acknowledge with respect that we conduct our work on Coast Salish territories. Primarily, this is on the Lkwungen-speaking people's (Esquimalt and Songhees) traditional lands, now known as Victoria, and the WSÁNEĆ people's (Pauquachin, Tsartlip, Tsawout, Tseycum) traditional lands, now known as Saanich.

AUDITOR GENERAL'S COMMENTS

PROGRAM AND SYSTEM controls exist to prevent problems, and to identify and correct them. Effective controls are a core function of any well managed program, and help to ensure that programs operate effectively. For example, government relies on controls in the master supplier file to ensure accurate payment processing. These controls are the subject of this audit.

In this audit we looked at the Ministry of Finance's controls to maintain the master supplier file in the corporate financial system. The master supplier file is a central database of all the approved companies, individuals, employees, societies or programs that government pays in exchange for goods or services it receives, or grants it pays. Everyone in the master supplier file database is referred to as a supplier. Because the Ministry of Finance owns the master supplier file it's responsible for the validity and accuracy of the content.

The last time we looked at the master supplier file controls was in 2006—the details of that audit are in our report titled [*Audit of Government's Corporate Accounting System: Part 2*](#). Since then, the Ministry of Finance has made improvements to its controls. However, some key weaknesses that we identified in 2006 still exist today.

Overall we found that the controls for the master supplier file aren't adequate and don't do enough to ensure valid, complete and accurate supplier records. Controlling the content and maintaining the accuracy of the file reduces the risk of problems, such as over or under payments to suppliers. For example, during our audit, we found evidence of over 120 potential duplicate payments over a two year period. The ministry verified that about 70% of these cases were payment errors. Most had already been identified and corrected; outstanding errors are being reviewed. Stronger controls in the master supplier file would lessen the chances of these



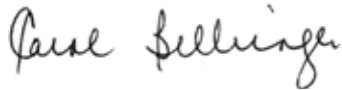
CAROL BELLRINGER, FCPA, FCA
Auditor General

AUDITOR GENERAL'S COMMENTS

types of errors occurring. We also found gaps in the Ministry of Finance's guidance to users who create and update the supplier records in the master supplier file.

In this report, we make five recommendations to the Ministry of Finance, including for the ministry to conduct periodic audits of user access to the master supplier file to ensure the security of the supplier records, and to establish a regular file maintenance schedule.

I would like to thank the staff at the Ministries of Finance; Advanced Education and Skills Training; Education; and Social Development and Poverty Reduction, for their cooperation and assistance during our work on this report.



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
January 2019

REPORT HIGHLIGHTS

The master supplier file is a **central database of all government suppliers**

Accurate supplier file records help **prevent errors and fraud in government payments**

MASTER SUPPLIER
FILE CONTROLS

AREN'T ADEQUATE

to ensure accurate
supplier records

NOT ENOUGH DONE

to ensure changes to
supplier records are
valid, complete, accurate

Ministry
DOESN'T
regularly identify or
purge records
that aren't being used

Ministry
DOESN'T
regularly look for
and remove

**DUPLICATE
DUPLICATE
DUPLICATE**
RECORDS

Government's
**RECORDS
MANAGEMENT
POLICY**

for the master supplier file

NOT BEING FOLLOWED



We audited this
area in 2006; some
KEY WEAKNESSES
identified then
still exist today



SUMMARY OF RECOMMENDATIONS

WE RECOMMEND THAT THE MINISTRY OF FINANCE:

- 1** update the Core Policy and Procedures Manual to include a clear definition of a supplier, roles and responsibilities for maintenance of the data, and minimum information standards to confirm the unique identity of each supplier.
- 2** conduct periodic reviews of user access to the master supplier file to ensure security of supplier records.
- 3** update procedures so that:
 - a) a unique personal or business identifier is part of all supplier records
 - b) all changes to the master supplier file are confirmed as accurate before they are finalized.
- 4** establish a regular file maintenance schedule.
- 5** comply with records management policies for Office of the Comptroller General supplier records.

RESPONSE FROM THE MINISTRY OF FINANCE

I WOULD LIKE to thank the Office of the Auditor General (OAG) for undertaking this review, and I provide this response to their recommendations. Independent review of our business practices provides us with valuable guidance to support the currency and effectiveness of our approach as processes and technology evolve. I agree with these recommendations.

RECOMMENDATION 1: *Update the Core Policy and Procedures Manual to include a clear definition of a supplier, roles and responsibilities for maintenance of the data, and minimum information standards to confirm the unique identity of each supplier.*

RESPONSE 1: *We will revise policy direction in this area to provide clear and unambiguous direction to ministry officials responsible for adding and validating supplier information.*

RECOMMENDATION 2: *Conduct periodic audits of user access to the master supplier file to ensure security of supplier records.*

RESPONSE 2: *We will institute a review process to monitor user access to the master supplier file.*

RECOMMENDATION 3: *Update procedures so that a unique and personal or business identifier is part of all supplier records and ensure all changes to the master supplier file are confirmed as accurate before they are finalized.*

RESPONSE 3: *We will ensure that the guidance we provide to ministries emphasises the importance of including unique identifiers where possible and provides additional support to help ministries confirm and document the accuracy of changes to the master supplier file.*

RECOMMENDATION 4: *Establish a regular file maintenance schedule.*

RESPONSE 4: *We will enhance our regular system maintenance processes to better support ongoing integrity of the master supplier file.*

RECOMMENDATION 5: *Comply with records management policies for Office of the Comptroller General supplier records.*

RESPONSE 5: *We will engage government Records Management Office to reassess the retention requirement for the OCG supplier records and make recommendations for changes where necessary to support government business requirements.*

Carl Fischer
Comptroller General

ABOUT THE AUDIT

BACKGROUND

What is a master supplier file?

A **MASTER SUPPLIER FILE** is a central list, or database, of all suppliers that have been approved to receive payments. It holds key information about suppliers, including their correct name, address and banking information for making payments. The file may also include unique identifiers, like a business registration number or a social insurance number, to help prevent suppliers from being added to the file more than once.

It is essential that the information in the master supplier file be well managed to support efficient and accurate payment processing, analysis and reporting. The Ministry of Finance has overall responsibility for the quality and integrity of the master supplier file in government's Corporate Financial System (CFS). For the purposes of the CFS, the Ministry of Finance defines suppliers as "companies, individuals, employees, societies or programs that receive payments from the B.C. Government for goods received, grants paid and/or services rendered."

Why is it important to have a master supplier file?

The master supplier file is an important control for financial managers in ensuring that payments to suppliers are valid and accurate. A well-maintained master supplier file reduces the risk of payment errors and misdirection due to clerical errors or fraud.

In large, complex organizations, the risk of errors or fraud in payment processing is greater because of the high volume of payment transactions taking place and the number of people involved. This makes the need

for a secure and accurate master listing of suppliers especially important. A master supplier file can also be used to analyze and report financial and statistical information.

Who is responsible for maintaining the province's master supplier file?

The Corporate Accounting Services Branch (CAS), within the Office of the Comptroller General in the Ministry of Finance, is the keeper of the master supplier file and has overall responsibility for ensuring that the information is current, complete, valid and secure.

Within Provincial Treasury of the Ministry of Finance, the Banking and Cash Management Branch (BCM) is responsible for reviewing, approving and linking individual supplier banking information to the supplier records in the CFS. This is done through a separate banking table maintained by BCM. Together, CAS and BCM have control over all additions and changes to information in the master supplier file records.

ABOUT THE AUDIT

All ministries and a number of smaller government organizations use the CFS to submit new suppliers and updates to existing supplier information when necessary. The CAS group expects these entities to be responsible for ensuring that their submissions to the master supplier file are accurate. Ongoing, regular maintenance on the part of CAS and the BCM is still required, however, to ensure that unnecessary or inaccurate records are corrected, deactivated and removed from the master supplier file.

Why audit the maintenance of the master supplier file?

In 2006, we audited government policies and procedures related to maintaining the master supplier file. At that time, we made a number of recommendations aimed at improving the effectiveness of the file as a central financial control to prevent error and fraud in government payments. Since then, the Ministry of Finance has reported making the recommended improvements and the ministry upgraded the CFS in 2014. Given the number of recommendations made in 2006, the passage of time since that audit and the fairly recent system upgrade, we felt the time was right to revisit this important financial control.

AUDIT SCOPE

Two branches of the Ministry of Finance were included within the scope of this audit: Corporate Accounting Services, and Banking and Cash Management.

We examined the extent to which these two branches exercise effective control and management of the master supplier file and the related banking table within the Corporate Financial System.

We conducted our audit work between the fall of 2017 and the fall of 2018. We performed data analysis on supplier file records back to 2004 with a focus on the two years between December 1, 2015 and November 30, 2017.

AUDIT METHOD

We conducted interviews with key personnel responsible for requesting and approving changes to the master supplier file and the related banking table. Specifically, we interviewed staff in:

- ◆ the Office of the Comptroller General
- ◆ Corporate Accounting Services
- ◆ Provincial Treasury
- ◆ the Ministry of Advanced Education and Skills Training
- ◆ the Ministry of Education
- ◆ the Ministry of Social Development and Poverty Reduction

We looked at high-level guidance in the Core Policy and Procedures Manual, which provides standards and directives for sound financial management in government. We also looked at the two supplier maintenance user manuals developed specifically by the Ministry of Finance to guide users of the Supplier Maintenance module in maintaining the master supplier file.

ABOUT THE AUDIT

We analyzed the data in the master supplier file for indications of poor maintenance, such as incomplete or inaccurate information or duplicate records or payments.

The date of this report is January 18, 2019. This is the date on which the audit team finished obtaining the evidence used to determine the findings and conclusions of this report.

AUDIT OBJECTIVE, CRITERIA AND CONCLUSION

AUDIT OBJECTIVE

We conducted this audit to determine whether the Ministry of Finance maintains secure, valid, complete and accurate supplier information in the Corporate Financial System to reduce the risk of errors and fraud.

AUDIT CRITERIA SUMMARY

We developed the following lines of enquiry and criteria to conclude against our overall audit objective:

- ◆ **Clear direction and security:** The master supplier file policies and procedures are documented, communicated and consistent with good practice. Roles and responsibilities related to the file are clearly documented and enforced.
- ◆ **Adding and updating supplier information:** The controls for adding or updating supplier information are effective in ensuring that supplier information is uniquely valid, complete and accurate.
- ◆ **General maintenance:** A regular schedule of maintenance has been established, and the ministry performs regular maintenance activities, including:
 - ◆ audits to confirm that the information is valid, complete and accurate
 - ◆ removal of duplicates
 - ◆ deactivation or removal of suppliers for which there has been no activity in the past 24 months

See [Appendix](#) for complete audit criteria.

AUDIT CONCLUSION

We concluded that the Ministry of Finance is not sufficiently maintaining secure, valid, complete and accurate supplier information in the Corporate Financial System to reduce the risk of fraud or errors.

In particular, the ministry needs to do more to prevent duplicate records, verify the accuracy of changes to the records and provide more complete guidance to users. Further, the ministry does not conduct regular reviews or records management activities of the data in the file to correct any inaccuracies and to prevent unnecessary growth in the number of records.

KEY FINDINGS AND RECOMMENDATIONS

CLEAR DIRECTION AND SECURITY

There are gaps in the Ministry of Finance's direction to those who maintain supplier records

WE LOOKED TO see if the Ministry of Finance has documented and clearly communicated policies and procedures for maintaining the master supplier file in the Corporate Financial System (CFS)—and whether the guidance is consistent with good practices. We also looked at whether the Ministry of Finance has documented and enforced segregated roles and responsibilities for access to maintain the master supplier file.

We found that the Core Policy and Procedures Manual contains some references to control, management and maintenance of the master supplier file. However, it does not:

- ◆ define what a supplier is
- ◆ clearly state the different roles and responsibilities for supplier file users and the Ministry of Finance for ensuring that supplier records in the CFS are uniquely valid, complete and accurate
- ◆ identify minimum standards for what information is required for supplier records, in terms of both mandatory fields and authenticating documentation

We also found that the Ministry of Finance has documented and communicated policies and procedures for maintaining the content of the master supplier file, but the documentation was missing good practice elements, such as:

- ◆ a requirement to ensure that authenticating documentation or supporting information has been reviewed prior to making changes to the master supplier file records
- ◆ guidance to deactivate or purge inactive suppliers on a regular basis
- ◆ a regular schedule of maintenance to ensure that the data in the master supplier file are valid and accurate

KEY FINDINGS AND RECOMMENDATIONS

We found that, in order to keep the data secure, the Ministry of Finance has established segregated roles and responsibilities for those accessing the master supplier file. These have been documented and kept current. However, because the ministry does not regularly check on who is accessing the supplier records, this security measure is not being enforced. A CFS upgrade in 2014 created a gap in security that allowed unauthorized employees to make changes to the master supplier file.

The ministry did not detect this security gap for more than two years, because Corporate Accounting Services was not performing any regular reviews of user access. However, once the issue was identified, a follow-up review did not identify fraudulent behaviour related to the unauthorized access.

RECOMMENDATION 1: *We recommend that the Ministry of Finance update the Core Policy and Procedures Manual to include a clear definition of a supplier, roles and responsibilities for maintenance of the master supplier file data, and minimum information standards to confirm the unique identity of each supplier.*

RECOMMENDATION 2: *We recommend that the Ministry of Finance conduct periodic reviews of user access to the master supplier file to ensure security of supplier records.*

ADDING AND UPDATING SUPPLIER INFORMATION

We looked to see if the Ministry of Finance has implemented effective controls to make sure that when new suppliers are created, or when an existing supplier's information is updated, the information is uniquely valid, complete and accurate.

In general, there are two steps performed before a supplier record is added to or updated in the master file:

1. A user will initiate an addition or change for a supplier they wish to pay.
2. That addition or change will be reviewed and approved.

This review and approval process can be done either manually or through an automated process. The manual process is performed by Corporate Accounting Services (CAS) staff and is the method used by most ministries. However, this method does not account for the bulk of changes made to the master supplier file each year.

There are two main automated processes, which have built-in automated checks to validate ministry supplier information before it becomes part of the master supplier file:

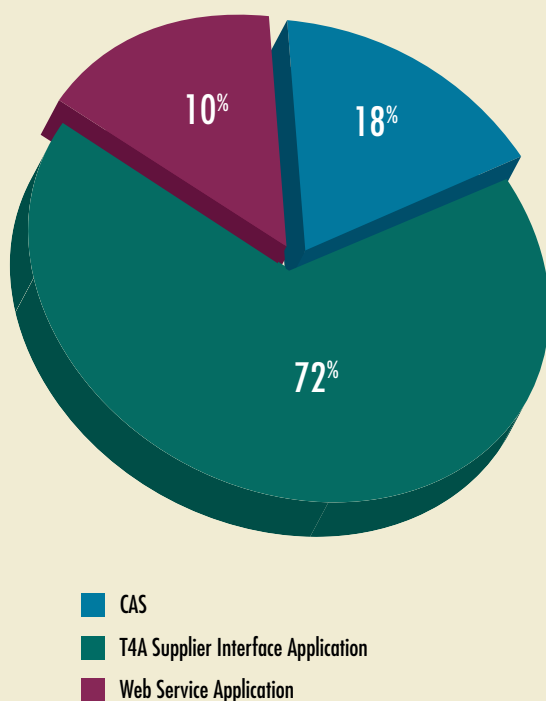
1. The T4A Supplier Interface Application
2. The Web Service Application

KEY FINDINGS AND RECOMMENDATIONS

The T4A Supplier Interface Application is used by both the Ministry of Advanced Education and Skills Development and the Ministry of Education to capture information needed to generate Canada Revenue Agency T4A income tax slips to students who receive grants, scholarships and other income from the province. Annually, most changes to the supplier records are made through the T4A Supplier Interface Application (Exhibit 1).

The Web Service Application is used by the Ministry of Social Development and Poverty Reduction and the Ministry of Children and Family Development. The application is used to connect the Integrated Case Management (ICM) system used by both ministries to the CFS supplier file directly, so that updates to suppliers made in the ICM will be automatically reflected in the master supplier file.

Exhibit 1: Percentage of annual changes made to the master supplier file records by manual and automated approval processes



Source: Office of the Auditor General of British Columbia, based on data received from the Ministry of Finance, Corporate Accounting Services

Ministry controls for the master supplier file are insufficient

We found that the Ministry of Finance's controls for adding and updating supplier information are insufficient to ensure valid, complete and accurate supplier records. The ministry could do more to prevent duplicates, to ensure changes to records have been verified and to record relationships between suppliers.

Prevention of duplicates

To help prevent errors in payments due to the creation of duplicate records in the master supplier file, the Ministry of Finance directs users to search the master supplier file first, before creating a new record, to see if the supplier is already in it. The effectiveness of this initial search is limited, because the only mandatory fields in supplier records are name and address, and neither is unique.

The ministry does not require that a unique personal or business identifier be added to every supplier record. This is a problem because individuals, not

KEY FINDINGS AND RECOMMENDATIONS

businesses, make up the majority of the supplier records, and it is common for different individuals to have identical legal names—for example, John Smith.

Although CAS data entry standards allow an asterisk to be added to a supplier name to help make it unique, it still can be difficult for users of the file to make sure that a supplier record doesn't already exist for an individual supplier with a common name.

These facts increase the risk that duplicate supplier records will be created and make the search for existing suppliers more difficult. Through data analysis, discussed later in this report, we found evidence of duplicate records in the master supplier file.

Authenticating documentation

We found that the ministry has not established procedures to make sure that all supplier names and addresses have been verified before they are added to or changed in the master supplier file.

While the Ministry of Finance does ask users to check information through third-party data sources, such as the BC Corporate Registry, it does not require them to confirm that they have done these checks. Confirming that such checks have been done is particularly important in relation to suppliers entered through the two main automated processes, the T4A Supplier Interface Application and the Web Service Application, since over 80% of all supplier records are entered through these systems. The Ministry of Finance does not independently verify the accuracy of these records.

Relationships between suppliers

The Ministry of Finance has not set up the master supplier file to clearly identify parent and subsidiary relationships between corporate suppliers, which could affect public reporting of payments to suppliers. The ministry's Supplier Maintenance Manual states that "supplier numbers allow the provincial government to track all payments made by the province and report the total amount paid to each supplier or employee in the annual Public Accounts."

As part of the annual Public Accounts financial reporting process, the government publishes a list of all suppliers receiving at least \$25,000 from government in the year. If parent and subsidiary relationships between suppliers are not identified in the master supplier file, the Ministry of Finance may not have the information to be able to report on the total amount paid to parent and subsidiary groups. Reporting the total amounts paid to parent and subsidiary groups would enhance the transparency of the supplier payments that are reported in the Public Accounts.

RECOMMENDATION 3: *We recommend that the Ministry of Finance update procedures so that:*

- a) *a unique personal or business identifier is part of all supplier records*
- b) *all changes to the master supplier file are confirmed as accurate before they are finalized*

KEY FINDINGS AND RECOMMENDATIONS

GENERAL MAINTENANCE

The Ministry of Finance is not regularly maintaining the master supplier file

We looked to see if the Ministry of Finance:

- ◆ has a regular maintenance schedule for the master supplier file
- ◆ regularly audits the master supplier file to confirm that the information is valid, complete and accurate
- ◆ identifies and removes duplicate suppliers on a regular basis
- ◆ deactivates, archives and/or purges inactive or obsolete supplier records after 24 months with no payment activity

We found that the Ministry of Finance doesn't have a regular maintenance schedule and doesn't regularly audit supplier information to confirm that the information is valid, complete and accurate. The ministry also does not:

- ◆ identify and remove duplicates on a regular basis
- ◆ deactivate, archive and/or purge supplier records regularly

We analyzed the master supplier file data and found evidence of duplicate supplier records and records marked as "active" that were, in fact, "inactive." We also found that the Ministry of Finance does not

deactivate or remove suppliers in accordance with the records management policy applicable to Office of the Comptroller General supplier records. Finally, we found evidence of possible duplicate payments having been made in error.

Duplicate supplier records

Each record in the master supplier file should be unique and not duplicated.

Duplicates in the master supplier file increase the risk that erroneous or fraudulent payments can be made. As a result, we conducted several tests of the data to see whether there were possible duplicates.

The CFS will not allow exact duplicates in the records but a single period or comma can make a record different from another. As a result, it is possible to create a duplicate supplier record by simply adding one small character like a period, comma or an asterisk.

So, to conduct our tests, we removed from the supplier names all small special characters and words that could be entered differently even though they mean the same thing. For example, we removed "LTD.," "LTD," and "LIMITED."

First, we looked in the master supplier file for possible duplicate records related to the same supplier—in other words, the same supplier having more than one supplier number. We found:

- ◆ 211 cases where the supplier number was different but the entire name and address were exactly the same

KEY FINDINGS AND RECOMMENDATIONS

- ◆ 2,301 cases where the supplier number was different but the first 15 characters of the name and the entire address were exactly the same

Second, we looked for possible duplicates in the master supplier “site” records table. This is a separate table, linked to the master supplier file, where multiple addresses for the same supplier are stored. It is often necessary for suppliers to have several addresses attached to their record as they may have several branches that are getting paid by different ministries for different services. We found 19,828 cases where the same supplier had more than one address linked to their record, but the address in each instance was exactly the same. This increases the risk that a supplier could be paid more than once for the same invoice because they have duplicate site records.

Inactive suppliers

The records management policy for the Office of the Comptroller General supplier records states that:

- ◆ supplier data files become superseded or obsolete when a supplier has been inactive for two years
- ◆ an annual purge should be conducted to remove all supplier records that have been marked as inactive for seven years (five years after becoming superseded or obsolete)

We looked to see if the Ministry of Finance deactivates and purges supplier records according to a fixed schedule consistent with its records management policy. To do this we looked at payment records in the CFS to determine when suppliers had last been used.

First, we performed data analysis on the payment history of all suppliers listed as “active” in the master file to see whether they had received a payment within the previous 24 months. If they had not, we would expect them to be categorized as “inactive.”

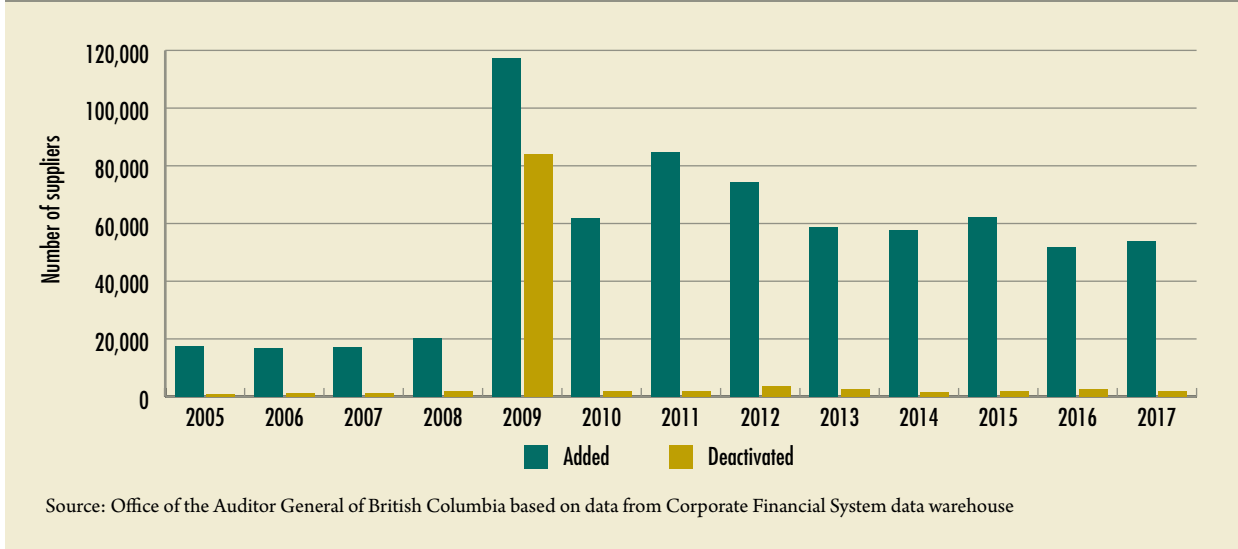
As of December 2017, about 881,000 suppliers were listed in the master supplier file. Of these, approximately 765,000 were marked “active.” We found that over 78% of these “active” suppliers had not received any payments through the Corporate Financial System (CFS) in the two years from December 1, 2015 to November 30, 2017.

Approximately 64% of all records in the file as of December 2017 had been added since the implementation of the T4A Supplier Interface Application in 2009. A large number of these were students who were being added so the government could issue Canada Revenue Agency tax slips to them, even though the students would not be paid through the CFS, but rather, through the federal government’s National Student Loan Service Centre.

We also looked to see whether suppliers were being “deactivated” or removed from the list on a regular basis. We found that very few suppliers were being deactivated and that the number of suppliers being added each year to the master supplier file had increased ([Exhibit 2](#)).

KEY FINDINGS AND RECOMMENDATIONS

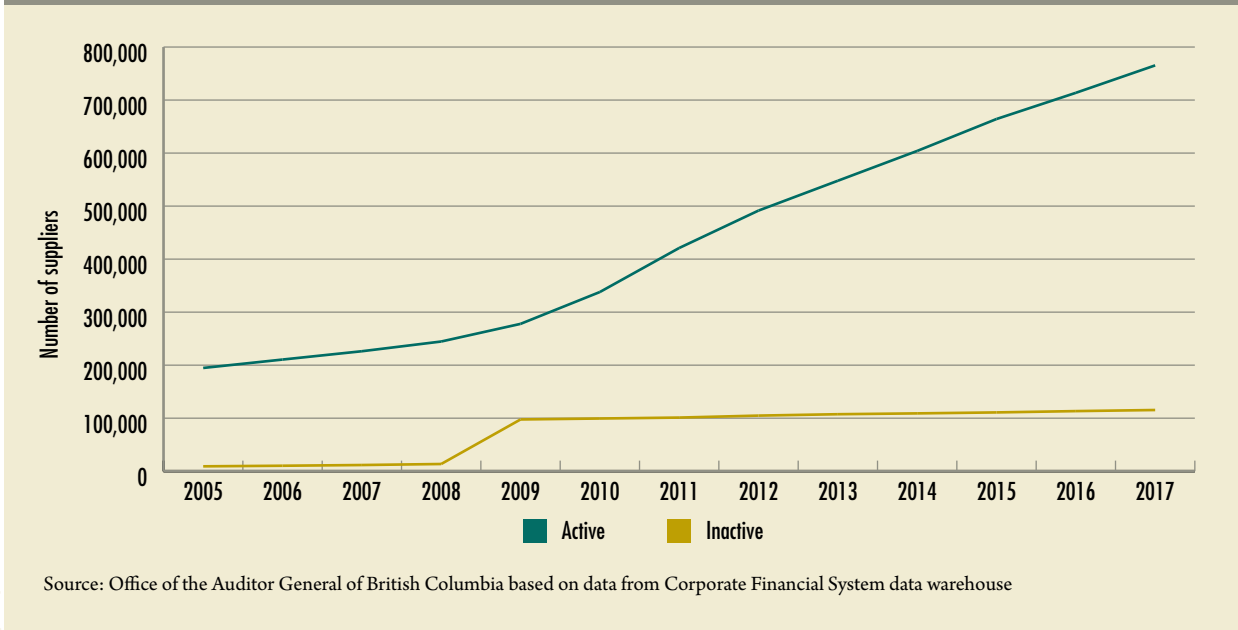
Exhibit 2: Number of suppliers added and deactivated each year: 2005 – 2017



Finally, we looked to see if employee type suppliers were being removed once they were no longer employed. We found that over 13,500 employees were still listed as active in the master supplier file, even though they were no longer active employees in the Public Service Agency’s PeopleSoft system.

Together, the overall increase in the number of records being added annually and the small number of records being deactivated help to explain the cumulative growth in the file over the past decade ([Exhibit 3](#)).

Exhibit 3: Cumulative total of active and inactive suppliers, 2005 - 2017



KEY FINDINGS AND RECOMMENDATIONS

Duplicate payments

Failing to remove duplicate and obsolete records, and keeping inactive files “active,” makes the master supplier file more difficult to use and to maintain. It also increases the risk that errors or fraud could occur. As a result, we performed two types of tests to see whether there was evidence of erroneous duplicate payments being made. To do these tests, we looked at payments made through the Accounts Payable module in the CFS for the two years between December 2015 and December 2017.

The first test looked to see if a supplier was paid more than once for the same invoice. We found 54 potential cases of this type of error. The potential overpayment related to these cases was \$65,826. We shared these results with the Ministry of Finance. Ministry staff verified that 34, or 63%, were errors. We were advised that the majority of these had already been identified and corrected; outstanding errors are being reviewed.

The second test looked to see if more than one supplier with similar names was paid for the same invoice. We found 74 potential cases of this type of error. The potential overpayment related to these cases was \$583,230. The ministry verified that 54, or 73%, were errors. Again, the majority of these had already been identified and corrected; outstanding errors are being reviewed.

Stronger controls in the master supplier file would lessen the probability of these types of errors occurring.

RECOMMENDATION 4:

We recommend that the Ministry of Finance establish a regular file maintenance schedule

RECOMMENDATION 5:

We recommend that the Ministry of Finance comply with records management policies for Office of the Comptroller General supplier records

AUDIT QUALITY ASSURANCE

WE CONDUCTED THIS audit under the authority of section 11(8) of the *Auditor General Act* and in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the *CPA Canada Handbook—Assurance—Canadian Standard on Assurance Engagements (CSAE) 3001* and *Value-for-money Auditing in the Public Sector PS 5400*. These standards require that we comply with ethical requirements and conduct the audit to independently express a conclusion on whether or not the subject matter complies in all significant respects to the applicable criteria.

The office applies the CPA Canadian Standard on Quality Control 1 (CSQC) and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. In this respect, we

have complied with the independence and other requirements of the code of ethics applicable to the practice of public accounting issued by the Chartered Professional Accountants of BC that are founded on the principles of integrity, objectivity and professional competence, as well as due care, confidentiality and professional behaviour.

APPENDIX: COMPLETE AUDIT CRITERIA

Line of Enquiry 1: Clear direction and security

Criterion 1.1: Supplier file management policies, procedures and data entry standards have been documented, communicated and are consistent with recommended good practice

Criterion 1.2: Segregated roles and responsibilities are clearly documented and enforced

Line of Enquiry 2: Adding new suppliers

Criterion 2.1: There are effective controls to ensure that when adding new suppliers the information is uniquely valid, complete and accurate

Line of Enquiry 3: Updating existing suppliers

Criterion 3.1: There are effective controls to ensure that updates to existing supplier information are valid, complete and accurate

Line of Enquiry 4: General maintenance

Criterion 4.1: A regular schedule of maintenance has been established for the supplier file

Criterion 4.2: Supplier information is regularly audited to confirm the information is valid, complete and accurate

Criterion 4.3: Duplicates are removed on a regular basis

Criterion 4.4: Inactive suppliers are deactivated, archived and/or purged if there is no activity in 14 to 24 months



OFFICE OF THE
Auditor General
of British Columbia

Location

623 Fort Street
Victoria, British Columbia
Canada V8W 1G1

Office Hours

Monday to Friday
8:30 am – 4:30 pm

Telephone: 250-419-6100

Toll free through Enquiry BC at: 1-800-663-7867

In Vancouver dial: 604-660-2421

Fax: 250-387-1230

Email: bcauditor@bcauditor.com

Website: www.bcauditor.com

This report and others are available at our website, which also contains further information about the office.

Reproducing

Information presented here is the intellectual property of the Auditor General of British Columbia and is copyright protected in right of the Crown. We invite readers to reproduce any material, asking only that they credit our office with authorship when any information, results or recommendations are used.



AUDIT TEAM

Sheila Dodds,
Deputy Auditor General

Ed Ryan, *Executive Director*

Jacqueline McDonald, *Director*

Pam Hamilton, *Director*

Peter Argast, *Assistant Manager*

Hayley Warren, *Auditor*

Michelle Crawford, *IT Auditor*

Jordan Schenderling, *Auditor*

Barbara Underhill, *Auditor*

SUBJECT MATTER EXPERT

Greg Gudgeon



OFFICE OF THE
Auditor General
of British Columbia