

# Procurement ABC System Post- Implementation Audit



City of Minneapolis  
Internal Audit Department  
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## Executive Summary

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As part of risk-based integrated audit plan approved by the Audit Committee, the City of Minneapolis (the “City”) Internal Audit department, in collaboration with the Finance & Property Services Departments, conducted an audit of the design of the procurement automated bidding and contracting (“ABC”) business process workflows and user access.

The objective of this audit was to determine whether procurement ABC business process workflows are designed and configured according to documented business processes, and that least privileged access is provisioned to end users.

The audit scope and approach, results, and conclusion are addressed below, followed by a detailed description of the audit background and observations and management’s action plans in the final section.

## Audit Scope and Approach

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The scope of this engagement covered an assessment of the design of ABC business process workflows and user access related to City-wide changes in procurement PeopleSoft modules in 2019. The modules effected by the City-wide changes are eSupplier Connect, Strategic Sourcing, and Supplier Contracts. The Internal Audit Department performed the audit through inquiry, observation, and substantive testing for the processes in scope. Specifically, we evaluated:

1. ABC Procurement Workflows
  - ABC Business Process Flow Chart for Bids
  - ABC Professional Services Contracts Business Process Flow
  - ABC Master Contract Work Order Process Flow
  - Changes in business automation
  - Consistency with and support of existing roadmaps
  - System Interfaces
  
2. User Access
  - System roles and privileges
  - User access for least privileged access associated with job responsibilities

Key procedures performed in support of the audit objectives included the following:

1. Obtained and reviewed:
  - Department business process flow charts and city ordinances specific to the contracting of bids, professional services contracts, and master contracts to determine the business requirements for reviews and approvals based on the bid and contract values.

- The project definition document used by the City to define the module implementation project to understand current system configurations and business process flows that support the roadmap.
  - *COMET-Finance Strat Sourcing, Supplier Contracts, and DocuSign Functional Guide* to determine internal processes, interfaces and key system roles utilized in ABC workflow execution.
  - System-generated user access lists and department organization charts to determine least privileged access for roles and preferences, including administrative access.
  - *Comet Fin Security Policy* and sample user access request form to determine access is approved by management based on the job responsibility.
2. Interviewed key technical and business process owners and stakeholders from the Minneapolis Finance & Property Services Department to further understand:
    - City procurement ABC business process workflows and required reviewers and approvers based on bid and contract value.
    - Internal policies, procedures, and internal controls for user access management and the design of system roles and privileges to the PeopleSoft modules.
    - Internal policies, procedures, and internal controls for documenting requests, approvals, and associated changes made to procurement ABC business process workflow system configurations.
  3. Performed observations and testing over the procurement ABC business process workflows to determine whether the system is configured to align with the defined business process flow charts. Reviewed City Ordinances to ensure business process flow charts and system configurations encompassed the required reviews and approvals based on the bid and contract value are enforced.

## Results

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As a result of this audit, three issues were identified:

1. User access reviews of procurement module users are not completed on a prescribed basis. *(Moderate)*
2. System configuration changes to procurement ABC business process workflows do not follow a prescribed change management policy or procedure. *(Moderate)*
3. Final approval of provisioned roles and preferences for new users is not consistently documented in the user access request form. *(Low)*

Table 1 below contains the overall evaluation of the severity of the risk and the potential impact on operations. There are many areas of risk to consider including financial, operational, compliance, and reputation when determining the relative risk rating. Issues are rated as High, Moderate, or Low.

**Table 1**

High	Moderate	Low
	User access reviews of procurement module users are not completed on a prescribed basis.	
	System configuration changes to procurement ABC business process workflows do not follow a prescribed change management policy or procedure.	
		Final approval of provisioned roles and preferences for new users is not consistently documented in the user access request form.

- **High Risk:** Some key controls do not exist or are not effective resulting in impaired control environment; high risk improvement opportunities require immediate corrective action
- **Moderate Risk:** Adequate control environment in most areas; moderate risk improvement opportunities identified which require corrective action
- **Low Risk:** Satisfactory overall control environment; small number of lower risk improvement opportunities identified which do not require a management action plan

The details of these results are included within the *Observations and Management’s Action Plan* section of this report.

## Conclusion

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Overall, the City’s implementation of the PeopleSoft eSupplier Connect, Strategic Sourcing, and Supplier Contracts modules resulted in effective and efficient procurement ABC workflows; however, the City’s policies, procedures, and internal controls related user access and change management require strengthening to ensure effective system security and consistent workflow reliability.

Internal Audit would like to thank the Minneapolis Finance & Property Services Department for their cooperation, expeditious responses, and time during this engagement.

*We conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.*

### Audit Team for this Engagement

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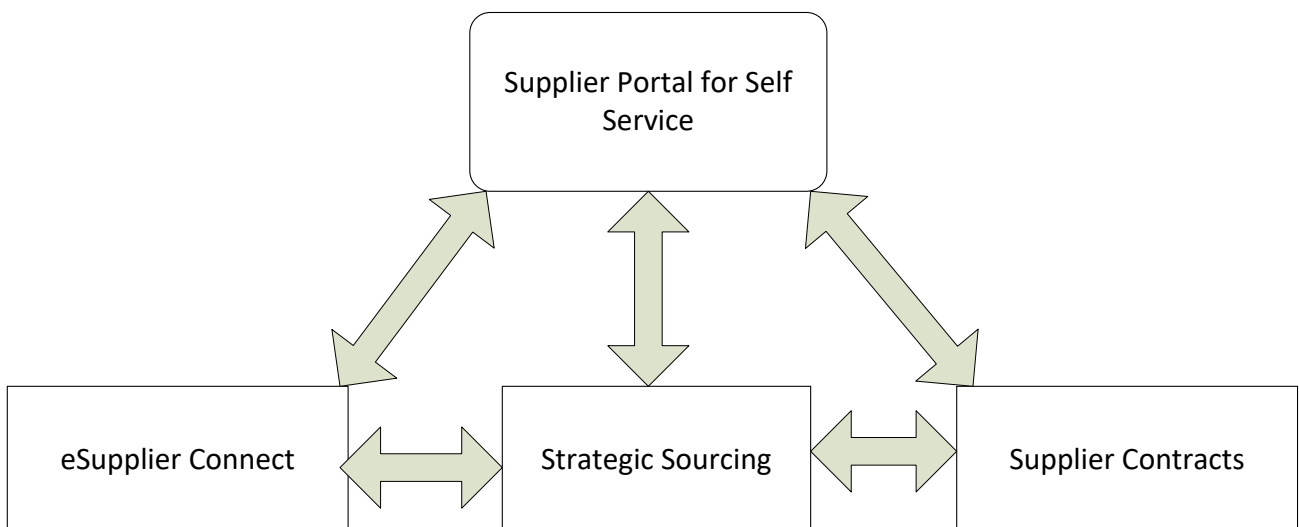
Pam Fernandez, Director of Procurement

## Background

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The City implemented new PeopleSoft modules in February 2019 to support and automate the City's procurement processes. The three new PeopleSoft modules are outlined below:

1. eSupplier Connect – Allows suppliers self-service access to submit registration to become a supplier doing business with the City and allows them to make on-line edits to their contract information.
2. Strategic Sourcing – Automates the bidding and RFP processes allowing suppliers to express interest in various bid opportunities with the City and submit responses electronically.
3. Supplier Contracts – Automates the contract execution process and provides various contract template for City staff use.



The benefits of the new system include:

- Faster and more efficient procurement processes.
- Improved supplier experience as system is similar to those used by Hennepin County and the State of Minnesota.
- Improved supplier electronic response to solicitations and view of contracts, purchase orders, other payment information, and bid tabulations to improve their future bidding.
- Improved supplier identification in a given category and improved communication of solicitations to relevant suppliers.
- More consistent contracting processes by using current templates to reflect updated law changes.
- Improved reporting of metrics related to purchases by City departments.

The PeopleSoft modules the City implemented provide an automated, electronic solution for handling requests for proposals (“RFPs”), procurement requests and contracts, as well as allowing suppliers the ability to be involved in the process via a self-service portal. Using the implemented modules, the Minneapolis procurement team creates events for all contracts based on *Products & Services* form completed by requesting departments. Based on the contract type and expected contract value, the Procurement Department creates an event within the Strategic Sourcing module. Configurations within the system are in place to ensure that necessary steps outlined by City requirements, such as required review, approvals, and financial thresholds, are followed.

Below are the key automated system configurations in place for the procurement workflows specific to bids, professional services contracts, and master contracts:

**Purchases over One Hundred and Seventy Five Thousand Dollars (\$175k)**

Purchases over \$175k must obtain approval by the Civil Rights Department to ensure that any small and underutilized business plan (“SUBP”) goals are entered into the system prior to the Procurement Department creating an event and posting the purchase for bid. While it is possible to have no SUBP goals for a specific purchase, all purchases over \$175k are required to have documented approval within the system from the Civil Rights Department, which indicates their team has reviewed the proposed purchase.

**Purchases under One Hundred and Seventy Five Thousand Dollars (\$175k)**

Purchases under \$175k allow the procurement department to select applicable vendors from the target market program (“TMP”) if there are three or more vendors with the capabilities to execute the proposed work. If less than three vendors in the TMP database have the desired capabilities, the Procurement Department will post the purchase opportunity to the open market.

**All purchases over One Hundred Thousand Dollars (\$100k)**

Once a vendor is selected for a City purchase over \$100k, and a notice of intent to award is provided to the chosen supplier, the Civil Rights Department is again engaged into the workflow to ensure an affirmative action (“AAP”) is in place for the vendor. All purchases awarded over 100k must have documented AAP approval in the system from the Civil Rights Department.

In addition to the financial thresholds outlined above, there are additional system required approvals from City departments, including procurement and legal departments, in the bidding and contracting workflows. Approval rights are limited to specific system roles and preferences identified during the system design and implementation process. Access to system user roles and preferences are provisioned using a user access request form to ensure least privileged access. Furthermore, the system is configured to restrict users who create strategic sourcing events from approving the event they created. The table below outlines specific roles and preferences within the system to ensure segregation of duties:

**Table 2**

<b>System Role/Preference</b>	<b>Description</b>
M_Event_Buyer	Access to create strategic sourcing events
M_CIVIL_RIGHTS_APPRVL	Access to input Small and Underutilized Business Partner goals (SUBP) and approve vendors based on Affirmative Action Plans (AAP)
M_SC_LIBRARIAN*	Access to edit/create approved contract templates
M_SC_DOC_MGNMT	Access to create a contract from approved templates resulting from an approved strategic sourcing event
M_SC_DOC_MGNMT	Access to create contracts from scratch when approved templates are not available

\*During the course of the audit, it was noted that only one user is provisioned access to the *M\_SC\_LIBRARIAN* role. After receiving additional information about this specific role from the City, it was noted that a total of four resources are trained in the management of contract templates within the system. There is currently only one user assigned to this role due to the sensitivity of the documents. Additionally, having one resource making changes to approved contracts allows for proper tracking and monitoring of any revisions.



## Observations and Management's Action Plans

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### ISSUE #1

*User access reviews of procurement module users are not completed on a prescribed basis. (Moderate)*

#### **Observation**

Per inquiry with the City, user access reviews of user roles and preferences to the procurement modules are not completed on a prescribed basis. User access to roles and preferences may change over time from the minimally required access for job functions, which can lead to users have more access than needed to execute their job.

#### **Recommendation**

Internal Audit recommends that the City implement a formalized user access review. The user access review should include a complete and accurate population of users and their assigned roles, inclusive of system preferences on at least on annual basis. The purpose of this review is to ensure that least the privileged access principle is followed and that users are only assigned access rights required to performed job responsibilities. Both management and technical staff should be involved in the review process, management to review the associated job responsibilities and the technical staff to ensure technical roles, system preferences, and other system-generated information is able to be understood and interpreted by management. The logical access procedures should be updated to reflect the procedures implemented by the City. Evidence of the user access reviews performed including the user list reviewed, identified discrepancies, and management signoff should be documented and retained.

#### **Management Action Plan**

*Comet-Finance Support and the Procurement Management team work closely throughout the year to maintain appropriate security access to procurement system functions. Currently Security access or changes to access are granted based on individual business needs or changes to individual business needs following a documented approval process and user agreement. The approval process requires both the Manager/Supervisor approval as well as Procurement Authorized Module Lead approval prior to making security updates in the system by Comet-Finance Support. Once approvals and documentation are complete, Comet-Finance Support will add and remove Procurement system access based on approved business need.*

*It is possible that user job functions may change over time and a request for change in access may not be submitted. An additional review of Procurement system access will be incorporated into our processes and will be performed on an annual basis by Comet-Finance Support and Procurement. Comet-Finance Support will provide Procurement Management and the Procurement Authorized Module Lead with current users and their security access to the procurement system functions. Comet-Finance Support and Procurement will work with users and supervisors to document and adjust security access if needed using the established procedure. Comet-Finance Support will report results of the review to the Comet Finance System Services Manager and to the Finance Manager for Internal Controls and Risk Assessment. This annual review process will be documented and incorporated into the Finance Department's Internal Control and Risk Assessment SharePoint site.*

*Security access to the system is removed by Comet-Finance Support as part of the Employee Departure process supported by the ServiceNow system. The Comet-Finance Support Team also performs a bi-weekly review of terminated employees against users in the Comet-Finance system and takes necessary action in the system if needed. Comet-Finance Support reports results to the Comet Finance System Services Manager and to the Finance Manager for Internal Controls and Risk Assessment.*

Target remediation date: 9/1/2020

Responsible party: Nicole Gjevre

## **ISSUE #2**

*System configuration changes to procurement ABC business process workflows do not follow a prescribed change management policy or procedure. (Moderate)*

### **Observation**

Per inquiry with the City, there is no documented policy or procedure for managing configuration change requests. Internal Audit noted the City obtains informal approval from procurement department management prior to making configuration changes, but the process is not documented and retained. Configuration changes that do not follow a documented policy or procedure can result in changes being implemented without proper testing and approval, which can lead to breakage and system downtime.

### **Recommendation**

Internal Audit recommends the City implement a documented change management policy or procedure for configuration changes to the procurement modules, to help ensure change requests are formally documented, tested and approved. Where applicable, testing and approvals for configuration changes moved to production should be documented and retained.

### **Management Action Plan**

*System configuration changes that do not follow a documented procedure are emailed to the Comet-Finance Support inbox. Changes to system configurations are approved by the appropriate Module Lead and tested prior to applying the update to production by the Comet-Finance Support team. User Request and Chart of Account Maintenance Forms currently follow a documented procedure.*

*Comet-Finance Support will update the CityTalk page 'COMET-Finance User Setup & System Forms' instructing users to e-mail system configuration and setting request changes to the Comet-Finance Support inbox. Chart of Account Maintenance and User access requests, including changes to Departmental Approvals will continue to be submitted using the standard forms.*

*Comet-Finance Support has created a shared folder, similar to the User Request Form and Chart of Accounts Maintenance folders, to document and retain requests with approval for system configuration and setting changes.*

Target remediation date: 7/31/2020

Responsible party: Nicole Gjevre

### ISSUE #3

Final approval of provisioned roles and preferences for new users is not consistently documented in the user access request form. (Low)

#### Observation

Per inquiry with the City, inspection of the Comet Fin Security Policy and a sample user access request form, access roles and preferences granted to the system are provisioned based on job responsibility. The COMET Security Team will take the user access request form submitted that details the requested user to mirror and will follow-up with the manager and/or module lead via email or phone to determine which roles and preferences to provision. The final roles and preferences approved by the manager and module lead are not consistently documented in the user access request form to allow for an audit trail of the approved roles and preferences.

#### Recommendation

Internal Audit recommends the City implement a formal documentation and approval process to further mitigate the risk of provisioning inappropriate or excess roles and preferences. In addition, it is recommended to either use a role matrix that defines the roles and preferences required based on job position, or to formally document the approved roles and preferences within the user access request form to ensure access provisioned match the requested and approved level of access. The logical access procedural documents should be updated to reflect the procedures implemented by the City. Evidence of the approved roles and preference should be documented and retained.

#### Management Action Plan

*Currently, requests for User Access are completed by Users and Managers and routed for approval first to the employee's supervisor/manager, next to the module lead assigned to that module, and finally back to Comet-Finance support. Users and managers are not experts in the system and can't provide the actual role names from PeopleSoft they would like to assign. Instead, they provide as much information about the business need for access including a description of the tasks that the user is expected to perform in the system. The User/Manager also indicates if the user will be a Requisition or Project Manager and provides a user who performs similar functions within their area to copy.*

*Comet-Finance support reviews the business tasks, user to copy and approval needs when provisioning individual user access. The Comet-Finance Support team incorporates all of this information when configuring individual user accounts to provide minimally required access for each user and aligning access to their particular responsibilities. There may be follow up conversations with the requestor to confirm understanding and deciding which roles to apply to the user for minimally required access.*

*Once the agreed upon level of access is determined, Comet-Finance support will email the list of roles and accesses granted back to the manager and module lead. The module lead will reply to Comet-Finance support confirming the approved access.*

Target remediation date: 7/31/2020

Responsible party: Nicole Gjevre