



October 31, 2011

City of Saskatoon – City Clerk’s Office
Attention: Secretary – Audit Committee
222-3rd Avenue North
Saskatoon, Saskatchewan S7K 0J5

Audit Report – Mendel Art Gallery Accounts Payable System

The 2010-2011 Corporate Audit Plan included provision to conduct a financial system audit of the Mendel Art Gallery’s Accounts Payable System. This financial system had not been subject to internal audit in the past. The Mendel Art Gallery Audit Committee received Terms of Reference for the Accounts Payable System audit at its meeting held on April 12, 2011. The City of Saskatoon Audit Committee received Terms of Reference for the audit at its meeting held on May 18, 2011.

The Mendel Art Gallery uses Accpac software for its financial records and accounts payable processing. This system has been in use for several years. In 2010, approximately 1,300 payments were issued totaling \$1.44 million. Major cheque runs occur twice per month; minor cheque runs occur as needed.

The overall objective of the audit was to determine whether adequate systems, practices and controls are in place to minimize the likelihood and/or impact of the following risks:

- Duplicate payments to vendors.
- Paying the wrong vendors or paying the wrong amount to vendors.
- Paying for goods and/or services that were not received.
- Theft, fraud and misappropriation.
- Late payment charges and/or lost early payment discounts.

Management is currently working on implementation of the recommendations.

Respectfully submitted,

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