



# City of Milwaukee, Wisconsin CAMA Vendor Management Internal Audit

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# Background of the Engagement

- Vendor Management related to key applications and services is a critical element and risk for organizations. As such, this process was identified as a risk regarding oversight and monitoring by the City's Internal Audit Division.
- CLA was contracted to provide consulting services to audit vendor management process supporting the Computer-Assisted Mass Appraisal (CAMA) system use by the Assessor's Office.
- CLA, with the aid of personnel from the City of Milwaukee Internal Audit Division and the Assessor's Office, Purchasing, and ITMD, obtained and reviewed documentation and controls surrounding the CAMA vendor management processes.



# Our Approach

Area	Focus
<b>Policies and Procedures</b>	<ul style="list-style-type: none"><li>• Define vendor onboarding guidelines</li><li>• Define ongoing monitoring procedures</li></ul>
<b>Contract Review</b>	<ul style="list-style-type: none"><li>• Definition of Services</li><li>• Definition of Service Level Agreements</li><li>• Right to Audit Clause</li></ul>
<b>Change and Support Monitoring</b>	<ul style="list-style-type: none"><li>• Change Management Activities</li><li>• Vendor Remote Access</li></ul>
<b>Internal Controls Monitoring</b>	<ul style="list-style-type: none"><li>• Internal Controls Reporting (SOC for Supply Change)</li><li>• Internal Controls Review<ul style="list-style-type: none"><li>○ Subservice Organizations</li><li>○ User Entity (the City) Controls</li></ul></li></ul>



# Policies and Procedures

- **Objective**

- To validate that policies and procedures have been developed to guide the City employees on their responsibilities for vendor management

- **Approach**

- CLA will review the City's vendor risk management policies and procedures to assess the following:
  - Vendor decisioning and onboarding, including: due diligence, risk assessment and assignment, and internal review of contract
  - Ongoing monitoring, including periodically updating risk assessments, obtaining and reviewing internal controls reports, requirement of re-occurring meetings



# Contract Review

- **Objective**

- To validate that appropriate clauses and wording are included in the contract with Patriot Properties

- **Approach**

- CLA will review the contract with Patriot Properties to assess the following:
  - Current and active contract is in places
  - Statement of work or services are adequately defining to provide the City with clear expectation the relationship



# Change and Support Monitoring

- **Objective**

- To determine that the City monitors the activities of the vendor against expectations

- **Approach**

- CLA will review the following related to change and support monitoring:
  - Processes for assessing, testing, approving, and deploying patches and changes related to CAMA
  - How Patriot Properties remotely accesses the City's network to provide application maintenance and support



# Internal Control Monitoring

- **Objective**

- To determine that the City monitors the system development operations of Patriot Properties

- **Approach**

- CLA will review the following related to system development monitoring:
  - Inspect management's documentation of the review of internal controls reports from Patriot Prosperities
  - Obtain and review internal controls for Patriot Prosperities related to subservice organizations, user entity controls, report obtain, and noted testing exceptions
  - Review corrective Action plans for any not report qualifications or testing exceptions



# Definition Of Risk Classifications Assigned To Findings And Recommendations

Risk	Definition
High	<p>High priority issue, which requires immediate management attention. This is a serious internal control or risk management issue that if not mitigated, may, with a high degree of certainty, lead to:</p> <ul style="list-style-type: none"> <li>• Substantial losses, possibly in conjunction with other weaknesses in the control framework, systems/applications, or the organizational entity or process being audited.</li> <li>• Serious violation of corporate strategies, policies, or values.</li> <li>• Serious reputation damage, such as negative publicity. And/or</li> <li>• Significant adverse regulatory impact, such as loss of operating license or material fines.</li> </ul>
Moderate	<p>Timely management attention is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> <li>• Financial losses.</li> <li>• Loss of effective or efficient control within the organizational entity, systems/applications, or process being audited.</li> <li>• Reputation damage. And/or</li> <li>• Adverse regulatory impact, such as report comments or material fines.</li> </ul>
Low	<p>Low priority issue that requires routine management attention. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity, systems/applications, or process being audited. Risks of loss are immaterial or limited.</p>





# Standards Applied

- In connection with our engagement, CLA conducted our procedures in accordance with AICPA Consulting Services standards
  - Further, those team members assigned to the engagement are compliant and operated in accordance with GAO Yellow Book requirements for CPE and are primarily focused in State & Local Government
- The methodology used is based on CLA experience across thousands of governmental clients, and utilizes practices, standards, policies, and knowledge/experience gained in the course of similar engagements, objectives, etc. nationally



# Moderate Risk Finding- #1

- **Observation (Potential Deficiency)**

- The City has developed and published a Purchasing Liaison Manual that includes guidance for reporting vendor performance issues, but the City has not outlined comprehensive list requirements for managing vendor relationships within these policies or as a standalone policy.

- **Recommendation**

- CLA recommends that the City develop, publish, and communicate a policy to address its expectation and responsibilities for managing vendor relationships.

- **Response**

- DOA-Purchasing will revise the Purchasing Liaison Manual (PLM) to augment and strengthen its policies and procedures in accordance with CLA, LLP's recommendations.



# Moderate Risk Finding - #2

- **Observation (Potential Deficiency)**
  - Patriot Proprieties provides remote applications support and maintenance and we noted the following:
    - A shared account is used
    - Restrictions are not in place to limit when the account can be used
    - Monitoring of the accounts activities has not been implemented



# Moderate Risk Finding - #2 (Continued)

- **Recommendation**

- CLA recommends that the City performed the following:
  - establish individual accounts for the Patriot Properties employees that will be supporting the City
  - implement a process for enabling the support accounts only when necessary and authorized by the Assessor's Office or place restrictions on when the account can access the system (i.e. time of day, days of the week)
  - establish a process to log and review activities performed by the Patriot Properties support account in accordance with the Information Security Plan, Access Control Policy



# Moderate Risk Finding - #2 (Continued)

- **Response**

- ITMD has obtained a list of Patriot Properties users and has created individual user accounts and marking them as Patriot Vendor accounts. Access hours will not be limited and is not needed, as ITMD will be notified of access outside of normal business hours via the notification process that is in place. Additionally, ITMD will create a generic account for maintenance tasks, but this generic account will only be enabled upon specific request. If ITMD is notified by the Assessor's Office that its authorized staff or authorized staff of Patriot requires access, then the account would be enabled for a specific. limited period of time. ITMD will monitor account activity, as all Active Directory accounts are currently monitored and logged for activity.



# Low Risk Finding - #1

- **Observation (Potential Deficiency)**
  - While a checklist related to the implementation activities for patches for AP5 has been developed, the checklist is not routinely completed and retained to evidence the completion of the steps. No other documentation is created to evidence the City's activities of evaluation, testing, and approving changes to the AP5 environment.



# Low Risk Finding - #1 (continued)

- **Recommendation**

- CLA recommends that the checklist be updated to capture the activities performed by the Assessor's Office and Patriot Properties as outline in the Configuration Management Policy. The checklist should be used to record the activities and retained for each change deployed.



# Low Risk Finding - #1 (continued)

- **Response**

- The Assessor's Office Business Systems Manager is revising the checklist to include a space for an electronic signature and date, to record when a checklist activity is complete and the identity of the staff completing the checklist item. The checklist will be retained within Assessor's Office files and will be accessible to authorized Patriot staff. The Assessor's Office and Patriot will be performing a system update in December 2022, and the checklist will be in place to record the activities related to that update.





# Questions or Concerns?

- Feel free to contact:
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