

COMPLETED CLOSED AUDIT

PAO 590 Accounts Payable General Ledger Audit Summary

Internal Audit evaluated Financial Operations' internal controls over reclassifications/adjustments to ledger accounts, payment processing, invoice management, and accruals. The audit tested invoices processed and ledger accounts/department codes posted from January 2010 to June 2010 and accruals performed in the second quarter of 2010. The audit noted that internal controls were adequate to achieve business objectives, although a lack of segregation of duties was identified as an issue. Two supervisors in the Payable/Receivables Service Unit were able to approve payments in Oracle AP and post journal entries into Oracle GL. The lack of segregation of duties created the potential for fraud by allowing the supervisors to approve payments which could then be altered in the general ledger. To remediate this issue, the ability to approve payments in Oracle AP was removed from the two supervisors on December 28, 2010.

PAO 538-Procurement Function Audit-Executive Summary

Internal Audit evaluated the Procurement Function Audit initially in 2008 and focused on purchasing transactions processed in the I-Procurement system between 10/1/05 and 10/1/07. The data becoming obsolete with subsequent new processes and procedures, Internal Audit re-tested using transactions occurring between 1/1/10 and 6/30/10. The 2008 sample suggested ledger accounts were changed without notifying the approving unit; documentation to support payment was missing; a lack of vendor performance tracking and analysis; and employees not being required to file Statement of Economic Interests (SEI). The 2010 samples did not reveal any issues of ledger account changes without notification nor missing documentation to support payment. Human Resources expanded the list of employees required to file SEI in March 2010 and Internal Audit verified that employees filed. Contracts and Purchasing will implement a Contract Lifecycle Management System (CLCS) for vendor tracking and analysis by 5/1/11.