



AUDIT REPORT



DATE

December 20, 2019

NO.

2019-013

FOLLOW-UP ACCOUNTS PAYABLE VENDOR MASTER FILE

(ORIGINAL REPORT 2018-002 ISSUED MAY 30, 2018)

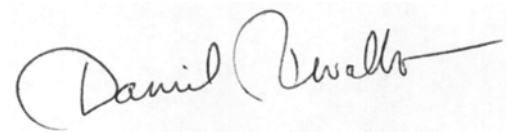
INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA

Honorable Roger D. Eaton
Charlotte County Clerk of the Circuit Court and Comptroller
350 East Marion Avenue
Punta Gorda, Florida 33950

We have completed a follow-up audit of the Accounts Payable Vendor Master File (Original Report No. 2018-002 issued May 30, 2018). The purpose of this audit was to ensure comments and recommendations of the original audit were adequately addressed.

The report details the original audit comments, recommendations, and follows up on the original responses provided. Follow-up was accomplished thru inquiries and observations of evidence. Management response has been included and immediately follows the audit report.

Respectfully submitted,

A handwritten signature in black ink that reads "Daniel Revallo". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Daniel Revallo
Internal Audit Director

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EXECUTIVE SUMMARY

Internal Audit has completed a follow-up audit of the Accounts Payable Master Vendor File.

Follow-up audits are limited to comments and recommendations made in the original audit report. This follow-up considers the responses documented and any subsequent corrective actions taken or delegated.

The status of any corrective action will either be:

OPEN – Corrective action has not been taken to adequately address the original audit comment.

OPEN/PARTIALLY COMPLETED – Corrective action has begun, but has not adequately addressed the original audit comment.

CLOSED – Corrective action has been taken to adequately address the original audit comment.

Original Audit Comments and Status of Corrective Actions

OPEN

- Multiple employees have access to add and update vendors, possibly resulting in duplication and errors.

OPEN/PARTIALLY COMPLETED

None

CLOSED

- Potential duplicate vendor accounts were identified by having the same Tax Identification Number.
- Potential duplicate vendor accounts were identified by having the same address.
- Dormant vendors are not updated to inactive status in a timely manner.

BACKGROUND

Charlotte County Code of Laws and Ordinances Chapter 1-2 -Administration Article VI Procurement Code provides the Purchasing Department with authority to make purchase commitments for the Board of County Commissioners and their employees. Departments must submit purchase requisitions to the Purchasing Department to request the procurement of needed goods or services. Departments may select the vendors for purchases of less than \$5,000, but all vendors must submit an application prior to doing business with the County. The application is reviewed before entering the vendor into the master vendor file in the Eden Financial System. The Purchasing Department submits a purchase order to the vendor after they have been approved and entered into the system.

The vendor file also contains the names and addresses of payees for which purchase requisitions are not required (e.g. professional association dues, Charlotte County Utility refunds, employee travel expense

reimbursements, etc.) The Clerk of the Circuit Court Comptroller Division enters payees into the vendor file when processing their payments.

AUDIT OBJECTIVES

The purpose of this follow-up audit was to determine whether the proposed corrective actions by the department in response to the findings Accounts Payable Vendor Master File Report Number 2018-002 were adequate and timely in their implication.

SCOPE AND METHODOLOGY

The scope of the audit included a review of comments, recommendations, and responses reported in the 2018-002 Accounts Payable Vendor Master File Audit Report dated May 30, 2018.

The methodology of this review included discussing findings, recommendations, and responses reported in the 2018-002 Accounts Payable Vendor Master File Audit Report. Discussions were held with Susan Gervais, Director of Finance. After discussions, we obtained verbal responses and verified these responses whenever possible.

COMMENTS, RECOMMENDATIONS AND FOLLOW-UP AUDIT RESULTS

The following are our comments, recommendations, responses and statuses of corrective actions, followed by Auditor Comments. Original responses were received from Kim Wilder, Director of Finance, who left the office on March 29, 2019. Status of Corrective Action and Auditor Comments were derived from a meeting with Susan Gervais and observation of supporting items available.

- 1. Multiple employees have access to add and update vendors, possibly resulting in duplication and errors.**

We recommend the Comptroller Division evaluate employee access to both sets of vendors to ensure this access is as limited as possible.

Original Response: “The Finance Director will obtain a list of all Clerk and County staff with Eden permissions specific to the A/P module to include the adding, updating and deleting of vendors and adjust permissions to ensure that one employee is responsible for this process with the A/P Supervisor serving as backup.”

Status of Corrective Action: Open

Auditor Comments: 12 Comptroller employees and 2 Purchasing employees have access to set up/edit/delete vendors in the A/P system.

2. Potential duplicate vendor accounts were identified by having the same tax identification number (TIN).

We recommend the Comptroller Division review the 1099 report at least quarterly to ensure proper maintenance of accounts and proper reporting of 1099's to the IRS.

Original Response: "Comptroller staff will begin quarterly monitoring of all active vendors in Eden and their associated tax identification numbers to ensure that duplicate vendors are not created. This will be accomplished through the use of Crystal Reports showing possible duplicate vendor information as well as quarterly review of the 1099 report to ensure proper 1099 vendor account maintenance.

Status of Corrective Action: Closed

Auditor Comments: No vendors reported on 1099s were identified with duplicate, incorrect, or blank TINs during follow-up testing. While we identified other vendors with duplicate TINs, there were significantly less and many of these were explained as necessary, showing that the process is working.

3. Potential duplicate vendor accounts were identified by having the same address.

We recommend the Comptroller Division review vendors with the same address to ensure proper maintenance of accounts.

Original Response: "Comptroller A/P staff will begin quarterly monitoring of all active vendors in Eden and their associated addresses to ensure that duplicate vendors with the same address are not being created. This will be accomplished through the use of Crystal Reports showing any applicable duplicate vendor information."

Status of Corrective Action: Closed

Auditor Comments: No vendors reported on 1099s were identified with duplicate addresses during follow-up testing. While we identified other vendors with duplicate addresses, there were significantly less and many of these were explained as necessary, showing that the process is working.

4. Dormant vendors are not updated to an inactive status in a timely manner.

We recommend the Comptroller Division review vendor activity to determine whether it is necessary to purge or inactivate vendors to maintain a proper active vendor database.

Original Response: "In August 2017, IT began the process of purging all vendors that had not had payment activity through 2013. Within the past month, the A/P Supervisor has begun evaluating all vendors that have not had payment activity since the last purge date of 2013 through 2016. This list will be provided to IT within the next few months in an ongoing effort to purge dormant vendors from the system in a

timely manner. Vendors that have not had payment activity since 2016 will be marked as “inactive.” This process will be monitored annually with all vendors that have not had activity within two years of the current fiscal year being marked as “inactive” and those that have not had activity within five years of the current fiscal year being sent to IT for purging.”

Status of Corrective Action: Closed

Auditor Comments: Dormant vendors were significantly less, showing that the process is working.

ACKNOWLEDGEMENT

We would like to thank the Clerk of the Circuit Court Comptroller Division for their assistance in the completion of this follow-up audit.

Follow Up Audit performed by:

Dan Revallo

Internal Audit Director



ROGER D. EATON
Clerk of the Circuit Court and County Comptroller

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MEMORANDUM

TO: Dan Revallo, Director of Internal Audit

FROM: Sue Gervais, Finance Director

DATE: November 15, 2019

SUBJECT: Response to Vendor Audit

Item #1: Multiple employees have access to add and update vendors, possibly resulting in duplication and errors.

Response: The Finance Director will review the list of all Clerk and County staff with Eden permissions specific to the A/P module to include the adding, updating and deleting of vendors and adjust permissions to ensure that the A/P Clerk staff are responsible for this process (currently 4 staff) with the Accountant supervising those positions serving as backup.

