

CAO-2023-385

3RD QUARTER AUDIT STATUS REPORT

Summary



Completed:

- ✓ Accounting & Payroll – controls audit

In progress:

- External billable work orders – process review
- Training documentation review



ACCOUNTING & PAYROLL

Audit Objective



Objectives:

- To document and test Accounting and Payroll financial controls to ensure assets are protected from fraud, theft or error.

Scope



- SAP Concur controls and reports
- Field orders and parked invoices
- Journal entries
- Duplicate payments
- Payroll
- Bank reconciliations
- Emerging risks

Methodology



- Review of past audit recommendations
- Staff interviews to document processes
- Testing

SAP Concur Controls & Reports



- SAP Concur replaced paper employee expenses
- Built-in controls
- Risk of reimbursing ineligible expenses is small
- **Utilize SAP Concur reports to ensure management oversight and compliance**
- **Remind approvers to review receipt detail**

Field Orders & Parked Invoices



- Greater risk of fraud
- No management approval path
- Will be replaced with SAP Concur Invoice in 2025
- Utilizes approval path and SAP Concur controls

Journal Entries



- Accounting entries to move amounts from one account to another within general ledger
- 28% of random sample did not have sufficient backup
 - Management indicated entries were routine and / or small dollars
- **Reminder to approvers to review / require backup**

Duplicate Payments



- May occur if goods or services purchased on Corporate VISA and vendor sends an invoice, which gets paid in error
- Testing found no duplicate payments to recover

Payroll Controls



- Segregation of duties is important
- Access levels more than required
- **Control weakness – related to pay rate changes**
 - **Recommendations to address provided to staff**
- Testing of retro, off-cycle, sick leave payments
 - 19% did not have sufficient backup
 - **Reminder to require backup for all entries**

Bank Reconciliations



- Reconciliation between bank accounts and general ledger (SAP)
- Reconciliations are up to date
- **Issue with debit / credit card account**
 - Staff are working to determine root cause

Emerging Risks



- Lack of Accounting involvement in system solutions
 - **Include in Technology Solution Assessment**
- Lack of consistency in payment types & policies
 - **Create treasury policies**

Conclusion



- No fraud or theft found
- Transaction backup missing in some cases
- Payroll control weakness
- Deficiency – ability to reconcile debit/credit card account
- Recommendations aim to strengthen controls and minimize opportunity for theft