



CITY OF RICHMOND  
CITY AUDITOR

**DATE:** March 3, 2020

**TO:** Ms. Lenora Reid  
Acting Chief Administrative Officer

**FROM:** Louis Lassiter *LL*  
City Auditor

**SUBJECT:** Department of Finance  
Accounts Payable audit

The City Auditor's Office has completed the Department of Finance Accounts Payable audit and the final report is attached.

We would like to thank the Administration staff for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee  
The Richmond City Council  
John Wack, Director of Finance

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City of  
**RICHMOND**  
Office of the City Auditor

Audit Report# 2020-12

**Department of Finance**  
**Accounts Payable audit**

March 3, 2020



**Audit Report Staff**

Louis Lassiter, City Auditor  
Lily Hernandez, Deputy City Auditor  
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Leigh Ann Castro, Auditor

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# Highlights

Audit Report to the Audit Committee, City Council, and the Administration

## Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the FY20 audit plan approved by the Audit Committee. This audit focused on the accounts payable process and travel.

## What We Recommend

### The Director of Procurement Services:

- Enforce the Vendor Database Management Policy to ensure vendors that require a 1099 are properly flagged.
- Enforce compliance with the Vendor Database Management Policy on an annual basis to identify and deactivate inactive vendors.
- Update the Vendor Database Management Policy to reflect current practice for vendor registrations.
- Require that TIN Verifications be completed as required by the Vendor Database Management Policy for all new vendors setup for the City.
- Add a field to the supplier registration portal to have vendors identify possible conflicts.
- Limit the use of P-Cards for travel related purchases.

### The Directors of the Multiple Departments:

- Recover identified duplicate payments from the vendor by either receiving a refund of the overpayment or a credit on future invoices.

### The DCAO of Finance & Administration:

- Implement customized RAPIDS roles based on employee job functions within City Departments and require a periodic annual review of RAPIDS roles assigned to all City employees.

### The Director of Finance:

- Update and enforce the Invoice Payment Form, policy, and instructions.

### The DCAO of Human Services:

- Work with the Director of Procurement Services and the City Attorney's Office regarding a Conflict of Interest payment and any future transactions to ensure compliance with Procurement regulations and take corrective actions as appropriate.



## Accounts Payable (AP)

### Background

AP processed 124,888 invoices during FY2019. The City implemented an Optical Character Recognition (OCR) invoice scanning system called OnBase in FY2019; this synchronizes with RAPIDS to upload invoices once matched with receipts to process payments. The OCR identifies vendor, invoice number, purchase order number, amount and then matches to the City's financial system. Departments are responsible for processing their invoices and receipt numbers. Once receipts are keyed, the invoice match is completed, validated and loaded for payment.

### What Showed Improvement

During FY2019, 109,029 (87%) invoices were paid in compliance with the Prompt Payment Act compared to the prior compliance rate of 77%. Varying reasons were indicated by the departments for processing late invoices.

### Needs Improvement

#### Finding #1—1099 Reporting

The auditors selected a limited non-statistical sample from a population of 3,635 vendors with payments greater than \$600. The required reporting was not completed for 20% (5/25) of the sample of vendors. One vendor was paid over \$3 million dollars without a 1099. In FY2019, the City incurred and paid the IRS \$101,579 in penalties for CY2016 for failure to file required 1099's.

#### Finding #2— Duplicate Payments

Twenty-seven invoices from 10 departments, totaling \$19,950, were identified as duplicates, where funds have not been recovered by the City.

#### Finding #3 – Vendor Activity

Based on an analysis, the auditors determined 35% of the vendors did not receive payments in the last 18 months, which is a violation of the Vendor Database Management Policy.

#### Finding #4 – Vendor Registration

Required documentation related to vendor registration was not in RAPIDS and some could not be provided by Procurement Services.

#### Finding #5 – Segregation of Duties – RAPIDS

The auditors reviewed access levels assigned to AP employees. The auditors noted conflicting roles within RAPIDS. One employee had access to multiple super user roles within the Finance, HR, and Procurement RAPIDS' modules.

#### Finding #6 – City Travel Compliance – Use of P-Cards

The auditors did not identify a centralized method or database to track travel for all methods of payment. The total amounts related to the City's highest travelers could not be quantified due to the lack of a centralized system to track. Travel expenses purchased on P-Cards did not demonstrate the pre-approvals were granted and all paid travel items were in compliance with the City's Travel Policy. Also, Finance does not have access to research/review these transactions in the P-Card database.

#### Finding #7 - Conflict of Interest

The Department of Human Services Office of Multicultural Affairs paid \$1,100 to an employee's spouse for services provided.

#### Finding #8 – Invoice Payment Forms (IPF)

Based on a review of 55 invoices paid via IPF, 15 were paid with an exception not outlined in the instructions and policy or without an "approved exception type" on the form.

Management concurred with 10 of 11 recommendations. We appreciate the cooperation received from management and staff while conducting this audit.

## BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

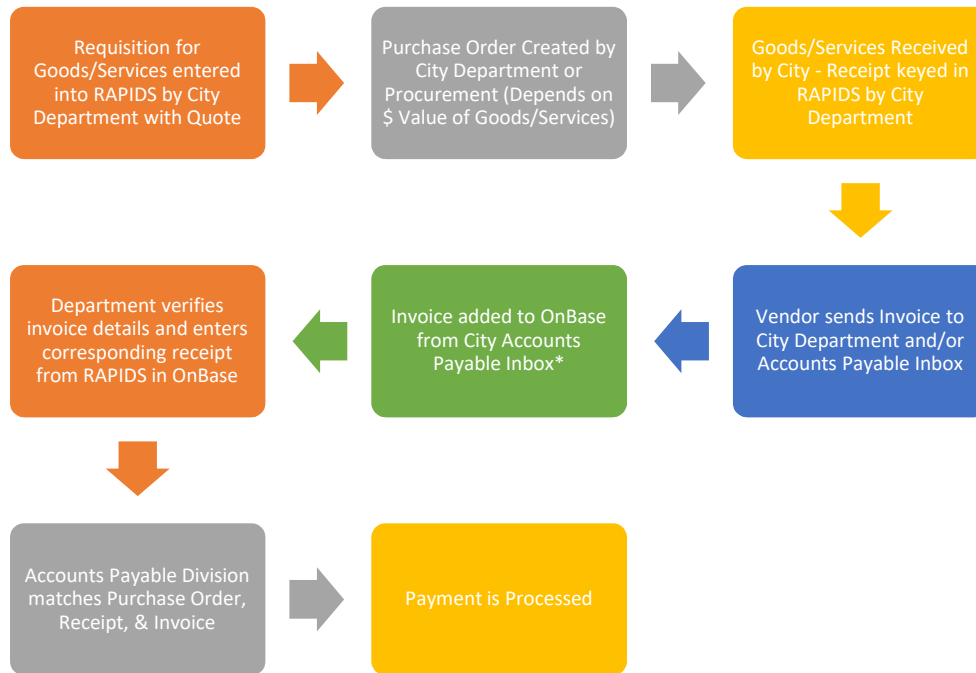
### BACKGROUND

The Division of Accounts Payable (AP) under the Department of Finance is responsible for ensuring that payments to vendors are processed timely and accurately. AP is a centralized function within the City, however, purchasing activities such as requisitions, purchase orders, and receipts are created by City departments. AP is also responsible for:

- Processing voids and stop payments;
- Researching and addressing vendor payment questions submitted by City departments' employees and vendors;
- Working with end users to resolve invoice errors, which prevents invoices from being processed and generating checks;
- Maintaining supporting documentation; and
- Researching returned checks.

AP processed 124,888 invoices during FY2019. The City implemented an Optical Character Recognition (OCR) invoice scanning system called OnBase in FY2019. OnBase synchronizes with RAPIDS to upload invoices, match with receipts, and process payments. OnBase identifies the vendor, invoice number, purchase order number, and amount which are matched to the receipts keyed in RAPIDS. Departments are responsible for managing their invoices to be processed for payment and must key the corresponding receipt numbers. Once receipts are keyed, the invoice match process is completed, validated, and loaded for payment.

The flow chart below represents a summary of the payment process:



\* OnBase is the City's invoice scanning application that integrates with RAPIDS.

Payments are issued by one of the below methods:

- Electronic Funds Transfer (EFT) – is an electronic transfer of money from one bank account to another.
- Automated Clearing House (ACH) – is an electronic network for financial transaction in the United States. ACH processes large volumes of credit and debit transactions in batches.
- Wire Transfers – is a method of electronic funds transfer from one person or entity to another.
- Issued Checks – paper checks are printed daily.

Travel advances/settlements are submitted by City employees when traveling on official City business. The departments' appointing authority approves travel documentation prior to submittal to AP. AP reviews travel expenses for compliance with the City's Travel Policy. Any expenses that are not in compliance with the Policy are not reimbursed.

In November 2018, the City implemented a Purchasing Card (P-Card) program which is administered by the Department of Procurement Services (DPS). The P-Card program includes travel expenditures.

The below table represents FY2019 charges related to travel processed using both payment methods:

Payment Method	Dollar Value
Travel Advance/Settlement	\$718,811
P-Card	\$ 81,995

## OBJECTIVES

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The objectives of this audit were to evaluate controls over the vendor file and payment processing as well as to perform selective testing of payments inclusive of travel payments for appropriate supporting documentation and compliance with the City’s Travel Policy.

## SCOPE

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Accounts Payable and travel transactions processed between July 1, 2018 and June 30, 2019.

## METHODOLOGY

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The auditors performed the following procedures to complete this audit:

- Interviewed management and staff;
- Reviewed and evaluated relevant policies and procedures and tested for compliance;
- Reviewed and evaluated laws and regulations and tested for compliance;
- Analyzed payments for duplicate invoices and payments;
- Reviewed the vendor database for activity and proper registration;
- Tested a sample of travel related transactions; and
- Performed other tests, as deemed necessary.

## MANAGEMENT RESPONSIBILITY

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City management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

## INTERNAL CONTROLS

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According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency’s plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing,

and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the audit test work, the auditors concluded that internal controls within AP are generally functioning as intended. However, internal controls over 1099 reporting, vendor file management, vendor registrations, duplicate payments, segregation of duties, and travel processing need improvement as discussed throughout this report.

## FINDINGS and RECOMMENDATIONS

### What Showed Improvement

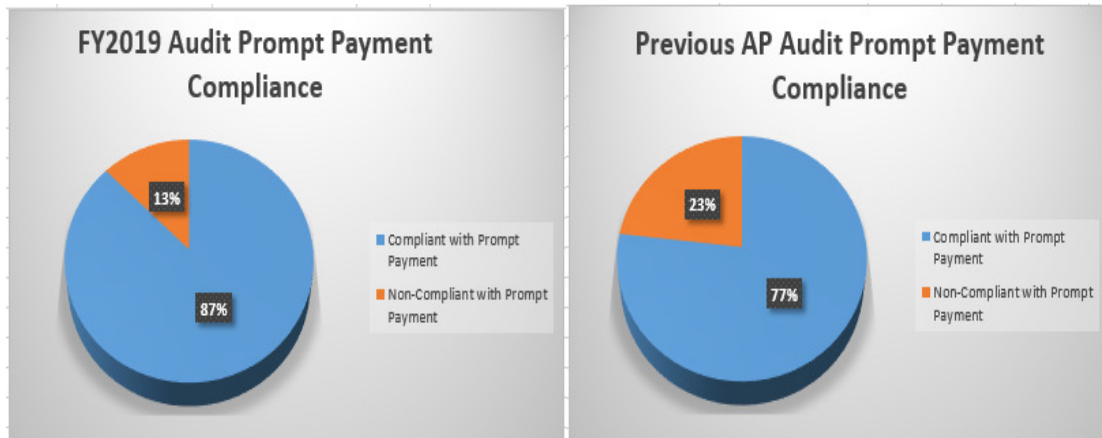
#### Prompt Payment Analysis

City Code Section 21-9a states, "Every City agency that acquires goods or services or conducts any other type of contractual business with a nongovernmental, privately owned enterprise shall promptly pay for the completed delivered goods or services by the required payment date. The required payment date shall be either:

- (1) The date on which payment is due under the terms of the contract for the provision of goods or services; or
- (2) If a date is not established by contract, not more than 45 days after goods or services are received or not more than 45 days after the invoice is rendered, whichever is later."

For invoices processed in FY2019, the City of Richmond improved compliance with the Prompt Payment Act from the prior audit report issued in September 2015. During FY2019, 109,029 (87%) invoices were paid in compliance with the Prompt Payment Act as compared to the prior compliance rate of 77% as shown in the following charts:





\*Auditor Prepared Charts

The City has improved in this area over the last four years. For the payments that were beyond the established timeline for prompt payment, the departments indicated various reasons for the delays as follows:

- Invoice not received or delayed from the vendor;
- Invoice sent to the wrong City department;
- Internal department processing delays; and
- Inaccurate invoices from the vendor.

Payments that are not in compliance with the Prompt Payment Act could result in late fees, interest charges, and damage to the City's reputation for doing business.

## What Needs Improvement

### Finding #1 –1099 Reporting

Information Return Reporting for services and the combination of services and products from a vendor should be reported on a 1099 Miscellaneous Form at the end of the calendar year, dependent on the type of business organization. The type of business and goods/services provided determines if a 1099 Miscellaneous report should be issued and reported to the Internal Revenue Service (IRS).

DPS has developed a policy effective July 13, 2017 to flag vendors for 1099 reporting. It requires that DPS review the vendor database monthly to ensure vendors are properly flagged for 1099 reporting.

From the supplier listing, the auditors selected a limited non-statistical sample from a population 3,635 of vendors with payments greater than \$600 and reviewed whether they were properly flagged and reported for 1099 Miscellaneous Information Return Reporting for CY2018. Based on the testing, it was determined that the required reporting was not completed for 20% (5/25) of the reviewed sample of vendors. The 1099 Miscellaneous Returns should have been issued for services or the combination for services and products greater than or equal to \$600. In one instance, a vendor was paid over \$3 million in CY2018 without a 1099. The auditors verified that this was corrected for this vendor in CY2019.

DPS indicated that multiple reasons caused the vendors not to be flagged, including turnover of staffing in the position responsible for flagging vendors, shortage of staffing to enforce the policy in place, and incomplete documentation to determine the tax reporting entity type.

Vendor payments for services and/or the combination of services and products were not setup in RAPIDS and reported to the IRS, which resulted in penalties. In FY2019, the City incurred and paid the IRS \$101,579 in penalties as a result of failure to file the required 1099's for CY2016.

**Recommendation:**

- 1. We recommend the Director of Procurement Services enforce the Vendor Database Management Policy to ensure vendors that require a 1099 are properly flagged.***

## **Finding #2 – Duplicate Payments**

System controls in RAPIDS prevent the same invoice number from being paid twice for the same amount and vendor site code. Department employees responsible for processing invoices should monitor and validate invoice accuracy prior to submitting for payment.

The auditors analyzed invoices paid in FY2019, matching on invoice number, amount, and date. A total of 124 invoices, totaling \$294,988, were reviewed as potential duplicate payments to vendors. Twenty-seven invoices from 10 departments, totaling \$19,950 were identified as duplicates, where funds have not been recovered by the City as follows:

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Department	Duplicate Invoices Not Recovered
City Attorney	\$175.00
Information Technology	\$57.00
Public Utilities	\$3,630.99
Public Works	\$2,406.92
Fire	\$3,095.75
Library	\$6,364.24
Community Wealth Building	\$1,967.60
Parks and Recreations	\$1,406.00
Planning and Development	\$686.76
Social Services	\$160.00

In addition, 19 duplicate payments were identified within nine City departments where funds had already been recovered for a total of \$93,132.

The identified duplicates resulted from modified invoice numbers, multiple purchase orders/receipts, and payments matched on purchase orders instead of receipts. The auditors also noted the vendors were previously set up in RAPIDS to be matched on purchase orders and would be manually changed to receipts during processing by AP. Vendors are now setup to match on receipts in RAPIDS. Additionally, OnBase can misread invoice numbers and other invoice information during the scanning process. It is the responsibility of the departments to ensure the information in OnBase matches the invoice.

The duplication of payments for the same invoice results in City vendors being paid multiple times, resulting in funds being expended for services not received. This could result in financial losses for the City if not recovered.

Recommendation:

2. *We recommend the following City departments recover identified duplicate payments from the vendors by either receiving a refund of the overpayment or a credit on future invoices:*

- *City Attorney*
- *Information Technology*
- *Public Utilities*
- *Public Works*
- *Fire*
- *Library*
- *Community Wealth Building*
- *Parks and Recreations*
- *Planning and Development*
- *Social Services*

### Finding #3 – Vendor Activity

DPS's Policy Number 49 indicates that "an annual vendor clean-up process that includes, the inactivation of vendors that have had no payment, purchase order, requisition, or receiving activity for a period of 18 months" should be completed.

A total of 19,011 vendors were in the supplier database as of 6/30/19. The auditors analyzed vendors with payments for the last 18 months to determine if vendors without payment activities were still active in the system. Based on this analysis the auditor determined 35% of the vendors did not have payments in the last 18 months. The following table represents testing of the supplier payment activities:

Categories	Number of Suppliers	Percent of Total Suppliers
No Payments and Still Active	6,593	35%
Payments and Properly Active	6,276	33%
No Payments and Properly Inactive	6,113	32%
Payments and Flagged Inactive	29	<1%
<b>Grand Total</b>	<b>19,011</b>	<b>100%</b>

DPS indicated that due to staffing changes and resource limitations in Procurement Services, they have not been able to complete the vendor maintenance process as outlined in the Policy. Vendors that are not inactivated could result in duplicate vendors and payments, as well as an increased risk of fraud.

**Recommendation:**

- 3. We recommend the Director of Procurement Services enforce compliance with the Vendor Database Management Policy on an annual basis to identify and deactivate inactive vendors.*

### Finding #4 – Vendor Registration

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According to DPS's Policy Number 49, the following documents are required to be attached to the vendors' file in RAPIDS prior to approval of the vendor and payment:

- Vendor Registration Form;
- IRS Form W-9; and
- IRS Tax ID Number (TIN) verification (if vendor is not registered in the State of Virginia's eVA procurement system) or eVA Report 1251 (if the vendor is registered in eVA).

The auditors tested a limited sample of 20 out of 2,573 active vendors paid with a purchase order to verify that the required documentation was attached in RAPIDS as required by the Policy. Based on the testing completed, the auditors identified the following:

- 12 out of 20 did not have Vendor Registration Forms in RAPIDS and DPS did not provide the forms as requested;
- 2 out of 20 did not have an IRS Form W-9 and they were not provided by DPS; and
- 9 out of 20 did not have an IRS Tax Identification Number (TIN) or eVA verification attached in RAPIDS, 7 of which DPS also was unable to provide.

DPS indicated that vendor registration forms are not required when it is an online registration (vendor registered themselves) or the iSupplier Administrator receives forms to register the vendor. Additionally, DPS indicated they have had a high rate of turnover during the period under review that has impacted this process. Without obtaining and documenting the required vendor documentation, as well as running the required checks, the City is at risk for conducting business with vendors without proper supporting documentation.

**Recommendations:**

- 4. We recommend the Director of Procurement Services update the Vendor Database Management Policy to reflect current practice for vendor registrations.***
- 5. We recommend the Director of Procurement Services require that TIN Verifications be completed as required by Vendor Database Management Policy for all new vendors setup for the City.***

### **Finding #5 –Segregation of Duties – RAPIDS**

Employees are granted access to RAPIDS based on their roles and responsibilities through a System Access Privilege Request (SAPR) by the departments. The requested access is approved by the data business owners. As noted by the external auditors in the FY2019 Report on Internal Control “A well-designed system of internal controls related to application access and security requires sound general computer controls be established and functioning to reduce the risk that the City’s operations are out of compliance with industry best practices and management’s objectives and expectations.”

As a part of this audit, the auditors reviewed access levels assigned to AP employees and noted conflicting roles within RAPIDS. One employee had access to multiple super user roles within the Finance, HR, & Procurement RAPIDS’ modules.

This issue was also noted as a significant deficiency and a repeat finding by the external auditors in FY2019 where it was stated, “The City has not developed a process to periodically review the active user listing for either the continued need for access or the appropriateness of access retained.” In response to this issue, management stated “DIT has engaged an external provider to assist in the development of a comprehensive strategic plan. This plan will provide a complete assessment of the security environment and the appropriateness of access controls. DIT plans to implement the findings from this study by June 30, 2020.”

RAPIDS’ access roles were not customized during implementation to eliminate overlaps and segregation of duties conflicts. When access requests are made, they have been modeled after prior users in the departments, which may have granted the employee more access than necessary to complete the job functions in their area. The City does not have a process in place to periodically review users’ system access. Roles within RAPIDS can be assigned to users that create segregation of duties conflicts, which may result in “an ineffective control environment increases the risk that financial data integrity is not maintained” as stated by the City’s external auditors.

**Recommendations:**

6. *We recommend the DCAO of Finance & Administration implement customized RAPIDS roles based on employee job functions within the City Departments.*
7. *We recommend the DCAO of Finance & Administration require a periodic annual review of RAPIDS roles assigned to all City employees.*

### **Finding #6 – City Travel Compliance – Use of P-Cards**

Administrative Regulation 6.4 outlines travel specific guidance for allowable expenditures related to travel for City business. Travel receipts for allowable expenses must be submitted via travel advance/settlement and that the “best possible rates” are paid. The Policy indicates that personal convenience, comfort, and taste are not permitted. Travel must be approved in advance by the appointing authority regardless of whether the employee seeks a travel advance. Starting in FY2019, travel is paid for through multiple methods:

**P-Cards** - These payments are identified in the P-Card system as travel by the Merchant Category Code.

- Travel related expenses on P-Card assigned to the individual traveler.
- Travel related expenses on P-Card assigned to another person in the department.

**RAPIDS** - These payments are identified in RAPIDS by travel invoice numbers or Invoice Payment Forms (IPF), Travel Advance & Settlements (TRVA/S)

- Travel advances and settlements to employees.
- Travel payments processed directly to vendor (Ex. Conference registrations, Airline tickets).

No centralized method or database to track travel exists for both payment methods. The total amounts related to the City's highest travelers could not be quantified due to the lack of a centralized system to track. To minimize the risk of reimbursing employees twice for travel payments, DPS now requires all travel expenses charged on P-cards to include a Travel Settlement Form. The settlement form acknowledges all prepayments by P-card and documents that it has been received by the Finance Department. However, the settlement form does not demonstrate



the pre-approvals were granted and all paid travel items were in compliance with the City's Travel Policy. Also, Finance does not have access to research/review these transactions in the P-Card database.

The City's P-Card program was initially implemented in FY2019 and allowed for the use of P-Cards without a process in place to reconcile expenditures to the Travel Policy. The P-Card travel guidelines also did not have a method of documenting pre-approvals related to travel expenditures.

With both methods of payment allowed, and no overlapping process to reconcile the two types, travel transactions can be processed and paid on P-Cards without a review for compliance with the Travel Policy, which may result in unauthorized travel.

**Recommendation:**

- 8. *We recommend the Director of Procurement Services limit the use of P-Cards for travel related purchases in the following ways:***
- o Assign only a limited number of P-Cards that can be used for travel to employees whose job responsibilities require frequent travel.*
  - o For all other employees that do not travel frequently limit travel related transactions on P-Cards to transportation (ex. airline and mass rail purchases, shuttles), and registrations on a centralized department or office P-Cards.*

**Finding #7 – Conflict of Interest**

DPS Purchasing Policy #23, Conflict of Interest, outlines the City's policy related to procurement transactions. DPS' policy is consistent with City Code and Code of Virginia related to Conflict of Interest. The purpose of the policy is to serve as a guide to using departments on managing and avoiding conflicts as the "expenditure of public funds require the highest degree of public trust and impeccable standard of conduct." In the policy, family interests such as services purchased from a relative or their business is identified as a common conflict.

The Department of Human Services Office of Multicultural Affairs paid \$1,100 to an employee's spouse for services provided to the department. It was known before hiring the vendor that she was the spouse of an employee. The payment to the employee's spouse was approved by the employee's supervisor who had knowledge that it was for her subordinate's spouse.

According to the Office of Multicultural Affairs, they procured the professional services for the development and implementation of a Pilot Program addressing Latino Youth Identity and Leadership. Richmond Public Schools requested results from the pilot program in order to add it to their Family Academy initiative, and is funding the implementation of the Youth program as an after school elective. The Office indicated that the skillset of the vendor was needed for the Pilot Program.

The auditor's noted that the supplier registration portal does not have an area for vendors to disclose potential conflicts of interest. A financial payment to the employee's spouse resulted from the services paid for by the City not in accordance with Procurement regulations.

**Recommendations:**

- 9. We recommend the DCAO of Human Services work with the Director of Procurement Services and the City Attorney's Office regarding this payment and any future transactions, to ensure compliance with Procurement regulations and take corrective actions as appropriate.***
- 10. We recommend the Director of Procurement add a field to the supplier registration portal to have potential vendors identify possible conflicts.***

## **Finding #8 – Invoice Payment Forms**

AP has a policy in place outlining the process for invoices to be paid using the IPF. AP reviews invoices submitted with an IPF and determines approval based on business purpose and supporting documentation.

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The City of Richmond uses an IPF to process payments for non-purchase order and other miscellaneous payments. An IPF can be submitted via paper form (limited use) or electronically through OnBase. The paper IPF has instructions outlining approved exceptions. OnBase also has a drop down field (not required) to populate for the exception type when the invoice is submitted for approval to AP. The exception listings on the paper form and in OnBase differ.

Based on a review of 55 invoices paid via IPF, 15 were paid with an exception not outlined in the instructions and policy or without an “approved exception type” on the form.

When the City implemented the new invoice scanning system in FY2019 the IPF or the policy was not updated to align with the new automated process. Policies not in alignment with the actual process can cause inconsistent processing of invoices by City Departments, delay in payments, and approval of invoices that are not approved exceptions.

Subsequent to the audit scope, AP demonstrated that the fields within the electronic IPF form in OnBase were made and the exception type is now a required field. Additional testing was not completed to verify that IPF's were in alignment with the updates.

**Recommendation:**

- 11. We recommend the Director of Finance update and enforce the IPF Policy to include all current approved exceptions and definitions/examples of those approved exceptions to reflect current process.***

**APPENDIX A: MANAGEMENT RESPONSE FORM**  
**2020-12 Accounts Payable (AP) Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	We recommend the Director of Procurement Services enforce the Vendor Database Management Policy to ensure vendors that require a 1099 are properly flagged.	Y	DPS posted and operates under its Standard Operating Procedure (2019-01) <i>Process for Properly Flagging Suppliers</i> . DPS has implemented measures to prevent these problems from resurfacing. Further, DPS intends to deploy greater capabilities of RAPIDS to automate supplier management, including the TIN matching program.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
	Principal Management Analyst		Complete.
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	We recommend the following City departments recover identified duplicate payments from the vendors by either receiving a refund of the overpayment or a credit on future invoices: <ul style="list-style-type: none"> <li>• City Attorney</li> <li>• Information Technology</li> <li>• Public Utilities</li> <li>• Public Works</li> <li>• Fire</li> <li>• Library</li> <li>• Community Wealth Building</li> <li>• Parks and Recreations</li> <li>• Planning and Development</li> <li>• Social Services</li> </ul>	Y	The Administration agrees with the recommendation and will seek to recover identified duplicate payments from the vendors.
	<b>TITLE OF RESPONSIBLE PERSON</b>		<b>TARGET DATE</b>
			6/30/2020
	<b>IF IN PROGRESS, EXPLAIN ANY DELAYS</b>		<b>IF IMPLEMENTED, DETAILS OF IMPLEMENTATION</b>

**APPENDIX A: MANAGEMENT RESPONSE FORM**

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#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	We recommend the Director of Procurement Services enforce compliance with the Vendor Database Management Policy on an annual basis to identify and deactivate inactive vendors.	Y	DPS intends to deploy the capabilities of RAPIDS to automate supplier inactivation in accordance with Policy 49-6.15. In the interim as resources are available, supplier records will be manually inactivated on an ongoing basis.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Principal Management Analyst and Senior Technology Manager		3/31/2021
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Resource challenges		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	We recommend the Director of Procurement Services update the Vendor Database Management Policy to reflect current practice for vendor registrations.	Y	DPS corrected the identified errors in the existing policy and intends to update and improve all policies and Standard Operating Procedures, including further improvements to this policy.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of Procurement Services		12/31/2020
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Resource challenges		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	We recommend the Director of Procurement Services require that TIN Verifications be completed as required by Vendor Database Management Policy for all new vendors setup for the City.	Y	DPS intends to deploy the capabilities of RAPIDS to implement the IRS Taxpayer Identification Number automatic matching program. In the interim the process will be managed manually.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Principal Management Analyst and Senior Technology Manager		3/31/2021
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

**APPENDIX A: MANAGEMENT RESPONSE FORM**

**2020-12 Accounts Payable (AP) Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
6	We recommend the DCAO of Finance & Administration <b>ensure the department directors</b> implement customized RAPIDS roles based on employee job functions within the City Departments.	Y	Implementation of the customized roles is a top priority of the portfolio departments, and is anticipated to occur in the upcoming months.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DCAO of Finance and Administration		7/1/2020
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
7	We recommend the DCAO of Finance & Administration <b>ensure the department directors</b> require a periodic annual review of RAPIDS roles assigned to all City employees.	Y	Once the customized RAPIDS roles have been implemented, annual review is planned to begin the subsequent year.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	DCAO of Finance and Administration		7/1/2021
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
8	3. We recommend the Director of Procurement Services limit the use of P-Cards for travel related purchases in the following ways: <ul style="list-style-type: none"> <li>o Assign only a limited number of P-Cards that can be used for travel to employees whose job responsibilities require frequent travel.</li> <li>o For all other employees that do not travel frequently limit travel related transactions on P-Cards to transportation (ex. airline and mass rail purchases, shuttles), and registrations on a centralized department or office P-Cards.</li> </ul>	N	DPS will restrict travel charges on P-cards to only Unclassified Employees and those classified employees whose job responsibilities require frequent travel. DPS Management does not agree with the second bulleted item and will not restrict transactions as recommended.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of Procurement Services		6/30/2020
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION

**APPENDIX A: MANAGEMENT RESPONSE FORM  
2020-12 Accounts Payable (AP) Audit**

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
9	We recommend the DCAO of Human Services work with the Director of Procurement Services and the City Attorney's Office regarding this payment and any future transactions, to ensure compliance with Procurement regulations and take corrective actions as appropriate.	Y	DCAO of Human Services met with the Director of Procurement Services regarding the incident in question. Corrective actions have been taken by Human Services.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of DPS and DCAO of Human Services		Complete
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
10	We recommend the Director of Procurement add a field to the supplier registration portal to have potential vendors identify possible conflicts.	Y	DPS will work to implement this change in RAPIDS.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Senior Technology Manager		3/30/2021
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Resource challenges		
#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
11	We recommend the Director of Finance update and enforce the IPF Policy to include all current approved exceptions and definitions/examples of those approved exceptions to reflect current process.	Y	IPF Policy was previously updated in January 2019, and is now being updated to provide a more inclusive list of approved exceptions.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Assitant Controller for Disbursements		3/31/2020
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION