

DeKalb County, Georgia



Department of Finance  
Internal Audit and Licensing

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**DATE:** May 7, 2010  
**TO:** Dr. Michael J. Bell, Chief Financial Officer  
**FROM:** Deputy Director of Finance, Internal Audit & Licensing  
**SUBJECT:** 2010 Process Controls Compliance Audit - DTAS  
**RE:** Accounts Payable (A/P) – Invoice Payment Cycle

**General Information**

Internal Audit (IA) interviewed the A/P Supervisor to get an overview of what policies and procedures are in place in regard to issuing payment for invoices which come into the County for goods and services as outlined below:

**Polices and Procedures:**

*Procedures Manual* - We observed a policy and procedural "master" manual which contains:

- Accounts Payable standard policies, procedures and directives.
- A flowchart and daily workflows of each Accountant/Accounting Technician.
- Job descriptions and daily responsibilities submitted by each Accounting Technician.
- Memos to staff regarding any changes or updates to policies and procedures.

**Internal Controls:**

*Separation of Duties* – Each Accounting Technician has one point of access, in the Oracle system, and has different levels of responsibility as follows:

- Sets up vendors.
- Date-stamps the invoices upon receipt, and distributes the invoices to each Accounting Technician.
- Processes the invoices for payment, which are divided alphabetically (including numerically); with utilities, Fleet Maintenance, and I-Expense each being handled by an individual Accounting Technician.
- Handles the check run; including reviewing a preliminary check listing for accuracy.
- Handles check disbursements.
- The A/P Supervisor specifically handles lease payments and invoices for the Law Department.
- All Accounting Technicians are locked out of Oracle during month-end close.

*Checks and Balances* –

- Purchase Orders must have a 3-way match.
- Invoices paid under contractual agreements, are under absolute funds match.
- Accounting Technicians, who process invoices, also serve as secondary technicians to their counterparts. However, the primary category that a technician processes is rarely changed.

## **General Information (con't)**

### **Invoice Payment Cycle:**

- Invoices are date-stamped upon receipt and worked in that order; then sorted and distributed to each Accounting Technician.
- A visual check is done of each invoice to ensure that the following is on each invoice:
  - Billed to “DeKalb County Government”.
  - Must have a company name or service provider name.
  - A detailed description of the services provided or the number of units to be received.
  - Invoice number, date, and amount.
- Invoices are processed by designated Accounting Technicians.
- County-wide invoices are allocated to cost centers by the Accounts Payable Manager.
- A preliminary check listing is run and matched to payment vouchers.
- Multiple check runs are done daily.
- A copy of the check and remittance advice is attached to the invoice and filed.

### **Objective**

To determine if policies and procedures are being followed in regard to the payment of invoices for work conducted and services provided for and throughout DeKalb County by the Division of Treasury & Accounting Services (DTAS).

### **Scope**

The scope of our audit is a review of policies, procedures, and internal controls as it relates to the accounts payable function of DTAS. Internal Audit (IA) reviewed the overall invoice payment cycle of various vendors and service types, by using a random sample of check vouchers and wire payment vouchers. We also examined the separation of duties, and utilization of available discounts. The review period was March 1, 2009 through April 22, 2010.

### **Testing Methodology**

IA interviewed the A/P Supervisor, who outlined the policies and procedures as it relates to the invoice payment cycle, from receipt to payment of invoices. We conducted our test of the invoice payment cycle based primarily on the interview, however we also observed the policy and procedural manual kept by the A/P Supervisor.

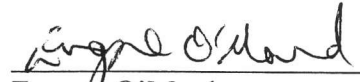
We reviewed a cross-section of vouchers (paper checks and wires) based on how A/P processed the invoices amongst the Accounting Technicians. We also reviewed vouchers issued under the Department of Watershed Management Toilet Retrofit Rebate Program. A similar methodology was applied for all testing; however, we grouped the vouchers as follows:

- Test #1 – payments by paper check to vendor/suppliers to verify that standard procedures have been followed for all invoices processed for payment. For this test group, we primarily looked at billing information and discount terms.
- Test #2 – issuance of toilet retrofit rebates to verify that standard procedures have been followed. While we tested various items relating to toilet rebates, the overall outcome is primarily applicable to the Department of Watershed Management.
- Test #3 – payments by wire to vendor/suppliers to verify that standard procedures have been followed for all invoices processed for payment.

**Conclusion**

Based on the number of transactions reviewed, we concluded that procedures and guidelines as conveyed to IA during our interview with the A/P Supervisor were followed as prescribed.

Please feel free to contact me if you have any questions or concerns relating to this audit report.

  
Eugene O'Mard

EO/KRW/TAG

Cc: Keith Barker – Chief Operating Officer/Executive Assistant  
Rhonda Naadueba – Deputy Director of Finance, DTAS