

**Post-Audit Review 22-09:
Timeliness of Vendor Payments**

August 2024

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

Lisa Culver, CFE





OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

August 7, 2024

To: Mayor Tim Kelly
City Council Members

Subject: Post-Audit Review of Timeliness of Vendor Payments (Audit #22-09)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2023 Timeliness of Vendor Payments Audit Report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

The majority of invoices were paid within 30 days of the invoice date. However, policies and procedures have not been updated to reflect new procedures. Additionally, there was noncompliance with standard accounting practices and inefficient processes that contributed to late payments.

The audit had ten recommendations to improve efficiency and effectiveness of the accounts payable process. At the time of this Post-Audit Review, three recommendations were not implemented, two were partially implemented, and five were implemented.

Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: **Audit Committee Members**
 Jermaine Freeman, Chief of Staff
 Mande Green, Chief Operating Officer
 Julia Bursch, Deputy Chief Operating Officer
 Javaid Majid, Chief Finance Officer
 Brain Smart, Deputy Finance Officer
 Josh McCutcheon, Financial Operations Manager

RECOMMENDATIONS NOT IMPLEMENTED (3)

Recommendation	Actions Taken
4 We recommended Finance utilize available functions in Oracle, such as imaging invoices and dashboard notifications.	Finance is still exploring the different functionality/options for the payables dashboard.
7 We recommended Finance perform periodic audits of invoice and receipt documentation.	Finance is going to implement monthly reviews of invoice and receipt documentation starting this month.
8 We recommended Finance provide notification of policy violations to department heads.	Once Accounts Payable begins their periodic review as stated in recommendation #7, they will identify requestors who violate the policy and notify their Department Heads.

RECOMMENDATIONS PARTIALLY IMPLEMENTED (2)

Recommendation	Actions Taken
6 We recommended Finance identify Oracle hold types and develop procedures to ensure holds are timely resolved by the appropriate personnel.	Finance has identified the different types of AP holds generated by Oracle. However, they have not updated their policies with this information or how to resolve each hold type.
10 We recommended Finance establish a written procedure to ensure consistency of data-entry.	The updated Finance Policies and Procedures Payments policy has revised instructions for the date to enter for construction invoices. However, updated language is needed to address what date to enter for utility-type statements and other invoice types.

RECOMMENDATIONS FULLY IMPLEMENTED (5)

Recommendation	Actions Taken
1 We recommended Finance, with the assistance of Purchasing, notify all suppliers to submit invoices directly to Accounts Payable or via the supplier portal.	In July 2022, Finance sent a letter to all current vendors instructing them to use the supplier portal. Since then, all new vendors are instructed about this requirement. Accounts Payable is in constant contact with vendors. They inform them to submit invoices via the portal or directly to them.
2 We recommended Finance notify the City departments that all invoices must be submitted directly to Accounts Payable or via the supplier portal.	Finance held a Citywide training with the requisitioners and instructed them to notify their suppliers to submit all invoices to Accounts Payable or the supplier portal. The training video is located on the Landing for future reference.
3 We recommended Finance update Finance Policies and Procedures Payments to include a requirement that City departments create an Oracle receipt upon receipt of goods/services but no longer than five working days.	The policy has been updated to include a requirement for City departments to create an Oracle receipt upon receipt of goods/services within two business days of satisfactory delivery of goods/services.
5 We recommended Finance work with Department of Technology Services or Oracle representatives to determine if and how department requestors AP dashboards could reflect holds only related to their procurements.	Finance has implemented an email notification to the requestor stating they have an invoice on hold. This notification will continue daily until the hold is resolved. According to Finance, this step has been a tremendous help with clearing holds timelier.
9 We recommended Finance revise the payment policy to document current procedures. The policies should be uploaded to the Landing and an email sent out to all requestors to inform them of the updates.	Finance updated their <i>Finance Payment Policy and Procedures</i> manual in April 2024, and it has been uploaded to the Landing. They provided training to City requestors in May.

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