

**City of Tampa
Internal Audit Department
Audit Program Guide
Accounts Payable
Audit 02 - 13**

Budget Hours	Audit Procedures	Done By	W/P Ref.
<i>Background</i>			
	Accounts Payable is a function of the City of Tampa's Accounting area and is organizationally located in the Division of Revenue and Finance. It is responsible for the payment of the City of Tampa's lawful bills.		
<i>Statistics</i>			
	In FY 2001, the Accounts Payable Section processed 41,966 checks for payment compared to 49,562 in FY 2000. The decrease is attributable to a change in the methodology for remitting child support payroll deductions to the State. In FY 2001, the City no longer issued an individual check for each employee that had a payroll deduction for child support. Instead, one check is issued to the State on behalf of all employees that have child support payroll deductions.		
<i>Planning the Audit</i>			
	<ol style="list-style-type: none"> 1. Print Quality Control Package and process Auditor Assignment and Independence Statement page. 2. Prepare and send an entrance letter to applicable personnel in the area under review. 3. Prepare a planning program and include a time budget for the preliminary survey work. 4. Conduct an in-house review of the following: <ol style="list-style-type: none"> a) Financial Data b) Internal Policy & Procedures Manuals c) Applicable Rules, Laws and Regulations, and d) Prior internal audit reports and management comments 5. Schedule and hold an entrance conference with the Auditee. Obtain the name of the departmental contact person and secure a place from which to conduct the fieldwork portion of the audit. 6. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file. 7. Review and document Internal Control System. (Include control points, such as the location within the system of approvals, authorizations, segregation of duties, supervision, reconciliations, computer-generated error and edit listings, exception reports, etc.) 8. After gaining an understanding of various functions, conduct several transaction walk-throughs. Revise documentation as necessary. 9. Prepare a survey memo listing the strengths and weaknesses of the system. Discuss the areas of greatest risk and exposure to the City. Also, include suggested audit objectives and test procedures. Discuss with Audit Supervisor and the Deputy Director. 10. Prepare the audit program and include a time budget and estimated completion date. Index the preliminary survey file and turn in for review. 		

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	<p>The Planning Checklist page of the Quality Control Package should be completed by the Audit Supervisor.</p> <p>11. Clear review notes and revise the audit program, if necessary.</p>		
Audit Scope			
	<p>Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover the operations of Accounts Payable for the period of October 1, 2000 to September 30, 2001.</p>		
Audit Objectives			
	<ol style="list-style-type: none"> 1. To ensure that vendor payments are properly authorized and for the correct amount. 2. To ensure that payments to vendors are only for goods and/or services received and that invoices are paid in a timely manner. 3. To ensure that duplicate payments are not made to a vendor. 4. To ensure that system update capabilities to vendor files are limited to authorized personnel only. 5. To ensure that system access capabilities are commensurate with employee job duties. 		
Objective 1: To ensure that vendor payments are properly authorized and for the correct amount.			
	<ol style="list-style-type: none"> 1. Select a random sample of 23 checks from Accounts Payable storage files. 2. Verify that invoice is signed by authorized department personnel and verify that signature card is on file in the Accounts Payable Section. 3. Compare and agree P.O. and vendor price differences to approved Price Adjustment Request (PAR) if applicable. Agree approved PAR amount to check payment amount. 4. Review cancelled checks. Agree check number, date, payee and amount to FAMIS. Agree endorsement to payee. Agree the check amount to vendor invoice amount and related purchase order amount (if applicable). 5. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 6. Summarize and conclude. 		
Objective 2: To ensure that vendor payments are only for goods and/or services received and that invoices are paid in a timely manner.			
	<ol style="list-style-type: none"> 7. Utilizing the random sample selected in Objective 1, ascertain that the goods and or services were received prior to payment. 8. Utilizing the random sample selected in Objective 1, ascertain timeliness of payment to invoice terms and date goods/services were received. 9. Review ADPICS and FAMIS "Document Authorization Mailbox Screens" for open invoices for significant number of days outstanding. Document exceptions with screen prints from ADPICS and FAMIS. 10. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 11. Summarize and conclude. 		

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<i>Objective 3: To ensure that duplicate payments are not made to a vendor.</i>			
	<p>12. Utilizing the random sample selected in Objective 1, ascertain if duplicate payments exist by performing the following:</p> <ul style="list-style-type: none"> a) Ensure supporting documents have been cancelled. b) Review/scan vendor payment history file in system for potential duplicate payments <p>13. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>14. Summarize and conclude.</p>		
<i>Objective 4: To ensure that system update capabilities to vendor files are limited to authorized personnel only.</i>			
	<p>15. Obtain a report from MIS that lists the User Ids that have update capability to the ADPICS and FAMIS vendor tables. Ascertain that the update capabilities are limited to authorized personnel.</p> <p>16. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>17. Summarize and conclude.</p>		
<i>Objective 5: To ensure that system access capabilities are commensurate with employee job duties.</i>			
	<p>18. Obtain ADPICS and FAMIS User Profiles for Accounts Payable personnel and review to determine if access is commensurate with employee job duties.</p> <p>19. Ascertain if terminated employees from the Accounts Payable Section still have access and at what level.</p> <p>20. For new employees, ascertain if access was authorized by supervisor.</p> <p>21. Determine if an annual security access review was conducted on a departmental basis for ADPICS and FAMIS.</p> <p>22. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management.</p> <p>23. Summarize and conclude.</p>		
<i>Audit Wrap Up</i>			
	<p>24. Complete and index working papers.</p> <p>25. Prepare a preliminary draft of the audit report.</p> <p>26. Clear review notes.</p> <p>27. Forward draft to auditee and request responses within 10 working days.</p> <p>28. Incorporate auditee responses into the final audit report.</p> <p>29. If requested, schedule and hold exit conference.</p> <p>30. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director.</p> <p>31. Present the audit report to the Mayor.</p>		