DRAFT – PRELIMINARY
FOR DISCUSSION PURPOSES ONLY
Distributed 1/10/07

Background

- Gain general understanding of current internal control environment
  - We believe we have this understanding
- Develop an understanding of current and historical IT systems and data environment related to accounts payable
  - We believe we have a general understanding of the IT systems and data environment

Trends Related to Encumbrances and Issuances of Purchase Orders Related to Goods and Services and Payment of the Same

- Compare vendors with employee listings - names and addresses
  - We received the employee address information on 1/9/07. We will complete this second analysis as soon as possible
- Determine if there are specific vendors that may be considered high risk due to volume or dollar value of activity
  - Completed – this information was broken down by volume and dollar value
- Determine if all year end accruals were liquidated
  - Completed – this information is broken down by fiscal year – County is reviewing for comment
- Determine if data captured consistent across all modules of financial systems
  - To be completed at end of analysis, to extent possible
- Tests to identify general trends, anomalies, and outliers within PO and payment data – routines around vendors, timing and amounts
  - To be completed at the end of analysis, to extent possible

Compare Spending Authority in Budgeted Areas to Spending Patterns in Same Areas

- Obtain budget authorizations as loaded in financial systems
  - Completed – have data by FY, fund, index code and object – County is reviewing for comments
- Compare expenditure data with budget authorizations at control levels

- Completed – County is reviewing for comments

- Test for transfers of expenditures and budgets to attempt to identify reasons for transfer
  - Completed – County is reviewing for comments
- Test for entries made outside of normal business hours and by individuals that do not normally make such entries
  - Completed – this information is broken down by user and by day of the week.
- How was money spent – activity spending
  - May not be able to complete – we have determined the program level in the system, but need to see what is can be compared to for a meaningful analysis – we are working with County personnel to obtain additional information.

Evaluate Cancelled and Stale Encumbrances

- Identify cancelled encumbrances
  - Completed – County is reviewing for comments
- Identify stale encumbrances
  - Completed – County is reviewing for comments
- Identify personnel making the most reversing entries
  - Plan to complete by the end of next week – need additional data at this level of detail. Currently discuss with County personnel to resolve. We should receive the data shortly

Determine if it Appears that Encumbrances are Created in Current Fiscal Year for Next Fiscal Year Expenditures

- Identify encumbrances created in accounts with large available balances near year end
  - This task will be completed by the end of next week
- Identify encumbrances with end dates in next fiscal year
  - Completed – County is reviewing for comment
- Identify potential problem entries for analysis
  - To be completed at end of analysis. These are being identified as we proceed and generally follow the top 10 listings that have been prepared.

Examine Capital Accounts Specifically for Timeliness of Fund Reversion

- Examine capital accounts for projects that have not had expenditures for a period of time
  - Completed – County personnel reviewing for comment
- Compare capital contract end dates and extensions of end dates to expenditures
  - We expect to complete this task by the end of next week
- Change orders as a percent of base contract
  - Completed