



Western Suffolk Board of Cooperative Educational Services

Budget Transfers and Confirming Purchase Orders

Report of Examination

Period Covered:

July 1, 2014 – November 30, 2015

2016M-218



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

September 2016

Dear Board of Cooperative Educational Services (BOCES) Officials:

A top priority of the Office of the State Comptroller is to help BOCES officials manage BOCES resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support BOCES operations. The Comptroller oversees the fiscal affairs of BOCES statewide, as well as BOCES' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving BOCES operations and Board of Education governance. Audits also can identify strategies to reduce BOCES costs and to strengthen controls intended to safeguard BOCES assets.

Following is a report of our audit of the Western Suffolk BOCES, entitled Budget Transfers and Confirming Purchase Orders. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for BOCES officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

The Western Suffolk Board of Cooperative Educational Services (BOCES) is an association of 18 component school districts. BOCES is governed by a seven-member Board of Education (Board) elected by the boards of its component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs. The BOCES Chief Operating Officer is responsible, along with the Chief Financial Officer and other administrative staff, for BOCES' day-to-day management and for regional educational planning and coordination. According to statute, the BOCES Superintendent is an employee of both the appointing BOCES and the New York State Education Department. As such, the BOCES Superintendent also serves as a representative for the New York State Commissioner of Education.

Combined, BOCES and the component districts educate approximately 93,000 students in the western area of Suffolk County. BOCES delivers more than 70 educational and administrative services to its 18 component school districts and employs approximately 1,200 staff members. BOCES' 2014-15 fiscal year expenditures of approximately \$163.8 million¹ were funded primarily by charges to school districts for services and federal and State aid. Budgeted appropriations for the 2015-16 fiscal year were approximately \$160.4 million.

Scope and Objective

The objective of our audit was to review BOCES' budget transfer and purchase order processes for the period July 1, 2014 through November 30, 2015. To evaluate budget transfers, we extended our scope back to July 1, 2013. Our audit addressed the following related questions:

- Did the Board appropriately authorize budget transfers?
- Did BOCES officials ensure that purchases were approved before items were ordered?

Audit Results

The Board did not always enforce its policies and procedures. Although the Board is required to approve all budget transfers above \$25,000, the Chief Financial Officer approves these transfers. We

¹ Includes total expenditures of \$154.4 million, return of surplus to component school districts of \$4.3 million and \$5.1 million transferred to other funds

reviewed 30 budget transfers totaling \$9.2 million and found that 24 totaling \$7.8 million were not presented to the Board for approval. The Board approved the remaining six budget transfers totaling \$1.4 million between 18 and 70 days after the transfers were processed. The Board's ability to monitor the budget and ensure that account codes are not overspent is compromised when it does not approve budget transfers. Additionally, BOCES officials are making excessive use of miscellaneous budget codes for expenditures. Expenditures totaling \$2.3 million were coded to miscellaneous budget codes during the 2014-15 fiscal year. This reduces the transparency of BOCES operations.

Furthermore, BOCES officials are not ensuring that all employees are adhering to the purchasing policy and procedures established by the Board. As a result, employees purchased goods and services totaling \$13,700 from six vendors before preparing purchase orders (POs) to be approved by the purchasing department. In addition, the purchasing department is not adequately tracking the occurrence of confirming POs by notifying employees of their lack of adherence to the established policy. As a result, there is limited assurance that purchases are made at the best price and quality and are for legitimate and authorized BOCES purposes.

Comments of BOCES Officials

The results of our audit and recommendations have been discussed with BOCES officials, and their comments, which appear in Appendix A, have been considered in preparing this report. BOCES officials disagreed with certain findings but indicated they plan to initiate corrective action. Appendix B includes our comments on issues raised in BOCES' response.

Introduction

Background

The Western Suffolk Board of Cooperative Educational Services (BOCES) is an association of 18 component school districts. BOCES is governed by a seven-member Board of Education (Board) elected by the boards of its component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs. The BOCES Chief Operating Officer is responsible, along with the Chief Financial Officer and other administrative staff, for BOCES' day-to-day management and for regional educational planning and coordination, including budget transfers and procurement of goods and services.

BOCES provides shared services in which component school districts participate to enhance their individual educational programs and allow the component districts to provide programs that they could not otherwise afford. State aid is paid to BOCES and then reimbursed to component school districts based on their respective financial support for program services and administrative and facilities expenditures. However, component school districts finance these expenditures primarily through the levy of real property taxes. BOCES does not have its own taxing authority. BOCES appointed a Director of Purchasing who oversees the purchasing department, which includes monitoring the use of confirming purchase orders.

Combined, BOCES and the component districts educate approximately 93,000 students in the western area of Suffolk County. BOCES delivers more than 70 educational and administrative services to its 18 component school districts and employs approximately 1,200 staff members. BOCES' general fund expenditures for the 2014-15 fiscal year totaled approximately \$163.8 million and were funded primarily by charges to school districts for services and State and federal aid. Budgeted appropriations for the 2015-16 fiscal year were approximately \$160.4 million.

Objective

The objective of our audit was to review BOCES' budget transfer and purchase order processes. Our audit addressed the following related questions:

- Did the Board appropriately authorize budget transfers?
- Did BOCES officials ensure that purchases were approved before items were ordered?

**Scope and
Methodology**

We examined the budget transfer and purchase order processes for the period July 1, 2014 through November 30, 2015. To evaluate budget transfers, we extended our scope back to July 1, 2013.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of BOCES
Officials and Corrective
Action**

The results of our audit and recommendations have been discussed with BOCES officials, and their comments, which appear in Appendix A, have been considered in preparing this report. BOCES officials disagreed with certain findings but indicated they plan to initiate corrective action. Appendix B includes our comments on issues raised in BOCES' response.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP should begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the Board Clerk's office.

Budget Transfers

The Board is responsible for oversight of BOCES operations and safeguarding its resources. This includes monitoring BOCES expenditures to ensure they stay within total budgeted appropriations.² Effective budgetary controls limit expenditures to the specific purposes and amounts authorized by the Board in the annual operating budget. Budget transfers allow BOCES to move funds from one appropriation account to another to avoid overdrawing an appropriation account. Controls over budget transfers help ensure that budget transfers are properly authorized and processed accurately, appropriately and timely. It is essential for the Board and BOCES officials to adhere to their policy and regulations to monitor actual expenditures against budgeted appropriations to ensure that appropriations are not overspent. Additionally, miscellaneous codes should only be used when there is no other code available for use.

The Board did not properly authorize budget transfers. The budget transfer policy requires that the Board approve all transfers above \$25,000. However, the Chief Financial Officer actually approved budget transfers above \$25,000. Additionally, 24 budget transfers totaling \$7.8 million were not presented to the Board after being processed, which limited its oversight abilities. Furthermore, BOCES officials made excessive use of miscellaneous codes for expenditures. This reduces the transparency of BOCES' operations.

Transfers Greater Than \$25,000

The Board adopted a policy for budget transfers and adjustments that authorizes the Chief Operating Officer or his designee to transfer funds between line items. The policy is supplemented by written procedures that authorized the Superintendent to approve any transfer that does not exceed \$25,000.³ The procedures further state that the Board must approve all transfers exceeding \$25,000. The Board has not updated its policy and procedures since it adopted them in 1996.

During the period July 1, 2013 through November 30, 2015, the principal account clerk processed 1,232 budget transfers totaling approximately \$22.3 million. We reviewed 30⁴ budget transfers exceeding the threshold noted above, totaling \$9.2 million, and found

² An appropriation is an amount authorized for expenditure. General statutory law requires political subdivisions to establish appropriations as a means of providing control over amounts that may be expended.

³ This is also stated in a resolution passed at the reorganization meeting for the 2015-16 fiscal year.

⁴ A total of 180 budget transfers totaling about \$18.7 million were made for \$25,000 and above. We selected the 30 largest budget transfers, as they are a good representation of the sample.

that none were approved by the Board prior to the budget transfers being posted to the accounting software. Instead, all of the transfers were approved by the Chief Financial Officer either before or the same day they were posted.

Twenty-four budget transfers totaling \$7.8 million were never presented to the Board for approval. BOCES officials indicated that they do not present to the Board transfers exceeding \$25,000 between accounts with the same description. However, these transfers had different descriptions, as detailed below.

- Five of 24 budget transfers totaling \$902,328 included transfers between different activity or object codes.⁵ For example, a transfer for \$170,000 was from one miscellaneous object code to another.⁶ The transfer was from an activity code for administration to an activity code for building security. Another transfer for \$175,969 included transfers to both different activity and object codes. For example, funds were transferred from an activity code for special education support to a code for undistributed benefits.
- The remaining 19 transfers totaling \$6.9 million were for transfers within a particular component school district with the same activity codes but with different miscellaneous object codes. The transfers of funds were from a miscellaneous code entitled “undefined” to another miscellaneous code.

Six of the 30 budget transfers, totaling \$1.4 million, were presented to the Board after the budget transfers were processed.

- A transfer for \$165,367 was presented to the Board for a lesser amount: \$146,329. Business officials told us that they did not present the remaining \$19,038 to the Board because the budget codes had the same description. However, the transfer was from a teaching contract salary code to a non-teaching contract salary code.
- The six transfers were presented to the Board between 18 and 70 days after being processed. For example, a transfer from software licenses and support code to telephone code for \$178,704 was entered in the accounting software on July 1, 2014 and presented to the Board for approval on September 9, 2014, 70 days after the transfer was processed. There were Board meetings held on July 8 and August 12, 2014, at which these transfers could have been presented.

⁵ BOCES account codes include the activity code, which defines the functional unit, and the object code, which defines the nature of the expenditure.

⁶ Some budget transfers consist of funds to or from multiple account codes.

Because the Board is not presented with all budget transfers as required by the policy, its ability to effectively oversee the budget is reduced. Therefore, BOCES' financial resources are at an increased risk of being depleted or misappropriated without detection or correction.

Miscellaneous Codes

The coding of account codes in the budget facilitates the classification of data on source documents and the posting of entries in accounting records. It enables identification of transactions quickly and provides consistency in reporting. Good business practice requires that revenues and expenditures in the budget are coded in a manner to provide the highest degree of transparency to the Board, component school districts and stakeholders. At a minimum, expenditures must be controlled by the functional unit and the basic object of the expenditure. Miscellaneous budget coding should only be used when there are no other account codes available to describe the transaction being recorded.

During our review of the 30 budget transfers, we identified six transfers totaling \$1.5 million that were either to or from miscellaneous codes. In fiscal year 2014-15, BOCES recorded expenditures totaling \$2.3 million to 98 miscellaneous budget codes. Miscellaneous expenditures accounted for 1.4 percent of the \$163.8 million total expenditures during this time.

We also reviewed 50 claims totaling \$311,578 and found four claims totaling \$10,990 were coded to miscellaneous budget codes during 2014-15. We reviewed these claims to determine if the purchases were unique and correctly coded as miscellaneous.⁷ We believe that these were not miscellaneous transactions, as detailed below:

- \$7,440 was used to pay for 250 employees to attend a conference/membership meeting;
- \$2,500 was used to pay for training;
- \$650 was used to purchase medical uniform supplies; and
- \$400 was used to pay for an autopsy video conference.

Excessive use of miscellaneous codes may provide a lack of transparency to the component school districts, the Board and stakeholders.

⁷ The four claims were in our testing of confirming purchase orders.

Recommendations

The Board should:

1. Approve budget transfers in excess of \$25,000 in a timely manner as required by policy.
2. Revise its policy to reflect what budget transfers, if any, do not have to be presented to the Board.

BOCES officials should:

3. Ensure that budget transfers in excess of \$25,000 are presented to the Board for approval as required by the budget transfer policy.
4. Only use the miscellaneous codes for expenditures that have no other budget code available.

Confirming Purchase Orders

A purchase order (PO) serves as the source document for BOCES claims that are entered into the accounting system. A properly functioning PO system ensures that purchases are properly authorized and preapproved, and that adequate funds are available before a purchase is made. A PO should be issued prior to purchasing goods or receiving services. A confirming PO is one prepared after the goods or services have already been ordered or received from a vendor. BOCES officials should control and limit the use of confirming POs to emergency purchases because such purchases circumvent the review, approval and price verification processes of the normal purchasing process. Confirming POs result in limited assurance that purchases are made at the best price and quality and are for legitimate and authorized BOCES purposes. Confirming POs should be marked as such and include an explanation of the circumstances, such as a documented emergency.

The Board adopted a purchasing policy that states the purchasing agent is responsible for supervising purchases. The Board adopted regulations to supplement the policy that require the use of POs for anticipated expenditures. BOCES also had written procedures covering instances when an employee is found to have issued a confirming PO. The procedures require that BOCES officials issue a memorandum to an employee who purchases a good or service without an approved PO. The first and second memorandums inform the employee that it is improper to purchase or order goods or services without using a properly authorized PO and direct the employee to familiarize themselves with policy requirements. If the employee issues a confirming PO a third time, they should be sent a memorandum requiring them to meet with an official. Additionally, officials have created a confirming memo log to track employees who received a memorandum regarding their lack of adherence to the purchasing policy.

During the audit period, BOCES paid 13,521 general fund claims totaling approximately \$148.7 million. We selected 50 claims totaling \$311,578 to determine if POs were issued before goods were ordered or received.⁸ We found six POs⁹ totaling \$13,700 (12 percent of the total claims reviewed) were confirming POs. None of these purchases were documented as an emergency situation. These POs were approved between two and 27 days after the invoice dates.

⁸ See Appendix B, Audit Methodology and Standards, for details on our sample selection.

⁹ One of the claims totaling \$3,450 included purchases made after the PO was prepared and approved. These purchases, totaling \$1,860, are not included in the total \$13,700.

For example, a vendor submitted an invoice dated October 30, 2014 for \$7,440 for a fall conference hosted by BOCES. However, the PO was dated November 17, 2014, 18 days after the invoice was prepared. Another vendor was paid \$800 for lab rental for a field trip. The invoice was dated December 11, 2014, while the PO was dated January 7, 2015, 27 days later. Although BOCES officials stated that they implemented procedures to mitigate the use of confirming POs, including issuing memorandums to employees and tracking confirming purchases on memo logs, they did neither for the six confirming POs in our review.

Although the six POs were for valid BOCES purposes, when POs are issued after goods are purchased or services performed, BOCES officials cannot be certain they are obtaining them on the most favorable terms in the best interests of residents. Additionally, confirming POs increase the risk that BOCES employees could make purchases that are not properly reviewed and approved or for legitimate BOCES purposes.

Recommendations

BOCES officials should:

5. Ensure that POs are prepared and approved prior to ordering goods and services, in accordance with BOCES' policy and regulations.
6. Properly document all confirming POs and submit memoranda to employees that purchase goods or services without properly authorized POs, as required by BOCES' written procedures.
7. Restrict the use of confirming POs to exceptional situations, such as a documented emergency situation.

APPENDIX A
RESPONSE FROM BOCES OFFICIALS

The BOCES officials' response to this audit can be found on the following pages.



Michael Flynn
Chief Operating Officer

BOARD MEMBERS

Peter Wunsch, *President*
Salvatore Marinello, *Vice President*
Mildred Browne
Sydney Finkelstein
Ilene Herz, Esq.
Jeannette Santos
Maryann Zumpano

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September 15, 2016

Mr. Ira McCracken, Chief Examiner
Office of the State Comptroller
Division of Local Government and School Accountability
110 State Street
Albany, NY 12236

Dear Mr. McCracken:

We are writing in response to the draft audit report of the Office of the State Comptroller received on August 1, 2016. We note that your letter initiating this audit states that the purpose of the audit was to review “policies and procedures related to internal controls.” Based on that statement, we expected that your report would cover and comment on the full extent of what we believe to be extensive internal controls on all aspects of our business function. The report as issued is titled, “Budget Transfers and Confirming Purchase Orders” and contains as the scope and objective no mention of areas other than the two areas referenced above.

We are surprised that your report does not mention the full scope of the internal controls review your office conducted referred to by your staff as a risk assessment. The draft report is solely focused on two areas without mention of the internal controls that are robust and functioning as intended. In this regard your report does not address the adequacy of controls over the business function of this agency. We respectfully request this comment be considered in your future planning.

See
Note 1
Page 17

In response to the specific comments contained in your report please consider the following:

Budget Transfers and Miscellaneous Codes

All budget transfers were presented and approved by the Board in accordance with the Board’s Budget Transfer and Adjustments policy and in conformance with the Uniform System of Accounts for reporting to the Office of the State Comptroller and State Education Department, with a single exception that was omitted by clerical oversight. The Board’s budget policies and practices are intended to provide transparency and oversight of the budget. To this end, the Board has adapted its’ budgetary policies to conform to the Board’s longstanding practice of diligently safeguarding the financial resources of this BOCES.

See
Note 2
Page 17

Board of Cooperative Educational Services
Second Supervisory District of Suffolk County
www.wsboces.org

For budget management purposes BOCES uses “sub account” codes which extend the codes that are required by the Uniform System of Accounts for reporting to the Office of the State Comptroller and State Education Department. As recommended by your office, we will review creating additional sub codes for future years’ budgets.

Of the 24 items the report indicates were not presented for Board approval, 23 included only amounts transferred between “sub accounts” within the same object code and did not change the amounts as reported in the previously Board adopted budget. We agree that a single transfer that should have been reported was, in fact, omitted due to a clerical oversight. Other transfers cited in the report did not include amounts that would have changed the object code totals by the required \$25,000 and thus did not require approving action by the Board.

See
Note 3
Page 17

After due consideration of this issue, the Board adopted a revised Budget Transfer and Adjustment policy in July 2016, to make it clear that the Executive Officer is authorized to transfer funds among line items to adjust budgets to reflect increases/decreases in enrollments or changes in district requests for services, only reporting to the Board those that exceed the \$25,000 limit. The revised policy further clarifies the Board’s longtime understanding that the policy only refers to transfers between required object codes as defined by the Comptroller’s Accounting & Reporting Manual. Attached please find a copy of the revised Budget Transfer and Adjustments policy.

There were 6 other transfer items referenced in the report as being approved by the Board after their recording. It is our longstanding practice and interpretation of the Board’s policy to permit the Executive Officer to approve and execute such transfers which do not exceed the \$25,000.00 limit in order to permit the prompt delivery of services to school districts. After consideration of this issue, and as previously referenced, the Board adopted a revised policy in July 2016, which clarifies and conforms with our longstanding practice that permits the Executive Officer to approve all transfers which do not exceed the \$25,000.00 limit.

See
Note 4
Page 17

Confirming Purchase Orders

Respectfully, we disagree with the interpretation the report makes in this area. The report states that a confirming Purchase Order is “one prepared after the goods or services have already been ordered or received from a vendor.” None of the Purchase Orders identified in the report were prepared after the goods or services were received or ordered, save one item.

See
Note 5
Page 17

The policies of the Board make it clear that the only official authorized to contract for goods or services is the named purchasing agent and in all but the one case, the Purchase Order was issued prior to the date that the goods or services were actually delivered.

See
Note 5
Page 17

It is our normal and accepted practice for staff to investigate availability and pricing for goods and services and to then submit purchasing requisitions for items that are desired. Those requisitions require administrative approval and the staff activities do not and cannot represent

See
Note 5
Page 17

an obligation in the name of BOCES. "Invoice dates" in most cases cited represented reservations for events, requests for prepayments, confirmation of pricing pursuant to a quotation or similar circumstances. Save for a single item, the Purchase Orders in all instances were prepared before the goods or services were actually ordered or received from the vendor and were therefore not confirming orders.

To further avoid any future instances of confirming transactions, we have modified our procedures to require, as a precondition to payment, an invoice which clearly bears the Purchase Order number indicating that the vendor has received and is responding to the Purchase Order.

We would like to thank the Office of the State Comptroller, and in particular, your staff members, whose professionalism during this audit was exemplary. We appreciate the efforts of the Comptroller's staff to strengthen and improve upon our financial practices.

Sincerely,

Peter Wunsch, President
Western Suffolk BOCES
Board of Education

PW:jk
Attachment

Non-Instructional/Business Operations

Budget Transfers and Adjustments

Because the administrative, capital and various service budgets of BOCES are distinct and separate, no transfer of funds is permitted among the administrative, capital or service budgets.

The Executive Officer or designee is authorized to transfer funds among line items within a budget to adjust budgets to reflect increases/decreases in enrollments or changes in requests for services.

All budget adjustments that increase the total adopted budget or that include transfers of amounts greater than \$25,000 between object codes as defined by the Comptroller's accounting manual shall be reported to the Board at the next regular meeting.

Commissioner's Regulations
Section 170.2

Adopted: October 8, 1996
Revised: July 5, 2016

APPENDIX B

OSC COMMENTS ON THE RESPONSE

Note 1

During the planning phase of our audit, we gained an understanding of the internal control environment. However, we did not perform detailed audit tests in all areas. We selected the areas most at risk: budget transfers and confirming purchase orders. We performed audit procedures and reported on the result of our review as related to our audit objective.

Note 2

Board policy required that all budget transfers that exceeded \$25,000 must be approved by the Board. However, 24 of the 30 budget transfers we reviewed were never presented to the Board for approval.

Note 3

Of the 24 items that were not presented for Board approval, two (not 23 as referred to in BOCES' response) were transferred between accounts with the same object code. Regardless of the object codes being the same, the policy required Board approval for any transfer above \$25,000.

Note 4

All budget transfers referred in our audit report exceeded \$25,000 and, therefore, should have been approved by the Board.

Note 5

We found no evidence on the invoices reviewed that goods and services were not ordered before the purchase orders were prepared. While it is common practice for vendors to indicate when an invoice is a proposal and not a bill, the invoices reviewed had no such indication. Furthermore, there were no subsequent invoices sent from any of the vendors to request payment from BOCES for goods and services provided.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed appropriate individuals regarding BOCES' policies and procedures related to budget transfers and confirming POs.
- We conducted interviews with individuals regarding the budget transfer process.
- We reviewed Board resolutions to determine if, and when, the Board approved budget transfers.
- We obtained a listing of all 1,232 budget transfers from July 1, 2013 through November 30, 2015 totaling \$22.3 million. We then separated the budget transfers that were \$25,000 and above, totaling 180 budget transfers (\$18.7 million). We then selected the highest 30 budget transfers (about 17 percent, which is sufficiently representative of the population greater than \$25,000 and above) totaling \$9.2 million to determine if they were approved by the Board.
- For the budget transfers not approved by the Board, we identified the individual who approved the transfers. For those approved by the Board, we determined if they were approved before they were posted to the accounting system.
- We obtained a copy of each budget transfer request form that was submitted to the Chief Financial Officer for approval. We documented the date each request was made from the department, the date the budget transfer was approved by the Chief Financial Officer, and the date the budget transfer was submitted to the Board for approval.
- We conducted interviews with pertinent individuals regarding confirming POs, confirming logs and memoranda.
- We used a random number generator and selected 35 out of a population of 9,938 claims totaling \$166,148 for review from the Accounts Payable Check Register for the period July 1, 2014 through June 30, 2015. We selected an additional 15 of 3,583 claims totaling \$145,430 for review check from the Accounts Payable Check Register for the period July 1, 2015 through November 30, 2015. We selected 35 and 15 claims which we judged to be a sufficient representation of the population. After making selections and obtaining claims packets, we determined that the random number generator selected 22 payments that pertained to workers' compensation or travel and conference reimbursements made to employees. After omitting these claims from our selections, we judgmentally selected an additional 22 claims by selecting vendors paid for commodity type purchases.
- We reviewed the confirming memo log developed by the purchasing department to see if confirming POs were documented.
- We reviewed all pertinent documents for each claim selected, including POs, vouchers, vendor invoices, copies of checks, delivery receipts, warrants and aggregate purchase amounts.

We conducted this performance audit in accordance with GAGAS. 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 our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX D

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