Internal Controls over Procurement, Payables and Disbursements
Continuing Professional Education
North Carolina Office of the State Controller

Date: April 5, 2016
10:00am – 11:00am

Location: Office of the State Controller and Live Webinar

Objective: To gain an understanding of the risks and control requirements associated with procurement, payables and disbursements.

Content: This training will cover the proper method of ordering, receiving and paying for goods and/or services. Effective system and procedural controls are necessary to ensure that all financial activities with a supplier are handled correctly. Proper and complete documentation is necessary to ensure that all payments to suppliers are made in accordance to the original agreements with the suppliers, and that any funds owed back (returns, rebates, cash discounts, etc...) to the paying agency are realized.

Instructors: Keith Maddox
Auditor Manager
PRGX USA, Inc.
BS Accounting, Ferris State University
15 years of experience in Procurement-to-Pay auditing for Fortune 500 companies

John Pauley
Audit Team Lead
PRGX USA, Inc.
BS Business, Calvin College
5 years of experience in Procurement-to-Pay auditing for Fortune 500 companies

CPE Credit Offered: 1.0 hours

Materials: Will be provided in advance

Teaching Method: Lecture

Prerequisites: None

Advance Preparation: None

Level: Basic
Keith Maddox
Audit Manager
PRGX USA, Inc.
BS Accounting, Ferris State University
15 Years experience in Procure-To-Pay auditing for Fortune 500 companies
P2P (PROCURE – TO – PAY) PROCESS

P2P PROCESS DEFINITION

PO Creation → Product or Service Receipt → Invoice Receipt / Payment → PO Close
PO CREATION

Set up based on current contract terms
- Cash Terms, Freight Terms, Pricing & Rebates
- Correct Parts, Correct Price & Correct UOM (unit of measure)
- Valid & Reasonable Price and Quantity Tolerances
- Blanket PO Problems
- Taxes

INVOICE PROCESSING

Matching Process

3-Way Match: Best Control

2-Way Match: Moderate Control

Invoice Only: Lowest Control
INVOICE PROCESSING

Invoice Entry

- Manual Entry vs. Scanned Entry
- Keying Guidelines

Vendor Payments

- Check Remittances
  - Check vs. ACH

VENDOR MASTER

Vendor Master Set-Up

- Rules for setting up new vendors
- Check for duplicate vendor numbers
  - Valid vs. Invalid Duplicate Vendor Numbers
- P-Card Rules
CASH APPLICATION PROCESS

Cash Application

- Only Check Remittance Application Allowed
  - All Funds That Cannot Be Matched Correctly To Open Invoices Should Be Returned To The State Of North Carolina
- No Supplier Application Allowed

CASH APPLICATION PROCESS

- All Open Invoices Must Be Submitted For Approval And Payment
  - Only way to ensure that open obligations are closed correctly
  - Only way to ensure that the State of North Carolina actually received the goods or services that are being invoiced
  - Only way to ensure that all payment records to the supplier are accurately reflect what transactions actually took place

- All credits should be processed and deducted against the supplier
  - Only way to ensure that credits owed to the State of North Carolina were actually received by the State of North Carolina
STATEMENT REVIEW

Statement of Account Review

- The State of North Carolina should review supplier statements of account at least once per year
  - Either reviewed by each individual agency
  - Or by 3rd party auditing company

- Aged credits have a tendency to be
  - Written off by the supplier
  - Or Applied to open aged invoices by the supplier

RETURNS TO SUPPLIERS

Returns of Goods or Services

- The State of North Carolina should have a defined documented returns process
  - Paper or electronic return document
    - Automatic deduction thru return PO
    - Or tracked by A/P to ensure credit from supplier is received
SEND ALL QUESTIONS

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NC Office of the State Controller

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Internal Controls Over Procurement, Payables, and Disbursements
April 5th, 2016

Attendees by Last Name (287)

Jennifer Acton, UNC at Chapel Hill
Jeani Allen, Department of Public Instruction
Robert Allen, NC School of Science and Mathematics
Shelly Alman, Gaston College
Barbara Anderson, Department of Natural and Cultural Resources
angela anthony, Department of Agriculture
Cindy Armes, Department of Natural and Cultural Resources
Lamees Asad, UNC at Chapel Hill
Renee Atkinson, Department of Agriculture
Steven Ayers, East Carolina University
Phillip Ayscue, Department of Transportation (OIG Room)
Michelle Baker, Department of Agriculture
Barbara Baldwin, Office of State Budget and Management
Anthony Barbour, South Piedmont Community College
David Barkhau, Department of Transportation (OIG Room)
Tracy Barrett, Gaston College
Angela Barrett, Office of the State Controller
Deana Bauer, Randolph Community College
Sonya Baylor, Department of Agriculture
Paula Beacham, Coastal Carolina Community College
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Barry Brown, Office of the State Controller
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Kimberly Buffkin, USS North Carolina Battleship Commission
Kirsten Bunch, Blue Ridge Community College
Elisa Burgess, East Carolina University
Timothy Byrd, UNC Hospitals
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Cheryl Davis, Administrative Office of the Courts
Teresa Davis, East Carolina University
Kelly Davis, Haywood Community College
Diane Davis, NC A and T State University
Robin Deaver, Fayetteville Technical Community College
Yolanda Deaver, NC Central University
Bryn DeLuca, State Fair
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