

Audit work

In order to assess VMF controls in DAS-FBS, I sought from DAS-FBS staff: information on the VMF file related system architecture, IT-related policies and procedures manuals, logs of changes made to the VMF tables for ODE-related vendors, and a list of ODE authorized that is a basic internal control. DAS-FBS staff provided the list of authorized signers and minimal descriptions of certain controls. The DAS-FBS manager declined to provide other requested information and reports. The manager also declined to provide policies and procedures related to verifying the legitimacy of new vendors, and verifying the propriety of changes to the VMF.

The list of authorized signers was compared with current ODE accounts payable and procurement staffing. The Secretary of State Audits Division Financial and IT audit managers provided information about their financial statement audit work and conclusions regarding VMF related control adequacy and compliance. The VMF files are part of the State's R*STARS accounting system, therefore the R*STARS Security Manual was reviewed for user access policies and user authorization procedures.

ODE Accounts Payable

Summary of results

- Overall, ODE's internal controls related to vendor creation and maintenance are strong and were complied with;
- Controls related to temporary vendors are strong and were complied with;
- ODE management has mitigated the risk from potentially incompatible user class assignments, by limiting the types of transactions that can be processed by each user;
- Internal control best practices indicate that Accounts Payable managers should review, for propriety, logs of changes made to the VMF by IT staff. This is not currently being performed by ODE.

Recommendation

A Financial Services manager or senior staff person should request from DAS-FBS logs of changes made to the VMF, for vendors used by ODE. Changes should be reviewed to ensure they were authorized by ODE.

Management's Response

Rather than this procedure being performed by individual agencies, it should be performed by DAS-FBS which has the capability to review changes made to all vendors used by the state.

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To conclude on the adequacy of, and compliance with, the ODE Financial Services Team's internal controls related to the VMF, managers and staff of the Department were interviewed, and various reports and documents provided by staff were reviewed. For two years of accounts payable payments, vendor and employee addresses were compared. The addresses of these vendors were searched to identify vendors listing only post office boxes.

IV. Project scope and limitations

This audit was a limited scope review of internal controls protecting the integrity of the list of vendors approved to receive payments from The Oregon Department of Education (ODE). Best practices, recommended controls, and standard audit procedures were obtained from an internet search. Significant standard audit tests could not be performed due to inability to access information, as noted