

AUDIT REPORT
09-13

ACCOUNTS PAYABLE SERVICE BILLINGS

September 30, 2009

**Date**

September 30, 2009

To

Chief Financial Officer

From

Assistant Inspector General for Audits and Inspections

Subject

**Final Report on Audit of Accounts Payable Service Billings
Report Number 09-13**

Enclosed please find the subject final report. Please refer to the Executive Summary for the overall audit results. Our evaluation of your response has been incorporated into the body of the report and the response is included in its entirety at Appendix C. We consider management's proposed actions responsive to each of the report's two recommendations. The recommendations will remain open pending completion of the agreed upon corrective actions. Please notify us when those actions are complete. The status of each recommendation upon issuance of this report is included in Appendix D. The final report distribution is in Appendix E.

We appreciate the courtesies extended to the audit staff. If you need additional information or would like to arrange a meeting to discuss this final report, please contact Mr. Karl Allen, Supervisory Auditor at (202) 512-0277, or me at (202) 512-2009.

A handwritten signature in black ink that reads "Kevin J. Carson". The signature is written in a cursive, flowing style.

Kevin J. Carson
Assistant Inspector General for Audits and Inspections

Enclosure

CC:
Chief Management Officer

Contents

Executive Summary	i
Introduction	1
Findings and Recommendations	4
Finding A. Existing Controls Over Accounts Payable Not Always Followed.....	4
B. Other Observations.....	11
Appendix A – Objectives, Scope, and Methodology	13
Appendix B - Acronyms Used in the Report	15
Appendix C – Management’s Response	16
Appendix D – Status of Recommendations	17
Appendix E – Report Distribution	18

Office of Inspector General

Report Number 09-13

September 30, 2009

Accounts Payable Service Billings

Executive Summary

Background. The Government Printing Office (GPO) Office of Inspector General (OIG) has completed an audit of GPO's account payable service billings¹ processed in the Accounts Payable Interface (API) and Oracle payment systems. In Fiscal Year (FY) 2007, GPO reported total accounts payable of about \$96 million, which includes commercial printing, U.S. Government agencies, and other accounts payable. Although commercial printing is the largest category of accounts payable, other accounts payable expenses have significantly increased by approximately 174 percent from FY 2006. Approximately 90 percent of the increase is the result of materials and supplies for the new e-Passports.

Objectives. The overall audit objective was to evaluate GPO's processes and procedures for invoice payment. Specific audit objectives were to (1) assess the adequacy of the system for tracking individual accounts payable invoices from receipt through payment, (2) determine whether discounts, if any, were taken, (3) identify duplicate payments, if any, and (4) identify delays or potential delays in the accounts payable process.

Results of Audit. GPO's controls over accounts payable, including the processes and procedures for tracking vendor invoices from receipt through payment, can be further strengthened and more consistently followed. In addition, complete audit trails supporting transactions in the Agency's accounts payable systems did not always exist. Specifically, the sampling of transactions identified control weaknesses such as (1) missing end-user approvals, (2) missing support for Contracting Officer (CO) payment authorization, (3) no evidence of invoice examination and certification, and (4) hard copy invoice data could not be reconciled to the accounts payable system. As a result, there was no assurance that management controls are operating effectively, which could have resulted in a potential misstatement of monthly and annual financial information. Subsequent to the conclusion of the audit, GPO provided supporting documentation for the exceptions identified during the audit.

¹Accounts payable service billings includes rents, communications, and utilities; travel and transportation; personnel compensation and benefit; and other services. Accounts payable also includes commercial and production material payments, which was not in the scope of this audit.

The audit also identified that generally, if made available by the vendor, discounts were taken. Further, we did not identify any duplicate payments made to vendors or any significant delays in the payment process.

We also made other observations during the audit in the areas of voided checks and payment listings in the Oracle system that are presented for management's consideration.

Recommendations. Two recommendations were made to GPO management which, if implemented, will help improve controls over accounts payable service billings, and specifically, GPO's processes and procedures for invoice payment.

Management's Response. GPO Management concurred with each of the report's recommendations and has planned corrective actions that we consider responsive.

Introduction

Title 44 of the United States Code, “Public Printing and Documents,” contains laws of a general and permanent nature relating to Public Printing and Documents and operation of GPO. Section 308(a), title 44, United States Code requires that the Public Printer appoint a Disbursing Officer (DO) to disburse GPO funds certified by the Public Printer and examine vouchers for proper form, approval, and certification. The DO is accountable for funds disbursed, except in the case of any illegal, improper, or incorrect payments resulting from any false, inaccurate, or misleading certification.

Section 308(c)(1) of title 44 allows the Public Printer to designate in writing GPO officers and employees who can certify vouchers for payment. Certifiers are responsible for the existence and correctness of the facts as well as the legality of a proposed voucher payment. Certifiers are also responsible and accountable for the correctness of computations of certified vouchers. Certifiers would be required to make restitution for the amount of any illegal, improper, or incorrect payment resulting from any illegal, false, inaccurate, or misleading certifications they make, as well as for any payment that did not represent a legal obligation.

In its FY 2007 and 2008 Annual Reports, GPO reported a total of approximately \$96 and 97 million of accounts payable, encompassing three general categories:

- Commercial payments - GPO’s largest category of accounts payable.
- Services - includes rents, communications, and utilities; travel and transportation;² personnel compensation and benefits;³ and other services.⁴
- Production Materials - includes supplies and materials;⁵ printing and reproduction;⁶ depreciation and amortization; publications sold;⁷ and surplus publications.⁸

²Includes the travel and transportation costs of persons or things, including employee relocation costs, plus postage expenses. Transportation includes shipping costs for printing and reproduction products from GPO or contractors to customer agencies, depository libraries, or other GPO locations.

³Personnel compensation consists of wages and salaries, including overtime premium and night differential, paid to GPO employees on a biweekly cycle. Personnel benefits include the Agency’s share of contributions toward health benefits, life insurance, and employee retirement programs. Personnel benefits also include the entire cost of transit benefits provided by GPO to participating employees.

⁴Other services includes the cost of services provided by contractors for audits, investigations, consulting services, tuition, and training.

⁵This figure includes paper and paper products as well as other supplies and materials not capitalized as property.

⁶Printing and Reproduction is the cost of printing and reproduction jobs procured from the private sector to satisfy the needs of the Federal Government.

For the purposes of this audit, we limited our scope to services billings.

GPO Invoice Processing

GPO processes vendor invoices for payment in three systems. Those systems include (1) Voucher Processing and Payment System (VOPPS), (2) Accounts Payable Interface (API), and (3) Oracle systems. VOPPS is used for processing commercial printing invoices while API and Oracle are used for processing vendor invoices for services and production materials. GPO implemented licensed modules of the Oracle E-Business Suite beginning in FY 2006. It also initiated start-up projects for employees to become familiar with Oracle technology and work processes and for developing project skills and user requirements (Oracle Release 1). GPO processes the following object codes in Oracle under Release 1:

- 23.21 (commercial space)
- 23.23 (leased parking facilities)
- 23.31 (electricity)
- 23.32 (gas)
- 23.33 (steam)
- 23.34 (water and sewer)
- 23.40 (telecommunications)
- 25.82 (official representation fund)
- 25.83 (professional consulting services)
- 25.84 (miscellaneous services)

The API system processes all other object codes not processed in VOPPS and Oracle.

GPO recently implemented Oracle Release 2, through which the Agency plans to process all of the API object codes as well as VOPPS transactions. Recommendations made in this report are, therefore, intended to correct any deficiencies identified with the processing of invoices for payment through Oracle.

Vendor invoice processing for accounts payable service billings begins in the Office of the GPO Chief Financial Officer (CFO), Examinations and Billings Branch (Examinations). Vendors typically send their invoices to GPO through the U.S. Mail, electronic mail, or facsimile. For a variety of reasons, vendors send their invoices to multiple locations within GPO, including COs, Contracting Officer's Technical Representative (COTR), Examinations, Shipping and Receiving, or end-users that receive the services. If the invoice is not sent by the vendor directly to

⁷This figure is the cost of publications sold to customers and the cost of subscriptions issued to subscribers.

⁸The estimated cost of potentially un-saleable publications held in inventory by the Superintendent of Documents for sale to the public.

Examinations, the recipient must ensure that Examinations receives the invoice so it can begin processing the paperwork.

After receiving an invoice, Examinations logs the date received and scans the invoice into a database, which allows tracking of the invoice throughout processing. Examinations then forwards that invoice to the applicable CO, who then approves and authorizes the invoice before payment.

Beginning in March 2008, to expedite invoice processing, Controllers in the Office of Finance authorized payments on invoices for their respective cost centers and when appropriate obtained end-user approval. Before March, however, COs in the Acquisition Branch were authorizing payment as well as obtaining end-user approval. When the CO authorizes payment, both Oracle and API notify the CO that the invoice was authorized. If the CO does not print the notification of authorization at that time, we noted that some COs did not know how to retrieve authorization information from the system at a later time or date.

After authorization, invoice processing continues in Examinations where the invoice is examined⁹ and certified¹⁰ in preparation for disbursement (payment). The employee examining an invoice cannot certify the invoice for payment. If the amount on the invoice exceeds funds obligated in the system,¹¹ both API and Oracle merely allow the invoice to be examined but not certified.

Examinations subsequently creates a batch file in API and Oracle of invoices examined and certified. Each day the Chief of Examinations prints a report listing invoices scheduled to be paid by check or electronic funds transfer (EFT) from the Oracle and API systems and signs the report authorizing payment. A representative from Examinations then hand carries the daily report and batch file to the DO. The DO downloads the invoice information from the batch file, reconciles the totals to the hard copy payment report, investigates any differences with Examinations, and disburses the funds. The DO uploads the appropriate information to the Department of the Treasury for payment by EFT, and GPO disburses any payments made by check.

⁹Invoice examination involves matching the hard copy invoice to the purchase order number in the payment system and entering information such as the quantity shipped or delivered, billed amount, amount to be paid, and discount terms into the payment system. The examination process creates a voucher for the invoice in the system.

¹⁰Invoice certification involves verifying the information the Examiner entered into the payment system. Oracle certification validates the invoice using a four-way match with the invoice amount, purchase order amount, receipt amount, and inspection amounts.

¹¹The payment systems are set up to allow invoice payments to exceed 5 percent of the obligated amount before the invoice is rejected for payment.

Findings and Recommendations

Finding A. Existing Controls Over Accounts Payable Not Always Followed

Existing controls over GPO's accounts payable systems were not always being followed. Specifically, complete audit trails supporting transactions in the Oracle and API accounts payable systems did not always exist. For example, a sampling of transactions revealed the following control weaknesses: (1) missing end-user approvals, (2) missing authorization support for CO payment, (3) no evidence of invoice examination and certification, and (4) hard copy invoice data could not be reconciled to the accounts payable system. The control weaknesses identified in the sampling occurred because step-by-step procedures for processing transactions in the GPO accounts payable system did not exist. In addition, personnel involved in the accounts payable process were not adequately trained for using the Oracle system (Release 1). As a result, no assurance existed that management controls were operating effectively, which could result in the potential misstatement of monthly and annual financial information.

Government Accountability Office Standards for Internal Control

The Government Accountability Office's (GAO's) "Standards for Internal Control in the Federal Government," November 1999, describes internal control as a control built into an entity as part of its infrastructure designed to help managers operate the entity and achieve objectives on an ongoing basis. It is a major part of managing an organization and comprises plans, methods, and procedures used for meeting missions, goals, and objectives.

Internal controls also serve as the first line of defense for safeguarding assets and preventing and detecting errors and fraud. As programs change and agencies strive to improve operational processes and implement new technological developments, management must continually assess and evaluate its internal control to ensure that the control activities are effective and updated when necessary. In other words, internal controls help Government managers achieve desired results through effective stewardship of public resources.

GPO Internal Control Requirements

GPO Instruction 825.18A, "Internal Control Program," May 28, 1997, requires that GPO maintain effective systems of accounting and management control. The instruction states that management is responsible for establishing and maintaining an effective internal control structure, which includes policies and procedures pertaining to an entity's ability to record, process, summarize, and report financial

data consistent with the assertions within either annual financial statements or interim financial statements, or both.

Department, service, staff, and office heads must regularly monitor compliance with and effectiveness of internal controls programs, functions, and activities to prevent or deter the loss or abuse of public assets. As part of their duties, supervisors must know about internal controls within their units and insure that the controls are operating as designed and are achieving their intended purpose. Standard 7 of GPO Instruction 825.18A states that:

Transactions should be promptly recorded, properly classified, and accounted for in order to prepare timely accounts and reliable financial and other reports. The documentation for transactions, management controls, and other significant events must be clear and readily available for examination.

The Instruction defines internal control documentation as the “written policies, organization charts, procedural write ups, manuals, memoranda, flowcharts, software, and related written materials used to describe the internal control methods and measures, and to **serve as a reference for individuals reviewing the internal controls and their functioning.**” [Emphasis added.]

Testing Identifies Control Weaknesses

While GPO maintains adequate written policies governing accounts payable, no written procedures that correspond to the policy detail the process for receiving, processing, and paying vendor invoices in the Oracle and API payment systems for accounts payable service billings. We met with personnel from the Acquisitions, Examinations, and Disbursement Branches to better understand the process. We then selected a sample of invoices to test whether the controls over the payment process, as described, were in fact being followed.

Testing invoices processed through the Oracle and API accounts payable systems showed that controls over the process from invoice receipt to disbursement were not always followed. Of the 45 invoices processed through Oracle (17) and API (28) during October and November 2007, the sampling revealed numerous instances where controls were either not operating effectively or not followed. Of the 45 samples tested, we identified the following exceptions:

- 43 (96 percent) invoices did not contain evidence of support for payment authorized by the CO;
- 22 (49 percent) invoices did not contain evidence of certification for payment;

- 21 (47 percent) invoices did not contain the payment system information necessary to reconcile to the hard copy invoice;
- 11 (24 percent) invoices did not contain evidence of end-user approval; and
- 5 (11 percent) invoices did not contain evidence of examination for payment.

Subsequent to the conclusion of the audit, GPO personnel were able to provide supporting documentation for the exceptions identified.

End-user Approval. Before payment is authorized, an end-user must approve an invoice. End-user approval guarantees that the goods ordered or services detailed on the invoice were received. For recurring expenses such as utilities, end-user approval on every invoice is not required because the CO signs an open purchase order at the beginning of the fiscal year and invoices throughout the year are matched to the purchase order. Supporting documentation for the 11 exceptions noted during testing of the 45 sample items including no evidence that end-user approval was received before authorizing the invoice for payment.

For example, invoice number 31083000 (purchase order number 3000610-1) was for delivery of 135,000 passport covers to GPO. Our review of the invoice requesting payment for \$727,650 showed no evidence of end-user receipt or approval. The remaining 10 invoices for which no evidence of end-user approval existed were similar in that there was no evidence on the invoice or in some cases, the invoice itself could not be located. As previously stated, subsequent to the conclusion of our audit, GPO personnel were able to provide support for certain end user approvals. GPO personnel also explained that invoices for rent and janitorial services were cyclical payments that did not require end user approval. The responsible Contracting Officer supported this statement.

Payment Authorization. The CO must properly authorize invoices to ensure the proposed payment amount is within the terms of the contract. CO authorization must occur before an invoice can be examined and certified for payment. As configured in the Oracle and API systems, the CO is notified in the system when authorization occurs. However, the CO must manually print the notice of authorization when notified because the system cannot subsequently provide a record on the authorization. Whether it is because of system limitation or other reasons, no evidence exists that the CO authorized 43 of the 45 sample items. For example, invoice number 5524150 (purchase order number 718107) was for lodging, meals, meeting rooms, audiovisual equipment and other miscellaneous charges for the fall 2007 Depository Library Council Meeting. The invoice requesting payment of \$48,903 contains no evidence of authorization by the CO. A similar lack of any identifiable CO authorization was also evidenced on the other 42

sample items. As of March 2008, CFO Controllers authorize invoice payments in Oracle. As previously stated, subsequent to the conclusion of our audit, the Agency Controller could show, through the Oracle Purchasing module, that vendor invoices were properly authorized for payment.

Examination and Certification. Section 38c(1), title 44, United States Code, allows the Public Printer to designate in writing officers and employees in GPO who can certify vouchers for payment. Those employees are responsible for the existence, accuracy, and legality of the voucher payment. GPO processing requires that after an invoice is authorized for payment by the applicable CO, the invoice must then be properly examined before it can be certified. Examination involves matching the hard copy invoice to the purchase order number in the payment system and entering the invoice data (such as quantity shipped or delivered, billed amount, amount to be paid, or discount terms) into the payment system.

We identified five invoices in API that did not contain evidence of being examined or certified before being paid. In addition, each of the 17 invoices sampled within the Oracle system did not contain evidence of being certified before payment. For example, invoice number 33269 (purchase order number 1120307) was for lodging, meals, and meeting facilities for a GPO office retreat in September 2007. No evidence was available that supported whether the invoice for \$6,476 was examined and certified before payment was disbursed. Similar conditions related to the lack of available evidence supporting examination and certification were also noted on the other sample items with exceptions.

As previously stated, subsequent to the conclusion of our audit, GPO personnel were able to provide supporting documentation from the API and Oracle payment systems that every sample item identified as an exception was properly examined and certified.

Invoice Reconciliation. For each of the 45 sample invoices, we compared data on the hard copy invoice such as the invoice number, date, amount, and any special terms/conditions to information for the same invoice contained in the payment system to ensure that the information reconciled. Of the 45 invoices reviewed, however, GPO personnel were unable to provide information from the API and Oracle systems on 21 (4 API and 17 Oracle). For example, information contained on invoice number T-08-001 in API, dated September 26, 2007, (voucher number G0800096, purchase order number N-0,682,040) for \$1,560.58 could not be verified.

As previously stated, subsequent to the conclusion of our audit, GPO personnel were able to provide supporting documentation from the API and Oracle payment systems that reconciled to the invoice of every sample item identified as an exception.

Comprehensive Written Accounts Payable Procedures Needed

Exceptions identified during the testing of the sampled invoices occurred primarily because GPO did not have step-by-step procedures that describe the payment process from invoice receipt through disbursement. GPO did have written procedures for accounts payable and disbursements processed in Oracle, including a separate procedure for the Controller's payment authorization.¹² Procedures include detailed information about setting up supplier information, payment authorization, invoice certification, creation of the payment schedule, and recording the payment as well as individuals responsible for performing the procedures.

Oracle procedures were not, however, comprehensive enough to describe the entire payment process from invoice receipt through disbursement. For example, the procedures are not comprehensive because they leave out critical information such as (1) how the invoices are received (for example, U.S. Mail, facsimile, e-mail); (2) who should initially receive the invoice (Examinations); (3) how the end-user and Controller receives the invoice for approval and authorization, respectively; (4) when end-user approval is required; (5) the examination process; (6) and the disbursement process.

Continuously controlling a process without comprehensive written procedures is difficult. Word of mouth instructions can too easily be modified, misunderstood, or forgotten. The benefits of comprehensive written procedures, instructions, and assignment of duties prevents or reduces misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that might result in inaccurate or untimely financial records.

On the other hand, detailed written procedures provide management, employees, and auditors with information related to the adequacy of internal controls. Lack of comprehensive procedures increases the risk of potential loss of funds, theft of assets, and disruption of the operation. Comprehensive written procedures can also be used to train employees at all levels of an organization. Whether an individual is a new employee learning a job or an experienced employee assigned to a different job, detailed written procedures serve as useful training guidelines and also provides a time-saving tool ensuring that each step in the process is carefully followed.

Comprehensive documented procedures are also important in establishing and enforcing work standards and serve as a record of how business processes and operations are performed. The procedures not only help ensure that a process or procedure is performed the same way each time but are also an important component of an organization's internal controls.

¹²Oracle policies are titled, *Accounts Payable and Disbursements*, dated July 1, 2005, and *Controllers' Payment Authorization*, dated December 18, 2007.

Additional Oracle Training Needed

The lack of adequate training on the Oracle system contributed to the control weaknesses identified during testing of the sampled invoices. We identified that employees processing accounts payable invoices needed additional training in Oracle to prepare for the 2009 conversion of all accounts payable invoice processing through Oracle.

Employees in the Examinations stated that they received Oracle training in an environment that was not specifically and wholly directed toward their responsibilities and attended the training with employees from other GPO branches. Such commingling of training resulted in confusion about which parts of the course applied to which branch. As a result, a great deal of the training involved general information on the Oracle system and fell short of the detailed training required to perform the necessary duties of their job.

The imbalance between an employee's skills and the required or necessary levels of training shows through improperly followed procedures, shortcuts, and errors in judgment. Additional Oracle training directed toward specific functions in each branch will help ensure that employees can do their jobs with decreased need for supervision.

Effect on Financial Reporting

Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Internal Control," states that management has a fundamental responsibility to establish and maintain internal control for achieving the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Effective internal control provides assurance that significant weaknesses in the design or operation of internal control, which could adversely affect an agency's ability to meet its objectives, would be prevented or detected in a timely manner.

The lack of comprehensive written procedures for accounts payable and insufficient Oracle training resulted in an inadequate audit trail for the invoices processed. This process does not comply with GPO Instruction 825.18A. Inadequate internal controls provide no assurance that management controls are operating effectively, therefore, eliminating the chance of the misstatement of the monthly and annual financial information.

GPO produces monthly, internal financial reports that management uses to monitor its operations and make financial decisions. In accordance with section 309e, title 44, United States Code, the Agency obtains an annual audit of its financial statements. The objective of the annual audit is to provide information about the financial strength, performance, and changes in financial position of an organization. In addition, reported assets, liabilities, and equity are directly related to an

organization's financial position. Reported income and expenses are directly related to an organization's financial performance. The results of the GPO financial statement audit are presented in its Annual Report and included in the Government-wide financial statements. Any deficiencies in internal control could result in untimely and inaccurate financial information that flows into those documents.

Recommendations

We recommend that the Chief Financial Officer:

1. Develop and distribute to any employee involved with vendor invoice processing detailed procedures and step-by-step guidance for receiving, processing, and disbursing vendor invoices for payment at GPO.

Management's Response. Concur. Finance will implement the required actions in Fiscal Year 2010.

Evaluation of Management's Response. Management's planned action is responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes pending completion of the agreed upon corrective actions.

2. Provide to the staff additional Oracle training that is specific to their functions, including identifying reports and other information, to assist them with performing their duties.

Management's Response. Concur. Both training and report development are underway. Finance will continue to identify training and report requirements and work with IT and GPO contractors to satisfy these requirements. This recommendation will be implemented in Fiscal Year 2010.

Evaluation of Management's Response. Management's planned action is responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes pending completion of the agreed upon corrective actions.

B. Other Observations

The following observations were made during the audit and are presented for management's consideration and disposition as necessary.

Voided Checks

The Disbursing Officer (DO) reconciles each day the vouchers for payment that will be disbursed based on information received from Examinations to the actual disbursements based on Department of the Treasury and internal GPO reports. The DO will occasionally reissue a check because a vendor did not receive it.

We requested a list of the checks voided during the audit period. However, the DO could not determine without extensive, manual research whether any checks were voided. Maintaining documentation of checks voided, including the reason a check was voided, helps the DO account for all checks issued and avoid possible duplicate payments. Although the "Void Payment Register" report in Oracle identifies voided payments, the DO did not know if the report identifies both the payments voided before disbursement and/or those voided after disbursement (reissued checks). No policy, procedure, or control exists requiring that the DO maintain a list of voided checks.

The CFO should consider establishing a written policy and procedure for voiding previously issued checks that requires documentation for the reason the check was voided, and identifies the required signature approvals.

Payments Listing in Oracle

The DO could not identify payments made through the Oracle and API systems. The DO relies on the daily report from Examinations to identify the vendor payments to be made by way of check and EFT from the Oracle and API systems and reconcile to actual disbursements. The DO pays the vendors and relies on the reports to support who was paid, when they were paid, and the amount disbursed. However, for various reasons, the payment may not be processed that day, which results in Examinations including the payment again in the next day's report. The DO will process the invoice again for payment the next day. Therefore, the Examinations reports are unreliable as a source of the actual payments made each day. Nevertheless, the DO used the reports to reconcile disbursements, which was time consuming.

As a result of our inquiry, the Agency Controller immediately identified an Oracle report listing all the check and EFT payments made for a specific period. The Agency Controller stated that there is no equivalent report in API, but that payment invoices would convert to Oracle on October 1, 2008 (subsequently changed to

mid-2009). Since that time, the DO has used the Oracle reports to easily reconcile to the actual payments made.

The CFO should consider establishing written processes and procedures to identify the actual daily disbursements made, including the system reports used, to assist the DO with the daily reconciliation of planned EFT and check disbursements to actual disbursements.

Appendix A. Objectives, Scope, and Methodology

Objectives

The overall audit objective was to evaluate GPO's processes and procedures for invoice payment. Specific audit objectives were to (1) assess the adequacy of the system for tracking individual accounts payable invoices from receipt through payment, (2) determine whether discounts, if any, were taken, (3) identify duplicate payments, if any, and (4) identify delays or potential delays in the accounts payable process.

Scope and Methodology

We analyzed GPO's accounts payable process from October 2007 through May 2008. We limited our audit to the accounts payable service billings in the Accounts Payable Interface (API) and Oracle payment systems for October and November 2007.

We limited our audit to services billings because commercial payments are audited extensively as part of the annual financial statement audit, and we excluded production materials because of OIG concerns regarding contractor payments, which are part of service billings.

To accomplish our objectives, we performed the following:

- Reviewed GPO's financial policy manual; Directive 825.18A, "Internal Control Program," dated May 28, 1997; KPMG LLP accounts payable cycle memoranda from the FY 2006 financial statement audit; GAO's "Standards for Internal Control in the Federal Government," dated November 1999; and OMB Circular A-123, "Management's Responsibility for Internal Control," dated December 21, 2004.
- Obtained an understanding of the accounts payable process through discussions with the following GPO officials: Agency Controller; Chief, Examinations and Billings Branch; Controller, Financial Accounting and Reporting Branch; Contracting Officers; and the Disbursing Officer.
- Tested compliance and internal controls over 45 invoices processed in API and Oracle, from receipt through disbursement.

We compared those guidelines with the processes GPO used. We note that the GAO and OMB documents were applicable to executive-level Federal agencies and not mandated for GPO. However, we used the guidelines as a benchmark to evaluate GPO processes and as a basis for our recommendations.

Appendix A

Management Controls Reviewed

We reviewed management controls applicable to GPO procedures for processing service billings accounts payable. In conducting our review of management controls, we followed GAO Internal Control Standards and GPO Instruction 825.18A, "Internal Control Program," May 28, 1997, paragraph 7(a), which states, "The Public Printer has the overall responsibility to ensure that an effective internal control structure is established and maintained by GPO's managers for all programs, functions, and activities." The audit identified management control weaknesses, which are described in detail in this report.

Computer-Generated Data

We did not rely on any computer-generated data relative to meeting our audit objectives. We performed sufficient tests of system-generated reports to satisfy ourselves as to the reliability of the data used.

Audit Field Work

We performed field work from February 2007 through May 2008 at the GPO Central Office in Washington, D.C. We performed the audit in accordance with generally accepted government auditing standards.

Appendix B. Acronyms Used in the Report

API	Accounts Payable Interface
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
DO	Disbursement Officer
EFT	Electronic Funds Transfer
FY	Fiscal Year
GAO	Government Accountability Office
GPO	Government Printing Office
MOU	Memorandum of Understanding
OIG	Office of Inspector General
OMB	Office of Management and Budget
VOPPS	Voucher Processing and Payment System

Appendix C. Management's Response

UNITED STATES GOVERNMENT PRINTING OFFICE

memorandum

DATE: September 18, 2009

REPLY TO

ATTN OF: Chief Financial Officer

SUBJECT: Comments on Draft Audit Report: "*Accounts Payable Service Billings*"

TO: Inspector General
Attn: Mr. Kevin Carson

This memo responds to your request for comments on the draft audit report titled, "*Accounts Payable Service Billings*."

The draft report contains two audit recommendations:

1. Recommendation: We recommend that the Chief Financial Officer develop and distribute to any employee involved with vendor invoice processing detailed procedures and step-by-step guidance for receiving, processing, and disbursing vendor invoices for payment at GPO.

Status: We agree with this recommendation. Finance will implement this in Fiscal 2010.

2. Recommendation: We recommend that the Chief Financial Officer provide to the staff additional Oracle training that is specific to their function including identifying reports and other information, to assist them with performing their duties.

Status: We agree with this recommendation. Both training and report development are underway. Finance will continue to identify training and report requirements and work working with IT and GPO contractors to satisfy these requirements. This recommendation will be implemented in Fiscal 2010.

Thank you for the professionalism extended by your staff during this audit, as well as the opportunity to comment on the draft report.



STEVEN T. SHEDD

Appendix D. Status of Recommendations

Recommendation No.	Resolved	Unresolved	Open/ECD*	Closed
1	X		FY 2010	
2	X		FY 2010	

*Estimated Completion Date.

Appendix E. Report Distribution

Government Printing Office

Public Printer

Deputy Public Printer

Chief Management Officer

Chief Acquisition Officer

Chief Financial Officer

Chief Human Capital Officer

Chief Information Officer

Chief Technology Officer

Director, Congressional Relations

Director, Equal Employment Opportunity

Acting General Counsel

Managing Director, Agency Accounts and Marketing

Managing Director, Library Services and Content Management

Managing Director, Official Journals of Government

Managing Director, Operations Support

Managing Director, Plant Operations

Managing Director, Print Procurement

Managing Director, Publication and Information Sales

Managing Director, Security and Intelligent Documents