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01/27/15

A/P PROCESS
Board of Supervisors 01/27/15

The highlighted items are internal controls identified during the regular audit by Williams & Company.

Currently Woodbury County does not have central purchasing. Departments have the authority to purchase items on a department level.

Department Responsibility:

The department's authorized personnel enter payments for their invoices through a batch process to the counties accounting system.

Each department submits the following to the Auditor's office by "noon" on Wednesday for processing:

- A copy of the A/P batch edit, which lists all current transactions for the batch.
- The department is required to run a tape total for all transactions and attach it to the batch edit. The tape total must balance to the batch edit total.
- A copy of the transaction claim header printed from the system with an invoice or supporting document attached.
- Each transaction claim header requires the department's authorized signature.
- The department time stamps each claim header, so the time is documented, when the information was received in the Auditor's office.

Auditor's Office A/P Verification:

- Verify batch is in balance:
 - If the batch is not in balance we determine the reason, call the department to verify they agree and make the correction.
 - Changes require being initialed by the department's designee.
- Verify transaction includes a description.
 - If the batch or a transaction does not include a description, they are returned to the department per the Board of Supervisor memo dated 12/17/2014.
- Verify claim header has the following:
 - An invoice or other supporting documentation attached and is signed.
 - If there is no documentation, the Auditor's office requests the information from the department. If the department is unable to provide documentation, the Auditor's office tags the claim believed not to be in compliance.
- If unsigned, we call the department and request a signature.
- Verify the vendor number, vendor name, and the dollar amount match the attached documentation.
 - If the information does not match, we call the department to verify they agree and make the correction.
 - Changes require being initialed by the department's designee.
- Verify the expenditure description matches the item being purchased.

- If the information does not match, we call the department to verify they agree and make the correction.
- Changes require being initialed by the department's designee.
- Stamps the claim header sheet with the date the transaction will be presented to the Board of Supervisors.
 - Not stamped unless the items above have been verified and resolved.
- Completes a Department Claim Header to be attached to the front of the department packet.
- Images all transactions claim headers, invoice or other documentation to each entry.
- The Auditor's office provides a Woodbury County Auditor Report to the board administrator, a copy of the "AP edits", and any claim that was tagged believed not to be in compliance each Friday morning or appropriate day in accordance with a holiday.
 - The board administrator forwards these items to the board members.
- The Woodbury County Auditor Report provides a disbursement total, items missing documentation, turned in after the "noon" deadline, claims that may have been verbally approved and a batch total for each department for the week.
- No payments are issued without prior board approval either at a regular board meeting or a verbal approval from at least three board members in an emergency situation.

The Auditor's Office Verifies Check Issuance as Follows:

- The batch edits are rechecked and totals are balanced before batches are updated.
- Batches are updated and the expenditure approval listing (lists all transactions that have been paid for this period by dept/div) are run and balanced prior to requesting checks to verify all transactions are being processed.
- The Auditor's office assigns the check print to WCICC, our IT department.
- The first check number is verified from WCICC's records to the Auditor's office record to verify there are no missing checks.
- The Auditor's office keeps a log to verify the beginning and ending check numbers.
- The checks are printed and signed through 3rd party software on blank check stock as they are printed.
- The checks are processed by two bank codes:
 - Bank Code 00's are mailed from WCICC, our IT department.
 - Bank Code 10's are mailed from the Auditor's office; these checks have information attached to the transaction claim header the department has requested be returned with the check.
- A preliminary check register is printed for each bank code when WCICC prints the checks.
- While waiting for checks to be printed, the transaction claim headers are put in alphabetical order by bank code.
- The Department Claim Headers are stapled to the Woodbury County Auditor's Report.
- When check print is complete, the Auditor's office is notified the bank code 10 checks are ready.

- The check registers are run only when the check print is complete.
- Transaction claim headers, A/P edits and, Woodbury County Auditor Reports are filed by bank code.
- Copies of the expenditure approval listing are disbursed to the appropriate departments.
- The claims are destroyed after they are audited.

Vendor Maintenance File:

- The Auditor's office receives a request from a department to enter a new vendor. The department provides the following
 - Name
 - Address
 - City, State & Zip
 - Fax # if available
- The Auditor's office adds the new vendor with a hold status and sends the vendor a substitute W9 form. Checks can be issued, but are not released until the W9 is on file.
- When the Auditor's office receives the completed W9 the name and address are cross checked with the department's vendor request to verify that information from the department match. Lisa, Kim and Jean have the authorization to enter a new vendor.
- Information on the obtaining of the W9 is maintained in the "note field" in the vendor file. The vendor is on "hold" until the W9 is received. Once received the vendor is classified as "active" and the checks are released.
- All vendor maintenance is done in the Auditor's office to ensure the correct tax information is obtained.
- Departments do not have authorization or capability to enter new vendors.
- The Auditor's office authorized employees enter new vendors; however the department heads must approve the invoice/expenditure so the creation of a fictitious vendor would require collusion by two or more persons.
- A detail budget report is provided to each department head by the Auditor's office each month for their review.

Woodbury County Claims Procedure

Submitted 1/27/15

Caveat

It is important that the Board of Supervisors realize that the adoption of this procedure does not relieve them of their ultimate responsibility as chief financial officers of the county.

Woodbury County Claims Procedure

1. County departments will submit claims for payment through the documented A/P Process.
2. The auditor's office will review them to determine whether the claims submitted comply with county policy and state and federal law.

Woodbury County Claims Procedure

3. If a claim is submitted that the auditor's office believes is not compliant, the submitting department will be contacted by the auditor's office in an attempt to correct the deficiency.
4. Once all claims are filed for presentation, the "AP edits" will be forwarded to the board administrative coordinator to be forwarded to the board for their review.

Woodbury County Claims Procedure

5. The claims will be available to board members to check out to provide an opportunity to review them if they so choose.
6. Any disputed claim can be presented by the department to the Board of Supervisors for payment.

Woodbury County Claims Procedure

7. The physical claims will remain on file in the auditor's office and held there in compliance with document retention requirements.
 8. If a member of the public asks to review any physical claim, they will be allowed to do so under the supervision of a member of the auditor's staff in consultation with the county's HIPAA compliance officer and the county attorney's office.
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