

Austin Independent School District Procurement Internal Audit

Near-Final Report Presentation
to Board Audit Committee

GI

September 01, 2023

Agenda

Audit Objectives and Scope

Organization and Management

Competitive Procurement and Contracting

Procurement and P-Card

Other Recommendations

Questions



Audit Objectives and Scope

Audit Objectives

Audit Scope

Organization and Management

- Compliance with laws, policies and regulations

- Assessment of internal controls, including segregation of duties

- Customer satisfaction of the department

- Performance measures used

- Departmental training

Competitive Procurement and Contracting

- Compliance with laws, policies, and regulations

- Efficiency of the competitive procurement and contracting process

- Consistency across the department when procedures are performed

Executive Summary

A best practice was noted:

Effective use of information systems and technology to reduce paperwork in procurement processes

Major areas of improvement include:

Lack of documented contract management procedures and related lack of clarity of contract management roles and responsibilities

Procurement procedures were not consistently followed by the departments and schools within AISD

Inefficient processes, including the processing of P-Cards

12 audit recommendations made

Audit Recommendations

No.	Priority	Recommendation
1	Medium	Establish more training opportunities that the District staff can attend.





Organization and Management

Security Role(s)

Recommendation: Establish a monthly review of user positions and their security roles in the District's ERP system, BOLT.

Provide security role reports to the departments

Periodic user access review to make sure positions and security roles are in sync

Management Response: Agree

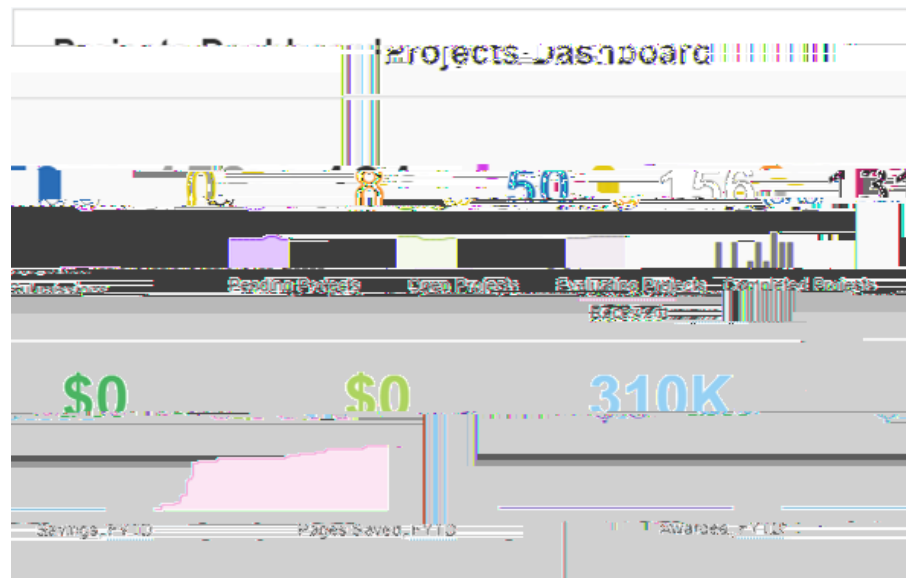


Competitive Procurement and Contracting

Commendation

The District uses an electronic system to manage bids and proposals

Commendation









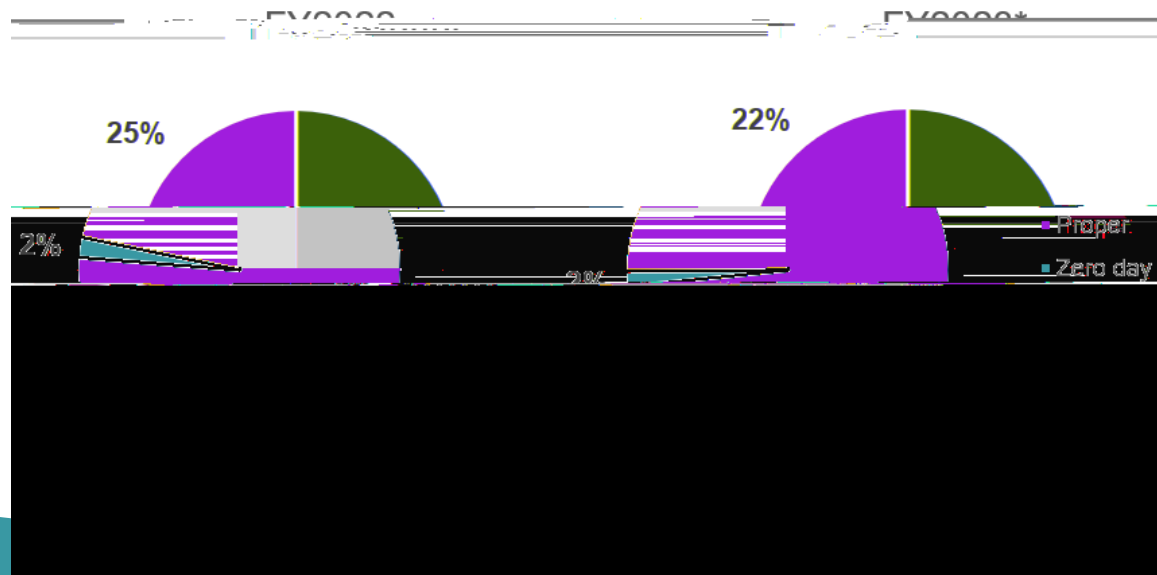
Procurement and P-Card

Improper POs

Finding: The District does not consistently follow purchasing procedures and practices, which subjects the District to compliance and financial risks.

Goods or services are acquired without a valid purchase order (PO)

POs are issued after the fact



Improper POs

Risks for the District.

May not have the funds to cover the goods or services

May not be appropriate to acquire goods and services due to the requirements of federal or grant funds

The vendor may not be paid in a timely manner

Improper POs

Segregation of Duties

Finding: AISD does not have segregation of duties in vendor master file management which increases the risk of errors and/or fraudulent activities.

The Accounts Payable Department manages the vendor master file, as well as disburses payments to vendors

AP Manager security role has the ability to both set up and maintain vendors and make payments to vendors

There are five staff members who have AP Manager security role

Single departmental control over vendor management and vendor payment substantially increases the risk of AP setting up fictitious vendors

Segregation of Duties

Recommendation: Move vendor master file management from the Accounts Payable Department to the Contract and Procurement Services Department.

Accounts Payable should have the ability to disburse funds with appropriate documentation

Management Response: Partially agree

Vendor Creation

manual, resulting in errors.

AISD uses *Payment Works* and *BOLT* for vendor management

No integration between the two systems; the vendor information transfer is a manual and inefficient process that relies on Excel spreadsheets.

Impact of the current approach

May cause vendor information sync issues between the two systems

- Vendors appear in one system and this same information does not appear in the other system

The vendor creation process is time consuming

Vendor Creation

Recommendation: Reengineer the vendor creation process by automating data exchange between systems.

Automate the data exchange between the new ERP system and Payment Works

Eliminate the Excel-based vendor ID creation step

Management Response: Agree

P-Card Process

-Card process does not maximize

efficiency.

The P-Card process has duplicative controls and manual processes

Certain reviews are completed by both the P-supervisor and the AP Department

No integration between the three systems used in the P-Card process (*Laserfische, CAR, BOLT*), resulting in manual processes



H-E-B Card

Recommendation: Replace H-E-B Card usage with existing P-Cards.

P-Cards allow schools and departments to make transactions at H-E-B stores

P-Card program has controls in place that the H-E-B Card program does not

Management Response: Agree



Other Recommendations

Other Recommendations

Establish more training opportunities that the District staff can attend.

Management Response: Agree

Upgrade the minimum qualification requirement for the Senior Procurement Specialist job description and encourage and provide procurement-related certification opportunities.

Management Response: Agree

Implement and use performance measures to enhance the effectiveness of procurement-related activities.

Management Response: Agree



Questions?