



INTERNAL AUDIT DIVISION

REPORT 2014/099

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Overall results relating to the accurate and timely payment of legitimate vendor claims processed through the Integrated Management Information System by the Office of Programme Planning, Budget and Accounts were initially assessed as partially satisfactory. Implementation of eight important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

30 September 2014
Assignment No. AH2013/511/02

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AUDIT REPORT

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

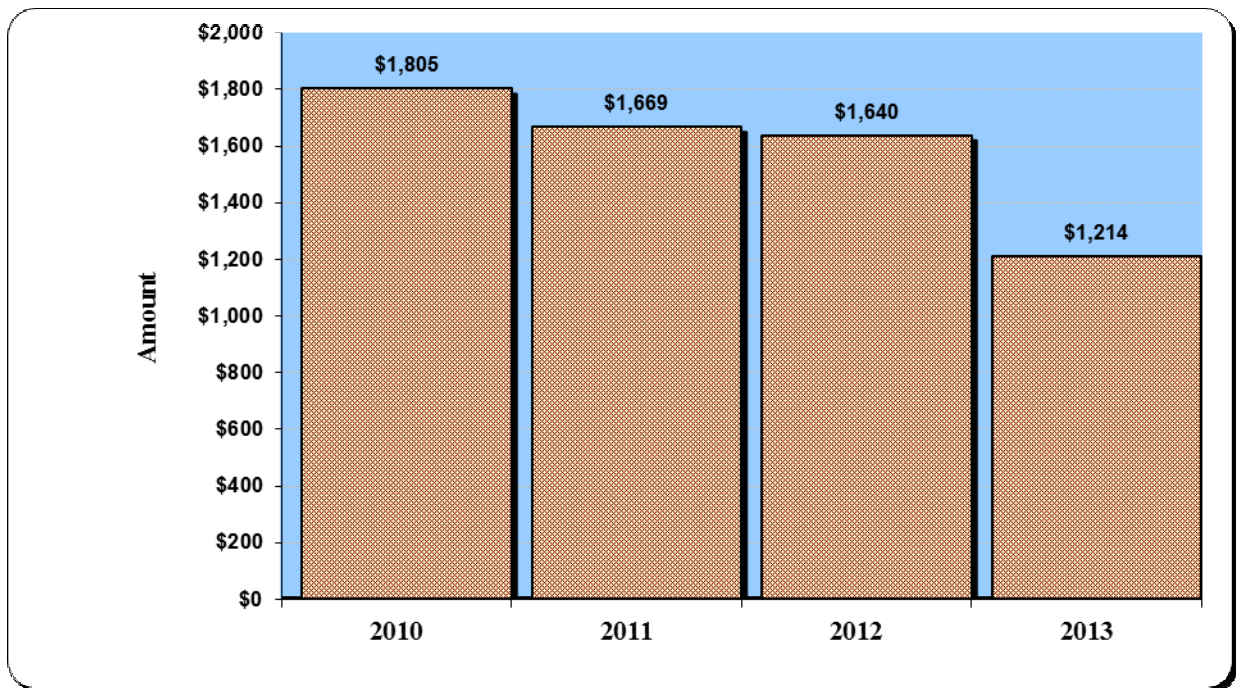
I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of vendor claims processing in the Integrated Management Information System (IMIS) at the Office of Programme Planning, Budget and Accounts (OPPBA).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. The Vendor Claims and Accounting Unit (VCAU) in OPPBA was responsible for reviewing and processing requests for payments sent to United Nations Headquarters by third parties. More than 1,000 invoices were processed in IMIS monthly, which resulted in an average of \$1.6 billion in annual total vendor payments over the past four years (see Figure 1). Payments made by Headquarters have also been decreasing over the years, as field missions have taken over more responsibility for payments relating to their operations.

Figure 1: Total Vendor Payments made by OPPBA by Year
(In millions of United States dollars)



Source: IMIS

4. Comments provided by the Department of Management are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of OPPBA governance, risk management and control processes in providing reasonable assurance regarding the **accurate and timely payment of legitimate vendor claims processed through IMIS by OPPBA**.

6. The audit was included in the 2013 OIOS risk-based work plan due to the risk that payments to vendors may not be made in an accurate or timely manner.

7. The key controls tested for the audit were: (a) regulatory framework; and (b) performance monitoring indicators and mechanisms. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the processing of vendor payments; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

(b) **Performance monitoring indicators and mechanisms** - controls that provide reasonable assurance that metrics are: (i) established and appropriate to enable measurement of the efficiency and effectiveness of operations; (ii) properly reported on; and (iii) used to manage operations appropriately.

8. The key controls were assessed for the control objectives shown in Table 1. One control objective shown in Table 1 was “Not assessed” as it was not relevant to the scope defined for this audit.

9. OIOS conducted the audit from November 2013 to June 2014. The audit covered the period from 1 January 2011 to 30 September 2013 and reviewed payments processed in IMIS.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. Statistical sampling methodologies were used to extract samples for detailed review. A total of 380 payments above \$4,000 and 40 low value payments below \$4,000 were selected. Payments amounting to \$299 million were matched with invoices, purchase orders and receipt and inspection reports as applicable and issues followed up with staff members from OPPBA, the Procurement Division and some of the requisitioning departments and offices.

III. AUDIT RESULTS

11. The OPPBA governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **accurate and timely payment of legitimate vendor claims processed through IMIS by OPPBA**. OIOS made eight recommendations to address issues identified in this audit. The key control of regulatory framework was assessed as partially satisfactory because OPPBA needed to align its processes to comply with the

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

recently promulgated Financial Regulations and Rules regarding the processing of expenditures for which commitments had been established. OPPBA also needed to implement procedures to ensure that the goods and services related to requests for low value payments below \$4,000 had been acquired in accordance with the Financial Regulations and Rules and the Procurement Manual and that the payments were certified by duly designated officials. Furthermore, OPPBA needed to ensure that there was adequate segregation of duties between the maintenance of the vendor master data file and processing of vendor payments. The key control of performance monitoring indicators and mechanisms was assessed as partially satisfactory because the performance indicator on the timeliness of payments was not designed to monitor processing times for various categories of payments and the system to record and extract information on the indicator was inadequate. Additionally, there was no indicator to monitor the entire invoice processing activity from receipt of an invoice by the United Nations to disbursement of funds to the vendor.

12. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of eight important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Accurate and timely payment of legitimate vendor claims processed through IMIS by OPPBA	(a) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Performance monitoring indicators and mechanisms	Partially satisfactory	Partially satisfactory	Not assessed	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Regulatory framework

The practice of requiring certifying officers to certify invoices relating to expenditures for which commitments had been established was redundant

13. According to the Financial Regulations and Rules promulgated in June 2013, further certification of invoices was not required if the amount of an invoice was consistent with the amount reserved in the accounts (commitment) to cover the expenditure. The Rules also did not require certification of expenditures if the difference between the amount of the invoice and the commitment was less than 10 per cent of the commitment or \$4,000, whichever was lower.

14. VCAU routinely sent invoices to requisitioning departments and offices to be certified even though they matched the commitments in the accounts, purchase orders and the details in receipt and inspection reports; and there was compliance with the delivery terms. The manual certification of such invoices by requisitioning departments was not an effective control as it provided no further assurance on the appropriateness of the invoice. It also delayed the payment process.

15. The manual certification practice was a carryover from the previous Financial Regulations and Rules and the current Finance and Budget Manual, which still has this requirement.

(1) OPPBA should align the Finance and Budget Manual with the Financial Regulations and Rules regarding the processing of invoices relating to expenditures for which commitments had been established in the accounts.

OPPBA accepted recommendation 1 and stated that VCAU was in the process of drafting the Finance and Budget Manual updates to reflect that invoices did not always need certification. Recommendation 1 remains open pending submission of the revised Finance and Budget Manual that is aligned with the Financial Regulations and Rules.

Numerous low value payments made to the same vendor indicated possible circumvention of procurement procedures

16. The Financial Regulations and Rules allowed expenditures of amounts up to \$4,000 each to be incurred without a prior commitment supported by a contract, agreement or purchase order. For expenditures between \$4,000 and \$40,000, the Procurement Manual required a Procurement Officer to use informal methods of solicitation to obtain quotations, assess which one offered the best value for money and record the assessment in a procurement case file prior to making any purchases.

17. During the period under review, several low value payments were made to Vendor A amounting to \$573,174. The totals of these payments on a single day ranged from \$1,565 to \$58,889. On further review, OIOS determined that the majority of the transactions had been initiated by the Department for General Assembly and Conference Management. The Department explained that the orders were for specialized paper for which there was no contract in place. OIOS noted that some of the related invoice numbers were either consecutive or suffixed with a letter and concluded that there was a high likelihood that the purchases had been split in circumvention of the Financial Regulations and Rules and the Procurement Manual.

18. Even though the invoices were processed and approved by the same officers, the potential split purchases were not identified and addressed by OPPBA because OPPBA had not developed mechanisms to detect and mitigate this risk. OIOS reviewed other low value payments and did not find further indications of extensive possible splitting of purchases.

(2) OPPBA should: (i) periodically conduct reviews to check whether goods or services related to requests for low value payments (below \$4,000) were acquired in accordance with the Financial Regulations and Rules and the Procurement Manual; and (ii) bring potential deviations to the attention of the Office of the Controller.

OPPBA accepted recommendation 2 and stated that OPPBA would train its staff to identify questionable patterns of low value payments and put in place a periodic review to identify requests for low value payments that might not have followed the Financial Regulations and Rules and the Procurement Manual. As a result, identified deviations would be brought to the attention of the Office of the Controller as soon as detected. Recommendation 2 remains open pending notification of measures implemented to ensure questionable patterns of low value payments were identified and reported to the Office of the Controller.

(3) OPPBA should, in collaboration with the Umoja Office, assess the feasibility of incorporating a control mechanism in Umoja to detect possible splitting of purchases to

make them fall below the thresholds for low value payments.

OPPBA accepted recommendation 3 and stated that there was no automated control mechanism in Umoja. However, regular reports would be run to monitor low value spend against vendors to determine whether procedures were being contravened as well as whether the supplier should be obliged to follow an official registration path. Recommendation 3 remains open pending submission of evidence that reports on low value expenditure were being produced and monitored on a regular basis.

(4) OPPBA should investigate possible splitting of purchases from Vendor A between January 2011 and September 2013 and establish accountability for any non-compliance with the Financial Regulations and Rules and the Procurement Manual.

OPPBA accepted recommendation 4 and stated that OPPBA would send a letter from the Controller reminding all executive officers and certifying officers of the proper use of low value payments. In addition, OPPBA had started an investigation of purchases from Vendor A and would soon be contacting the executive officers of the requisitioning offices involved of possible non-compliance. The conclusion of the analysis will be brought to the attention of the Controller who would take follow-up action accordingly. Recommendation 4 remains open pending receipt of a copy of the letter sent to all executive and certifying officers on the proper use of low value payments and the report on the investigation into purchases from Vendor A.

Improper certification of low value payments

19. The Financial Regulations and Rules required that all low value payments (i.e. those below \$4,000) be certified and approved by designated officers since it was not necessary to establish the related commitment prior to procurement of the associated goods and services. OIOS noted that while the names and titles of officers certifying some invoices were clearly indicated, in other instances only the signature of the officer appeared on the invoice. OPPBA did not have a list of certifying officers and their specimen signatures to compare the signatures with and ascertain that the invoices were certified by staff members with the appropriate designations. Additionally, some officials signed on behalf of others and it was not clear whether the signing officer was designated as the signature could not be identified. As stated in the Financial Regulations and Rules, certifying authority and responsibility were assigned on a personal basis and cannot be delegated. There was therefore a risk that low value purchases would be certified by persons not authorized to carry out that function.

(5) OPPBA should implement procedures to ensure that only duly designated certifying officers certify expenditures for low value payments (below \$4,000) as required by the Financial Regulations and Rules.

OPPBA accepted recommendation 5 and stated that OPPBA would send a memo from the Controller to all executive officers reminding them to carry out periodic tests regarding deviation from the rule that only certifying officers can authorize low value payments. Furthermore, Umoja would also bring with it a control that only officers identified in the system as certifying officers would receive notification and be able to authorize low-value payments; hence, eliminating the risk currently in IMIS. Recommendation 5 remains open pending notification of procedures implemented to ensure that only designated certifying officers certify low value payments.

Potential lack of segregation of duties and conflict with United Nations procedures on vendor master data file maintenance

20. In order to maintain good internal controls, responsibility for functions deemed incompatible, such as maintaining the vendor master data file and processing of vendor payments, was required to be segregated. This was necessary to prevent possible inappropriate revisions to vendor master data and processing of payments to fictitious vendors and/or incorrect bank accounts. Furthermore, according to the Procurement Manual, the responsibility for vendor registration was one of the functions of the Procurement Division's Vendor Registration and Management Team.

21. However, vendor approval rights in IMIS were granted to at least two approving officers in VCAU. The Chief of the Unit explained that the staff members had been granted an exemption to facilitate the processing of payments in the event that vendors required a change to their bank account information but that these rights were not being used.

(6) OPPBA should implement procedures to ensure that there is adequate segregation of duties between incompatible functions such as maintenance of vendor master data and processing of vendor payments.

OPPBA accepted recommendation 6 and stated that as of 1 November 2013, VCAU staff were instructed to stop updates to payee master data (e.g., bank account) in IMIS. In addition, a request would be submitted to the Office of Information and Communication Technology to remove this access from all VCAU staff through the normal process for maintenance of IMIS access rights. Recommendation 6 remains open pending submission of evidence that VCAU staff no longer have access to update payee master data files.

No evidence of review and analysis of accounts payable balances

22. There was no evidence of systematic reconciliation of balances on vendors' accounts with statements received from them, as stipulated in the Finance and Budget Manual. OPPBA explained that reconciliations were carried out on an ad-hoc basis, but in the absence of a systematic reconciliation of accounts payable, there was no independent check of the accuracy of the balances and identification and resolution of discrepancies such as duplicate payments and long outstanding items.

(7) OPPBA should introduce a process of systematically reviewing and analyzing accounts payable balances based on an assessment of risks to ensure their accuracy.

OPPBA accepted recommendation 7 and stated that because it would not be practicable to review all payee accounts; the review and analysis would be done periodically for selected payees, which would include the ones with the largest amounts paid and the ones with the longest delays in payments. Recommendation 7 remains open pending submission of evidence that OPPBA has implemented a process to review and analyze accounts payable balances based on established criteria.

B. Performance monitoring indicators and mechanisms

The performance indicator on the timeliness of processing of payments was not operating effectively

23. Performance indicators should be specific to enable an entity to evaluate the success of an activity and to identify potential areas of improvement. Additionally, organizations should internally communicate information necessary to support the functioning of internal control.

24. One of the performance indicators of OPPBA was to process 90 per cent of transactions within 30 days of receipt of all appropriate documents. This was a composite target for all types of transactions processed by OPPBA including payments relating to staff separations, education grant, vendor claims and travel claims. Setting a composite target did not enable OPPBA to monitor processing times for the different types of payments and to ensure that delays in processing some categories of payments, e.g. vendor claims, were not being compensated for by promptness in others, e.g. staff payments, thereby concealing any problem areas.

25. The payment term for invoices was generally 30 days from receipt of the invoice by the United Nations. In designing the performance indicator, OPPBA set a target that utilized the entire time allowed without leaving any allowance for invoice processing activities that offices outside OPPBA may need to conduct.

26. Furthermore, OPPBA did not have a system to collect reliable information on all payments relating to the indicator. OPPBA maintained a system called Invoice Tracker in which the dates invoices were received were recorded. However, these dates did not reflect a common stage of the payment processing cycle as some of the invoices were received directly from vendors and had not been certified, while others were received from the requisitioning department or office after certification. Invoices received directly from vendors were subsequently sent to departments and offices for certification. In addition, the Invoice Tracker system was not always promptly updated when payments were approved so the approval date shown in the system could not be relied upon. Therefore OPPBA had no means of accurately determining the percentage of payments that had been made within 30 days of receiving all the relevant documents, i.e., purchase orders, receipt and inspection reports and certified invoices. OPPBA also informed OIOS that there was no functionality in Umoja that provided information on the various stages of processing payments.

27. Notwithstanding the lack of reliable information, OPPBA did not have a process to prepare and submit periodic reports on the indicator to senior management in the Office. Even though the Invoice Tracker System was capable of producing invoice aging reports, these were not printed and circulated. The performance indicator therefore did not serve as a means of monitoring payment processing times at OPPBA to identify and address any shortcomings. VCAU explained that they followed up long outstanding invoices, but this was done “online”.

28. In addition, there was no performance indicator to monitor the entire invoice processing activity - from the receipt by the United Nations of an invoice from a vendor to the disbursement of funds. A mechanism was needed to ensure that the United Nations was meeting its obligations to vendors while consistently taking advantage of prompt payment discounts.

<p>(8) OPPBA should develop performance indicators and mechanisms that would enable it to monitor processing times for various categories of payments and take remedial actions as necessary, to ensure that any bottlenecks are identified and appropriate actions are taken to improve the process.</p>
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OPPBA accepted recommendation 8 and stated that separate performance indicators that were appropriate for OPPBA would be identified especially for commercial vendor payments. These performance indicators would be produced periodically in Umoja and OPPBA staff would be notified of any remedial actions needed. In addition, fields in Invoice Tracker may be repurposed and a recording procedure may be redefined so the needed information could be gathered in relation to Umoja implementation. Recommendation 8 remains open pending notification of the performance indicators identified to monitor processing times for the various categories of payments and the mechanisms implemented to report on them and take any remedial actions needed.

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of the Department of Management for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	OPPBA should align the Finance and Budget Manual with the Financial Regulations and Rules regarding the processing of invoices relating to expenditures for which commitments had been established in the accounts.	Important	O	Submission of the revised Finance and Budget Manual that is aligned with the Financial Regulations and Rules that is aligned with the Financial Regulations and Rules.	30 June 2015
2	OPPBA should: (i) periodically conduct reviews to check whether goods or services related to requests for low value payments (below \$4,000) were acquired in accordance with the Financial Regulations and Rules and the Procurement Manual; and (ii) bring potential deviations to the attention of the Office of the Controller.	Important	O	Notification of measures implemented to ensure questionable patterns of low value payments are identified and reported to the Office of the Controller.	31 December 2014
3	OPPBA should, in collaboration with the Umoja Office, assess the feasibility of incorporating a control mechanism in Umoja to detect possible splitting of purchases to make them fall below the thresholds for low value payments.	Important	O	Submission of evidence that reports on low value expenditure are being produced and monitored on a regular basis.	31 March 2015
4	OPPBA should investigate possible splitting of purchases from the Vendor A between January 2011 and September 2013 and establish accountability for any non-compliance with the Financial Regulations and Rules and the Procurement Manual.	Important	O	Receipt of a copy of the letter sent to all executive and certifying officers on the proper use of low value payments and the report on the investigation into purchases from Vendor A.	30 December 2014
5	OPPBA should implement procedures to ensure that only duly designated certifying officers certify	Important	O	Notification of procedures implemented to ensure that only designated certifying officers	31 December 2015

² Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by the Department of Management in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	expenditures for low value payments (below \$4,000) as required by the Financial Regulations and Rules.			certify low value payments.	
6	OPPBA should implement procedures to ensure that there is adequate segregation of duties between incompatible functions such as maintenance of vendor master data and processing of vendor payments.	Important	O	Submission of evidence that VCAU staff no longer have access to update payee master data files.	30 December 2014
7	OPPBA should introduce a process of systematically reviewing and analyzing accounts payable balances based on an assessment of risks to ensure their accuracy.	Important	O	Submission of evidence that OPPBA has implemented a process to review and analyze accounts payable balances based on established criteria.	31 December 2014
8	OPPBA should develop performance indicators and mechanisms that would enable it to monitor processing times for various categories of payments and take remedial actions as necessary, to ensure that any bottlenecks are identified and appropriate actions are taken to improve the process.	Important	O	Notification of the performance indicators identified to monitor processing times for the various categories of payments and the mechanisms implemented to report on them and take any remedial actions needed.	31 December 2015

APPENDIX I

Management Response



TO: Ms. Muriette Lawrence-Hume, Officer-in-Charge
A: New York Audit Service, Internal Audit Division
Office of Internal Oversight Services
Christian Saunders
THROUGH: Christian Saunders, Director
S/C DE: Office of the Under-Secretary-General for Management
FROM: *Mario Baez*
DE: Mario Baez, Chief, Policy and Oversight Coordination Service
Office of the Under-Secretary-General for Management

SUBJECT: **Draft report on an audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts (Assignment No. AH2013/511/02)**

DATE: 3 September 2014

1. In response to your memorandum dated 11 August 2014 on the above subject, we are pleased to provide the comments of the Department of Management to the recommendations in the draft report in Appendix I below.
2. Thank you for providing us with the opportunity to comment on the draft report.

14-02212
4 Sept 2014

Management Response

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OPPBA should align the Finance and Budget Manual with the Financial Regulations and Rules regarding the processing of invoices relating to expenditures for which commitments had been established in the accounts.	Important	Yes	Controller	30 June 2015	The Vendor Claims and Accounting Unit (VCAU) is in the process of drafting the Finance and Budget Manual updates to reflect that invoices do not always need certification.
2	OPPBA should: (i) periodically conduct procedures to monitor that goods or services related to requests for low value payments (below \$4,000) were acquired in accordance with the Financial Regulations and Rules and the Procurement Manual; and (ii) bring potential deviations to the attention of the Office of the Controller.	Important	Yes	Chief, Vendor Claims and Accounting Unit	31 December 2014	OPPBA would train its staff to identify questionable patterns of low value payments and put in place a periodic review to identify requests for low value payments that might not have followed the Financial Regulations and Rules and the Procurement Manual. As a result, identified deviations will be brought to the attention of the Office of the Controller as soon as detected.
3	OPPBA should, in collaboration with the Umoja Office, assess the feasibility of incorporating a control mechanism in Umoja to detect possible splitting of purchases to fall below the threshold for low value payments.	Important	Yes	Chief, Vendor Claims and Accounting Unit	31 March 2015	There is no automated control mechanism in Umoja. However, regular reports will be run to monitor low value spend against vendors to determine whether procedures are being contravened as well as whether the supplier should be obliged to follow an official registration path.

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	OPPBA should investigate possible splitting of purchases from the Vendor A between January 2011 and September 2013 and establish accountability for any non-compliance with the Financial Regulations and Rules and the Procurement Manual.	Important	Yes	Controller	30 December 2014	OPPBA will send a letter from the Controller reminding all executive officers and certifying officers of the proper use of low value payments. In addition, OPPBA has started an analysis of purchases from Vendor A and will be contacting the executive officer of the requisitioning offices involved regarding possible non-compliance. The conclusion of the analysis will be brought to the attention of the Controller who will take follow-up actions accordingly.
5	OPPBA should implement procedures to ensure that only duly designated certifying officers certify expenditures for low value payments (below \$4,000) as required by the Financial Regulations and Rules.	Important	Yes	Controller	31 December 2015	OPPBA will send a memo from the Controller to all executive officers reminding them to carry out periodic tests, regarding deviation from the rule that only certifying officers can authorize low value payments. Umoja will also bring with it a control that once identified in the system, only Certifying Officers will receive notification and will be able to authorize low-value payments; hence, eliminating the risk currently in IMIS.
6	OPPBA should implement procedures to ensure that there is adequate segregation of duties between incompatible functions such as maintenance of vendor master data and processing of vendor payments.	Important	Yes	Chief, Vendor Claims and Accounting Unit	30 December 2014	VCAU staff were instructed to stop updates to payee master data (e.g., bank account) in IMIS as of 1 November 2013. In addition, a request will be submitted to the Office of Information and Communication Technology to remove access from all VCAU staff through the normal process for maintenance of IMIS access rights.

Management Response

Audit of vendor claims processing in the Integrated Management Information System at the Office of Programme Planning, Budget and Accounts

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	OPPBA should introduce a process of systematically reviewing and analyzing accounts payable balances based on an assessment of risks to ensure their accuracy.	Important	Yes	Chief, Vendor Claims and Accounting Unit	31 December 2014	Review and analysis would be done periodically for selected payees. It would not be practical to review all payee accounts. The selected payees would include ones with the largest amounts paid and the ones with the longest delays in payments.
8	OPPBA should develop performance indicators and mechanisms that would enable it to monitor processing times for various categories of payments and take remedial actions as necessary, to ensure that any bottlenecks are identified and appropriate actions are taken to improve the process.	Important	Yes	Chief, Vendor Claims and Accounting Unit	31 December 2015	Separate performance indicators that are appropriate for OPPBA would be identified especially for commercial vendor payments. These performance indicators would be produced periodically in Umoja and OPPBA staff would be notified of any remedial actions needed. In addition, fields in Invoice Tracker may be re-purposed and a recording procedure may be redefined so the needed information could be gathered in relation to Umoja implementation.