

general ledger, and entries are made to record issuance cost when notified by the Treasurer. These accounts are not separated in the general ledger at this time, however, the Department will begin to keep separate general ledger accounts for bond issues. The overstated amount of \$10,000 has been correct in the subsequent year.

Transactions for transfers between cash accounts are not always recorded in both cash accounts in the general ledger in the month the transfer transactions actually occur.

RECOMMENDATION:

Be sure transfers between cash accounts are recorded in both cash accounts in the general ledger in the month the transfer transaction actually occurs.

RESPONSE:

We concur with the recommendation and will monitor all cash transfers to ensure the entries are made to the general ledger in the month incurred.

ACCOUNTS PAYABLE AND EXPENDITURE DEFICIENCIES

Our testing for unrecorded vendor accounts payable resulted in the recording of approximately \$1,800,000 of additional accounts payable by journal entry.

RECOMMENDATION:

A more diligent search be made as of year end to ensure that all accounts payable of the Department are recorded as of each year end.

RESPONSE:

We concur with the recommendation. Due to the transition in accounting systems, a manual search of documentation had to be done this year to accumulate any additional payables. There were several types of vouchers to be considered in making this search. We will make a concerted effort to ensure any additional payables are accounted for.

Our testing disclosed purchase orders being dated the same date of delivery of the goods. This would mean that orders are being placed without purchase orders and purchase orders are being prepared after the goods are received.

RECOMMENDATION:

The purchase order system be adhered to with purchase orders being issued and approved prior to orders being placed for good and services.

RESPONSE:

Purchases are often made with the requisition number referenced as the "customer order number". On these "confirming" orders, the purchase order may be created on the date the goods are received. The Department encourages the preparation of a purchase order prior to contracting for goods and services but failure to do so does not necessarily constitute an unauthorized procurement.

Our testing of cash disbursements disclosed nine invoices that were not paid within 30 working days of receipt of the necessary documentation to allow payment. Also the Department failed to pay an invoice on time and the delinquent payment resulted in a late charge payment of \$818.