



City and County of San Francisco Controller's Office

Post Audit Training

Presented by

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The background of the slide features a light blue gradient with a faint, semi-transparent image of classical architectural columns on the left side. The columns are white with detailed capitals and fluted shafts.

Agenda

- Post Audit Findings Overview
- Exceptions – Discussion & Questions with in-house experts
 - Authorizations
 - Processing
 - Supporting Documentation
 - Timing Issue
 - Compliance

Post Audit Findings Overview

Findings	TOTAL (city-wide)	
	FY 2005	
	Count	\$
AUTHORIZATION:		
1 Payment or authorization prior to certification of contract	190	\$9,893,388
2 No purchase order/contract/encumbrance/invoice	51	\$210,642
3 Authorization signature missing	23	\$913,323
PROCESSING:		
4 Incorrect input or use (document type/subobject/commodity code/vendor format)	67	\$4,929,211
5 Incorrect Keying of invoice or lack of invoice no./vendor no./deposit no.	53	\$1,607,861
SUPPORTING DOCUMENTATION:		
6 Missing/misfiled/insufficient supporting/original documentation	23	\$533,201
7 Vendor insurance not verified/valid at time of services	10	\$4,781,099
TIMING ISSUE:		
8 Untimely deposits/recording of cash receipts	28	\$1,901,903
9 Late posting/payment of expenses	27	\$2,320,836
COMPLIANCE:		
10 Vendors with non-current business tax certificates	48	\$1,473,595
Total Exceptions	648	\$43,714,436
Test Population	3,228	\$1,413,314,661
Total Population	65,477	\$10,374,526,255
Exception Percent of Test Population	20%	3%
Test Population Percent of Total Population	5%	14%

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Top Authorization Findings

1. Payment or Authorization prior to certification of contract
2. No purchase order / contract / encumbrance / invoice
3. Authorization signature missing

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Certification of Funds

- Department must encumber funds before goods or services are provided
 - Certification of available funds for all purchases, contracts, and other obligations is done by posting an encumbrance transaction in FAMIS
 - Refer to CCSF Charter Section 3.105



Encumbrance Example

- Purchase Order posted in FAMIS 2/11/2005
- ✘ Invoices Dated 12/20/2004 and 1/24/2005
- ☑ Correct Procedure:
Encumbrance must be posted before goods or services provided to the City



Certification of Funds, cont.

- Departments must issue Purchase Orders to encumber funds before orders are placed with vendor (Charter §3.105)
- PO Releases created in FAMIS, Screen 2360
- Departmental Purchase Orders created in FAMIS, Screen 2360
- Encumbrances for Construction Contracts with retainage created in FAMIS with document type “EN”
- If funds not encumbered vendor may have to file claim with the City



Blanket Purchase Order (BPOs)

- Obtain approval for future purchases for a vendor for specific time period and dollar limit
- Also used to track Professional Service Contracts that span multiple Fiscal Years



Blanket Purchase Order (BPOs)

- Try to obtain favorable terms from vendors and include in the BPO such as:
 - Discount Pricing off of retail pricing.
 - Prompt Payment discount.
 - FOB Destination Point “preferred.”
 - Description of the product or service
- If BPO over \$10k need justification in Notepad
- **BPO's do not encumber funds, PO Releases do**



Duplicate Copies of Invoices

- If original invoice not available, provide the following:
 - Explanation why original not available
 - Certification that payment has not been made
 - Explanation of what steps have been taken to avoid a reoccurrence.
 - Invoice & letter must be signed by Dept. Head or Designated Fiscal Officer



Department Authorization

- Internal controls for approvals
 - All invoices must have authorization signature on original document
 - Confirm receipt of goods or services are satisfactory
 - Confirm review of invoice for accuracy
 - Initiator different from Approver to ensure secondary review
 - Department head and/or designated fiscal officer with signature card on file with Controller's Office must certify duplicate invoices



Top Processing Findings

4. Incorrect input or use
(document type / subobject /
commodity code / vendor
format)
5. Incorrect keying of invoice
number or lack of invoice
number / vendor number /
deposit number



Use of Proper Codes

- Allows for correct budgetary control
- Ensures appropriate approval path followed
- Use of correct subobject code facilitates reporting for vendor web and 1099's
- Ensures accuracy of financial reporting
- Using correct codes at time of requisition avoids change orders



Use of Proper Codes - cont'd

- Incorrect Sub-object/Commodity codes
 - Invoice for food/local field exp. charged to Other office supplies subobject
 - Purchases of equipment charged to materials and supplies
 - Invoice for maintenance charged to Commodity Code for rent
- Use F2 to select subobject and commodity codes in FAMIS

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Sales Tax and Use Tax

- Pay sales tax to vendors that have locations in California
- Accrue sales tax and pay state annually for out of state vendors



Document Type ERRORS

- Using JE instead of EN for encumbrance document in FAMIS
 - Causes incorrect approval path and incorrect document number for reporting
- Using JE instead of WS for workorder billings
 - Controller does not approve workorder billings
- Using JE instead RT for revenue transfers / other allocations
 - Revenue Transfers must have additional approval by Controller Budget Division

Multiple Invoices for Single Payment in FAMIS

- Each invoice number between pair of asterisks as 1st item on Description Line
 - *1234567**123456A*
- Multiple invoices for a single payment entered on Trans.Description Line using multiple lines
 - Line 1 *0156789**0156790* with TOTAL doc. amt.
 - Line 2 ' *0156791**0156792* with 0.00 in Amount
 - Line 3 ' *0156793**0156794* with 0.00 in Amount
 - (Trick – use apostrophe (') at beginning of 2nd line and 3rd line, etc., never at end of line)
- **Must be same vendor, same transaction**

Multiple Invoices for Single Payment in FAMIS

Line 01 of document

DOCUMENT -- POST PERIOD -- POST DATE ----- POSTED BY ----- UNIT
PRSP06501116 01 12 2006 JUNE 2006 07/06/2006 QUEVEDO, CYNTHIA

Invoice between
Asterisks

TRANS CODE : 210 ESTABLISH A V/P-DIRECT EXPENDITURES
DOCUMENT REF : 275680 NOTEPAD : N
TRANS DESC. : *507902 BRADFORD/SALVADOR/PA*

Grand Total

AMOUNT : 827.13 DUE DATE : 07/06/2006 SINGLE CHECK : Y
VENDOR NUMBER : 11156 01 LEGAL SERVICES FOR CHILDREN INC
INDEX CODE : 118233 JUVENILE DEPENDENCY SERVICES
SUB-OBJECT : 02611 ATTORNEY FEES-CRIMINAL

Line 02 of document

DOCUMENT -- POST PERIOD -- POST DATE ----- POSTED BY ----- UNIT
PRSP06501116 02 12 2006 JUNE 2006 07/06/2006 QUEVEDO, CYNTHIA

Apostrophe, then
Asterisk

TRANS CODE : 210 ESTABLISH A V/P-DIRECT EXPENDITURES
DOCUMENT REF : 275680 NOTEPAD : N
TRANS DESC. : '*JD99 3297 COLLINS/PARALEGAL*

.00 in Amount for 2nd
Line of document

AMOUNT : .00 DUE DATE : 07/06/2006 SINGLE CHECK : Y
VENDOR NUMBER : 11156 01 LEGAL SERVICES FOR CHILDREN INC
INDEX CODE : 118233 JUVENILE DEPENDENCY SERVICES
SUB-OBJECT : 02611 ATTORNEY FEES-CRIMINAL



Invoice Number Example

- ✘ Invoice number in FAMIS
Purchasing is “SEE NOTEPAD”
- ✘ View notepad – invoices numbers
listed in Notepad

- ☑ Correct Procedure:
Type invoice number on invoice
number field

If No Invoice Number

- If vendor does not provide an invoice number, use the following format:
 - DDMDDYY+(sequential letter)
 - DD = 2 character FAMIS department code; i.e. SH = Sheriff
 - MMDDYY = date of invoice; i.e., 011606
 - Use sequential letter beginning with A, B, C, etc., where more than one invoice on the SAME DATE for that vendor
 - Example: *SH011606A**SH011606B*
- If this format does not work for your department, contact your fund accounting supervisor to discuss alternatives
- Do not pay invoices from Vendor Statement

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Top Supporting Documentation Findings

7. Missing / misfiled / insufficient supporting or original documentation
8. Vendor insurance not verified / valid at time of service



Supporting Documentation

- Keep ORIGINAL supporting documentation
 - Packing slips
 - Receiving reports
 - Invoices
 - Purchase Order
 - Vendor insurance – valid as of date of order or service
 - Information that substantiates the document
 - Not Screen Prints!



Vendor Insurance Example

- Invoices for services performed in January 2005
- ✗ Insurance Certificate on file covers periods July 2002 through July 2003
- ☑ Correct Procedure:
Insurance Certificate should cover period July 2004 through June 2005



Use of Notepad

- Use Notepad to provide additional information regarding receipt, payment, or journal entry
 - Write clearly and concisely to convey what it is with understandable abbreviations
 - Explain why you are posting the transaction
 - Copy and Paste from electronic sources
 - Documents / Emails
 - Do not use “See Attached”
 - Do not “state the obvious”

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Other Items

- Use Document Reference field to provide previous or source document information to cross reference for audit trail
- Make transaction description meaningful
 - Do not use “See Notepad”

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Top Timing Issue Findings

8. Untimely deposits of cash receipts
9. Late posting and/or payment of expenses



Example of Late Invoice

- Invoices received monthly from July to December, 2004
- ✗ Invoices Paid (Posted in FAMIS)
February, 2005
- ☑ Correct Procedure:
Do not accumulate invoices



Another Example

- Invoice for 3M Insulation Putty for \$63.54
- Invoice Dated 10/10/03
- ✗ Invoice Posted 3/7/05

☒ Correct Procedure:
Pay invoices timely!



Timing Issues

- What's timely in processing documents?
 - Within 24 hours – GREAT
 - Within a week – OKAY
 - Within a month – NOT OKAY
 - Within a year – BAAAAD!!
- Take advantage of discounts wherever possible
- Post workorder direct billings to multiple departments as separate documents

Timely Clearance of Outstanding Items

- Unidentified receipts – Index Code [IC] =DDDUNIDENT (DDD or DD=Dept.Code), revenue subobject
- Bank overage/shortage – IC=DDDRECADJ, subobject 78901
- NSF checks – IC=DDDNSF, subobj. 78902
- Travel advances – FAMIS Screen FAML6900 Document Summary by Subsidiary Inquiry, GL 161 Advances, Subsidiary DDZ001 for all open TA's, clear within 10 days after travel complete



Untimely Deposits Example

- Various checks dated 8/13/04 through 1/26/05 (13 in total)
- ✗ Various checks deposited in FAMIS 3/9/05
- ☑ Correct Procedure:
Do not accumulate checks!

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Top Compliance Finding

10. Vendors with non-current
business tax certificates



Compliant Vendors

- Screen FAML9560 contains vendor compliance codes
- Compliant Vendor Codes
 - BUS TAX with expiration date in the future
 - HBC YES COMPLIES WITH NON-DISCRIM POLICY
 - HBN YES COMPLIES WITH EQUAL BENEFITS POLICY



Other Business Tax Codes

- BUS DND – Does not do business in SF (Form P-25 required to inform City of their status)
- BUS EX – Exempt
- BUS GOV – Government Entity
- BUS IA – Inactive
- BUS NO – Refused to register
- BUS NP – Non-Profit Org
- BUS TAX – Business Tax Cert # & Expiration Date
- BUS RRA – Needs to register if Awarded

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Compliance Tips

- Look for Pending Information in FAMIS Vendor Screens
- Encourage Vendor to become compliant
- Get 12B Documentation to HRC ASAP

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Compliance Tips

- Watch Out for Compliant Vendors with Changing FEINs & Vendor Numbers
- Don't Forget:
 - Non-compliant Companies *CAN* Bid but must be compliant before contract is awarded
- Check to see if vendor is debarred from doing business with the City
 - http://www.sfgov.org/site/controller_index.asp?id=28412

Compliant Vendor

FAML9560 V5.1 CITY AND COUNTY OF SAN FRANCISCO--NFAMIS 06/28/2006
LINK TO: VENDOR CLASS/STATUS CODE 10:27 AM

VENDOR NUMBER: 09677 - AMTECH SAN FRANCISCO ELEVATOR
VENDOR SUFFIX: 01

S	CLS	STA	DESCRIPTION	SRT	FRQ	DATE-1	DATE-2	PREF %	CERTIFICATE
	BUS	TAX	EXP DT&CERT NUM				06/30/2007		305325
	FI3	YES	HRC3 INTERIM						
	FO3	YES	HRC FORM3 PRIOR						
	HB	REQ	REQR 12B COMPLY				06/05/1997		
	HBC	YES	COMPLIES						
	HBN	YES	COMPLIES						
	HCA	DEC	HCAODECLAR/FILE						
	HCD	NTQ	HRCSTAT/NOTQUAL				11/26/1996		
	MCO	DEC	MCO DECLARATION						

Non-Compliant Vendor

FAML9560 V5.1 CITY AND COUNTY OF SAN FRANCISCO--NFAMIS 06/28/2006
LINK TO: VENDOR CLASS/STATUS CODE 10:31 AM

VENDOR NUMBER: 05426 - COMPUTER ASSOCIATES INTERNATIONAL INC
VENDOR SUFFIX: 01

S	CLS	STA	DESCRIPTION	SRT	FRQ	DATE-1	DATE-2	PREF %	CERTIFICATE
	BUS	TAX	EXP DT&CERT NUM				06/30/2007		184572
	FO3	YES	HRC FORM3 PRIOR						
	HB	REQ	REQR 12B COMPLY				06/05/1997		
	HBC	YES	COMPLIES						
	HBN	PND	EQUAL BENEFITS						
	HBN	P01	PEND:NEED HEALT						
	HBN	P07	PEND:DISC.POLIC						
	HBN	P08	PEND:CREDITUNIO						
	HBN	P09	PEND:CHILD CARE						
	HBN	P11	PEND:REVISBEREA						
	HBN	P12	PEND:REVISFAMIL						
	HBN	P15	PEND:REVRELOTRA						
	HBN	P20	PEND:REVISED 12						

Vendor Compliance Contacts

- **Vendor Packet (12B, W9 & Business Tax)**
 - http://www.sfgov.org/site/oca_page.asp?id=26550 or call 554-6743
- **Business Tax Status**
 - Contact Arlene Williamson, Tax Representative, 554-6718
- **Human Rights Commission**
 - http://www.sfgov.org/site/sfhumanrights_index.asp?id=458 or call 252-2500
- **Minimum Compensation Ordinance (MCO)**
 - <http://www.sfgov.org/olse> or call 554-6237
- **Health Care Accountability Ordinance (HCAO)**
 - <http://www.sfgov.org/olse> or call 554-6237.



Vendor Set-Up in FAMIS

- Vendor set-up through Vendor File Support, Controller.
 - Email: vendor.file.support@sfgov.org
 - Phone: 554-6702
- One-time vendors are only for non-recurring expenditures such as:
 - Refunds of revenue (Doc. Type = RR), i.e., fees, traffic fines
 - One-time payments for liabilities (Doc. Type = OT), i.e., refund of deposits, judgment & claims



One-Time Vendors

- Do not use One-Time vendors for 1099 reportable expenditures
 - Check 1099 Type on Subobject Table - Screen 5200
- If multiple payments, get W-9 from vendor for tax ID to set up as a regular vendor

Formatting One-Time Vendor Set-up in FAMIS for Individuals

FAML4010 V5.1	CCSF ACCEPTANCE TEST --NFAMISA	06/28/2006	
LINK TO:	DOCUMENT HEADER	11:19 AM	
	NOTEPAD : Y		Doc Type=RR Dept.=XX
DOCUMENT CATEGORY	: RR REVENUE REFUNDS		
ENTERED BY	: PAVKOVIC, ALAN		
DOCUMENT NUMBER	: RRC006500003	INITIATING DEPT : CON	Individual-First name
INPUT PERIOD (MM YYYY)	: 06 2006 JUNE		SPACE Last name
VENDOR NUMBER / SUFFIX	: CCOT057449 01	APPROVAL TYPE : 01	
VENDOR NAME	: ALAN PAVKOVIC		
VENDOR ADDRESS	: C/O CONTROLLER'S OFFICE AOSD		2nd Line-Continuation of payee line, or c/o, attention
STREET	: 1 DR. CARLTON B. GOODLETT PLACE, RM. 300		MUST be Street address
CITY / STATE / ZIP	: SAN FRANCISCO CA 94102	COUNTRY: USA	City TAB State, Zip
DBA NAME	:		DBA Name only
BANK NUMBER	:	TREAS NO :	
DUE DATE	: 06/28/2006	SINGLE CHECK :	
DOCUMENT AMOUNT	:	2.50 CURRENCY CODE :	
NUMBER OF LINES	:	RESPONSIBLE UNIT :	
TRANSACTION CODE HASH	:	TERMS :	
POSTING/EDIT ERRORS	:		



Existing One-Time Vendor

- Always check to see if there is an existing one-time vendor
- If existing and you do another refund in FAMIS
 - Use Document Type “RD” and Document Prefix “RR” for the second refund with the existing one-time vendor
 - DO NOT use Document Type “RR” or it will create a new one time vendor

Vendors with Multiple Addresses

- Vendor number set up but you have a different address
 - Request via email that Vendor File Support add new address
- Vendor: Safway Steel Inc - Should use Suffix 02 for Waukesha Address

VENDOR TYPE : V		VENDOR							
MAIL CODE : RM		REMIT TO							
S	VENDOR NAME	H	D	C	VENDOR	SX	T MC CITY	ST	CTR

	SAFWAY STEEL PRODUCTS	A	A		16139	01	V RM BURLINGAME	CA	USA
	SAFWAY STEEL PRODUCTS	A	A		16139	02	V RM WAUKESHA	WI	USA

Documentation on the Intranet

- For general Controller information such as directives, contact lists, and FAQ's
 - <http://intranet/controller>
- For FAMIS related information
 - <http://famis.sfgov.org>

Documentation on the Intranet

- For OCA term contracts, templates for professional service contracts and sole source forms:
 - <http://mission.sfgov.org/FormCenter/default.aspx?a=form&type=category&catNum=cat2&criteria=Office+of+Contract+Administration>
- For SF Administrative Code Chapter 21, Rules and Regulations for the Acquisition of Commodities and Services:
 - http://www.sfgov.org/site/oca_index.asp?id=26507

Questions?



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Thank you and good luck!