

## ICSA – Purchasing & Accounts Payable (due April 30, 2021)

Each agency is responsible for establishing and maintaining an effective system of internal control. Internal controls can provide reasonable, but not absolute, assurance that an agency's objectives—including the prevention or detection of fraud, waste and abuse—will be met. More information about internal controls and minimal internal control structure requirements can be found in Topic 05 of the State of Arizona Accounting Manual (SAAM). The internal control self-assessment is meant as a catalyst to improve agency operations and achieve agency objectives.

This survey is a self-assessment of certain internal control practices within your agency in the areas of Purchasing and Accounts Payable. Some of these practices may not be required by policy but are nonetheless considered best practices.

If your response to a survey item is sensitive in nature, contact GAO's Internal Audit Unit ([gaointernalaudit@azdoa.gov](mailto:gaointernalaudit@azdoa.gov), 602-291-0506) directly to discuss it.

The items in this survey are to be rated, using either Yes/No/N/A or the 5-point scale as indicated by each question. The following guidance is provided for the 5-point scale ratings:

**Not Applicable (0)** – Practice does not apply.

**Needs Improvement (1)** – Practices have not been fully implemented or are intermittent; acceptable quality and timeliness are recurring challenges.

**Fair (2)** – Practices meet the minimum expectations but are not consistently monitored; acceptable quality and timeliness are inconsistent.

**Good (3)** – Practices meet expectations and are monitored frequently; acceptable quality and timeliness are consistent.

**Very Good (4)** – Practices exceed expectations; quality and timeliness are consistently above average.

**Excellent (5)** – Practices serve as a model for other agencies and other states; quality and timeliness exceed expectations; best-in-class results.

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EMAIL:

Agency Name:

Contact Name (First and Last):

Contact Number (Work Phone):

EIN:

CFO/CFO Designee Email Address:

### Purchasing/Accounts Payable

Internal controls over purchasing and accounts payable help to ensure that purchases are properly authorized and that payments for goods/services are adequately supported and paid in an accurate and timely manner. The survey items below are driven by SAAM policies and best practices.

1. Written procedures are in place to ensure that vendor payments, to the extent practicable, are initiated in APP (Arizona Procurement Portal, aka S2P). Payments for which purchase orders are not required (e.g., rent payments, some utility payments, etc.) may be initiated either in APP or in AFIS per SAAM 6510. (0-5 scale)
2. For AFIS and APP, the agency monitors its employees' system rights in order to manage risk. (Y/N/N/A)
3. The agency monitors its approval paths within APP to ensure that employees cannot approve their own documents. (Y/N/N/A)
4. Your agency monitors, reconciles and closes outstanding and unused purchase orders in APP timely in order to manage agency budgets. (0-5 scale)
5. Agency expenditures comply with the Procurement code and purchases are made from vendors on State contract whenever practicable per SAAM 4520. (0-5 scale)
6. Purchase requisitions and contracts require approval before a purchase order is issued. (Y/N/N/A)
7. Change orders for quantity and/or price are subject to the same purchase requisition approval process. (Y/N/N/A)
8. The following three functions are performed by three different people: purchasing, receiving, and accounts payable per SAAM 0505 and 4520. (0-5 scale)
9. Before payment is made for the purchase of goods, the quantity and quality of the goods received is verified per SAAM 4525. (Y/N/N/A)
10. The receiver of goods provides copies of receiving reports, including partial deliveries and returns, directly to purchasing and accounting personnel. (Y/N/N/A)
11. The agency has established and maintains written procedures for processing invoices. (Y/N/N/A):  
Agency practices are consistently followed to ensure:
  - 11a. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and/or contract. (0-5 scale)
  - 11b. Comparison of invoice quantities with those indicated on the receiving reports. (0-5 scale)

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- 11c. Matching partial deliveries and/or returns to vendor credits. (0-5 scale)
- 11d. Preventing duplicate payments of invoices. (0-5 scale)
- 11e. Calculating extensions where the totals billed are not evidently correct. (0-5 scale)
- 12. Are vendor claims reviewed for appropriateness in accordance with SAAM 4570? (0-5 scale)
- 13. Does your agency urge vendors (including contractors and grantees) to enroll in Automated Clearing House (ACH) payments as the State’s preferred payment method? (0-5 scale)
- 14. For vendors offering early payment discounts, procedures are in place to ensure payments are made within the discount period. (Y/N/N/A)
- 15. For off-contract purchases, an employee, independent of purchasing, periodically reviews purchase prices for reasonableness (e.g., program supervisor/manager). (0-5 scale)
- 16. As required by SAAM 4536, the agency maintains written “agency-specific” P-Card policies and procedures. (Y/N/N/A)
- 17. Single P-Card transaction amounts are limited in accordance with SAAM 4535. (0-5 scale)
- 18. Does your agency monitor temporary limit changes (i.e., credit limits and single purchase credit limits). (Y/N/N/A) (If no/N/A skip to 19)
  - 18a. When the temporary limit change is no longer needed, limits are reverted to the prior level? (0-5 scale)
- 19. P-Card transactions are monitored by the agency to ensure purchase limits are not circumvented (e.g. dividing purchasing transactions to circumvent aggregate or single purchase limits) per SAAM 4535. (0-5 scale)
- 20. P-Cards are only used for authorized purchases incurred for a valid public purpose while conducting State business per SAAM 4535. (0-5 scale)
- 21. P-Card holders are prevented from having both purchasing and payment authority per SAAM 4536. (Y/N/N/A).
- 22. P-Card holders submit receipts for all charges made on the P-Card to their supervisor (or other designee) per SAAM 4537. (0-5 scale)
- 23. On a monthly basis, the P-Card holder’s supervisor (or other designee) reconciles the US Bank statement to the receipts to ensure the charges are valid and appropriate per SAAM 4536 and 4571. (0-5 scale)
- 24. Your agency has procedures and practices that are consistently followed to ensure the timely recovery and cancellation of P-Cards when an employee leaves the agency (SAAM 4536) (0-5 scale).
- 25. Your agency has implemented policies, procedures, and practices over the purchase and distribution of gift cards that meet established requirements set forth in SAAM 8005. (0-5 scale)

### Comments:

Please add comments/clarity for all questions where your agency has selected N/A. You may add additional comments as necessary.