

Management Advisory *2004 – 1*

To: Dwight E. Brock Clerk of the Circuit Court
From: Patrick Blaney Internal Audit Director
CC: Audit File
Date: October 13, 2003
Re: Review of Goods Received at 2003 Fiscal Year End

Review of Goods Received at 2003 Fiscal Year End

BACKGROUND

Florida law and good business practices prohibit county government from charging goods received in one fiscal year against the appropriations of another, and further forbid paying for goods before they are received. Nonetheless, if a county department orders goods late in one fiscal year and said goods do not arrive until after the start of the next, there is a strong temptation to use prior year funds to pay for those goods, especially if the department still has money left in the prior year's budget.

Accordingly, Internal Audit sampled some 2003 fiscal year end transactions to observe whether goods claimed as received by September 30th actually were on hand. Such tests in previous years had uncovered some differences between policy and practice.

OBJECTIVE & SCOPE

The objective of this review was to determine whether assertions that goods were received by September 30th were supported. The scope of this advisory was limited to sampling invoices reported in September 2003.

FINDINGS

Testing Goods Received

On October 1, 2003, the Purchasing Director emailed all subscribers regarding the County policy against submitting invoices for payment of goods not yet received. His email specifically mentioned the reason *“having the invoices expensed against the prior year budget.”* The email advised recipients that, *“Approving invoices without the goods or services delivered is not only bad business practice, **IT’S FRAUD!**”* The email also warned potential policy violators that they would be subject to discipline and punitive measures.

Internal Audit tested 16 invoices for actual receipt of goods and for documentation of delivery dates. Any goods not found would have signified a failure to follow the clear directive of management, resulting in noncompliance with County policy and possible punishment. The test found no exceptions to the policy. All items tested were documented as having been received before October 1, 2003.

RECOMMENDATIONS

Collier County personnel should continue to follow established policy regarding actual receipt of goods prior to submission of invoices.

CONCLUSION

This year’s sample was larger than that taken last year, yet unlike last year’s test, it yielded no exceptions. Internal Audit commends personnel for their improved adherence to policy evidenced in this review, and management for reinforcing County policy to personnel as appropriate.