



**CITY AUDITOR SPECIAL REPORT:
REISSUED VOIDED PAYMENTS ACTIVITY REVIEW
APRIL 2, 2024**

EXECUTIVE SUMMARY/FINDINGS

Audit conducted a recent review of issued, voided, and reissued supplier payments; a number of such transactions was detected during bank reconciliation audit planning. This type of activity can be associated with elevated risk potential for errors and misappropriation.

This review determined:

- these voided payments were **appropriately never received by the bank *or* returned by the bank and not paid,**
- bank records indicate reissued payments **were accurately made to intended suppliers,** and
- bank records indicate these **reissued payments were made in amounts which agree to City E1 financial system payment records**

Overall void history and patterns were discussed with City Manager Office personnel to outline the risks such activity may present. **To enhance assurance in this area, the City Manager indicated a plan to pursue periodic monitoring of payment voids and canceled invoice activity in the newly-implemented Workday financial system.**

SCOPE OF REVIEW

The payment/void/reissue activity reviewed occurred primarily in 2022 – 2023; 4 instances of this activity pattern occurred in 2021. City Auditor review of these transactions was conducted as follows:

- Payments were reviewed in the City's financial system for **28 suppliers with 31 initial payments for a total of \$2.87 million**
 - 1 large \$1.98 million payment made up 69% of this total
- **\$2.80 million of these initial financial system payments (substantially all) were noted as voided, and noted as unpaid in bank activity/records**
 - Management indicates the voids were triggered by suppliers requesting different forms of payment, *or* inaccurate supplier payment information causing the need for 2nd payment attempts
 - a small number/amount of these items was presented to the bank, ***but payment was appropriately declined and the items were returned by the bank***
- Reissued payments to change and/or correct the voided payments **were reviewed in bank records for the agreement with the suppliers and amounts paid**

The Auditor appreciates the time and assistance extended by the Finance and City Manager teams to support this review effort.