

**MARYLAND-NATIONAL CAPITAL PARK & PLANNING
COMMISSION**

**Department of Finance - Accounting Division
Accounts Payable Processes**

**Report Number: CW-003-2017
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Department of Finance - Accounting Division
Accounts Payable Processes
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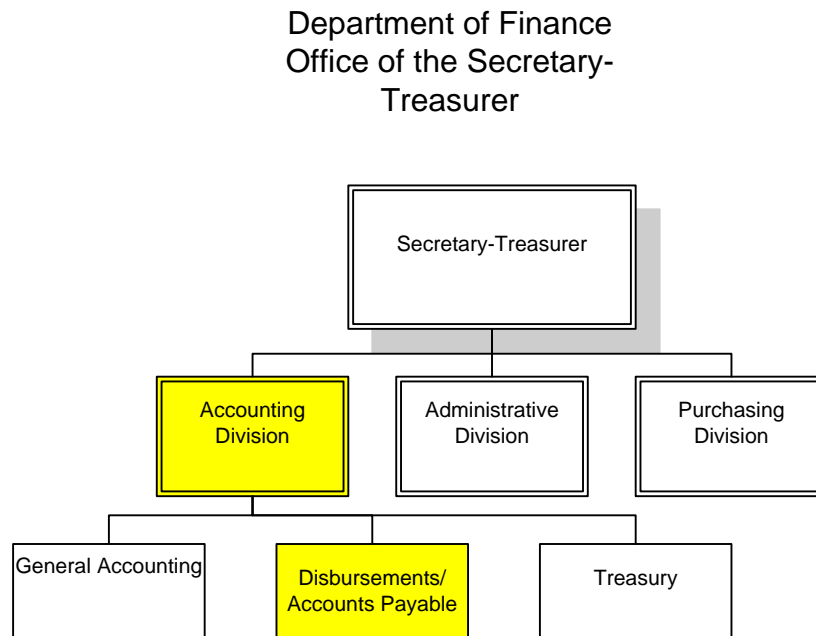
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I. EXECUTIVE SUMMARY

A. Overall Perspective

The Commission's Disbursement/Accounts Payable (AP) section is managed under the aegis of the Department of Finance within Central Administrative Services (CAS), located at the Executive Office Building in Riverdale, Maryland. The AP section consists of five employees managed by a Section Chief who reports directly to the Chief of the Accounting Division. The Commission's Secretary-Treasurer maintains overall management for the Department of Finance.



The AP section has responsibility for the timely and accurate processing of check requests and payments of invoices to vendors Commission wide. In calendar year 2016, the Accounts Payable Section processed 61,488 invoices with a total value of \$318,691,028.

In March 2014 the Commission implemented the Enterprise Financial Management (EFM) and Supply Chain Management (SCM) modules as part of the Enterprise Resource Planning (ERP) System provided by Infor/Lawson. The EFM module covers general ledger, payment inquiry and financial reporting.

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The Accounting Online System (AOS) is a separate application that provides customers (i.e. Commission personnel) the ability to enter invoices, create and store vendor records, manage cash flow and generate payments on a real time basis. AOS interfaces/uploads with Lawson.

B. Audit Objective, Scope, and Methodology

Objective: The purpose of this audit was to assess the adequacy of the design and operational effectiveness of internal controls related to the accounts payable process.

Scope: The scope of our audit included, but was not limited to the following audit procedures:

- Interviewed employees in the Accounting Division to gain a better understanding of AP practices and procedures;
- Reviewed relevant Commission policies and procedures;
- Evaluated internal processes and procedures for the accounts payable process;
- Conducted testing of accounts payable transactions;
- Tested key controls to ensure controls were operating effectively;
- Reviewed monitoring activities related to the quality and timeliness of accounts payable payments.
- Reviewed system interfaces and files to ensure adequate security;
- Reviewed system access to ensure enforcement of least privilege; and
- Reviewed document storage to ensure adequate security and enforcement of least privilege.

This audit was conducted in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit covered the period from December 1, 2016 through April 30, 2017.

B. Major Audit Concerns

- Task order contract payments are processed without required, departmental/field approval. Task order contracts may be complex and may be significant in dollar amount. The example included in audit recommendation #1 was in excess of \$697k.
- Invoices are being paid without proper verification. Strong internal controls require a three-way match (purchase order, invoice, shipping receipt). AP personnel are not consistently ensuring the invoice matches the purchase order and/or the goods are received.
- Access to Commission financial systems and networks do not adhere to the principle of least privilege. Individuals have been granted access rights that allow them to process and approve AP transactions.

Additional information pertaining to these areas can be found in the Detailed Commentary and Recommendations section of this report.

C. Overall Conclusions

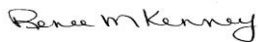
The audit was conducted in accordance with *Generally Accepted Government Auditing Standards*. The results of our evaluation and testing procedures indicate significant deficiencies in the internal controls in the accounts payable processes as noted in the Major Audit Concerns section of this report, see definition below.

We believe all weaknesses identified and communicated are correctable and that management's responses to the recommendations satisfactorily address the concerns. It is the responsibility of management to weigh possible additional cost of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Accounting Division's management and staff for the cooperation and courtesies extended during the course of our review.



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Senior Auditor



Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor

June 9, 2017

Conclusion Definitions

Satisfactory	No major weaknesses were identified in the design or operation of internal control procedures.
Deficiency	A deficiency in the design or operation of an internal control procedure(s) that could adversely affect an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and recorded on a timely basis.
Significant Deficiency	A deficiency in the design or operation of an internal control procedure(s) which adversely affects an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and reported. This deficiency is less severe than a material weakness, yet important enough to merit attention by management.
Material Weakness	A deficiency in the design or operation of an internal control procedure(s) which may result in a material misstatement of the Commission's financial statements or material impact to the Commission.

II. OPERATIONS - DETAILED COMMENTARY AND RECOMMENDATIONS

1. Obtain Department Approval Prior to Processing Task Order Payments

Issue: Invoices are submitted directly to AP to pay vendors for work completed under task order contracts. The supporting documentation may include an Application for Payment (AIP) form, billing and rate schedules, and a description of services completed. AP personnel are processing/paying task order invoices without obtaining approval from the department/field project manager.

During our review, we identified numerous payments against task order contracts. For illustration, nine AIP Forms totaling \$697,374.21 were paid under the same Automated Clearing House (ACH) electronic payment, without any approval from the department/field. Each AIP form included change order summaries, estimated completion calculations (percentage and dollar amount), and current payment due. The forms were signed by the vendor, and submitted directly to AP without department/field review or approval.

Payment Method	Amount	Contract #	PO #	Contractor	Date Paid
ACH 6572	\$244,024.83	██████	509536	██████ ██████	7/28/16
ACH 6572	142,679.29	██████	508163	██████ ██████	7/28/16
ACH 6572	89,794.84	██████	509345	██████ ██████	7/28/16
ACH 6572	64,804.89	██████	505691	██████ ██████	7/28/16
ACH 6572	48,417.75	██████	512942	██████ ██████	7/28/16
ACH 6572	42,006.74	██████	513030	██████ ██████	7/28/16
ACH 6572	32,623.41	██████	508163	██████ ██████	7/28/16
ACH 6572	17,563.09	██████	512021	██████ ██████	7/28/16
ACH 6572	15,459.37	██████	512021	██████ ██████	7/28/16
Total	\$697,374.21				

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Upon subsequent conversations with the Accounting Division Chief and the Purchasing Division Chief, the OIA learned that the current practice within the AP section does not include obtaining department/field approval prior to processing.

Criteria/Risk: An authorized approval at the department/field level provides verification that the services have been satisfactorily performed and the contractor's billed hours and rates are in accordance with the terms and conditions of the contract. Without this approval signature, AP cannot be assured that the services have been performed and the costs being invoiced are accurate.

Per the Commission's Purchasing Manual, Contract Managers are required to review invoices for accuracy and approve for payment (Section 3-240.8).

Recommendation: A signature approval to pay (by an authorized Commission employee) should be obtained prior to making payment to the contractor for task order service contracts. In addition, we recommend a form similar to a check request form be used and attached to the AIP Form.

Issue Risk: High

Management Response: Management concurs that all payments should have a signature approval. Task order contracts can be broken down into two types, construction and other. The Accounting Division will be working with the Purchasing Division to come up with a practical solution for making payments to each type of task order contracts.

Expected Completion Date: December 2017

Follow-Up Date: March 2018

2. Verify Vendor Invoices Against Purchase Orders

Issue: Accounts Payable personnel do not consistently verify vendor invoices with the purchase order before processing payment.

Prior to February 2017, AP personnel were required to verify invoices against the applicable purchase order in Lawson (ERP). The look up process was not efficient and verifications/matches were not consistently completed. Per interviews with AP personnel, department errors in preparing purchase orders added complexities to the process and complicated the verification process, and often resulted in approval of payments without verification of receipt.

Departments typically enter two types of purchase orders into Lawson: 1) service order and 2) special goods.

- Service Order: When AP personnel receive a vendor invoice for payment against a service order, they must verify that the service was provided. Ideally, the Department will send AP a copy of the invoice marked “okay to pay”, and AP will match the invoice against the original invoice they received from the vendor. However, in many cases, it requires the AP clerk to reach out to the Department to ask if the service was completed. This reach back is time consuming, and delays processing. To expedite processing, Department personnel will erroneously input a service order purchase order as a special goods order. If not caught by AP, payment can be released without the required verification of completion of service.
- Special Goods Order: A special goods order, is used for the purchase of items. Department personnel are required to set up individual lines in the purchase order for each item purchased (e.g one line for pens, another line for paper, etc.). Upon receipt of the items, Department personnel indicate that the item(s) have been received in Lawson. Payment is issued when the items are marked received in Lawson. However, Department personnel often lump all items onto one line in the purchase order. This requires significant research by the AP clerk to verify receipt.

The [REDACTED] was aware of the complexities, and the AP personnel’s inability to consistently perform the required verification. However, due to managerial issues (see Audit Recommendation #3) the issues were not appropriately escalated.

In February, 2017, an enhancement was made to the Lawson ERP system to allow AP clerks to pull up complete images of the purchase order in Lawson by accessing screen PO-64. This is a significant improvement in functionality, as AP personnel no longer have to look up invoice charges line by line. However, during the completion of audit fieldwork in April 2017, AP personnel did not have access to the new imaging feature in Lawson, and were not trained in how to use.

Criteria/Risk: Disbursement/AP best practice requires a three-way match (purchase order, invoice, shipping receipt) prior to releasing payment. This standard control ensures that the agency receives and pays for the contracted goods and/or services.

Per the Commission's Purchasing Manual, Account Payable must match the original invoice to the purchase order or use the matching process with automated online module for payment process (Section 3-320).

Recommendation: Office of Internal Audit's recommendation is two-fold:

1. Management should ensure all AP personnel have access to the imaging feature within PO-64, and that they receive training on how to access and review purchase orders. In addition, internal procedures should be strengthened to ensure the match (invoice against purchase order) is evidenced.
2. Department/field personnel should be trained how to correctly set up service orders and special good orders. Once training is complete, AP should reject incorrect requests for payment (e.g. invoices for service are received against a goods purchase order and/or items are not differentiated on a service order.)

Issue Risk: High

Management Response: 1. AP personnel have now been given access to the imaging feature in PO64 and staff have been reminded about the importance of matching the PO to the invoice.

2. The Purchasing Division will emphasize the importance of using the system correctly in future trainings and will monitor POs as they are created to ensure compliance. AP staff will be instructed to reject incorrect requests for payment once this training has been completed.

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Expected Completion Date: December 2017

Follow-Up Date: March 2018

3. Increase Managerial Oversight within the AP Section

Issue: The Accounts Payable section within the Department of Finance is very active and is responsible for processing all Commission payments. In calendar year 2016, the AP section processed 61,488 invoices with a total value of \$318,691,028. This was done utilizing new Enterprise Financial Management (EFM) and Supply Chain Management (SCM) modules within Lawson (implemented March 2014). In addition, the AP section has not always been fully staffed, and has had turnover in the Supervisor position.

The OIA spent several days interviewing and shadowing AP personnel to gain an understanding of their business processes and work flows. Although the unit is very busy, the [REDACTED] is not providing adequate managerial oversight necessary to strengthen the long term operations of the AP section. Based on these observations, the OIA noted:

- Available reports to improve efficiencies, reduce errors, and identify possible fraud are not being utilized. Examples include:
 - AP Aging Schedule
 - Unmatched Invoice Listing (AP252)
 - Invoiced/Not Received (MA236)
 - Vendor Bank Accounts
 - Address Changes
- AP management is not completing statistical analysis of AP transactions processed. For example, for the nine months ending March 31, 2017, AP processed approximately \$4.1m in credits, with five of the credits totaling \$2.7m. Although the issuance of credit memo's is a routine function of the AP process, (e.g. closing employee travel advances, return of items, etc.) a significant number and/or dollar amount of credit transactions can be indicative of inefficiencies or even fraud. AP management is not reviewing AP credits. In fact, the large number of credits was recently identified by the Commission's external auditors (S.B. & Company). Upon notification, AP management determined additional research was required to determine the reason for some of the credits. (Note: AP management is still completing the required analysis, but it does not appear that any of the credits were fraudulent in nature.)

Criteria/Risk: Allowing the [REDACTED] work efforts to focus on transaction processing to meet production requirements does not support the long term effectiveness of the AP section. In addition, AP management's failure to fully understanding the work flow and tools available to assist AP personnel impacts operational efficiencies. Management's failure to monitor and analyze AP transactions may result in fraud, waste, or abuse.

Recommendation: Department of Finance, senior level management, should review the AP Section's actual business processes/work-flow's and develop recommendations for improvement. Roles and responsibilities for the [REDACTED] [REDACTED] should be enhanced to required additional oversight and monitoring activities.

In addition, management should review the available reports within Lawson and identify ones to be implemented within the AP business process. The AP Aging Schedule may be useful to identify outstanding payments, and/or to ensure any available discounts for early payment are obtained.

Finally, the OIA recommends that roles and responsibilities be defined for the review and approval of AP credits. The OIA does understand that AP credits are a normal function of AP, however, misuse of credits may result in fraud, waste, or abuse. Management may want to consider a dollar threshold (e.g. > \$25,000) for additional review and approval.

Issue Risk: High

Management Response: The [REDACTED] has been overly involved in transaction processing due to personnel and staffing issues. These issues have been resolved and the [REDACTED] is currently working with staff on process improvements to increase efficiencies. The [REDACTED] is learning more about the reporting that is available in the system and is also developing a better understanding of how the credits are being created. With these changes, the [REDACTED] [REDACTED] should have more time in the future to manage the section.

Expected Completion Date: September 2017

Follow-Up Date: March 2018

4. Increase AP Staff Training

Issue: AP staff do not have adequate procedures or training. As mentioned, the OIA spent several days interviewing and shadowing AP personnel to gain an understanding of their business processes and work flows. Based on these observations, the OIA noted:

- Standard operating procedures are not thoroughly documented.
- Processes are not being consistently performed within the AP section.
- AP personnel do not consistently follow required procedures (see audit recommendation #2).
- AP personnel do not have an understanding of the new ERP system, specifically the EFM/SCM modules.
- The [REDACTED] spends a significant amount of time answering general processing questions, impacting her ability to improve efficiencies and/or monitor AP transactions (see audit recommendation # 3).

Criteria/Risk: Inadequate training may result in increased errors and reduced efficiencies.

Recommendation: AP personnel skill levels should be assessed so they may receive the necessary training to utilize the new ERP system effectively. Internal operating procedures should be documented, and reviewed with staff.

Issue Risk: Medium

Management Response: The Accounting Division is currently expanding the documentation of processes and will ensure that AP staff have a strong understanding of those procedures. Internal and external training will be required for all AP staff on a regular basis.

Expected Completion Date: September 2017

Follow-Up Date: March 2018

5. Utilize Signature Authorization Report

Issue: AP personnel are not utilizing a current signature authorization report when verifying department/field approvals. AP personnel rely on an out-dated document maintained on their desktops.

Available reports include:

1. Requisition Approval Matrix – This report contains source data from SCM and is administered by the Purchasing Division.
2. Signature Authorization Report – This is maintained by the Department of Finance’s Administration Division and contains information from the paper signature authorization forms.

In addition, AP personnel do not verify all questionable signatures.

Criteria/Risk: Failure to properly maintain and refer to a current report could lead to increased risk for fraud, waste, and abuse.

Recommendation: In addition, AP standard operating procedures should be updated to include guidelines on signature verification requirements.

Issue Risk: Medium

Management Response: The Department of Finance is considering improvements to the signature authorization process which will make it easier for AP staff to verify authorization thresholds. Staff will also be trained and monitored for compliance with the policy.

Expected Completion Date: December 2017

Follow-Up Date: March 2018

6. Document Standard Operating Procedures

Issue: Specific tasks and responsibilities for the AP section are not documented. It should be noted that during the course of the audit, draft procedures were created and are currently (as of April 26, 2017) being reviewed by the AP Section Chief.

Criteria/Risk: Documented standard operation procedures (SOP) help ensure consistency in processing payments. In addition, SOP's help ensure internal controls are in place to reduce the risk of inaccurate payments and potential fraudulent payments.

Recommendation: Internal SOP's should be completed, reviewed and promulgated to AP personnel.

Issue Risk: Medium

Management Response: Documentation of standard operating procedures is in process.

Expected Completion Date: September 2017

Follow-Up Date: March 2018

7. Reject Field Prepared Invoices

Issue: During the review of payments, the OIA identified invoices that were prepared by Commission employees, not the vendor.

Criteria/Risk: By submitting an invoice for payment, the vendor is attesting that the work is completed and payment is due. When an invoice is prepared by Commission personnel, the Commission's attempt to manage any disputes may be negatively impacted.

In addition, the Commission's Purchasing Manual requires the contractor to submit a numbered document requesting payment for goods or services. (Section 16-300).

Recommendation: Accounts Payable should not pay invoices prepared by Commission employees. When identified, the invoice should be returned to the preparing department/division with an explanation of payment processing denial.

Issue Risk: Medium

Management Response: AP staff will be directed to return field prepared invoices to the preparing department/division and departmental staff will be advised that it is inappropriate to prepare invoices for a vendor.

Expected Completion Date: August 2017

Follow-Up Date: March 2018

8. 1099 Tax Forms Should Be Sent to Storage

Issue: The Office of Internal Audit identified several clearly labeled boxes of historical 1099 forms being stored out in the open in the Accounts Payable suite.

Criteria/Risk: Sensitive Personally Identifiable Information (PII) data could be used to commit fraud.

Issue Risk: Medium

Recommendation: Accounts Payable should work with Records Management to ensure documents with PII data are properly stored and secured.

Management Response: AP staff will work with Records Management to ensure that 1099 forms are properly stored and secured.

Expected Completion Date: September 2017

Follow-Up Date: March 2018

9. Restrict Access to Accounts Payable Suite

Issue: Due to the open storage of sensitive documentation (audit recommendation #8), the OIA requested an access report from Prince George's County Park Police for all of the adjoined suites on the third floor of the Executive Office Building. Upon receipt of the report, the OIA determined over 4,700 individuals have access to the 3rd floor adjoining suites.

A random sample of 189 names from the report was matched up to the current Human Resources Employee Roster to verify that only active employees have access to the AP Suite. This sample revealed that an abundance of terminated/retired/unidentified individuals have active access to the AP Suite.

Although the report was not reviewed to determine all access granted to these individuals, it is reasonable to assume that access has not been adequately maintained and removed expediently for non-active employees. Out of the sample of 189 individuals with active access:

- 50 individuals were separated from the Commission;
- 21 individuals could not be identified on the HR Employee Roster;
- 7 individuals were retired; and
- 1 individual was listed as a construction contractor.

Criteria/Risk: Access to Commission buildings/suites should be expediently deactivated upon employee separation or completion of contracted work. Separated individuals could be disgruntled putting employees at risk.

Issue Risk: Medium

Recommendation: Department of Finance Management, in collaboration with Building Security Administrators, Office of the Chief Information Officer, and Human Resources should identify a work flow to ensure that they are notified when employees separate from the Commission. Contractors should be granted access based on the term of their contract. All non-active employee/contractor access should be disabled expediently.

Management Response: Management supports Internal Audits recommendations and has begun addressing options for additional security.

Current access configuration: The existing security protocols for Finance permit agency employees access to areas which were identified by the department management as frequently visited areas. Access is only permitted within normal customer service hours. The present badging/access system will be evaluated

for specific restrictions as it is limited in its ability to provide security partitions within a specific unit, without considerable customization/costs. The CIO has advised the agency will be upgrading its employee access platform. As part of the roll-out of this new system, management will work to ensure the business process is configured appropriately for secured access. Management is working to establish a timeline for the installation of an upgraded card access system.

As interim measure, building security administrators will meet with the Secretary-Treasurer to reevaluate the current business process, access groups, and options for restricting access to sensitive areas through a combination of badging access reconfiguration, manual locks, and document protection.

Acknowledgement of Terminations: The building security team, along with Human Resources Division, and CIO will develop a business process to facilitate reporting of terminations/retirements, and to routinely confirm active employees. Audit is asked to share referenced findings on individuals who could not be verified as active employees, so this sample can be assessed for workable solutions.

Expected Completion Date:

- Interim work-flow solution on terminations and reevaluation of access groups: July 2017.
- The CIO will update Internal Audit on progress of the updated security badging platform.

Follow-Up Date: March 2018

III. INFORMATION TECHNOLOGY - DETAILED COMMENTARY AND RECOMMENDATIONS

10. Restrict Access to Financial Systems and Network Data

Issue: Access to the Accounting On Line System (AOS), the EFM modules of Lawson, and the ACCTSPAY network does not appear to follow least privileged security guidelines.

- Four (4) non-active temporary employees and one (1) retired employee have access to the Accounting On Line System.
- Lawson access for the Accounting Division Chief, and Accounts Payable Section Chief do not support segregation of duty requirements. Currently both individuals have processing and approval roles:
 - Division Chief is assigned to the FNAPSupervisor, FNBankReconRole, FNAPTech and FNMgrSrAccountant roles.
 - AP Section Chief is assigned to the FNAPSupervisor, FNBudgetMgr and FNAPTech roles.
- Individuals assigned to the APTech Role have update access to Vendor Maintenance. Individuals that pay invoices should not have access to update Vendor information to ensure proper segregation of duty and prevent the possibility of fraud.
- Access to the ACCTSPAY network drive is excessive. Access should be granted based on the principal of least privilege. Access for non-active temporary employees should be removed to prevent inappropriate access should any of these individuals resume employment with the Commission in other departments.
 - CAS-Finance Payroll group has Modify access; access should be removed if not required, or changed to read only.
 - CAS-I-Team has Full Control access to the ACCTSPAY drive, access should be removed.
 - CAS-Accounting Division group has temporary employees that no longer work for the commission.

Criteria/Risk: Excessive access rights to systems and network data increases the opportunity for fraud and abuse and does not follow the best practice of least privilege.

Issue Risk: High

Recommendation: Access to the Accounting On Line System (AOS), Lawson, and the ACCTSPAY network drive should be reviewed to ensure access is appropriate and allows for the proper segregation of duty. Access for non-active employees should be removed.

If Commission management determines that some individuals must be granted access rights to process and approve AP transactions, additional mitigating controls should be implemented. This may include the generation, review, and approval of transaction logs by an independent person (i.e. person not responsible for processing or approving AP transactions).

Management Response: Staff will be reviewing the security set-ups in EFM and will make the appropriate adjustments.

Expected Completion Date: October 2017

Follow-Up Date: March 2018

11. Remove Duplicates from the Vendor Master File

Issue: The Vendor Master File contains duplicate vendor entries. The OIA identified the following:

- 654 entries where the vendor name is the same, with a different, unique vendor number.
- 38 additional vendor entries with duplicate tax id's; and
- 23 additional vendor entries where the vendor name is different but the contact name is the same.

Criteria/Risk: Vendors with multiple entries in the vendor file could lead to overpayment or fraud waste and abuse.

Issue Risk: High

Recommendation: Entries identified as potential duplicates should be reviewed and duplicate entries should be merged or deleted where appropriate. One-time payment vendor records should be purged.

Management Response: Staff are in the process of purging duplicates in the vendor master file.

Expected Completion Date: September 2017

Follow-Up Date: March 2018

12. Update Signature Authorization Report

Issue: The Signature Authorization report, which serves as a control mechanism to ensure proper authorization levels is not current. The report includes retired and terminated employees as well as employees that could not be located on the Human Resource employee listing.

The most recent report contained:

- 77 terminated employees;
- 54 retired employees; and
- 37 individuals that could not be identified as employees that have not been moved to the inactive tab of the report.

Criteria/Risk: Failure to properly maintain the Signature Authorization Report could lead to increased risk for fraud, waste, and abuse.

Recommendation: Department of Finance management should work with Human Resources to identify terminated, retired or individuals who cannot be confirmed as employees and update the report accordingly.

Issue Risk: High

Management Response: The Department of Finance is currently updating Practice 3-30, *Delegation of Authority to Sign Documents*.

Expected Completion Date: December 2017, contingent upon the workload of the Corporate Policy and Records Office.

Follow-Up Date: March 2018

13. Secure ACH Applications

Issue: Vendors submit ACH applications with bank account data to Accounts Payable via unsecure email and fax. Currently, vendors who want their payment submitted directly to their bank accounts are instructed to send applications containing their bank account data to Accounts Payable via the ACH mailbox. A fax number is also listed on the ACH Application. Faxes that come in may be placed in the AP Section Chief's in-box overnight. This process does not ensure adequate security of vendor bank account data.

Criteria/Risk: Unsecure transmission of sensitive data could put Vendor bank account data at risk of being used for fraudulent purposes.

Issue Risk: High

Recommendation: Accounts Payable Management should work with IT to develop procedures for the secure transmission of sensitive bank account data. IT has identified a workflow to allow Vendors to upload confidential documents via the Vendor Portal or a secure fax server.

Management Response: The FAX number has been removed from the ACH application. Accounts Payable management will work with IT to develop procedures to better secure the transmission of sensitive bank account data via email.

Expected Completion Date: October 2017

Follow-Up Date: March 2018

14. Enhance AOS Password Security Parameters

Issue: Password length, complexity and change frequency requirements are not turned on for the Accounting On-Line System (AOS).

Criteria/Risk: Regular password changing and password length and complexity requirements are designed provide an extra layer of access security to the AOS system. Breach of the AOS system could allow fraudulent requests for payment to be processed.

Issue Risk: Medium

Recommendation: Best practice password security parameters or LDAP authentication should be included in the design of the new version of AOS currently in development.

Management Response: LDAP integration and authentication will be included in the current project to automate the AP processing.

Expected Completion Date: August 2017

Follow-Up Date: March 2018