

**From:** [Nancy Suttentfield](#)  
**To:** [Danielle Schultz](#)  
**Cc:** [Douglas Baker](#)  
**Subject:** Fwd: Essential Operation and Control Improvements  
**Date:** Thursday, February 19, 2015 10:08:55 AM

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Hi, Danielle,

Thanks for your note. There was no written report from Marc Sherman, just an oral report to me, to keep the cost of the work as low as possible. The below represents his team's findings and recommendations. My sent email shows that I copied you at the time that I sent the acting Controller and Co-directors of Procurement the list of recommended improvements.

I will forward the other email to Linda Blair to you next, although I copied it to you too back at the time. I monitored corrective actions identified with Laura, Kent, and now Michele Danza, and similarly with Linda. Al Phillips has copies of the corrective action plans for background and information.

Thanks for all you did to help us launch and complete these reviews. You were an important partner in this work.

Best,

Nancy

>>> Nancy Suttentfield 6/15/2014 4:16 PM >>>  
Laura and Kent,

Prior to the transition in leadership in the Procurement department, as the Interim CFO I have been looking for opportunities to improve the effectiveness and efficiency of operations and identify weaknesses in controls in a number of critical finance/business areas, including the Procurement department. As part of the review, we have identified, so far, several priority issues involving effective internal controls and deserving immediate attention.

Below are the control issues, followed by recommendations for your corrective action:

- Accounts payable employees can enter/modify vendor information and approve invoices for payment. RECOMMENDATION: Entering of and changes to vendor information should be restricted to Procurement employees for separation of duties.
- Duplicate payment of invoices. RECOMMENDATIONS: Establish sound controls and procedures to prevent duplicate payments and provide training to all A/P employees.
- Lack of due diligence during vendor set-up process. RECOMMENDATIONS: Require that due diligence be conducted on all new approved vendors, conduct a critical vendor review, and implement new process for vendor set-up including cross checks for existing vendor/employee information.
- No process for reviewing vendors in system on a regular basis. RECOMMENDATION: Establish a process for annual review of the vendor listing for inactive vendors.
- Approvers of PCard expenditures can be any member of a department; employees are approving expenditures for their direct supervisor. RECOMMENDATION: Modify PCard program so that approvers are department or division heads.
- PCard reporting and review process. RECOMMENDATION: Implement new PCard reporting and review procedures for transactions charged.
- Self-reporting only for equipment purchased on a PCard. RECOMMENDATION: Establish policy that all equipment of the University's asset tagging threshold of \$500 be purchased through Procurement not on a PCard; establish process for Procurement to report all equipment purchased to Property Control.
- Supporting documentation for PCard expenses is retained by the cardholder or liaison. RECOMMENDATION: Require cardholder to submit supporting documentation monthly to a centralized location.
- Too many active PCards. RECOMMENDATION: Review list of PCard users; limit the number of active

- cards.
- All Procurement supporting documentation is maintained in hard copy. RECOMMENDATION: Maintain Procurement documentation electronically.
- Lack of updated written policies and procedures. RECOMMENDATION: Draft, approve, and communicate policies and procedures.

Since some of these issues involve responsibilities associated with vendor management currently handled by the Controller's department, you and the Interim Controller should explore the necessary steps to effect reassignment to Procurement. A separate set of issues have been identified for the Controller's department that will necessitate similar coordination between it and the Procurement department, and you will be copied on a similar memo to the interim Controller.

If you would like further elaboration on the above or require clarification of the issues and recommendations, you should coordinate through Ken Wilson.

Once you have satisfied yourself that you have a full understanding of the issues and required responses, I ask that you develop an action plan to make systemic corrections to procedures and document/train staff accordingly. To maintain the essential focus on these critical internal control improvements, the plan should provide for regular progress reports to the CFO every 30 days until all corrective actions have been completed.

I ask for the action plan, along with any requirements for one-time or on-going resources to assure effective internal controls in these or other areas that you deem necessary, no later than 30 days from the date of this memorandum. I am assigning Ken Wilson as the CFO's day to day liaison to advise and facilitate the completion of the action plan and its subsequent implementation.

Please advise me immediately if you have significant concerns.

Thank you for making these recommendations a priority.

Nancy