

**Finding #5    There was a lack of segregation of duties**

- Opportunities existed whereby an employee could create the purchase order (multiple people have the authority to purchase), receive the merchandise (not all items were checked in through the receiving dock), and authorize the payment (accounts payable personnel only looked for a signature on the invoice for payment purposes).

When reviewing purchases made by the maintenance department, it was noted that most purchases were ordered, received and approved for payment by the Maintenance Director. This gave the department head the sole control for ordering, receiving, and authorizing payment. For example, a total of \$91,218 was paid Marco Supply in 1998. The Maintenance Director stated the vendor delivered directly to the Geriatric Center and restocked the necessary items. The Maintenance Director stated that the purchase orders were completed after the order was received based on the items listed on the invoice. Thus, there was no independent verification that the order was correctly filled. The Geriatric Center did not have a catalog or any price listings from the vendor to allow independent verification of prices.

**Recommendation:**

We recommend that purchase orders be completed prior to orders being placed. All orders should be received and verified by an employee independent of the invoice approval process.