

# Highlights

## Why We Did This Audit

Our previous audits identified duplicate payments from multiple departments and made recommendations to mitigate duplicate payments.

Newly acquired automated technology allowed the City Auditor’s Office to review duplicate payments more timely and frequently.

It is easier to recover money paid in error from vendors if the city can detect duplicate payments earlier.

## Objective

Do city processes prevent duplicate payments?

Our audit of duplicate payments focused on identifying duplicate payments and processes that could be strengthened to prevent them.

## Background

The city made about 80,000 supplier payments totaling about \$2.5 billion over 18 months.

The city’s payment process requires employees from every department to perform data entry and payment approval. This high-volume process involves a large number of employees at multiple locations which increases the risks of payment mistakes. Duplicate payments happen when a mistake is made and the same invoice is paid twice.

Click [here](#) to view the full report.

To view other audit reports, please visit our website <http://kcmo.gov/cityauditor> and click on Search Our Work.

# PERFORMANCE AUDIT

## Continuous Auditing: Few Duplicate Payments, Some Improvements Needed

### What We Found

The city’s payment processes are helping to keep the rate of duplicate payments low. The audit found relatively few duplicate payments. However, improving processes can standardize recovery efforts and further reduce duplicate payments.



The audit reviewed \$2.5 billion in payment data over an 18-month period and found only .04% of total dollars were duplicates. While the percentage is small, the duplicate payments totaled about \$1 million. Departments still need to recover about \$185,000 from duplicate payments.

Total Duplicate Payments Amount	\$976,284
Payments Amount Recovered	\$791,294
Payment Amounts Not Recovered	\$184,990

The continuous audit process we used identified nearly \$200,000 in duplicate payments that departments had not yet identified.

The city has some opportunities to further reduce duplicate payments. The city has not established required procedures for recovering duplicate payments. Recovery efforts for duplicate payments varied between departments. Having a written policy and procedures requiring recovery of duplicate payments establishes management expectations, assigns responsibility, and enables staff to be consistent in their actions.

We also found:

- Some staff entering or approving vouchers are not trained.
- The duplicate warning that appears while creating payment vouchers is not clear and provides confusing instructions.
- Confusion over companies with similar names and/or addresses resulted in duplicate payments.
- Suppliers with multiple PeopleSoft IDs can result in duplicate payments.

### What We Recommend (full list on back)

We made recommendations to improve duplicate payment recovery efforts, further reduce the frequency of duplicate payments by improving training and written procedures and implementing ongoing procedures to monitor for suppliers with multiple identification numbers.

Management agreed with most of the recommendations.

## Recommendations

---

1. The director of finance should develop a written policy and procedures requiring recovery of duplicate payments including who is responsible for recovery, when recovery should begin, how suppliers are to be notified, and how to document the recovery efforts.
2. The director of finance should require PeopleSoft Accounts Payable module training for staff entering and approving payment vouchers including instruction on what parts of the electronic voucher should be compared to the hard copy invoice and common mistakes that occur during voucher entry.
3. The director of finance should:
  - update the language in PeopleSoft's duplicate payment pop-up warning box to simply state that a voucher already exists for the invoice being entered and that the invoice number should not be altered from what was provided by the supplier.
  - update Manual of Instruction 2-21 to clarify that the pop-up warning box is indicating that a voucher has already been created for that invoice.
4. The director of finance should establish and implement a written procedure to identify and eliminate duplicate suppliers in PeopleSoft Financials and train staff on how to identify the correct supplier ID when creating a voucher.