

**City of Tulsa Internal Auditing  
Vendor to Employee Data Comparison  
Project Report —January 2016**



**This project used Computer Assisted Audit Techniques (CAATs) to compare vendor master file and employee data to identify connections or commonalities that are “red flags” or possible indicators of fraud. Internal Audit performed standard audit work on CAATs results. No fraud was detected but there are opportunities for improvement.**

### **Summary**

CAATs are one of the most effective techniques to compare 100% of data from different databases and systems that do not share information. Internal Audit (IA) used the City’s approved purchasing process to engage a consultant with CAATs subject matter expertise. The consultant compared over 96,000 vendor (procurement) and employee (human resources) records containing various data elements including:

- Vendor names, addresses, tax ID numbers, bank account numbers, bank names, bank routing numbers and last invoice activity dates
- Current and separated employee names, addresses, SSN, employee numbers, employment dates, termination dates, termination reasons, bank account numbers, bank names and bank routing numbers

IA worked with IT to obtain source data for analysis from various data files within the City’s mainframe financial system, data warehouse and standard reports generated during regular business processing.

Internal Audit performed standard audit procedures on the CAATs results investigating:

- exact, close or related data matches between vendor and employee files
- internal control exceptions (non-compliance)
- duplicates and data discrepancies within the same file

### **Highlights**

#### **Improvement Opportunity:**

CAATs identified almost 59,000 vendors in the vendor master file with no invoice activity for the last 5 years. Allowing inactive vendors to remain in the active vendor file could provide an opportunity for fraudulent payment to inactive vendors to go undetected. Cash could more easily be dispersed to an incorrect vendor either intentionally or unintentionally. Such a large vendor file also contributes to system operating inefficiencies. Purchasing plans to work with IT to identify and suspend inactive vendors and intends to include only current vendors when the new ERP system is implemented.

#### **Improvement Opportunity:**

Employee reimbursements are paid using General Accounts Payable codes. Within the vendor master file there is no way to differentiate between employee reimbursements and employees acting as vendors. Management should consider establishing unique identifiers for employee reimbursements as it has for employee travel. Finance will consider this improvement opportunity during implementation of the new ERP system.

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