

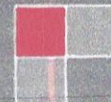
City of Stamford

(City & SWPCA Operating and Capital Purchases)

Internal Audit Purchasing Department

FYE 2012 -2014

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City of Stamford, Internal Auditor
Report: September 22, 2015



.b) Purchasing department should create and run a report with the assistance of the City's technology department of all contract data base expiring contracts and "inactive" contracts at the end of every month and request all department managers to confirm the "inactive" contracts and if no responses make the switch by a required deadline. The manager's responsible could quickly review and potentially catch any inaccuracies on a regular basis.

Responses:

Per the City's Director of OPM and Purchasing Agent:

- 1.a) The contract database does not include payment terms and the inactive status of the contract appears to be an error. The North Atlantic Hauling contract was always active and should not have been listed as inactive. We will work to ensure contract information is current.
- 1.b) Vendors (such as North Atlantic Hauling) with ACH payment terms are issued purchase orders. After a purchase order is issued, payment and distribution of payment is under the purview of the Controller's Office.

A purchase order should be in place at the start of each fiscal year and should be decreased each time a wire transfer is made. Purchasing Agent is aware that all wire transfers are approved by the City's Director of Administration and Controller.

Per the City's Controller:

- 1.a1b) Controller's Office is in the process of transitioning to alternate payment methods, including ACH. Issue will be reviewed in conjunction with that transition.

2. Findings:

Observation was made that there were a number of City (City/SWPCAIBOE) new/create "Vendor" forms that did not have the required documented support such as; vendors TIN (taxpayer identification number), nor an attached "IRS W-9" or "Substitute W-9" form.

Recommendations:

2.a) The IRS requires entities/businesses to obtain W-9 forms when making inventory or services purchases from a vendor to validate the vendor's TIN. When an entity/business pays an independent vendor/contractor \$600 or more over the course of a tax year, it is required to report these payments to the IRS on information return called form 1099-MISC. Entities/businesses use the name, address and Social Security or tax identification number from form W-9 to complete form 1099-MISC.

As a preventative measure to deter the creation of fictitious vendors, a policy should be put in place by the City's Purchasing Department that would require all new