

Common Audit Finding | Inadequate Support for Disbursements

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Purchasing and budget limitations are essential to good municipal financial management. However, disbursements must be documented for accuracy, completeness, and compliance with applicable laws.

Common Audit Finding -- Failure to obtain bids:

Your city is using the statutory minimum for bids or your city has passed an ordinance for a higher bid limit. You simply cannot purchase items above your limit without taking bids.

Common Audit Finding – Missing invoices and receipts:

An original invoice or receipt is generally necessary to prove that a disbursement is valid and legitimate for the municipality. Any disbursement without an invoice or receipt is considered inappropriate.

Common Audit Finding – Purchase orders dated **after the invoice date:**

Your city uses a purchase order system. It is a standard internal control designed to request the proper item needed. Most vendors know that a municipality will not pay any invoices without an authorizing purchase order number. Back dating a purchase order, renders any internal control value of the purchase order to nothing. It would be a waste of time and be inappropriate.

Common Audit Finding -- Supporting documentation for travel expenses not obtained:

Finally, travel expenses are often mixed with personal, non-municipal, receipts. However, reimbursement for travel expense requires proper receipts like any other disbursement.

This series will review the 10 most common audit findings as reported by the Tennessee State Comptroller's Office. The first part of this series was published in the MTAS E-News June 2019 issue which can be read here: <http://www.mtas.tennessee.edu/newsletters-reports>

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