

2013-002



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Bureau of Budget and
Management Research

To: All Department and Line Agencies
From: Director, Department of Administration
Via: Financial Manager, Department of Administration – Division of Accounts
Subject: Restriction to Use of Direct Payments

Hafa Adai Recent audit findings have raised serious flags in the Division of Accounts regarding the use of Direct Payments to process payments to vendors. These findings have prompted us to send out reminders delineating the requirements and restrictions that surround the use of Direct Payments for payments to vendors.

The audit findings have cited the following as possible causes:

- 1) Weak Internal Controls: The shortage of human resources in the pre-audit stage is the main contributor of this issue and is currently being addressed; and
- 2) Non Compliance: Lack of properly trained and/or informed department/agency staffer is the main contributor of this issue and should not be an issue because of readily available training, such as:
 - a. Annual Accounting trainings are conducted at the Department of Administration's Training and Development by Division of Account's staff to ensure departments and agencies are kept updated; and,
 - b. The recent Governor's Workforce Development – Accounting Symposium held on June 24th and June 25th.
- 3) Failure to process encumbrance in a timely manner for the next fiscal year.

REMINDER: Please ensure all encumbrances for the coming (new) Fiscal Year are processed to avoid interruption in service and to eliminate the use of Direct Payments related to those encumbrances.

Effective immediately, the Division of Accounts will no longer accept, nor process, direct payments that are not supported by an actual encumbrance.

If you have questions or need more information, please contact Michael Cabral, at 475-1191. Thank you.

Benita Manglona
Benita A. Manglona

Attachments