DIVISION OF ACCOUNTS AND REPORTS
AUDIT SERVICES TEAM
AUDIT FINDINGS RATING CRITERIA SHEET

1)    The seriousness of audit findings varies significantly.  In order to provide consistency in reporting audit findings to different agencies, the significance of each finding should be rated in one of the following categories:
-    High
-    Medium
-    Low

2)    The findings listed below should generally be rated in the high category.  While this list is not comprehensive, it should serve as a guide in identifying significant audit findings.  Occurrence of these problems on an ongoing basis raises serious concerns regarding the agency's internal control environment over the BPC and Delegated Audit functions.  Be aware that special circumstances or subsequent resolution of problem situations may result in a finding being rated in a less serious category.

-    Supporting itemized documentation (vouchers, invoices, charge receipts, packing lists, etc.) is not available.  Missing documentation on an ongoing basis can be indicative of questionable transactions.

-    BPC logs are not prepared, or are not adequately prepared, on a regular basis.

     Current month BPC transactions not included on the current month's UMB statement should be carried forward to the subsequent month's log and necessary cross-references included on both months' logs.  Adequate preparation of BPC logs is critical to maintaining a reasonable internal control environment over BPC transactions.

-    Coding 1099 reportable transactions to non-1099 reportable object codes will result in non-compliance with IRS reporting requirements.

-    Inadequate reporting of 1099 transactions to the Accounts and Reports Control Team will result in non-compliance with IRS reporting requirements.

-    Order splitting performed to avoid transaction limits results in serious program compliance and internal control concerns.

-    No, or inadequate, reconciliation performed between BPC logs, statements, and supporting detail.  Reconciliation is a critical control function over an agency's BPC program.

*Division of Accounts and Reports*
*Audit Services Team*
*Audit Findings Rating Criteria Sheet*
*Page Two*

- No, or inadequate, follow-up of open or problem BPC transactions. All transactions initially charged to object code 3999 should be subsequently offset by credits.

- Transactions exceeding authorized transaction limits or authorized purposes for BPC cards (buying services when only authorized to purchase commodities). Ongoing occurrence of such problems results in significant non-compliance concerns.

- Purchase of items that are specifically banned from being purchased on BPC's. Be aware that individual agencies occasionally receive dispensation to purchase items that are routinely not allowed for other agencies.

- Personal use of BPC cards.

- Use of BPC cards for other than official state business or cash advances.

- Poor internal control environment over the agency's BPC or delegated audit authority functions. Examples of poor internal control include issuing BPC cards to BPC program coordinators, inadequate agency review of BPC transactions, missing receipt documents, and poorly maintained BPC logs.

3) The findings listed below should generally be rated in the medium category. Excessive continuing occurrence of such problems can result in an overall high rating for non-compliance and should be reported as such.

- BPC logs prepared at the end of the month from the UMB statement rather than transactions being recorded on logs throughout the month as transactions are charged to the card.

- Capital items purchased with the BPC not added to agency's inventory.

- Interfund vouchers not used to process interagency transactions.

- Payment of Kansas sales tax with no follow-up to determine that credit is subsequently received.

- Non-compliance with Statutes and state accounting and purchasing guidelines.

**(09-99)**

- Non-compliance state travel policies.

- Inadequate description included on voucher.

- Use of unofficial forms (non "DA").

- Vouchers not approved by an individual included on agency signature cards maintained by Audit Services Team.

4) The following findings should generally be rated in the low category:

- Less serious object coding problems.  However, miscoding of 1099 reportable transactions as non-reportable object codes should always be considered serious.

- Statewide contract numbers not included on vouchers.