

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

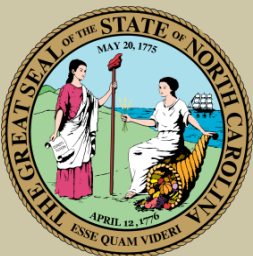
BETH A. WOOD, CPA



TOWN OF CHAPEL HILL

CHAPEL HILL, NORTH CAROLINA

INVESTIGATIVE REPORT
OCTOBER 2019



NC OSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor received an allegation through its Hotline that a parts vendor improperly billed vehicle parts to the Town of Chapel Hill (Town) by altering work orders and submitting false invoices.

BACKGROUND

The Town of Chapel Hill is located in Orange County. The Mayor and eight Town Council Members make policy decisions for the Town. The Mayor is elected for two-year terms while Town Council members are elected for four-year terms. The Town Manager carries out the policies and directives of the Mayor and Town Council and oversees the delivery of all Town services.

The Town's Public Works Department manages the Town's vehicle fleet, storm water, solid waste, facilities, streets, and traffic. The Fleet Management Division within this department provides and maintains vehicles to ensure the provision of public services to Town residents. On May 1, 2012, the Town contracted with a local auto parts company to purchase and manage the parts inventory for the Town's Fleet Management Division.

KEY FINDING

- A parts vendor improperly billed the Town of Chapel Hill at least \$210,035 for parts that did not match the associated work orders.

KEY RECOMMENDATIONS

- The Town should seek repayment for parts not used.
- The Town should implement procedures to adequately review invoices and work orders.
- The Town should review invoices from periods prior to 2016 to determine if additional parts were improperly billed to the Town.

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Pam Hemminger, Mayor, Town of Chapel Hill
Maurice Jones, Town Manager, Town of Chapel Hill

Ladies and Gentlemen:

Pursuant to *North Carolina General Statute §147-64.6(c)(16)*, we have completed an investigation of allegations concerning the Town of Chapel Hill. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General, and other appropriate officials in accordance with *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of the Town of Chapel Hill during our investigation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Beth A. Wood".

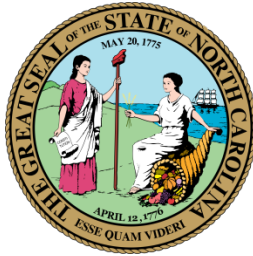
Beth A. Wood, CPA
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BACKGROUND

The Office of the State Auditor initiated an investigation in response to a Hotline allegation that a parts vendor improperly billed vehicle parts to the Town of Chapel Hill (Town) by altering work orders and submitting false invoices.

Our investigation of this allegation included the following procedures:

- Review of applicable Town policies and procedures and *North Carolina General Statutes*
- Examination and analysis of available documentation including contracts, invoices, and vehicle work orders
- Interviews with personnel from the Town, the parts vendor, and other vehicle companies

This report presents the results of the investigation. The investigation was conducted pursuant to *North Carolina General Statute §147-64.6 (c) (16)*.

The Town of Chapel Hill is located in Orange County. The Mayor and eight Town Council Members make policy decisions for the Town. The Mayor is elected for two-year terms while Town Council members are elected for four-year terms. The Town Manager carries out the policies and directives of the Mayor and Town Council and oversees the delivery of all Town services.

The Town's Public Works Department manages the Town's vehicle fleet, storm water, solid waste, facilities, streets, and traffic. The Fleet Management Division within this department provides and maintains vehicles to ensure the provision of public services to Town residents.

Contract with Local Parts Vendor

Effective May 1, 2012, the Town contracted with a local parts vendor to purchase and manage the parts inventory for the Town's Fleet Management Division. This "integrated supply agreement" for "In-House Parts Management & Supply" required that the parts vendor operate a work space within the Town's Operations Center to supply parts and maintain an adequate parts inventory. The parts vendor provided a monthly bill listing all parts invoiced with related costs and an on-site employee to manage the operation.

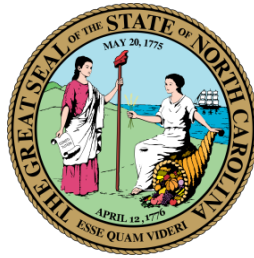
Town's Repair and Billing Process

Town vehicle repair and maintenance began with a departmental vehicle repair request. The Fleet Management Division input the repair request information into the Town's work order system. The system generated a work order (with a sequential work order number) which referenced the fleet vehicle number needing repair.

A technician received an assigned work order, began the repair process, and obtained needed parts from the on-site parts vendor employee. Once the repair was completed, the technician's amount of labor required was recorded on the work order. The Fleet Supervisor reviewed the labor and repair work recorded on the work order and closed the work order. The Fleet Management Division charged the requesting Town Department's budget for the parts and labor noted on the work order.

Parts Vendor's Billing Process

The parts vendor employee identified and provided the appropriate parts to the technician for the repair. He documented the parts provided to the technician in the Town's work order system and also recorded the parts in the parts vendor's invoicing system. At the end of each month, the parts vendor submitted the parts invoices referencing the vehicles repaired and work order numbers to the Fleet Manager. The Fleet Manager reviewed and approved the bill before the Town's Finance Department sent payment to the vendor.



FINDING AND RECOMMENDATIONS

A PARTS VENDOR IMPROPERLY BILLED THE TOWN OF CHAPEL HILL AT LEAST \$210,035 FOR PARTS THAT DID NOT MATCH THE ASSOCIATED WORK ORDERS

Between January 1, 2016 and March 31, 2017, the Town of Chapel Hill's (Town) parts vendor improperly billed the Town at least \$210,035 for parts not included on associated work orders. The Town failed to detect the errors because (1) the Town's work order system did not interface with the parts vendor's invoice system, (2) the parts vendor did not provide adequate parts detail reporting, and (3) the Town's Fleet Manager did not sufficiently review the invoices.

Billed Parts Not on Associated Work Orders

The Town contracted with a local parts vendor to provide parts and supplies for its Fleet Management operations. During regular maintenance and repair of Town vehicles, the Town created a work order that documented necessary labor by Town repair technicians and parts provided by the on-site parts vendor. The parts vendor billed the Town for parts used.

However, during the 15-month period reviewed, the parts vendor billed the Town \$210,035 for parts not listed on the referenced work orders. Specifically, a parts vendor employee¹ improperly billed the Town by:

- Submitting additional invoices for parts not listed on the work order
- Adding to the invoice parts not listed on the work order
- Creating duplicate invoices for the same work order

Town officials and parts vendor officials reviewed errors identified by investigators and confirmed abnormalities existed. Of the \$210,035 of improperly billed parts identified by investigators, the Town and parts vendor agreed that the Town paid at least \$134,000 for parts not placed on Town vehicles.²

Resulted in Payments of \$210,035 for Parts Not on Associated Work Orders

As a result of the billing errors, the Town paid the parts vendor for:

- \$130,810 for parts that did not fit Town fleet vehicles
- \$75,923 for parts that may fit a Town vehicle, but did not match the associated work orders
- \$2,147 in core deposit charges³
- \$1,155 for duplicate invoices

The Town and parts vendor agreed that the parts vendor should reimburse the Town \$134,112 for parts improperly billed. The Town received the reimbursement check from the parts vendor on September 11, 2019. These funds could have been used for other Town programs.

¹ Prior to the start of our investigation, the parts vendor terminated the employee who billed for these parts.

² The remaining \$76,000 in parts may fit a Town vehicle, but did not match the associated work orders.

³ "Certain types of auto parts can be recycled or, more specifically, remanufactured for future sale. These parts have a core price that is used as a form of deposit on the portion of the part that can be remanufactured and that is designed to encourage return of the old part. The 'core,' simply put, is your old part. Returning cores can save you money on replacement parts." <https://www.napaonline.com/en/what-is-a-core>

Errors Not Detected Because of a Lack of Systems Interface, Inadequate Parts Detail Reporting, and Insufficient Oversight

The lack of interface between the Town's work order system and the parts vendor's invoice system prevented automatic transfer of parts data between the systems. The parts vendor's employee manually entered the parts information into the Town's system and ordered, received, and billed parts in the parts vendor system. Due to manual entry of parts data into dual systems, the likelihood of invoicing errors increased.

The Town did not request and the parts vendor did not offer to provide adequate information to assist the Town in reconciling parts information. According to the parts vendor, the Town did not receive "granular data about the parts they use" that can be used to compare invoices to their work order system. Also, the parts vendor's monthly bill failed to include the work order numbers referenced to each invoice.

The Town's Fleet Manager did not properly review monthly invoices submitted by the parts vendor. The Fleet Manager told investigators that he performed "a cursory review" of the monthly bill which included a stack of approximately 100 invoices. However, he did not match parts billed on invoices to parts listed on referenced work orders. The Fleet Manager said he trusted the parts vendor employee responsible for the invoicing.

Parts Vendor Contract Proposal Outlines Billing Responsibilities

The parts vendor's contract proposal specified the parts vendor's "responsibility to properly invoice all parts at the time of sale and ensure all parts are billed to the proper work order."

Further, the contract proposal indicated that its system "ensures that all parts and supplies used in the shop get billed to a proper work order – allowing our customers the auditability in what they do in their fleet operations." The parts vendor's contract proposal claimed a benefit of its system was that "the customer only pays for the part when they use it."

RECOMMENDATIONS

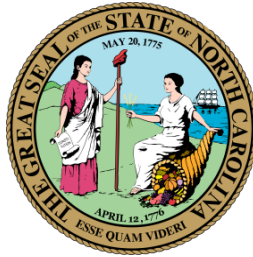
The Town should seek repayment for parts not used.

The Town should implement procedures to adequately review invoices and work orders. Specifically, the Town should:

- Reconcile parts included on work orders to parts billed on invoices before making payment
- Verify that goods and services purchased have been received

The Town should review invoices from periods prior to 2016 to determine if additional parts were improperly billed to the Town.

Note: Finding referred to the District Attorney for Prosecutorial District 15B, which includes Orange County. The District Attorney will determine if there is sufficient evidence to pursue criminal charges related to the improper billings.



RESPONSE FROM THE TOWN OF CHAPEL HILL



TOWN OF CHAPEL HILL
Office of the Manager

405 Martin Luther King Jr. Blvd.
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October 2, 2019

Beth A. Wood, CPA, State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600

Dear Ms. Wood,

Thank you for the opportunity to respond to the Office of the State Auditor's September 2019 draft report on your investigation of improper fleet parts invoicing to the Town of Chapel Hill. The Town's response is enclosed for your review and inclusion with your Office's report.

We appreciate your Office's thorough review and your staff's guidance regarding the Town's next steps to continue the investigation, remedy any additional improper invoicing for Fleet parts, and ensure that appropriate safeguards are in place to prevent future improper invoicing.

Please feel free to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Maurice Jones".

Maurice Jones
Town Manager
Town of Chapel Hill, NC
405 Martin Luther King Jr., Blvd.
Chapel Hill, NC 27514
manager@townofchapelhill.org

cc: Mayor Pam Hemminger

Enclosed: Town of Chapel Hill's Response to the Office of the State Auditor's September 2019 Investigative Report

Executive Summary

The purpose of this document is to respond to the Office of the State Auditor's September 2019 Investigative Report regarding the Town of Chapel Hill's corrective actions to remedy and prevent improper billing of vehicle parts to the Town by the Town's parts vendor. Below are the Office of the State Auditor's key recommendations and a summary of the Town's response.

Key Recommendation 1: The Town should seek repayment for parts not used.

- The Town has received initial repayment from the parts vendor of \$134,112.10 related to the audited time period (January 2016 – March 2017)
- The Town will work with the parts vendor to review invoices the Office of the State Auditor identified as charges for parts that may fit a Town vehicle but were not listed on associated work orders. Upon completing the review, the Town will request additional repayment if owed.

Key Recommendation 2: The Town should implement procedures to adequately review invoices and work orders.

- The Town developed and implemented new Fleet Parts Accounting Procedures in January 2019.
- The Town will continue to evaluate any additional accounting safeguards needed, including continued evaluation of the new procedures, possible software upgrades, review of additional documentation from the Town parts vendor, and further evaluation of the current contract with the parts vendor.

Key Recommendation 3: The Town should review invoices from periods prior to 2016 to determine if additional parts were improperly billed to the Town.

- The Town will work with the parts vendor to review invoices from a six month period prior to and three month period subsequent to the time period audited by the Office of the State Auditor.
- If warranted based on the findings from this review, the Town will extend the review to additional periods.



Purpose

The purpose of this report is to respond to the Office of the State Auditor's Investigative Report regarding the Town of Chapel Hill's corrective actions to remedy and prevent improper billing of vehicle parts to the Town by the Town's parts vendor.

Background

In November 2018, the Office of the State Auditor informed the Town of their investigation in response to an allegation that the Town was improperly billed for vehicle parts. In December 2018, the Office of the State Auditor contacted the Town to request documentation and staff participation in the review.

Town staff completed the following actions related to this review:

- December 2018 - Provided relevant fleet documentation to the Office of the State Auditor, including the list of work orders from the audited time period of January 1, 2016 to March 31, 2017
- January 2019 - Reviewed fleet parts accounting practices and implemented the attached "Fleet Parts Accounting Procedures"
- Winter/Spring 2019 - Reviewed work orders and invoices identified by the Office of the State Auditor as possible improper charges and provided findings to the Office of the State Auditor
- September 2019 - Executed an agreement with the parts vendor to receive reimbursement of funds owed to the Town

Response to Office of the State Auditor Findings and Recommendations

Below are the corrective actions that the Town has taken and will take to address the Office of the State Auditor's key recommendations listed in the September 2019 Investigative Report.

Key Recommendation 1: The Town should seek repayment for parts not used.

On September 9, 2019, the Town executed an agreement with the parts vendor for reimbursement of funds owed to the Town. Pursuant to that agreement, on September 11, 2019, the Town received repayment from the parts vendor for \$134,112.10, consistent with the outcome of the Office of the State Auditor's review, including

- \$130,810 for parts that did not fit Town fleet vehicles
- \$2,147 in core deposit charges
- \$1,155 for duplicate invoices

Responsible Parties: Town Attorney, Business Management Director, and Public Works Director

Timeframe for Completion: Recommended Action Complete - Payment Received September 11, 2019



The agreement between the Town and the parts vendor confirmed that the Town would continue to investigate past invoices, including a further review of invoices that the State Auditor's Office identified as charges for parts that may fit a Town vehicle but did not match the associated work orders.

The Town has requested and received the results of the parts vendor's review of these flagged work orders and invoices, and the Town's continued investigation will begin with a review by Town Fleet staff and the current Parts Manager. (The Office of the State Auditor required the expertise of Town Fleet staff and the current Parts Manager to provide the necessary review and reconciliation of flagged work orders and invoices.) Public Works Administration staff and Town Business Management (Finance) staff will participate in this process and evaluate any possible need and/or benefit to the Town to hire a third party reviewer.

If the review of the invoices flagged by the State Auditor's Office identifies any additional improper charges, the parts vendor has agreed to pay the Town for any charges for parts not received by the Town.

Responsible Parties: Town Attorney, Business Management Director, and Public Works Director

Timeframe for Completion: June 30, 2020 to complete additional review

Key Recommendation 2: The Town should implement procedures to adequately review invoices and work orders.

In January 2019, the Town reviewed current fleet parts accounting practices and implemented new "Fleet Parts Accounting Procedures". In July 2019, Public Works Administration staff met with the Interim Fleet Manager and Fleet staff to review the new procedures and provided additional updates to ensure clarity and consistency of implementation. The updated "Fleet Parts Accounting Procedures" is attached.

These procedures include key accounting safeguards to ensure that parts on work orders are reconciled to parts billed on invoices prior to making payment, and to verify that goods and services purchased were received. Key elements of the procedures include

- Each parts invoice must correspond to a single Town work order, and each Town work order must correspond to a single invoice from the parts vendor.
- Town mechanics must document needed parts on the Town work order and review and initial the final list of parts used.
- Fleet management staff must match the parts listed on the Town work order to the parts billed on the parts invoice and initial the work order to indicate the review was completed.
- Before approving payment, the Fleet Service Advisor and Fleet Manager must confirm that the total amount and number of work orders on the parts vendor's monthly bill match the Town's record for the month, and confirm that there is a Town work order number associated with each invoice number.

Public Works Administration and Fleet staff and Business Management (Finance) staff meet quarterly to discuss Fleet budget and operations. Staff will review internal controls as part of these meetings and discuss any needed changes.



Responsible Party: Town Public Works Director and Business Management Director

Timeframe for Completion: Recommended Action Complete - Procedures Implemented January 2019

The Town will continue to improve accounting safeguards by taking the following actions:

1. Continue to evaluate software options to allow automatic transfer of parts data between the Town's and the parts vendor's systems.
 - The Town has begun evaluating upgrading to the web-based version of the Faster Asset Solutions software. Based on our initial evaluation, the upgrade has an additional cost and will require significant staff time to ensure proper data migration. Additional evaluation is needed before proceeding with the upgrade.
 - Although the updated "Fleet Parts Accounting Procedures" now requires Town staff to review the Parts Manager's entry of parts information into the Town's electronic work order system, automation could improve efficiency and further reduce the possibility of errors.

Responsible Party: Town Public Works Director, Business Management Director, and Executive Director for Technology

Timeframe for Completion: April 1, 2020 to complete evaluation of web-based Faster software upgrade

2. Request and review detailed parts reporting from the parts vendor to ensure that the parts vendor meets their contractual responsibility to the Town related to auditing, and to ensure that the Town has complete information to reconcile parts received against invoices.

Responsible Party: Town Public Works Director

Timeframe for Completion: December 31, 2019 to review the additional information and incorporate any resulting recommendations into procedures

Key Recommendation 3: The Town should review invoices from periods prior to 2016 to determine if additional parts were improperly billed to the Town.

The agreement between the Town and the parts vendor confirmed that the Town would continue to investigate past invoices to identify any additional improper billing and required reimbursement to the Town. This investigation will include

- Review of additional invoices prior to and subsequent to the audited time period to identify any additional improper payments. The Town plans to begin by reviewing a six month period prior to and three month period subsequent to the audited time period, including July 1, 2015 to December 31, 2015 and April 1, 2017 to June 30, 2017.
- If warranted based on the findings from the above review, the Town will extend the review to periods prior to July 1, 2015 and/or after June 30, 2017.



The parts vendor has confirmed that they will provide invoice transaction data for the requested time periods. The Town's continued investigation will begin with a review by Town Fleet staff and the current Parts Manager. Public Works Administration staff and Town Business Management (Finance) staff will participate in this process and evaluate any possible need and/or benefit to the Town to hire a third party reviewer.

If additional improper charges are identified in the Town's ongoing review, the Town and parts vendor have agreed to negotiate another agreement for additional reimbursement.

Responsible Party: Town Public Works Director and Business Management Director

Timeframe for Completion: June 30, 2020

Other Actions Taken

In June 2019, the Town renewed its annual contract with the parts vendor for management of the on-site Parts store through June 2020. The Town decided to renew following the parts vendor's cooperation with the reimbursement, the Town's implementation of the new "Fleet Parts Accounting Procedures" to ensure accuracy of future billings, and because the contract is the most cost effective and efficient method for the Town to purchase parts. In addition, the parts vendor terminated the employee who improperly billed the Town, and the current Parts Manager has been working with the Town since 2017 and participated in reviewing invoices for the State Auditor's investigation.

Below are the benefits the Town has continued to receive from the current contract since implementation in May 2012:

- **Reduced Inventory Carrying Costs and Liability:** The parts vendor owns the parts inventory and stocks the Town on-site store. This allows the Town to keep commonly used parts in stock without being liable for the inventory or costs associated with obsolete parts.
- **Improved Productivity:** The Town has experienced gains in staff efficiency due to reduced staff time needing to be spent searching for parts or driving off-site to retrieve parts.
- **Parts Discounts:** Prior to the contract, the Town typically paid cost plus a 25% markup for parts. The parts vendor's extensive warehousing availability and broad scope of business allows them to purchase parts in bulk at cost plus 10% markup with the same companies, and they receive discounts from other repair shops. The Town benefits from these discounts.
- **Savings in Employee Costs.** There is an increased cost and liability to the Town to hire a full-time parts manager based on the Town's current benefit rate.

Prior to expiration of the contract, Town staff will evaluate the benefit of continued contracted parts management with this parts vendor and provide a report and recommendation to the Town Manager's Office.

Responsible Party: Town Public Works Director and Business Management Director

Timeframe for Completion: June 30, 2020



Attachments

- “Fleet Parts Accounting Procedures”, (Implemented January 2019, Updated July 2019)



Procedure Name:	Public Works - Fleet Parts Accounting Procedures		
Adoption Date:	January 2019		
Revision Date:	July 2019	Number of Pages: 4	

1. Receive Vehicle Maintenance Request:

- Customers submit a vehicle request to the Fleet Service Advisor (Processing Technician).
- The Fleet Service Advisor inputs the information from the vehicle request into the Faster Asset Solutions ("Faster") software program to generate a work order.
- The Fleet Service Advisor assigns the work order to a Mechanic by sending them the Faster work order electronically and by placing a hard copy of the work order with the original vehicle request attached in their shop mailbox.

2. Request and Receive Parts:

- Upon receiving the work order, the Mechanic performs an initial diagnosis to determine needed parts.
- The Mechanic hand writes a description of the needed parts (e.g., oil filter, brake pads, etc.) on the work order and gives the work order to the Parts Manager (employee of the Town's contracted parts vendor).
- The Parts Manager hand writes the parts numbers on the work order and generates a "saved invoice" (a draft invoice) in the parts vendor's software system.
- The Parts Manager distributes the parts to the Mechanic.
 - o If parts are not available at the time of request, the Parts Manager will hold the work order in the parts office until parts arrive.
 - o If more parts are needed after the initial request, those parts will be added to the original work order and saved invoice by repeating the same above process.
 - o If a wrong part is issued (e.g., oil filter doesn't fit, etc.) the part will be returned to the Parts Manager and the mechanic will strike through the part on the hard copy of the work order and remove it from the saved invoice.

Fleet Parts Accounting Procedures
Public Works Department

3. Complete Work Order

- The Mechanic installs the parts and completes the work on the vehicle.
- The Mechanic updates the electronic work order status to "F" (finished) in Faster.
- The Mechanic hand writes "F" (finished) on the hard copy of the work order and initials their handwritten parts list on the work order to verify that all listed parts have been used.
- The Mechanic returns the hard copy of the work order to the Parts Manager.

4. Generate Parts Invoice:

- The Parts Manager finalizes the invoice in the parts vendor's software system.
- The Parts Manager enters the parts being billed on the work order in Faster.
- The Parts Manager generates a hard copy of the final invoice(s), attaches it to the hard copy of the work order, and gives it to the Fleet Services Advisor for review.
 - o The purpose of this step is to ensure that there cannot be multiple work orders associated with one invoice, and limit the number of invoices that are associated with a single work order. (Although there can only be one invoice from the parts vendor associated with each work order, there are instances when a vehicle will need to be sent to outside repair shops for specific or extensive repairs. In those instances, there may be multiple invoices from multiple vendors attached to the work order.)

5. Reconcile Parts Used and Parts Invoiced:

- To ensure consistency between parts used and parts invoiced, the Fleet Services Advisor reviews and reconciles the following, preferably shortly after the invoice was generated. The Fleet Services Advisor requests review by the Mechanic Supervisor as needed for more complex work orders:
 - o Compares Mechanic's notes in Faster against the handwritten parts list on the work order to ensure that the requested parts were appropriate for the work performed.
 - o Compares any attached Faster-generated checklists (e.g., the PM checklist, etc.) against Mechanic's work order to ensure that appropriate tasks were completed.
 - o Compares the handwritten parts list on the work order against the invoice printed from the parts vendor's software system to ensure that the billing is correct.

Fleet Parts Accounting Procedures Public Works Department

- Compares the printed invoice against the parts entered on the work order in Faster to ensure that the billing is correct.
- When complete, the reviewer (Fleet Services Advisor or Mechanic Supervisor) changes the electronic work order status to “C” (closed) and initials the hard copy of the work order.
- If questions arise during the review, the Fleet Services Advisor will notify the Fleet Manager. To resolve any discrepancy, the point of contact is the on-site Parts Manager. If further discussion is needed, the parts vendor management will be included.

6. Complete Monthly Review of Parts Statements:

- At the end of each month, the Parts Manager provides the Fleet Manager with the monthly statement from the parts vendor.
- The Fleet Service Advisor and Fleet Manager with consultation from the Mechanic Supervisor review the parts monthly statement compared to a monthly batch report generated by Faster and confirm the following:
 - That there is a work order number corresponding with each invoice number
 - That the total number of work orders on the monthly statement matches the total number of work orders reviewed for the month
 - That the total amount on the monthly statement matches the total amount of all invoices for the month
- If questions arise during the review, the first point of contact is the on-site Parts Manager. If further discussion is needed, the parts vendor management will be included.

7. Processing Payment

- After completing monthly review, the Fleet Services Advisor provides the monthly statement and invoices to Public Works Administration Accounting staff to review and submit to the Business Management Department to process payment.

8. Records Retention

- An electronic copy of the work order in Faster and scanned copies of the invoices in Munis are kept in perpetuity and being backed up through the Town server.
- We have original hard copies of work orders from the past three years. Our policy going forward is to retain original hard copies for five years.

Fleet Parts Accounting Procedures
Public Works Department

Attachments:

- Sample Vehicle Request Form
- Sample Hard Copy of Finished Work Order
- Sample Invoice from Parts Vendor
- Sample Faster Work Order
 - The cost listed for parts issued on the Faster work order represents the bill to the Town department. Therefore, this amount includes the Town's mark-up on the price, and should be higher than the amount the parts vendor bills to the Town.)
- Sample Monthly Statement from Parts Vendor

*As we explore future software upgrades, we will consider upgrades that allow us to attach an electronic image of the parts invoices to the appropriate work order. Our financial software system includes scanned images of the invoices. The electronic copy would remain in perpetuity. The hard copies of all work orders with initials will remain on file for seven years.

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

Office of the State Auditor
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2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

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Facsimile: 919-807-7647
Internet: <https://www.ncauditor.net>

To report alleged incidents of fraud, waste or abuse in state government contact the
Office of the State Auditor Fraud Hotline: **1-800-730-8477**
or download our free app.



<https://play.google.com/store/apps/details?id=net.ncauditor.ncauditor>



<https://itunes.apple.com/us/app/nc-state-auditor-hotline/id567315745>

For additional information contact:
Brad Young
Director of External Affairs
919-807-7513



This investigation required 1,035.5 hours at an approximate cost of \$106,656.50.