



State of Nevada  
Governor's Finance Office  
Division of Internal Audits

**Audit Report**

**Office of the State Controller  
Vendor Management Services**

Report No. 17-03  
February 2017

**EXECUTIVE SUMMARY**  
**Office of the State Controller**  
**Vendor Desk Processes**

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**Objective: Can the Office of the State Controller Increase Efficiency and Effectiveness of Vendor Desk Processes?**

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**Reduce the Number of DocuSign Envelopes Purchased**.....page 3

Reducing the number of DocuSign envelopes purchased until usage statistics show the need for additional envelopes could save the state approximately \$6,000 annually. Each DocuSign envelopes costs \$3 and expires one year from the date of purchase. For fiscal year 2017, we estimate the office will use about 60 percent of the 5,000 envelopes purchased, leaving 2,000 unused envelopes.

**Provide DocuSign Training to all Vendor Desk Employees**.....page 5

Providing DocuSign training to all vendor desk employees will ensure all employees are properly trained on the program which would improve customer service. Only one out of three vendor desk employee received training following the inception of the program.

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DocuSign Envelope Usage

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## INTRODUCTION

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At the request of the State Controller, we conducted an audit of the Office of the State Controller's (office) vendor management services. Our audit focused on the efficiency and effectiveness of the office's vendor desk processes. The audit's scope and methodology, background information, and acknowledgements are included in Appendix A.

Our audit focused on the following objective:

- ✓ Can the Office of the State Controller increase efficiency and effectiveness of vendor desk processes?

### **Office of the State Controller Response and Implementation Plans**

We provided draft copies of this report to the office for review and comments. The office's comments have been considered in the preparation of this report and are included in Appendix B. The office accepted our recommendations. Appendix C includes a timetable to implement our recommendations.

NRS 353A.090 specifies within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps the office has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six month follow-up results to the committee and office officials.

The following report contains our findings, conclusions, and recommendations.

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## **Can The Office of the State Controller Increase Efficiency and Effectiveness of Vendor Desk Processes?**

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The Office of the State Controller (office) can increase efficiency and effectiveness of vendor desk processes by reducing the number of DocuSign envelopes purchased and providing DocuSign training to all vendor desk employees. Reducing the number of DocuSign envelopes purchased could save the state approximately \$6,000 annually, and providing DocuSign training to all vendor desk employees will improve customer service.

### **Vendor Desk Operations**

The vendor desk assigns vendor numbers to entities doing business with the state. Entities must have vendor numbers to receive payment for services or goods provided to the state.

Entities complete registration forms in order to receive a vendor number.<sup>1</sup> Registration forms may be submitted online through DocuSign or mailed in using a PDF form obtained from the office's website.

- DocuSign provides a fast, secure online method for vendors to submit their registration form and related documents.<sup>2</sup> The office provides a link on their website for vendors to gain access to the DocuSign registration process. Entities enter their email address and name, which creates an envelope containing the registration form.<sup>3</sup>
- PDF registration forms can be obtained from the website and mailed to the vendor desk.

The vendor desk creates vendor numbers by inputting information from the registration form into the state's accounting system. The vendor desk also collects information required for Internal Revenue Service reporting.

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<sup>1</sup> Information on registration forms includes, but is not limited to: name, address, taxpayer identification number, and bank information.

<sup>2</sup> Related documents include voided checks or bank information used to verify electronic payment information included on the registration form.

<sup>3</sup> An envelope is a package of data for someone to take action on such as the registration form.

## Reduce the Number of DocuSign Envelopes Purchased

The office should reduce the number of DocuSign envelopes purchased until usage statistics show the need for additional envelopes. This could save the state approximately \$6,000 annually.

### More Envelopes Purchased than Necessary

The office uses DocuSign for both vendor registrations and internal purchase order (PO) electronic signatures. During fiscal years 2016 and 2017, the office purchased 5,000 envelopes for \$12,500 and \$15,000 respectively. For fiscal years 2016 and 2017, the office estimated 5,000 DocuSign envelopes would be sufficient for vendor registration forms and POs. However, usage statistics for these years disclosed more envelopes were purchased than needed.<sup>4</sup> See Exhibit I.

### Exhibit I

**Envelopes Purchased and Used Fiscal Years 2016 and 2017**

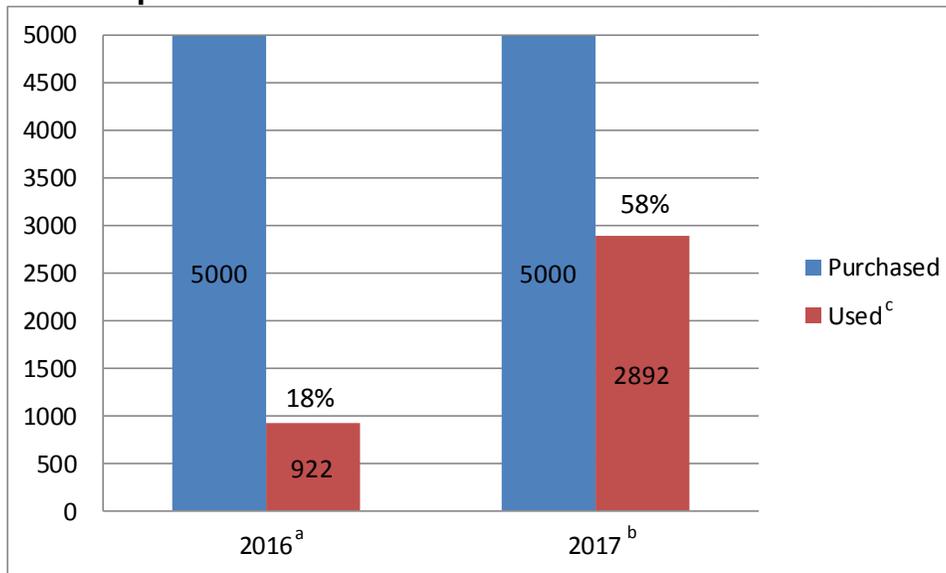


Table Notes:

<sup>a</sup> Data for fiscal year 2016 is for August 2015 – June 2016, the office did not track usage prior to August 2015.

<sup>b</sup> Envelopes used in fiscal year 2017 are estimated based on July through October 2016 usage. A total of 964 envelopes were used. See Appendix D. Assuming similar usage for all the other months, we estimate 2,892 envelopes will be used for fiscal year 2017.

<sup>c</sup> Envelopes used excludes 520 envelopes used for initial training during fiscal year 2016 and five training envelopes used July – October 2016.

In fiscal year 2016, the office used only 18 percent of the envelopes purchased for vendor registrations and POs. The low use stemmed from the vendor desk also accepting PDF registration forms via fax through March of 2016. In April 2016, the vendor desk discontinued the acceptance of faxed registration forms,

<sup>4</sup> Unused envelopes expire one year from date of purchase.

resulting in 83 percent of the total envelopes used in fiscal year 2016 occurring between April and June 2016. Therefore, fiscal year 2016 does not provide an accurate representation of DocuSign usage and was not used in the 2017 cost savings calculations.

For fiscal year 2017, we estimate the office will use 2,892 envelopes leaving 2,108 unused. The state could save approximately \$6,000 annually by reducing the number of envelopes purchased. See Exhibit II.

## Exhibit II

### Envelope Cost Savings

<b>Fiscal Year</b>	<b>Envelopes Purchased</b>	<b>Unused Envelopes<sup>a</sup></b>	<b>Price per Envelope<sup>b</sup></b>	<b>Cost Savings</b>
<b>2017</b>	5,000	2,108	\$3.00	\$6,324

Table Notes:

<sup>a</sup> Unused envelopes (5,000 - 2,892).

<sup>b</sup> Price per envelope is the total cost/number of envelopes ( $\$15,000 / 5,000 = \$3.00$ ).

Reducing the number of DocuSign envelopes purchased based on usage data could save the state approximately \$6,000 annually.

## Recommendation

1. Reduce the number of DocuSign envelopes purchased.

## **Provide DocuSign Training to all Vendor Desk Employees**

The office should provide DocuSign training to all vendor desk employees. This will ensure employees have sufficient knowledge of the DocuSign processes which will improve customer service when assisting entities with troubleshooting or correcting DocuSign errors.

### **Training not Provided to all Vendor Desk Employees**

The office represents only one vendor desk employee attended the DocuSign training at the inception of the program. Without sufficient training of all vendor desk employees, entities' questions or issues with the DocuSign form may not be appropriately addressed.

### **DocuSign Training Will Improve Customer Service**

DocuSign provides free onsite and online trainings for users of their program.<sup>5</sup> Trainings will increase employees' knowledge of the program and improve customer service.

## **Recommendation**

2. Provide DocuSign training to all vendor desk employees.

### **Exhibit III**

#### **Estimated Benefits**

<b>Recommendations</b>	<b>Annual Benefit</b>
Reduce the number of DocuSign envelopes purchased	\$6,000
<b>Total</b>	<b>\$6,000</b>

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<sup>5</sup> DocuSign provides free training only to those who purchased their program.

## Appendix A

### Office of the State Controller Scope and Methodology, Background, Acknowledgements

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#### Scope and Methodology

We began the audit in July 2016. In the course of our work, we interviewed staff from the office and reviewed the office's vendor desk processes. In addition, we reviewed applicable Nevada Revised Statutes, Nevada Administrative Code, and State Administrative Manual. We also surveyed other states' vendor desks to gain an understanding of their processes and procedures. We concluded field work and testing in November 2016.

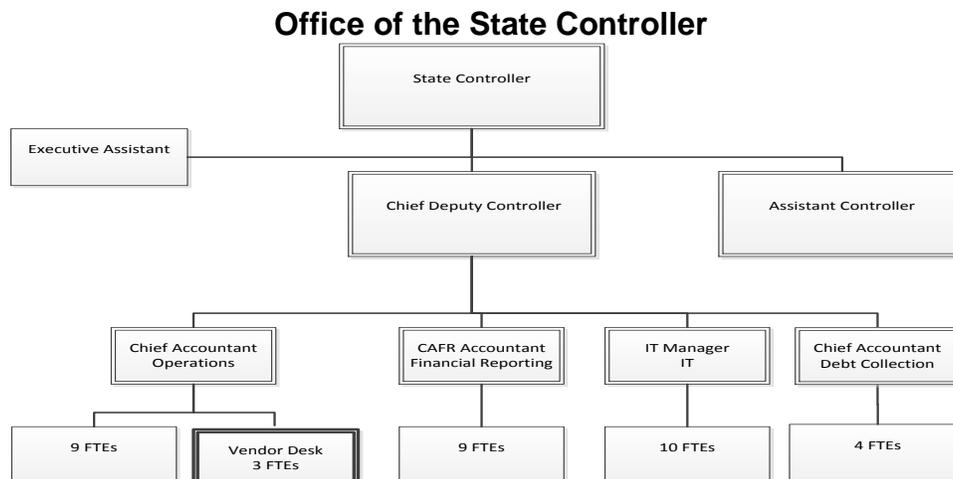
We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

#### Background

The office was established by the Nevada Constitution in 1864. The Controller is one of the six constitutional officers of the state and is elected for a term of four years. The Controller serves as the chief fiscal officer and is responsible for administering the state's accounting system, settling all claims against the state and collecting debts owed to the state. The authority of the office is set by the Nevada State Constitution and Nevada Revised Statute (NRS) 227.

The office has four sections. Exhibit IV shows the office's organizational structure.

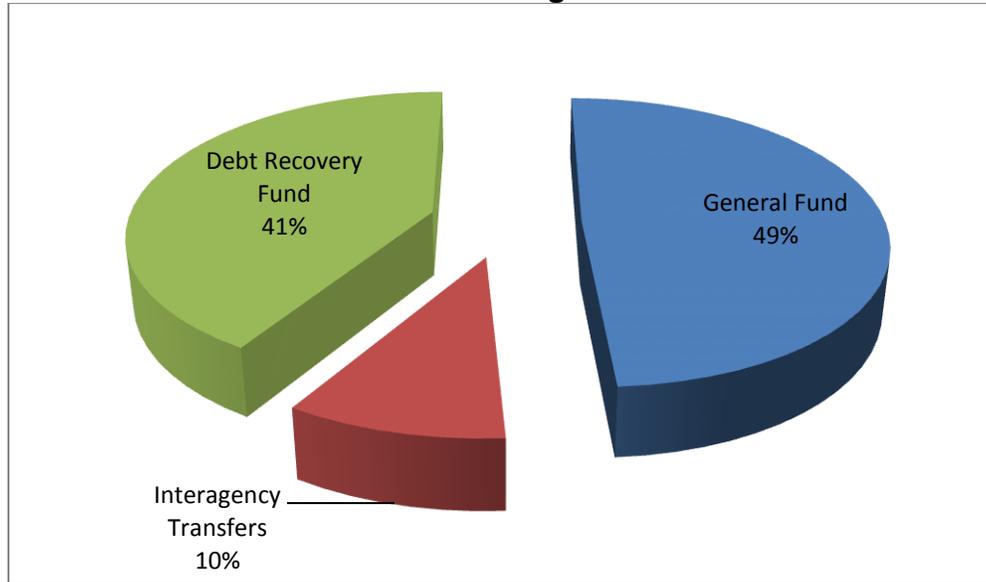
#### Exhibit IV



The fiscal year 2017 vendor services budget was \$189,411 with 3 authorized full time equivalent positions. See Exhibit V for the office's funding sources.

**Exhibit V**

**FY 2017 Funding Sources**



Source: 2017 Legislatively Approved Budget (\$9.8 million).

**Acknowledgements**

We express appreciation to the State Controller and the office staff for their cooperation and assistance throughout the audit.

Contributors to this report included:

Vita Ozoude, CMA, CGMA, CPA, MBA  
Executive Branch Audit Manager

Catherine Brekken, CPA  
Executive Branch Auditor

## Appendix B

### Office of the State Controller Response and Implementation Plan

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**RON KNECHT,  
MS, JD, PE (CA)**  
*State Controller*

STATE OF NEVADA



OFFICE OF THE  
STATE CONTROLLER

**JAMES W. SMACK**  
*Chief Deputy Controller*

**GEOFFREY LAWRENCE**  
*Assistant Controller*

December 14, 2016

Steve Weinberger, Administrator  
Division of Internal Audits  
209 E Musser St, Suite 302  
Carson City, NV 89701

Dear Mr. Weinberger,

Pursuant to NRS 353A, this represents our response to the Division of Internal Audits recommendations in their report submitted to and initially reviewed by our office with your staff on 5 December 2016.

**Recommendations that should take no more than six months to implement:**

**Recommendation #1: Reduce the number of DocuSign envelopes purchased.**

The Controller's Office agrees with this recommendation.

Based upon the estimate provided within the draft audit report, it looks like our office will only use approximately 58 percent of the envelopes ordered. The number of envelopes ordered annually will continue to be a moving target, as our office anticipates the continued ramp-up of DocuSign usage. Our office will explore a lower number of envelopes purchased with an amount of envelopes ordered equivalent to what had been used in the previous Fiscal Year and adding a factor to account for the anticipated increased usage. Since we have a couple of years of statistics to work from on actual usage, we will develop a process for the coming and subsequent fiscal years to get closer to the target number while attempting to not use more than the allocation provided. Without any change to the targets for Fiscal Year 2017 in terms of usage, we anticipate the number of envelopes we will order for Fiscal Year 2018 to be in the range of 3000 to 3500 envelopes.

**Estimated Completion: May 2017**

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**Recommendation #2: Provide DocuSign training to all vendor desk employees.**

The Controller's Office agrees with this recommendation.

Our office will be reaching out to DocuSign to schedule this training as soon as possible. Our goal is to set up a similar training to what we facilitated in Carson City utilizing a training or hearing room in the Grant Sawyer, which will allow agencies to receive additional training side by side with our own staff. We will also schedule time with our vendor team for additional virtual DocuSign training as required.

**Estimated Completion: April 2017**

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Thank you again for all of the hard work and dedication from you and your team. We are, of course, taking all of these recommendations seriously, and will work to implement these important and timely recommendations as quickly as possible.

Sincerely,



Ron Knecht, MS, JD, PE(CA)  
State Controller

## Appendix C

### Timetable for Implementing Audit Recommendations

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In consultation with the Office of the State Controller (office), the Division of Internal Audits categorized the two recommendations contained within this report into one of two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). The office should begin taking steps to implement all recommendations as soon as possible. The office's target completion dates are incorporated from Appendix B.

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#### **Category 1: Recommendations with an anticipated implementation period of less than six months.**

<u>Recommendations</u>	<u>Time Frame</u>
1. Reduce the number of DocuSign envelopes purchased. (page 4)	May 2017
2. Provide DocuSign training to all vendor desk employees. (page 5)	Apr 2017

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The Division of Internal Audits shall evaluate the action taken by the office concerning report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the committee and the office.

## Appendix D

### Office of the State Controller DocuSign Envelope Usage

Month	Envelopes Used		Envelopes Voided	
	Fiscal Year		Fiscal Year	
	2016	2017	2016	2017
November 2015	16		12	
December 2015	16		12	
January 2016	40		23	
February 2016	22		7	
March 2016	67		38	
April 2016	230		93	
May 2016	237		79	
June 2016	294		105	
July 2016		230		90
August 2016		276		44
September 2016		234		68
October 2016		224		49
<b>Totals</b>	<b>922</b>	<b>964</b>	<b>369</b>	<b>251</b>
Envelopes Used and Voided exclude Training Envelopes. Complete Data for November 2016 not available.				