



Internal Audit Department  
NeighborWorks® America

# **Audit Review of Third Party Vendor Management – Gappify**

Project Number: NW.FIN.GAPPIFY.2022

# **Audit Review of Third-Party Vendor Management: Gappify**

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**TO:** Members of the NeighborWorks America Audit Committee  
of the Board of Directors

**FROM:** Frederick Udochi, Chief Audit Executive

**CC:** Marietta Rodriguez, President & Chief Executive Officer  
Susan Ifill, Executive Vice President & Chief Operating Office  
Kate Titford, Executive VP, General Counsel/Secretary  
Kemba. Edmonds, Executive Vice President, Chief Financial Officer  
Arturo Weldon, Executive Vice President & Chief Information Officer

**RE:** **Audit Notification – Gappify Vendor Portal Post Implementation Review**

**DATE:** **April 13, 2023**

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Attached is our draft audit report for the Gappify Vendor Portal Post Implementation Review. Please contact me with any questions you might have.

Thank you.

Frederick Udochi  
Chief Audit Executive

attachment

**Function Responsibility and Internal Control Assessment  
Audit Review of Third-Party Vendor Management: Gappify**

<b>Business Function Responsibility</b>	<b>Report Date</b>	<b>Period Covered</b>
Finance/ Accounts Payable	August 18, 2023	November 2021  through  April 2023
<b>Assessment of Internal Control Structure</b>		
Effectiveness and Efficiency of Operations	<b>Generally Effective<sup>1</sup></b>	
Reliability of Financial Reporting	<b>Not Applicable</b>	
Compliance with Applicable Laws and Regulations	<b>Not Applicable</b>	

This report was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

<sup>1</sup> **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

**Executive Summary of Observations, Recommendations and Management Responses**

<b>Summarized Observation Risk Rating</b>	<b>Management Agreement with Observation (Yes/ No)</b>	<b>Internal Audit Recommendation Summary</b>	<b>Accept IA Recommendation (Yes/ No)</b>	<b>Management's Response to IA Recommendation</b>	<b>Estimated Date of Implementation (Month/Year)</b>	<b>Internal Audit Comments on Management Response</b>
NA	NA	NA	NA	NA	NA	NA

## Risk Rating Legend

### Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

### Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

### Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

<b>Management Responses to The Audit Review of:  Third Party Vendor Management: Gappify</b>		
<b># Of Responses</b>	<b>Response</b>	<b>Recommendation #</b>
NA	Agreement with the recommendation(s)	NA
NA	Disagreement with the recommendation(s)	NA

## Background

NeighborWorks America was seeking an online portal to onboard vendors with data (such as filing status and EIN number) verified with the IRS in response to Internal Audit's previous audit recommendations<sup>2</sup> ([NW.FIN.APACH.2019](#)). Upon evaluating 3 viable vendor products, Gappify Supplier Portal was awarded the contract for the implementation and automation of the organization's vendor onboarding process. The Gappify Supplier Portal was subsequently deployed and became fully operational January 01, 2022.

These were some of the key benefits of the portal as opposed to the manual process:

- Invite vendors to register per email request sent by Program Office
- Register as a new vendor in Gappify to be created in NetSuite
- Verify W9 in Gappify
- Upload voided check in Gappify
- Send customized message to vendor when TIN validation fails
- Send customized message to vendor when void check validation fails
- Send customized message to vendor when other validations fail (non-TIN and non-voided check)
- Send bulk refresh message to existing vendors
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Overall automating the process facilitated higher efficiency and greatly minimized potential errors from a manual process.

## Objective

The objective of this audit review was to obtain reasonable assurance that the Gappify Vendor Portal onboarding processes operate adequately and efficiently in accordance with corporate protocols with adequate internal controls that would maintain and safeguard the integrity of the system

## Scope

The scope of this audit review covered the period between 10/01/2021 – 04/30/2023 which included a review of the:

- Objectives of the Gappify Portal RFP/Contract
- Vendor On-Boarding and Maintenance Policy
- Internal Controls
  
- Registering
- Uploading tax forms
- Updating their business information
- Viewing the status of payments
- Managing email communications

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<sup>2</sup> Refer to *Recommendation 2 Review Vendor Master File for Completeness and Accuracy* in FY19 Audit Report *Audit Review for AP/ACH Transactions* (Project Number NW.FIN.APACH.2019).

- Integrating with NetSuite

## **Methodology**

Internal Audit documented a Gappify Vendor Portal system walkthrough hosted by the Finance AP team:

A review and verification that the IRS required vendor demographic documents for NetSuite active vendors were validated by the multi-functional bot Gappify Alan (“Alan”) throughout the onboarding checkpoints for portal link request, submission, review, approval, and vendor record creation in NetSuite via mandatory email request to the Finance team.

A review of the Vendor Onboarding and Maintenance Policy document to verify and validate that internal controls and procedures were properly followed based on NetSuite vendor data extracted during the audit period

This was followed with:

- A review and verification of internal controls identified as automated and autonomously performed by RPF bot Gappify Alan; and
- Based on the 102 active vendors onboarded through Gappify Alan into NetSuite via email requests provided by the Finance AP team; Internal Audit conducted a review of:
  - Payment status to verify vendor POs, invoices and payments were properly set up and executed for active vendors in NetSuite during the specified audit period.
  - Verify email requests from business and Procurement for vendor creation in NetSuite by the Finance team only, and that vendor names in PRISM are in conformity with NetSuite, which is the system of records.

Below are the observations and recommendations that resulted from the testing performed.

## **Observations and Recommendations**

Based on the review conducted by Internal Audit, there are no significant observations to report at this time. However, Internal Audit encourages Finance to engage in the continual exploration of further multi-functional uses of accounting bot Gappify Alan in order to fully optimize the utilization and benefits of the portal across other accounting functions, such as Accounts Payable and the General Ledger.

## **Conclusion**

The implementation of Gappify Portal Robotic Process Automation (RPA) solution featuring the multi-functional accounting bot Gappify Alan (“Alan”) to onboard vendors, not only autonomously validates the IRS filing status and EIN number match, but also verifies the vendor’s address and bank routing information. In addition, the implementation of internal controls to govern vendor record creation by the Finance team through mandatory email



requests, provides assurance on the consistency of vendor name between the Procurement System PRISM and NetSuite. This also mitigates the identified risk from a previous Internal Audit Report<sup>3</sup> regarding vendor name discrepancies in the two business application systems. We would like to take this opportunity to thank the Finance Team for their cooperation on this audit process.

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<sup>3</sup> Refer to previous Audit Reports: *Recommendation 1 Resolve the Vendor Name Discrepancies between NetSuite and NEST in FY18 FMS Financial Management Systems & Interfaces (formally WeConnect Application Systems)*; *Recommendation 3 Revisit the Use of a Consistent Naming Convention Process in FY22 Audit Report – Professional Services & Vendor Contracts \$20K and Under*.