

Department of Central Services
Audit Unit
2009 Audit Cycle

DCS Annual Audit Summary

- ☑ Total Audit Findings: 61
- ☑ Total Recommendations: 52
- ☑ Total Projects Completed: 14
 - Purchase Card: 9
 - Purchase Card Monitoring Cycles: 3
 - Statewide Procurement: 1

STATEWIDE PROCUREMENT AUDIT

The Department of Central Services' Audit Unit published its first statewide purchasing audit October 15th, 2009. The audit was a statewide \$10k to \$25k threshold procurement audit for state agencies acquisitions. This audit included data mining all state acquisitions between \$10k and \$25k for a one year period. These acquisitions totaled \$96 million for the state.

Summary of findings:

- 12 agencies received findings
- 15 findings were reported and 13 recommendations were made

A majority of the deficiencies discovered during the audit were based on the lack of or inadequate purchase file documentation and accessibility when turnover has occurred within the purchasing divisions. The next major deficiencies were related to not conducting or documenting the bid evaluation process.

PURCHASE CARD AUDITS & MONITORING ACTIVITIES

We audited 9 agencies' purchase card programs. When we audited the agencies' purchase card programs, based on the dollar amount, we reviewed 13% of their purchases during the audit period.

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2009 Purchase Card Audit Finding Summary

The highest error rate associated with 2009 purchase card findings:

- **32% Error Rate** - Receiving document not annotated and signed by the receiving employee (subsequent to the time of purchase).
- **22% Error Rate** - Memo Statements Not properly authorized By Approving Official.
- **18% Error Rate** - Memo Statements Not properly signed By the Cardholder.
- **17% Error Rate** – Prior written approval was not obtained from approving official or designated back-up prior to making purchase for statewide contact purchases.

Current purchase card procedures require written pre-approval of travel expenses. Although written prior approval was not executed 81% of the time, Agency leadership has had knowledge of and approved travel in all cases checked and in all cases, supervisors had appropriately reviewed purchase card statement indicating the expense.

2008-2009 Compare and Contrast

2008 purchase card audit findings compared to 2009 findings.

- Receiving document not annotated and signed (subsequent to the time of purchase) and (at the time of purchase).

	<u>2008</u>	<u>2009</u>
Error Rate:	39%	29%



- No receipt provided.

	<u>2008</u>	<u>2009</u>
Error Rate:	7%	4%



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- No receiving document provided.

	<u>2008</u>		<u>2009</u>
Error Rate:	3%		1%

- Memo Statements Not Signed or Signature stamp was used by Approving Official

	<u>2008</u>		<u>2009</u>
Error Rate:	11%		22%

- Memo Statements not signed or dated appropriately by Card Holder.

	<u>2008</u>		<u>2009</u>
Error Rate:	12%		18%

**2009 Statewide Purchase Card Continuous Monitoring
Finding Summary**

We data mined all agency purchase card transactions for the period October 1, 2008 thru July 15, 2009. Out of 107,732 transactions reviewed, we detected cardholders:

- Five instances the cardholder split the acquisition to avoid the purchase card single purchase limit.
- Six instances when the standard purchase card was used for lodging.
- Three instances for exceeding the single purchase card limit.
- Four instances for making prohibited purchases with the purchase cards.

During the agency's internal review processes the agency discovered and addressed nine questionable purchase card transactions prior to receiving our request to review the transaction.

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As a result of our purchase card monitoring and the agencies internal review process:

- The State was reimbursed for five questionable purchases.
- One cardholder's single purchase limit was reduced by the Entity Purchase Card Administrator.
- One cardholder was required to attend training again in order to participate in the Purchase Card Program.
- In two instances the employee no longer worked for the Agency when the discovery was made.
- One cardholder and supervisor received corrective discipline.