

**OIA REMEDIATION ACTIVITY - OBSERVATIONS**

As of March 21, 2013

| High Risk Comment 2013-ODH-02-01 |                         | Issued: September 27, 2012   |
|----------------------------------|-------------------------|--|
| Agency:                          | Health                  | Recommendation: Continue to train and/or remind agency payment card holders and supervisors/approvers of the payment card rules, including: maintaining adequate documentation to support the purchases, supervisory approvals, purchase limits, and the process for requesting a temporary limit increase. Establish and implement payment card policies and procedures surrounding asset and IT equipment to ensure the items are properly tagged as assets and monitored. Additionally, reinforce the importance of the reconciler role and responsibility to document evidence of his/her review to ensure it was completed prior to payment being made. |
| Report:                          | Payment Card            |  |
| Comment:                         | Payment Card Processing |  |
| Completion Date:                 | December 31, 2012       |  |
| Status: Closed                   |                         |  |

| Moderate Risk Comment 2012-COM-02-01 |                                       | Issued: June 21, 2012  |
|--------------------------------------|---------------------------------------|--|
| Agency:                              | Commerce                              | Recommendation: Explore payment options that minimize employees have direct exposure to credit card information. When considering solutions, management should ensure sensitive credit card information is sufficiently controlled. Consider solutions that align with agency-wide processes that involve legal and finance participation. |
| Report:                              | State Fire Marshal - Code Enforcement |  |
| Comment:                             | Credit Card Processing                |  |
| Completion Date:                     | 9/30/2012 (revised 1/31/13)           |  |
| Status: Closed                       |                                       | Comments: N/A  |

| Moderate Risk Comment 2012-COM-02-02 |                                       | Issued: June 21, 2012  |
|--------------------------------------|---------------------------------------|--|
| Agency:                              | Commerce                              | Recommendation: Explore the ability for the system to require a re-inspection date or an issuance of a citation when violations are unresolved. This would help ensure that all violations are either cited or remediated. |
| Report:                              | State Fire Marshal - Code Enforcement |  |
| Comment:                             | Formalize Re-Inspection Process       |  |
| Completion Date:                     | 9/30/2012 (revised 2/28/13)           |  |
| Status: Closed                       |                                       | Comments: N/A  |

| Moderate Risk Comment 2012-DAS-03-01 |                                | Issued: June 21, 2012   |
|--------------------------------------|--------------------------------|---|
| Agency:                              | Administrative Services        | Recommendation: Develop policies and procedures for the eBid purchase request process. Such procedures should define the individual roles/titles, responsibilities, and detail the actions that should be taken at each stage in the process. Policies and procedures should include: controls to ensure state resources are used, standardized review process for each winning bidder/vendor, and periodic reviews of bidding trends and/or vendor analysis. The implemented policies and procedures should also be reviewed periodically by management and updated as needed. |
| Report:                              | State Purchasing - eBid System |   |
| Comment:                             | Policies and Procedures        |   |
| Completion Date:                     | 9/30/2012 (revised 1/31/13)    |   |
| Status: Closed                       |                                | Comments: N/A   |

| Moderate Risk Comment 2013-ODH-02-02 |                           | Issued: September 27, 2012   |
|--------------------------------------|---------------------------|--|
| Agency:                              | Health                    | Recommendation: Periodically review expenditures made using the traditional voucher process that meet the payment card usage criteria to determine if training would facilitate the expanded use of payment cards where appropriate. |
| Report:                              | Payment Card              |  |
| Comment:                             | Payment Card Efficiencies |  |
| Completion Date:                     | December 31, 2012         |  |
| Status: Closed                       |                           | Comments: N/A  |

| Moderate Risk Comment 2013-COM-01-02 |                    | Issued: December 13, 2012  |
|--------------------------------------|--------------------|--|
| Agency:                              | Commerce           | Recommendation: Develop and implement monitoring policy and procedures over the real estate licensing system. These policies and procedures should be formally documented and approved by management. Once implemented, the monitoring activities should be documented to provide management assurance they are completed as intended. Additionally, consider storing the license stock paper with a supervisor, and provide to examiners on an as-needed basis. |
| Report:                              | Real Estate        |  |
| Comment:                             | Lack of Monitoring |  |
| Completion Date:                     | December 31, 2012  |  |
| Status: Closed                       |                    | Comments: N/A  |

| Moderate Risk Comment 2012-COM-02-04 |                                       | Issued: June 21, 2012  |
|--------------------------------------|---------------------------------------|--|
| Agency:                              | Commerce                              | Recommendation: Develop and implement a formal documented process that tracks storage tank files and ensures inspections are conducted timely. Consider designing an automated mechanism to identify whether an inspection occurred within 180 days from the time the permit was granted to ensure each storage tank is inspected. |
| Report:                              | State Fire Marshal - Code Enforcement |  |
| Comment:                             | Storage Tank Inspection Tracking      |  |
| Completion Date:                     | 12/31/2012 (revised 4/30/13)          |  |
| Status: Partially Remediated         |                                       | Comments: Implementation of a new system was delayed. In the meantime, COM is reviewing the database periodically to identify expiring applications. It was recommended to create queries/reports in the their current database to identify when action is needed for current applications and to clean-up old files.              |

| Moderate Risk Comment 2012-DEV-03-01 |   | Issued: June 21, 2012   |
|--------------------------------------|---|---|
| Agency:                              | Development Services Agency                   | Recommendation: DEV should restore the audit function over the EDU's. Consider implementing a risk-based approach when developing the audit schedule to prioritize the audits and ensure each EDU is audited at least once every three years with an audit scope covering the entire three years. |
| Report:                              | Percentage of Income Payment Plan (PIPP) Plus |   |
| Comment:                             | External Audit Frequency                      |   |
| Completion Date:                     | 1/31/2013 (revised 4/30/13)                   |   |
| Status: Partially Remediated         |   | Comments: DSA posted an RFP for accounting firms to submit proposals to perform the EDU audits. OIA will follow-up with DSA to verify an external audit firm has been selected.   |

| Moderate Risk Comment 2012-DEV-03-02 |   | Issued: June 21, 2012  |
|--------------------------------------|---|--|
| Agency:                              | Development Services Agency                   | Recommendation: DEV should modify its current pre-PIPP arrearage collections practices. At a minimum, analyze the impact on the PIPP Plus program if pre-PIPP arrearage funds are not reimbursed by the EDUs. Determine how EDUs account for pre-PIPP arrearages advanced for PIPP Plus customers dropped from the program. Consider adding a separate reporting field to the CIR and 301 reports to list the amount of pre-PIPP charges returned.   |
| Report:                              | Percentage of Income Payment Plan (PIPP) Plus |  |
| Comment:                             | Customer Arrearages Advancements              |  |
| Completion Date:                     | 1/31/2013 (revised 4/30/13)                   |  |
| Status: Open                         |   | Comments: Procedures outlined in the RFP require the selected auditor to provide DSA assurance as to the accuracy and validity of requests for reimbursement and remittance. DSA staff also reported their agency Legal Counsel is considering revising some aspects of PIPP and changes to the 301 and CIR reports are being considered. Because closure of this observation is reliant upon selection of the accounting firm and implementation of the audits, this observation will remain open until the EDU audits have been performed. |