



Department of Health

Procurement Process Audit

Audit Period: July 2011 through September 2012

Results Summary:

Objective	Conclusion
Contract initiation/requisitioning process	Major Improvements Needed
Contract issuance and purchasing/receiving process	Improvement Needed
Contract monitoring process	Improvement Needed

Report number: 2013-ODH-01

Issuance date: December 13, 2012



Executive Summary

Background

The OBM Office of Internal Audit (OIA) conducted an audit over the Ohio Department of Health's (ODH) procurement processes. Although a central procurement function is performed by the Ohio Department of Administrative Services (DAS), ODH initiates the procurement process for items specific to its agency. The Department maintains a central procurement office which oversees the processing of agency purchase and contract requests. During SFY12, ODH processed approximately 602 non-subsidy purchase orders, which would include both contracts and direct purchases, totaling approximately \$10.8 billion, of which approximately \$8.7 billion was liquidated by fiscal year end.

During the audit, OIA identified opportunities for ODH to strengthen internal controls and improve business operations. A summary, along with detailed observations, have been provided. OIA would like to thank ODH staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties

Scope and Objectives

OIA staff was engaged to perform assurance work related to the Procurement process. This work was completed between June and September 2012. The scope of this audit was limited to ODH's contracts and requisitions and did not include a review of the Department of Administrative Services' contract initiation and selection process. The following detailed audit objectives included:

- Evaluate the design and effectiveness of the controls within the contract initiation/requisitioning process.
- Evaluate the design and effectiveness of the controls when procuring goods and services (determination/receipt).
- Evaluate the design and effectiveness of the controls within the contract monitoring process.



Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions above.

Observation 1 – Determining/Evaluating a Contract

Competitively bid requests for proposal (RFP) and request for quote (RFQ) are posted publicly to encourage a competitive environment, helping verify that all possible vendors have the opportunity to bid for state contracts. Additionally, good business practices necessitate logging the date/time when vendor proposals and quotes are received as evidence to support the timely responses required by the RFP/RFQ.

The Office of Financial Affairs' (OFA) Contract Unit is responsible for receiving and reviewing all initial contract requests submitted by program/division staff to ensure all contract information has been provided and purchases are competitively bid when necessary. Of the 25 contracts tested, eight were eligible for competitive bid; however, five of the eight (63%) eligible contracts were not competitively bid. For the three contracts which were competitively bid, there was no evidence the RFQ/RFP was posted to the DAS procurement website as required per ODH policy. It was also noted there was no consistent evidence documented to demonstrate justification for why certain contracts were not competitively bid.

Additionally, the agency's practice for determining whether a potential grant agreement should be a grant agreement or a contract is based on whether the amount is less than \$30,000. If less than \$30,000, it is processed as a contract, as opposed to a grant agreement, due to the agency's interpretation that contract monitoring is less significant than grant monitoring.

Furthermore, all vendor responses are to be submitted and received by the Contract Unit staff. However, at the time the audit was conducted, the proposals received were not being date-stamped or logged upon receipt. The Contract Unit performs initial reviews of proposals to determine if the vendor meets the minimum qualifications put forth in the RFP/RFQ; however, this review is not evidenced and any determination made by the Contract Unit is reconsidered by the Evaluation Committee.

Not utilizing the competitive bidding process puts the Department at risk legally and means that more qualified vendors or better priced options may be overlooked. Using the dollar amount as the basis for determining whether an item should be a grant or contract not only increases the Contract Unit's workload, but may also be improper per federal guidance (OMB Circular No. A-133, Subpart B, __.210). Without tracking or logging receipt of vendor responses, there is



increased risk that proposals received outside the bidding window will be included and evaluated. Additionally, time and resources are wasted when duplicative tasks are performed.

Recommendation

Enforce and implement a process that facilitates the requirement for competitive bidding for all eligible contracts, and emphasize the necessity of documenting proper justification in scenarios where a contract is not competitively bid. Re-evaluate the agency’s methodology for grant or contract determination, and consider implementing mandatory use of the vendor vs. subrecipient checklist, provided by the federal Office of Management and Budget, for all procurement requests. Such documentation should be retained and the implications for monitoring responsibilities should be clearly communicated and understood by agency staff. Additionally, implement procedures to begin logging the receipt of vendor responses. Re-evaluate the intent for the Contract Unit’s initial review of proposals to ascertain whether determinations should be the primary task for the Evaluation Committee.

Management Response

Short-Term - ODH will take immediate action on the following: 1) The contract checklist will be updated; 2) A meeting will be held with the procurement staff instructing them to document all procurement decisions on the contract/procurement forms; and 3) ODH will also review its current procedures to determine various methods for procurement services. (Dec 2012)

Long-term - ODH will take immediate action on the following: 1) Training will take place to ensure ODH key staff clearly understand their role, when each procurement method is used, and how to document and support the process for compliance; 2) As we review these processes, we will revise the procurement and contract manuals (Apr 2013); 3) ODH will immediately evaluate the cost/benefit of administering grants and contracts below a certain dollar threshold (and implement by July 2013); and 4) ODH is developing a plan to address log-in/date stamp procedures for when the Procurement & Contracts Unit is shorthanded to ensure that it is clearly documented when RFPs are received (Jan 2013).

Risk*	Remediation Owner	Estimated Completion Date
High	Agency Remediation Officer	July 2013



Observation 2 – Contract/Purchase Request Process

Every agency should have in place an established process for initiating contracts and purchases. Policies surrounding this process provide safeguards for the agency and help ensure a variety of necessary measures, including proper approval, knowledge of requested assets, verifying necessity of purchases, and appropriate attainment of goods.

The Department of Administrative Services - State Procurement (DAS) manual provides requirements surrounding the purchasing and contract processes. State agencies may develop additional policies over these processes, but at minimum, are required to adhere to the DAS requirements. Testing of ODH's adherence to the DAS requirements and ODH's internal policies over the contract and purchase request initiation process identified the following:

- Seven contracts and 10 requisitions tested appeared eligible for MBE/Edge vendor consideration; however, MBE/Edge vendors were not selected or evidence did not exist that MBE/Edge vendors were considered in six contracts (86%) and two requisitions (20%);
- Nine requisitions tested were required to have three vendor quotes; however, quotes were not obtained for three of them (33%);
- Of the combined 51 contract and purchase requests tested, five (10%) did not contain all the proper bureau/division/fiscal signatures, evidencing their review and approval of the requests. Additionally, for two of the three contracts (67%) competitively bid, there was no evidence the appropriate program individuals had reviewed and approved the final contract as evidenced by signatures on the contract cover sheet; and,
- For three of 25 (12%) contracts tested, there was no evidence the debarment listing and unresolved findings database had been reviewed, nor did these contracts contain any related language. Furthermore, of 12 eligible contracts, nine (75%) did not have affirmative action plans on file. One of the nine contracts also did not contain contract language requiring the vendor to maintain and submit affirmative action plans to DAS.

If the policies and procedures already in place are not strictly adhered to, the agency is not only put at a legal risk, but may not be considering qualified vendors and management may not be aware of all purchases.

Recommendation

Provide mandatory training to agency staff involved in the requisition and contracting processes to reiterate the purchasing policies and their importance. Develop and/or enforce the completion of a review mechanism that requires elements to be achieved before the execution of a contract



or requisition.

Management Response

Short-Term - ODH will take immediate action on the following: 1) The contract checklist will be updated; 2) A meeting will be held with the procurement staff instructing them to document all procurement decisions on the contract/procurement forms; and 3) ODH will also review its current procedures to determine various methods for procurement services. (Dec 2012)

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Risk*	Remediation Owner	Estimated Completion Date
High	Agency Remediation Officer	July 2013

Observation 3 – Bypassing Procurement Rules

The State of Ohio Asset Management policies and procedures indicate agencies must maintain records for any assets, generally defined as tangible personal property over \$1000, any item capable of storing large amounts of data, or “sensitive” property costing at least \$500.

During walkthroughs and interviews with ODH staff, it was brought to the auditor’s attention that agency and DAS rules relating to IT procurement and/or general agency procurement were bypassed through use of the state payment card and ordering goods/assets off of service agreements. Specifically, IT equipment purchases were made on existing purchase orders for Verizon service agreements. This was not immediately detected by agency officials due to the lack of a purchase requisition being submitted for approval, as well as, the lack of equipment detail provided on the Verizon service invoices. Additionally, the Facilities and Fleet unit was not immediately aware of the IT equipment purchases, and as a result, did not log and tag the qualifying assets into the OAKS Asset Management system.

Furthermore, it is unclear whether ODH’s Office of Management Information Systems (OMIS) division was able to track and monitor use of the equipment for compliance with the agency’s IT Use policy and the State’s IT policies over mobile data security and prevention of data loss.



Through discussions with agency staff, these issues also exist when IT assets are purchased with the state payment card, which only requires an immediate supervisor approval to purchase. Although a record of the item(s) purchased would be included on a payment card log, Facilities and Fleet and OMIS have to rely on the payment card holder or supervisor to notify the proper individuals that an IT asset had been purchased.

This practice puts the agency at risk for potential fraud, waste and abuse as well as compromise mobile device security and data loss. The agency is also at risk for maintaining an incomplete asset inventory listing, as well as, understating equipment budgets which could impact ODH's federal grants.

Recommendation

Take immediate measures to prohibit equipment purchases from unqualified encumbrances and re-emphasize the agency's rules surrounding the procurement process through regular training. Develop and implement agency-wide policies surrounding the use of state payment cards when purchasing IT assets. These policies should establish a mechanism for notifying the appropriate areas of the pending purchase, which will enable them to prepare for tracking, tagging, logging and monitoring of the IT assets. Evaluate whether the agency's expenditure information/budgets (especially those for federal grants) is understating equipment, particularly if equipment was purchased from service contracts.

Implement periodic reconciliations between the OMIS inventory database and the OAKS Asset Inventory system to ensure both systems are complete and accurate.

Management Response

Immediate Action - ODH's Office of General Counsel (OGC) and OFA Remediation Chief will work with the OIA Team to obtain additional information detailing the purchase of IT equipment on an existing purchase order(s) for Verizon services. OGC and Remediation will conduct a comprehensive review and the results will be reported to Management and OIA. The review will include an identification of the appropriate policy and an examination of whether the current policy and established procedures are reasonably sufficient to address and mitigate risk of theft, loss, or fraud. Included in that review will be the identification of whether staff failed to follow established policy in the December 2012 Verizon IT equipment purchases, and if so, the reasons or motivations for not following established policy. Additionally, the review will include the identification of any failure to follow ODH asset management procedures applicable to ODH's receipt of the IT equipment as well as any non-compliance with ODH and DAS IT policies on mobile data security and prevention of data loss, if any. OGC's report will include recommendations to enhance or improve current policies and procedures in those areas that are identified as not adequate to mitigate the risk of potential fraud, waste and abuse or prevent mobile device security and data being lost or compromised (Feb 2013).



Additionally, current policies will be enhanced and procedures implemented based on the report to ensure all IT assets are purchased according to established policies (Apr 2013).

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	April 2013

Observation 4 – Process Inefficiencies

Operational efficiencies minimize waste and maximize resource capabilities, in order to deliver quality products and services to both internal and external customers.

The Department utilizes ADTS, a system designed to track documents throughout the agency. Program staff initiate the contract process by entering a contract request into the system, which then assigns a number, specific to ADTS. This number is utilized by program staff to track the status of the contract through the approval process. However, ADTS is not capable of producing aggregate data or reports useful to management, nor is it capable of automatically assigning contracts to the next approver or storing electronic documents.

The contract unit and legal division also share a separate tracking spreadsheet containing much of the same contract information; this spreadsheet is used to prioritize and track contracts between the two areas. Test results indicated seven of 25 (28%) contracts tested were not included in this tracking spreadsheet). The contract unit also maintains a separate database to assign official contract numbers entered into OAKS; however, testing revealed the database was not consistently updated through contract implementation. Thirteen of 25 (52%) contracts tested contained entries in the database, but were not updated to reflect assigned purchase order numbers. Furthermore, the contract unit staff indicated they maintain a fourth tracking sheet for metrics reporting.

The Department also has a manual requisition process which requires purchases be initiated by completing a request form with various approvals and required documentation, before the Department’s procurement unit staff review and confirm the requisition and documentation meet DAS and ODH’s requirements. Once the requisition is reviewed and documentation is deemed adequate, procurement staff manually enter the requisition detail into OAKS for processing.

The use of multiple systems for re-entering and tracking the same information, as well as the inability of these systems to communicate with one another or generate reports is an inefficient use of Department resources and leads to an ineffective process.



Recommendation		
<p>Develop a common tracking system for requisitions and contracts that can be used by all vested groups. This tracking system should include the ability to:</p> <ul style="list-style-type: none"> • Add notes/commentary on each contract as it is being processed; • Assign a common and unique tracking/contract number; • Provide various reporting capabilities by contract type, requesting unit, vendor, amount, time period, etc.; and • Limit user access rights based on user need to prevent unauthorized changes to the underlying data. <p>An additional feature ODH should consider is having automatic notifications to individuals or groups when a contract is ready for review and input. Furthermore, consider developing an electronic database for preparing and submitting requisitions via electronic workflow.</p>		
Management Response		
<p>Short term - Procurement will work with the designated liaisons to implement a database using Microsoft-Access to replace the multiple systems currently in use.</p> <p>Long term - Procurement will engage a committee comprised of Program, OMIS, OFA and Legal to identify a solution that will address the needs of the organization to move to an automated system for procurement processing. As part of the process, ODH will contact other state agencies to determine if they have a workflow system that could be used at ODH.</p>		
Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	June 2013

Observation 5 – Policies and Procedures

<p>Policies and procedures help ensure the actions initiated by management to address risks are achieved and the entity’s objectives are effectively carried out. Procedures should define roles, designate responsibilities, and detail actions necessary to achieve management’s objectives and help ensure compliance with applicable laws and regulations. In addition, detailed procedures help ensure the continuity of the process in the event of personnel turnover.</p> <p>ODH currently maintains agency-wide policy manuals over the procurement and contract processes. Although these manuals provide guidance to employees when initiating contract and purchase requests, it does not provide detailed responsibilities and procedures for each</p>



individual having a role in the procurement process. The Procurement/Contract, Accounts Payable and Budget units, and the Division of Family, maintain policies and procedures related to the procurement process. However, the Facilities and Fleet unit, Legal office, Office of Management Information Systems (OMIS), Divisions of Quality Assurance (DQA) and Prevention, and the Director’s Office do not maintain such policies and procedures for their respective responsibilities in the process. Furthermore, although the Department’s contract manual makes reference to the program office/contract manager being responsible for monitoring vendor/contractors’ work, the program offices did not maintain detailed procedures over contract monitoring.

The lack of documented and approved policies and procedures may lead to inconsistent and ineffective administration over the procurement and contracting processes as well as noncompliance with applicable laws and regulations.

Recommendation

Each area having a key role in the procurement and contracting processes should develop written policies and procedures that define individuals’ roles and responsibilities of the tasks to be performed. The tasks should be sufficient that individuals not familiar with the process can assist and perform the tasks effectively and efficiently. These policies and procedures should be formally approved by management and periodically reviewed for updates. Consider organizing a process improvement activity which involves all individuals and areas in the process.

Management Response

Management has identified the updating of ODH policies and procedures as a top priority. A team has been formed to centralize and modernize agency policies and procedures. Their task will include but not be limited to the adherence to a consistent format, assignment of ownership for timely updates and conformity with applicable laws and regulations.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	June 2013

Observation 6 – Asset Management Processing

The state’s Asset Management Policies and Procedures manual states any item costing \$1,000 or greater, computer software integral to an agency’s network or system, any “sensitive” equipment costing \$500 or greater, and most computing and IT equipment, is considered to be an asset. Agencies acquiring such assets shall maintain a current and accurate inventory record



for these items within the state's OAKS Asset Management (AM) module or an agency in-house system. All tangible assets, with several exceptions, shall be tagged with a unique asset tag number that is also included in the asset's record within the OAKS AM module or in-house system. It is the agency's responsibility to mark such items as received within the OAKS PO module in order to complete the three-way match (invoice, purchase order, and receiving slip) necessary to process payment for the good.

Generally, ODH-purchased assets are shipped directly to ODH's central receiving area where Facilities and Fleet staff are responsible for processing all items received. This includes affixing an asset tag number/bar code label to assets, marking the item as received in the OAKS PO module, and then in the OAKS AM module. However, some assets are delivered directly to clinics and offsite grantees, delivered through standard mail directly to employees working at the ODH central office, and may be received by employees at point of sale when purchased via a state payment card. In each of these instances, Facilities and Fleet staff do not handle the direct receipt of the asset; therefore, they may be unaware when assets have been received and/or do not have a process in place for continuous tracking (i.e. physical location and status) for these items.

Additionally, when assets are purchased, a profile ID is assigned. If assigned incorrectly by the Procurement staff, it causes the Facilities and Fleet staff to re-enter the coding information directly into the OAKS AM module for each asset received.

Multiple receiving locations with individuals unfamiliar with the definition of an asset or the necessity of assets being entered into OAKS increases the risk of fraud, waste and abuse as well as incomplete inventory records. Furthermore, duplicative work decreases employees' productivity and management's resources.

Recommendation

Develop and implement agency procedures over the receiving/asset management process. Such procedures should address goods/assets not received through the ODH central receiving area or purchased outside of the normal requisition process to ensure items are properly tagged and logged. Re-emphasize the rules and agency policies over the purchasing and asset management processes through mandatory trainings with agency purchasing staff. Clearly communicate the asset requirements, as well as the assignment of responsibility for tracking and conducting a physical inventory of ODH assets at both the central office location and off-site/grantee locations on a regular basis (as determined by ODH, but no less than every two years, per DAS requirements). Consider a joint training with Facilities and Fleet and Procurement staff for instruction on assigning correct profile IDs.

Management Response



ODH will take the following actions to ensure items are properly tagged, logged and reduce risk related to the asset management process:

- 1) Develop agency policies and procedures to be approved internally by management and all applicable parties and externally by DAS. This guidance will be developed in conjunction with the Procurement & Contracts Unit and established procedures in that area as follows: (a) will address all aspects of asset procurement and inventory pertaining to offsite entities, customers and stakeholders; (b) will outline the physical inventory process to include random inventory reviews in program areas, and (c) will comply with DAS written policies and procedures for agencies;
- 2) Provide web-based annual training for select agency employees on directive compliance;
- 3) Support the Procurement & Contract Chief to eliminate use of state payment card as an approved process to procure assets at ODH except for Incident Command Center and Continuity of Operation Plan related emergency situations;
- 4) Interface with OAKS and DAS business intelligence developers to build and/or obtain customized reports to support both required two year complete agency inventory and random program and office inventories to be completed at intervals between required two year inventory periods;
- 5) Partner with OMIS on an annual basis to review the WASP Barcode inventory records to support agency master asset management inventory listing;
- 6) Meet with the Procurement & Contract Unit staff on a regular basis towards consistent use of the OAKS application in the establishment of asset profile IDs at the front end of the purchasing process; and
- 7) Complete cross training program within Employee Services to double the number of individuals trained in all aspects of the asset management system.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	March 2013

Observation 7 – Contract Monitoring

Sound business practices suggest management must monitor the progress of contracts and reasonably ensure payment(s) made are for valid activities and deliverables.

ODH’s contract manual indicates contracts shall be monitored, but does not give guidance as to the level of monitoring necessary, and how evidence of monitoring shall be maintained. Three of



25 (12%) contracts were identified with issues. For one contract, the deliverable was not received by the date specified in the contract, but the payment had already been made and the contract period ended. For the second contract, a deliverable was not submitted by the due date. For the third contract, while one deliverable was received by the due date, the other two deliverables were not yet due at time of testing but the entire purchase order amount had been paid. Additionally, three of 27 (11%) contracts tested did not have adequate evidence maintained to determine whether the contracts were monitored for progress.

Contract deliverables due after the contract period ends and payment is made, or paying for deliverables prior to receipt puts the Department at risk that the vendor may produce an inadequate deliverable, or none at all. Adequate monitoring throughout the contract period must be conducted to prevent the vendor from producing unsatisfactory deliverables and also to prevent ODH from expending funds to those vendors.

Recommendation

Implement policies to align deliverable due dates and contract end dates. Those policies should include that no invoices be paid prior to deliverable being received. Incorporate guidance in the ODH contract manual to outline minimum required contract monitoring activities and techniques to be utilized.

Management Response

Procurement will work with the Compliance Team to develop a checklist that will include guidance for all parties involved with contract administration and their roles when monitoring a contract. Procurement will update their contract manual to include policies to ensure that all contract files contain documentation to support that deliverables have been met and are acceptable to ODH prior to vendor payment. This is expected to minimize risk to ODH. Mandatory training (Federal Grant Management) will be conducted with key ODH staff involved with the contract procurement process to ensure a comprehensive understanding of state and federal requirements related to managing contracts from start to end.

Procurement will update the contract manual to include policies so as to ensure that all contract managers will include documentation indicating all deliverables have been received and accepted and that all invoices have been processed, approved, and paid.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	March 2013



Observation 8 – Lack of Communication

Communication between employees is paramount to success in any industry. Given the multitude of programs administered by the various bureaus within the Ohio Department of Health (ODH), clear and consistent communication is essential for the Department to achieve its goals.

During interviews with ODH staff, the lack of sharing pertinent information between divisions was identified. This information relates to federal grant information as well as vendors and contractors. The ODH Procurement Manual provides a process for agency staff to report problems experienced with vendors and contractors doing business with the agency, yet no divisions are using this process, or even aware of its existence. Additionally, the Procurement and Legal offices indicated they are frequently not made aware of current federal program requirements when preparing contracts and approving purchase requests. While the process requires the proper bureau and division supervisors to approve the contract and purchase requests, attesting to the allowability of the good or service being purchased, it is essential all support staff have current information when performing their responsibilities.

The lack of communication between the various divisions of ODH may lead to inefficient and ineffective use of time and resources available within ODH.

Recommendation

Re-emphasize and retrain employees on the communication process illustrated in the ODH Procurement Manual. Additionally, emphasize the importance of sharing key grant information throughout the agency. Consider an online repository, by program/grant, to maintain all notices of awards and program information that could be useful not only to program staff, but also to personnel involved in the process.

Management Response

Procurement will identify key ODH staff from each area (division/section/unit) to act as the liaison with the Procurement & Contracts Unit to ensure training, updates, and new processes related to vendors and contractors are shared at least on a quarterly basis (or as needed). A committee will be formed to discuss the options available related to the implementation of a repository utilizing SharePoint (or some similar system) to maintain all Notices of Awards (NOA) and program information that could be useful to ensure ODH compliance with state and federal rules.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Remediation Officer	June 2013



Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.

* Refer to Appendix A for classification of audit observations.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee