



Department of Administrative Services Procurement Audit

Audit Period: July 2013 through November 2013

Results Summary:

Objective	Conclusion
Initiation	Well-Controlled
Development	Well-Controlled
Use and Acceptance	Well-Controlled with Improvement Needed
Change	Well-Controlled with Improvement Needed



Executive Summary

Background

The Department of Administrative Services (DAS) coordinates procurement opportunities for boards, commissions, departments, agencies, and institutions located within the State. The Office of Procurement Services (OPS) at DAS oversees the State's purchasing. The mission of OPS is to provide supplies and services utilized by state agencies on a daily basis, in a cost-effective and cost-efficient manner preventing interruption in services provided by the agencies and to ensure proper use of taxpayer dollars.

OPS awards contracts for supplies, services, and information technology in excess of \$25,000 for state agencies. State agencies are required to make purchases above \$25,000 through OPS except when the need is available from a required source of supply, or except when DAS has delegated authority to the agency to make purchases up to \$50,000. DAS, through OPS has established required term contracts for a variety of supplies, services and information technology needs. These contracts have been established under formal competitive processes set forth in law or by the Controlling Board.

During the audit, OIA identified opportunities for DAS to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank DAS 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 an assurance audit related to the controls over the agency's key enterprise processes related to state purchasing (excluding IT purchasing). This work was completed from August through October 2013. The following detailed audit objectives included:

- Initiation: Evaluate the design and effectiveness of the controls over the communication (with agencies) of procurement requirements
- Development: Evaluate the design and effectiveness of the controls within the RFP development process.
- Use & Acceptance: Evaluate the design and effectiveness of the controls within the complaint to vendor process.
- Change: Evaluate the design and effectiveness of the controls over the contract renewal/change management process.



Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate observations identified as a result of this audit. 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.



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