



# Department of Developmental Disabilities

## Procurement Process Audit

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**Audit Period: July 2012 through June 30, 2013**

### Results Summary:

<b>Objective</b>	<b>Conclusion</b>
Requisitioning process	<b>Improvement Needed</b> (See Note – Pg. 2)
Purchasing and payment process	<b>Well-Controlled with Improvement Needed</b>
Receiving and inventory recording process	<b>Improvement Needed</b> (See Note – Pg. 2)
Contract monitoring process	<b>Well-Controlled with Improvement Needed</b>



## **Executive Summary**

### **Background**

The Ohio Department of Developmental Disabilities (DDD) is responsible for overseeing a statewide system of supports and services for people with developmental disabilities and their families. Fulfilling this responsibility involves the procurement of goods and services. Although a central procurement function is performed by the Ohio Department of Administrative Services (DAS), DDD initiates the procurement process for items specific to its agency. The Department's central fiscal office oversees the processing of agency purchase and contract requests. During SFY13, DDD Central Office processed approximately 2,600 vouchers, which included both contracts and direct purchases, totaling approximately \$35.5 million.

During the audit, OIA identified opportunities for Department of Developmental Disabilities to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank Department of Developmental Disabilities 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 procurement and contracting processes utilized by DDD's Central Office. This work was completed between September 2013 and February 2014. The scope of this audit included the procurement to payment process for Central Office during the period of July 2012 through June 2013. OIA did not review the related processes in place at the department's developmental centers. The objectives identified for the engagement were as follows:

- Evaluate the design and effectiveness of the controls over the requisitioning process.
- Evaluate the design and effectiveness of controls over the purchasing and payment process.
- Evaluate the design and effectiveness of controls over the receiving and inventory recording process.
- Evaluate the design of the controls over the contract monitoring process.



## **Detailed 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.

**Note:** As noted in the Results Summary table on the cover page, conclusions of *Improvement Needed* were identified for two objectives. While OIA did not identify any particular observations as moderate or high risk, it was determined the observations, when taken as a whole, resulted in OIA determining improvements were needed. OIA will perform follow up activities with the agency to confirm improvements are being made in the two objective areas.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	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.
<b>Major Improvement Needed</b>	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
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	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
<b>High</b>	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