



# Department of Natural Resources Payment Card Transaction Review Audit

---

**Audit Period: January 2016 through March 2017**

## Results Summary:

| Objective                      | Conclusion                              |
|--------------------------------|---|
| Transaction Controls           | Well-Controlled with Improvement Needed |
| Hotel Reservation Transactions | Well-Controlled with Improvement Needed |



## **Executive Summary**

### **Background**

The State of Ohio's Payment Card Program is designed to make purchases for goods and services below a specified amount without undue delay. Use of the card is meant to simplify and streamline the acquisition process and lower overall transaction costs. In addition to the payment card, the program has an electronic invoicing and payment process, which lowers the amount of time spent processing invoices for payment. From January through March 2017, the Ohio Department of Natural Resources (DNR) had 10,441 payment card transactions totaling \$2,437,109. Additionally, from January 2016 through March 2017, DNR had 50 payment card transactions for \$12,015 assigned lodging account codes.

During the audit, OIA identified opportunities for DNR 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 DNR 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**

Through the utilization of automation and data analysis, OIA staff was engaged to perform an assurance audit over payment card transactions processed January through March 2017. Additionally, OIA reviewed payment card transactions specifically for lodging purchases during the period January 2016 through March 2017.

## **Detailed 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.

\* Please refer to Appendix A for classification of audit objective conclusions.



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             |