



Mental Health and Addiction Services Payment Card Transaction Review Audit

Audit Period: October through December 2016

Results Summary:

Objective	Conclusion*
Payment Card Transactions	Improvement Needed

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



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 October 1, 2016 through December 31, 2016, Mental Health and Addition Services (MHA) had 2,178 payment card transactions totaling approximately \$914,070.

During the audit, OIA identified opportunities for MHA to strengthen internal controls and improve business operations. OIA conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank the MHA 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 performed an assurance audit over payment card transactions processed October through December 2016. This work was completed April through June 2017. The objective of the review is to evaluate the effectiveness of payment card transaction controls through data analysis.

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations identified during the course of the engagement would be discussed with individual agency management and are not part of this report. However, there were no low risk observations identified for this engagement. Had there been any low risk observations, they would have been considered as part of the audit objective conclusions.

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.



Observation 1 – Payment Card Administration

The State of Ohio Payment Card Policies and Procedures Manual contains requirements for use of state payment cards. This includes requiring cardholders to create a log documenting all purchases and returns made using the payment card to provide a detailed description of the purchase and credit so the OAKS FIN approver can assign the proper chartfield coding. Each transaction must be supported by an itemization of the purchase, total amount owed, and proof of payment; typically a receipt. All payment card transactions are required to have the payment card log and supporting documentation attached to the voucher or risk suspension of the card by the State Payment Card Administrator.

Furthermore, Ohio Revised Code Section 1347.15 provides that each agency adopt rules regulating access to confidential personal information (CPI) the agency keeps, whether electronically or on paper. A conservative risk management approach to controlling CPI, as well as other potentially sensitive information, may include limiting the availability of copies of such documentation to within the organization and only collecting information that is necessary for business use.

OIA tested a sample of 13 potential duplicate payment card transaction groupings and 26 potentially split transaction groupings that occurred during the period October through December 2016, and noted the following:

- 1 of 13 (8%) potential duplicate transaction groupings did not contain documentation attached to the payment voucher in OAKS upon first review; however, MHA did provide the documentation upon OIA notification.
- 6 of 26 (23%) potential split transaction groupings did not contain documentation attached to the payment voucher in OAKS upon first review; however, MHA did provide after OIA notification.
- 1 of 26 (4%) potential split transaction groupings for one vendor (split across three separate transactions) contained multiple pages of sensitive information in the supporting documentation. When OIA notified the Fiscal Operations Manager, MHA immediately redacted the information from the supporting documentation attached in OAKS. However, when supporting documentation was sent for the other two transactions involved, sensitive information was visible on multiple pages.

Retaining sensitive information in shared locations (i.e. OAKS) increases the risk that this information is compromised or inappropriately accessed/used. Additionally, the lack of complete documentation evidencing payment card expenditures and a thorough review of the payment card expenditure documentation to ensure removal or redaction of sensitive information increases the risk of errors, fraud and abuse.

Recommendation

Continue to train and remind agency payment cardholders and supervisors/approvers of the payment card rules, including maintaining and attaching adequate transaction support



documentation to the payment card vouchers. Furthermore, management should implement immediate procedures to go back through and review all previously-loaded voucher support in OAKS related to the vendor noted by OIA and redact any sensitive information from the documentation.

Going forward, implement front-end procedures to ensure the supporting documentation maintained is reviewed for any potentially sensitive information prior to being uploaded into OAKS or shared with external parties. An evaluation by management should determine whether the documentation is needed to be attached to the voucher in its entirety, or whether a summary of the transaction(s) covered can be provided on the face of the invoice. If attached in its entirety, measures should be taken to redact any sensitive information prior to being uploaded into OAKS.

Management Response

OhioMHAS will conduct mandatory in-person payment card training for all cardholders, reconcilers, and approvers by the end FY18 first quarter. Training for cardholders will cover the entirety of the payment card program, with emphasis being placed on the need to redact sensitive information from supporting documentation. Training for reconcilers and approvers will highlight the additional criteria of redaction of sensitive information as a part of the review of supporting documentation and will also emphasize the requirement to adhere to the OBM Pcard Attachment Policy.

With regard to the sensitive information found in supporting documentation for the supplier mentioned by OIA in the report, OhioMHAS Business Administrators have been asked to review all previously-loaded voucher support in OAKS for this supplier and to redact any sensitive information from the documentation.

It should also be noted that OhioMHAS is currently working with OBM State Accounting and Shared Services on developing a process to redact sensitive information from the medical invoices currently sent to Shared Services for vouchering. While we are in the early stages of development, we are discussing the possibility of using a mail-merge in lieu of an invoice, in an attempt to ensure we are not sending any sensitive information to Shared Services. We are currently working to develop controls that will be incorporated into a memorandum of understanding between OhioMHAS and State Accounting. Pending the effectiveness of this process, we would consider possible applications to payment card documentation, as appropriate.

Risk*	Remediation Owner	Estimated Completion Date
Moderate	Agency Payment Card Administrator	September 30, 2017

* 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