

## EXECUTIVE DIGEST

# OFFICE OF PURCHASING

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INTRODUCTION	This report, issued in August 2001, contains the results of our performance audit* of the Office of Purchasing (OOP), Department of Management and Budget (DMB).
AUDIT PURPOSE	This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.
BACKGROUND	OOP is responsible for the Statewide procurement of supplies, materials, services, equipment, and printing needed by State agencies. OOP also is responsible for establishing the policies and procedures related to procurement. OOP's mission* is to establish and operate an effective and efficient procurement system that takes into account quality, prices paid, cost of the procurement transaction, and timeliness.  As of July 31, 2000, OOP had 41 full-time equated employees.
AUDIT OBJECTIVES AND CONCLUSIONS	<b>Audit Objective:</b> To determine the effectiveness of OOP's contracting process related to requests for

proposals\* (RFPs), contracts, change orders, and complaints.

**Conclusion:** We concluded that OOP's contracting process related to RFPs, contracts, change orders, and complaints was generally effective. However, we noted reportable conditions\* related to the monitoring of delegated purchasing authorities, the bid evaluation process, contract change orders, contract tracking, and vendor performance (Findings 1 through 5).

**Audit Objective:** To determine the effectiveness of OOP's processes for establishing performance goals\* and objectives\* and for monitoring related results.

**Conclusion:** We concluded that OOP's processes for establishing performance goals and objectives and for monitoring related results were generally effective. However, we noted reportable conditions related to program effectiveness and efficiency and purchases from businesses owned by persons with disabilities (Findings 6 and 7).

**Audit Objective:** To determine the effectiveness of OOP programs related to procurement cards and office supplies.

**Conclusion:** We concluded that OOP programs related to procurement cards and office supplies were generally effective. However, we noted a reportable condition related to procurement card administration (Finding 8).

**Audit Objective:** To assess the Statewide controls of the Advanced Purchasing and Inventory Control System\* (ADPICS) related to OOP activities.

**Conclusion: We concluded that Statewide controls of ADPICS related to OOP activities were generally effective.** However, we noted a reportable condition related to ADPICS approval paths (Finding 9).

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AUDIT SCOPE AND  
METHODOLOGY

Our audit scope was to examine the program and other records of the Office of Purchasing. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included examining OOP's records and activities for the period October 1, 1997 through July 31, 2000. We conducted a preliminary survey, which consisted of interviewing various personnel and reviewing reports and procedures to gain an understanding of and to form a basis for selecting OOP operations to audit. We surveyed State agency procurement officers regarding their experiences with OOP and the procurement process, and we conducted tests of RFPs, contracts, change orders, and complaints. Also, we reviewed the goals and objectives of OOP as they related to its mission. In addition, we analyzed procurement card activity and identified policies and procedures related to the Procurement Card Program. Further, we tested system controls in ADPICS related to OOP activities.

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AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP

Our audit report includes 9 findings and 11 corresponding recommendations. DMB's preliminary response indicated that it agreed with 10 recommendations .

OOP complied with 2 of the 5 prior audit recommendations. One prior audit recommendation was repeated and 2 were rewritten for inclusion in this report.