

## EXECUTIVE DIGEST

# OFFICE OF PURCHASING

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**INTRODUCTION** This report, issued in December 1997, contains the results of our performance audit\* of the Office of Purchasing (OOP), Department of Management and Budget (DMB).

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**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\*.

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**BACKGROUND** OOP is responsible for the procurement of supplies, materials, services, equipment, and printing used by the operating agencies. OOP's mission\* is to establish and operate an efficient and effective procurement system that takes into account quality, prices paid, the cost of the procurement transaction, and timeliness. OOP had 34 employees as of May 31, 1996.

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**AUDIT OBJECTIVES, CONCLUSIONS, AND NOTEWORTHY ACCOMPLISHMENTS** **Audit Objective:** To determine whether OOP established measurable goals\* and objectives\* and accumulated data related to those goals and objectives, and whether it is attaining those objectives.

**Conclusion:** OOP established goals and objectives; however, it has limited ability to measure the attainment of those goals and objectives. Thus, it was not possible to determine whether OOP was attaining those goals and

objectives. Our assessment disclosed one reportable condition\*. The purchasing management information system does not provide sufficient management information regarding work load, timeliness, and noncompliance with established procedures (Finding 1).

**Audit Objective:** To assess the effectiveness of OOP's internal control structure\* for the purchasing process.

**Conclusion:** We concluded that the internal control structure over the purchasing process was generally effective. However, our assessment disclosed two reportable conditions related to monitoring compliance with purchasing policies and procedures (Finding 2) and monitoring of operating agencies (Finding 3).

**Noteworthy Accomplishments:** OOP had implemented three new purchasing programs which should substantially reduce purchasing and payment processing costs, and goods or services should be received in a more timely manner. The three programs are the Procurement Card, Quick Purchase, and Just-in-Time Programs.

**Audit Objective:** To assess OOP's compliance with laws, policies, and procedures in the purchasing process.

**Conclusion:** We did not note any noncompliance with laws related to purchasing. However, we concluded that there was noncompliance with established purchasing policies and procedures (Finding 2).

**Audit Objective:** To evaluate OOP's handling of

complaints and the use of vendor performance information in the purchasing process.

**Conclusion:** OOP management cannot determine the extent of complaints and whether they were resolved in a timely manner. Also, buyers do not have the benefit of a vendor performance record to assist them in the purchasing process. Our evaluation disclosed one reportable condition related to complaints and taking vendor performance into account when making purchasing decisions (Finding 4).

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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 audit methodology included evaluating controls that management has established for the purchasing programs; examining a sample of transactions to determine compliance with laws, policies, and procedures; examining a sample of complaints; reviewing the use of vendor historical performance data in the purchasing process; and assessing objectives, measuring techniques, and data related to objectives. Our audit included examinations of OOP's records and activities for the period October 1, 1993 through August 31, 1996.

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**AGENCY RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 4 findings and 5 corresponding recommendations. DMB's preliminary response indicated it had complied with all the recommendations.

DMB complied with 4 of 5 prior audit recommendations.

One of the prior audit recommendations was no longer applicable.