

AUDIT REPORT SUMMARY
COVID-19 Expenditures

DEPARTMENT: Office of Financial Management, State Budget Office
AUDIT PERIOD: Expenditures through August 31, 2020
REPORT DATED: January 26, 2021

Summary of Agency Responses to Recommendations

Recommendations agency will comply with:

- Finding 2

Recommendations agency will partially comply with:

- Finding 1

Office of Financial Management, State Budget Office
Audit Response
COVID-19 Expenditures
January 2021

Finding 1

Circumvention of procurement card policies and procedures

Recommendation

We recommend that the Department of Technology, Management, and Budget (DTMB) ensure that individual procurement cards are only assigned to and used by one person when making emergency COVID-19 purchases.

We also recommend that DTMB seek assistance from the Office of Internal Audit Services (OIAS) to review shared procurement card transactions not reviewed by the OAG.

Management Views

DTMB disagrees that given the exceptional circumstances that come with a 100-year pandemic, that individual procurement cards for each buyer should have been obtained. During the height of the pandemic, there was an extraordinarily high level of demand for personal protective equipment (PPE) which far exceeded the supply. As a result, many vendors were requiring immediate pre-payment. DTMB obtained procurement cards for three additional central procurement staff but since timing was critical in obtaining PPE, DTMB needed to have additional buyers available to make purchases at a moment's notice. DTMB Central Procurement did not have the resource bandwidth to dedicate specific individuals to this task while ensuring other critical tasks were completed. As a result, DTMB needed to have some shared procurement cards. To mitigate the risk associated with shared procurement cards there were three levels of review completed for each purchase. One person was assigned as the owner of each card and was responsible for ensuring that purchases were appropriate, and that all supporting documentation was collected and reviewed. In addition, the supervisor of each assigned owner of a procurement card and the Statewide Procurement Administrator both reviewed each purchase and supporting documentation.

Planned Corrective Action

- DTMB is working with OIAS to review shared procurement card transactions not reviewed by OAG to provide a further check against any unseen issues.
- DTMB has 2 cards that are assigned to DTMB employees who use the cards for emergencies in case the SEOC is activated. Those 2 cards are assigned to individuals and are not shared. The Administrative Guide allows for exemptions to prohibited purchases in cases of emergency and Statewide Procurement Card Administrator's approval (e.g. MDHHS was granted an exemption to purchase gift cards for clients in need). DTMB/Financial Services will create a separate document with directions and guidance for cardholders, cardholder supervisors, and agency administrators that may have cards used in response to a declared state of emergency.

Anticipated Completion Date

DTMB plans to complete the separate emergency p-card document by April 30th.

DTMB is still scoping out the OIAS review and will have a better idea of anticipated completion once the initial scoping is complete.

Finding 2
Controls over payments to vendors

Recommendation

We recommend that DTMB strengthen its internal control by revising policies and procedures to address the increased risk associated with emergency procurement.

Management Views

DTMB agrees with the recommendation and will work to implement needed improvements.

Planned Corrective Action

DTMB has initiated a workgroup with the SEOC to further develop additional policies and procedures for emergency procurement. These additional policies and procedures will address the following: roles and responsibilities, approvals, escalation points, the receiving process and payment controls

Anticipated Completion Date

DTMB anticipates having a draft of these policies and procedures complete by April 30th.