

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

606



FROM: County Auditor-Controller

SUBMITTAL DATE:
February 11, 2013

SUBJECT: Internal Audit Report 2011-311: Riverside County Regional Medical Center, Materials and Supplies Procurement and Inventory Processes Follow-up

RECOMMENDED MOTION: Receive and file Internal Audit Report 2011-311: Riverside County Regional Medical Center, Materials and Supplies Procurement and Inventory Processes Follow-up

BACKGROUND: We have completed a Follow-up Audit of Riverside County Regional Medical Center, Materials and Supplies Procurement and Inventory Processes. Our audit was limited to reviewing actions taken as of February 20, 2012, to correct the findings noted in our original audit report (2006-008) dated October 1, 2008. The original audit report contained ten findings with 31 recommendations, all of which required corrective action and; therefore, were reviewed as part of this audit.

The follow-up audit found that of the 31 recommendations which required corrective action, 17 were fully implemented, five were partially implemented, and nine were not implemented. We will follow-up on the outstanding recommendations in our desk review of RCRMC Materials and Supplies Procurement and Inventory Processes within six months.

Paul Angulo

Paul Angulo, CPA, MA-Mgmt
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: March 12, 2013
xc: Auditor, RCRMC

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

2-3

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

Departmental Concurrence

Policy
 Policy
 Consent
 Consent
 Dep't Recomm.:
 Per Exec. Ofc.:



County of Riverside

INTERNAL AUDIT REPORT

2011-311

Riverside County Regional Medical Center Materials and Supplies Procurement and Inventory Processes Follow-up Audit

February 11, 2013

Office of
Paul Angulo, CPA, MA-Mgmt
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

ACC | **AUDITOR**
CONTROLLER
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA-Mgmt
AUDITOR-CONTROLLER

February 11, 2013

Douglas D. Bagley
Chief Executive Officer
Riverside County Regional Medical Center
26520 Cactus Street
Moreno Valley, CA 92555

Subject: Internal Audit Report 2011-311: Riverside County Regional Medical Center, Materials and Supplies Procurement and Inventory Processes Follow-up Audit

Dear Mr. Bagley:

We have completed a Follow-up Audit of (RCRMC) Riverside County Regional Medical Center, Materials and Supplies Procurement and Inventory Processes. Our audit was limited to reviewing actions taken as of February 20, 2012, to correct the findings noted in our original audit report (2006-008) dated October 1, 2008.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require we plan and perform the audit to obtain reasonable assurance our objective, as described in the preceding paragraph, is achieved. Additionally, the standards require we conduct the audit to provide sufficient, reliable, and relevant evidence to achieve the audit objectives. We believe the audit provides a reasonable basis for our opinion.

The original audit report contained 10 findings with 31 recommendations, all of which required corrective action and; therefore, were reviewed as part of this audit. For an in-depth understanding of the original audit, please refer to Internal Audit Report 2006-008 at www.auditorcontroller.org.

This follow-up audit found that of the 31 recommendations:

- 17 recommendations were implemented.
- 5 recommendations were partially implemented.
- 9 recommendations were not implemented.

Detailed statuses of the findings identified in the original audit are provided in the body of this report. We will follow-up on the five partially corrected findings and eight not corrected findings in our desk review audit of Materials and Supplies Procurement and Inventory Processes within six months.

We appreciate the cooperation and assistance extended to us by staff of the Riverside County Regional Medical Center during this follow-up audit. Their assistance contributed significantly to the successful completion of the audit.

Paul Angulo, CPA, MA-Mgmt
Auditor-Controller

A handwritten signature in black ink that reads "Rachelle Román". The signature is written in a cursive, flowing style.

By: Rachelle Román, CRMA, MPA
Chief Internal Auditor

cc: Board of Supervisors
Executive Office
Grand Jury

Contract Procurement Process

Finding 1: We noted the existence of the following internal control weaknesses in the contract procurement process:

- There is no full time in-house staff responsible for carrying out contract opportunities available through Novation such as identifying products purchased outside of the Novation contracts, validating invoice level pricing against Novation contract pricing, identifying inconsistencies in product prices and units of measure, identifying summaries and trends, monitoring purchasing performance, keeping abreast of price changes, maximizing volume price tiers, etc.
- Inventory master records (business unit and contract item masters) do not reflect current GPO prices resulting in items being acquired at higher prices.
- Purchases were not closely monitored to ensure that items were acquired at the correct prices. During the course of our audit, we noted purchases that were overpriced by a total of \$182,000. A list of these items was provided to management for resolution. The weaknesses in the existing internal controls elevate the likelihood that errors, such as the noted pricing errors, may not be prevented nor detected in a timely manner.
- Buyers can override the item master containing information which management had previously approved. The practice negates the very purpose of the item master as a core system control.
- Standard units of measure are inconsistently applied which adds to the confusion of determining the correct price or quantity, leading to inventory imbalances and erroneous stock fulfillments.
- Continued use of generic SKU codes and its use to lump dissimilar items using one SKU code. This provides opportunities for concealing irregularities and adds complexity to managing inventories.
- Items with SKU codes are randomly booked under a generic code; thus, the expense per SKU is not reported accurately.
- Purchases are not consistently linked to the appropriate contracts causing PeopleSoft to report inaccurate financial information. When a purchase order is not linked to its contract, the system will continue to report that contract funds are still available, and will fail to warn management that spending limits have been reached. Additionally, the system does not prevent further processing of purchase orders when the maximum contract amount has been exceeded.

Recommendation 1: Establish a contract procurement process team to achieve group contract maximization, volume aggregation, product utilization and standardization.

Current Status Recommendation 1: Not Implemented.

Currently there is no staff devoted full-time to the Value Analysis Program. Lack of available resources has prevented RCRMC from developing a contract procurement team dedicated to the Value Analysis program.

Recommendation 1.1: Formulate a supply-chain strategy to manage the full spectrum of group contracting, system procedures and maintenance, including monitoring of purchasing performance.

Current Status Recommendation 1.1: Partially Implemented.

RCRMC Purchasing Department established written policies and procedures addressing various aspects of the supply chain strategy. However, an analysis of purchases was not accomplished to determine the total cost savings, if any, from participation in the GPO in support of the Value Analysis Program.

Recommendation 1.2: Implement the full functionalities of the PeopleSoft Contract Procurement Process so that a disciplined group contract purchasing workflow process and inventory control system is enabled.

Current Status Recommendation 1.2: Not Implemented.

The PeopleSoft integrated contract and procurement processes have not been initiated. RCRMC is currently working with the Enterprise Solutions Division to implement a workflow process in PeopleSoft that will allow them to perform auto-replenishment of inventory and other automated processes.

Recommendation 1.3: Analyze all current purchases against the Novation contract portfolio, as well as other vendor contracts where appropriate, to identify products and related savings for conversion to the Novation structure.

Current Status Recommendation 1.3: Implemented.

RCRMC Purchasing Department developed a spending query that allows management to budget and review item price variances with vendors. We tested the queries for 2010 and 2011 costs and noted the data not only can be used for review of price variances of the Novation contract and other vendors, but also as a record of how much was purchased from a specific vendor. In addition, the query's detailed information can be useful in contract negotiations and comparison to GPOs. No other exceptions noted.

Recommendation 1.4: Review the benefits from labeling fees paid to PHS in relation to identifying opportunities for automating inventory tracking, patient billing, and patient case documentation process. Deployment of an effective inventory identification system is vital in a hospital setup especially for tracking expensive inventories and medical devices.

Current Status Recommendation 1.4: Not Implemented.

Currently, the labeling fees are still being paid to PHS. Management indicated that Information Services is testing on a trial basis a sticker machine that will replace PHS; however, the testing has been delayed. Also, the bar coding function in PeopleSoft will be discussed with Enterprise

Solutions to determine if it is feasible to track the more expensive inventories and medical devices.

Recommendation 1.5: Ensure that all item masters reflect accurate pricing and information. Resolve pricing errors including those which we previously provided on a separate list, and request vendor refunds when appropriate.

Current Status Recommendation 1.5: Not Implemented.

RCRMC Purchasing has not implemented procedures to ensure the accuracy of the item masters. We tested 30 item masters and identified 13 items (43%) where the item pricing was not updated in the item master.

Recommendation 1.6: Appoint a full-time database administrator for the maintenance of the business unit and contract item masters records. Implement procedures so that newly awarded items and changes to the records are approved by management and entered into PeopleSoft through the database administrator.

Current Status Recommendation 1.6: Not Implemented.

A full-time database administrator has not been appointed to oversee the item master records. Fiscal limitations have resulted in utilizing current staff members to accomplish this task. Hospital policy dictates that Value Analysis and the Purchasing Department are responsible for maintaining the item master. Also, no formal process exist for updating and authorizing changes in pricing in the item master, especially with items purchased for the Operating Room.

Recommendation 1.7: Enforce the exclusive use of the business unit or the contract item master, whichever is appropriate, as basis for writing purchase requisitions and purchase orders. If override of this procedure is necessary, the system hold should be released by a manager or supervisor of the department the transaction originated from.

Current Status Recommendation 1.7: Partially Implemented.

The exclusive use of the business unit and contract item master processes has been enforced. However, the Buyer II still is authorized to override contract pricing. According to RCRMC Purchasing, the Buyer II requires the ability to override the contract pricing when necessary to enter the correct contract pricing when it is found to be incorrect. However, a Buyer II is not a manager or supervisor of the department.

Recommendation 1.8: Minimize the use of generic SKU codes and ensure that the booking of dissimilar items under one code is discontinued.

Current Status Recommendation 1.8: Implemented.

RCRMC Purchasing has implemented procedures to ensure that generic SKU codes are only used for emergency/urgent items need for patient care. The procedures ensure SKU codes are not used to lump dissimilar items into one generic SKU code. We tested 30 generic SKU code items and found no dissimilar item on record within the sample tested that were booked under one code. No other exceptions noted.

Recommendation 1.9: Develop procedures to ensure items ordered are linked to its appropriate contracts and run data queries to review if procedures are adhered to.

Current Status Recommendation 1.9: Implemented.

Prices are currently monitored with the assistance of a PeopleSoft query that analyzes expenditures by item and vendor. Our review of selected items purchased disclosed the appropriate units of measure, as well as SKU codes were used properly and the purchase orders were linked to PeopleSoft contracts. Purchases that were not linked to contracts were reasonably explained. No other exceptions noted.

Recommendation 1.10: In conjunction with OASIS (now known as Enterprise Solutions Division), develop system control parameters and process for reporting of exceptions such as system overrides and contract items not linked to contracts.

Current Status Recommendation 1.10: Not Implemented.

The development of system control parameters and the process of reporting exceptions within PeopleSoft have not been initiated. However, discussions with Enterprise Solutions has taken place to commence discussion on this requirement and various other automated processes such as, an electronic workflow process built within PeopleSoft to provide management monitoring abilities of overrides.

We will verify the full implementation of the recommendations during a desk review within six months.

Purchasing Process

Finding 2: PeopleSoft's Purchase Order Business Process is not implemented to allow authorized personnel/management to review and approve purchase orders. Buyers have total control over the issuance of purchase orders. RCRMC's control over purchases is built within PeopleSoft's Requisition Business Process and since PeopleSoft is not currently set up to validate purchase orders against approved requisitions, there is no assurance that purchase orders are issued based on approved requisitions.

Recommendation 2: Collaborate with OASIS (now known as Enterprise Solutions Division) to enable PeopleSoft functionalities to ensure that purchase orders are properly reviewed, approved and validated against approved requisitions.

Current Status Recommendation 2: Implemented.

In our review of selected purchase orders, we determined that purchase orders were based on approved requisitions or an alternate form of authorization request. No other exceptions noted.

Finding 3: Eighteen purchase orders totaling \$151,292 were misclassified as Goods instead of Services. Eighty-four purchase orders totaling \$62,249 were misclassified as Service instead of Goods. The County policy requires that service fees exceeding \$100,000 in one year must be approved by the Board of Supervisors. Although the errors did not result in violating this policy,

inaccurately classifying service type purchases as goods may potentially conceal non-compliance with the Board policy.

Recommendation 3: Strengthen review procedures to ensure the accuracy of classifying purchase orders.

Current Status Recommendation 3: Implemented.

Except for some minor and immaterial issues, which were brought to the attention of management, the purchase orders reviewed for goods or services were classified correctly.

Receiving Process

Finding 4: Based on the results of testing eighty-six incoming shipments, we noted that the existing practices are not in conformance with prescribed procedures and that there is no assurance that shipments are accounted for accurately. Procedures are not in place to detect and address non-conformance. Such conditions create repercussions on the propriety of payments to vendors and partially account for the discrepancies in the perpetual inventory records.

Recommendation 4: Management should reinforce procedures so that receivers completely verify incoming shipments against packing slips, and indicate signature and date of receipt on the packing slips to denote that the shipment was accurate. The receiver report should be generated only based on a packing slip that is signed and dated by the receiver. The packing slip and the receiver report should be filed together.

Current Status Recommendation 4: Implemented.

Procedures have been improved and reinforced to ensure incoming shipments are accounted for accurately. We tested 20 shipments and found that all items were accurately counted, matched to what was actually ordered, and delivered to departments in a reasonable time. No other exceptions noted.

Recommendation 4.1: A material discrepancy report should be generated every time there is a discrepancy between the shipment, packing slip and purchase order.

Current Status Recommendation 4.1: Implemented.

RCRMC established adequate procedures to ensure that a material discrepancy report is prepared for receipts with discrepancies. We reviewed RCRMC Policy Number 10, Receiving Process, and noted that procedures are in place requiring the immediate preparation of a material discrepancy report for all discrepancies. No other exceptions noted.

Recommendation 4.2: The transfer of goods from the receiver to the recipients should be documented with the proper use of the receiving and delivery log with the recipient's name and date of receipt clearly written. All orders should be entered into the system and delivered to the departments without undue delay.

Current Status Recommendation 4.2: Implemented.

Procedures were established to ensure that transfer of goods were properly documented and accomplished in a timely manner. We tested 20 deliveries and noted the delivery log was properly signed and dated for all deliveries without exceptions and that delivery times have improved significantly since the original audit.

Recommendation 4.3: Procedures for reviewing the accuracy of the materials putaway plan, especially concerning units of measure and quantity conversions, should be developed.

Current Status Recommendation 4.3: Implemented.

RCRMC Purchasing has implemented procedures to ensure the accuracy of the materials putaway plans. We tested twenty-four putaway plans and found that the correct unit of measure, quantity, and/or proper conversion were used based on the related purchase order without exceptions.

Material Issuance Process

Finding 5: Based on our test of seventy-nine stock withdrawals, we noted that the existing practices are not in compliance with prescribed procedures. Failure to follow established procedures reduces the effectiveness of internal controls and encourages an environment where individuals cannot be held accountable. The delays in recording stock withdrawals partly caused the wide inventory variances and conceivably, due to overstated inventory balances, caused delays in reordering supplies and in fulfilling supplies requests.

Our test indicated that:

- most of the individuals who received the supplies could not be identified. Recipient names are not printed on the MSR and most signatures were not legible; and
- of the twenty-one express stock requests requiring supervisor's approval and manual entry into PeopleSoft:
 - two were not approved by supervisors;
 - thirteen signatures could not be identified; and
 - eleven were entered into PeopleSoft between three to twenty-one days after stock withdrawals due to a staffing shortage.

Recommendation 5: Revise the MSR form to include a line for printing the names of individuals signing the forms. The requisitioner, approver and recipient should be identifiable on the form to promote accountability.

Current Status Recommendation 5: Implemented.

Purchasing revised the MSR form to include the required printed names and signatures. The MSR form was revised to include additional lines for the requisitioner, approver, and recipient,

along with lines for acknowledgement of Storeroom staff pulling the item and entering stock withdrawals into PeopleSoft. No other exceptions noted.

Recommendation 5.1: Obtain specimen signature from authorized approvers from all departments to be used by storekeepers for validating approval signature on MSR forms.

Current Status Recommendation 5.1: Partially Implemented.

Purchasing did not maintain an updated signature list of authorized requisitioners. We tested twenty requests and only two recipients in our sample were identified on the list of approved requisitioners. As of March 2012, this list has been updated and will be validated during our desk review.

Recommendation 5.2: Ensure stock withdrawals are recorded into PeopleSoft the same day the stocks were withdrawn by designating and training a backup staff member so that the task can be completed daily in the event that the primary processor is not available.

Current Status Recommendation 5.2: Not Implemented.

Purchasing did not ensure stock withdrawals were recorded in PeopleSoft the same day. In fact, eighteen of thirty express stock requests tested were not entered in the inventory system until two or more days after stocks were withdrawn.

Recommendation 5.3: Work with OASIS to enhance the stock fulfillment process such as incorporating an online approval workflow for material stock requests.

Current Status Recommendation 5.3: Not Implemented.

The stock fulfillment process within PeopleSoft has not been initiated. However, discussions with Enterprise Solutions (previously known as OASIS) has taken place to commence the process. RCRMC is currently working with Enterprise Solutions to implement a workflow process in PeopleSoft that will allow them to perform auto-replenishment of inventory.

Perpetual Inventory System

Finding 6: PeopleSoft perpetual inventory records are not properly maintained resulting in the quantities reported by the system to be inaccurate. This necessitates frequent physical counts in order for storeroom clerks to keep track of stock balances. Due to the wide variation between the system balance and physical count, the storeroom staff stopped using the system reports. Instead, the staff uses manual spreadsheets in tracking inventory balances and supply reorder points. As of June 30, 2007, supplies inventory was \$1,626,394.

During fiscal year 2007, there were a total of 4,060 inventory line adjustments totaling \$3,074,435 entered in PeopleSoft (adjustments resulted in a net decrease to inventory by \$1,565,083) to synchronize the system balance to the physical count.

Adjustments to inventory balances were not reviewed nor approved by management. Stock custodians were allowed to book inventory adjustments into PeopleSoft; this is inconsistent with best practices. Beginning in fiscal year 2007-08, new procedures were implemented disallowing

stock custodians to book inventory adjustments and delegating the task solely to a staff analyst. As of November 15, 2007, six employees including two stock custodians continue to have the ability to book inventory adjustments since their security roles have yet to be inactivated to reflect the new procedures.

Recommendation 6: Ensure discrepancies between physical count and system balances are investigated and the results are reported to and approved by management prior to adjustments being made. All documents supporting the inventory adjustments should be retained on file.

Current Status Recommendation 6: Partially Implemented.

Adjustments to inventory are reviewed and approved by management; however, discrepancies are not fully researched or explained. For year-end inventory, Materials Management indicated discrepancies had been researched, but there was no documented evidence validating discrepancies had been investigated. Furthermore, during cycle counts, while adjustments were made for counts that did not match system balances, no further explanation was provided explaining the variance between the physical count and system balance.

Recommendation 6.1: Segregate the custodianship and recordkeeping functions and inactivate stock custodians' system privileges to make inventory adjustments.

Current Status Recommendation 6.1: Implemented.

RCRMC resolved the segregation of duties issue. The custodianship and recordkeeping functions are segregated and stock custodians no longer have the ability to make inventory adjustments. No other exceptions noted.

Segregation of Duties

Finding 7: PeopleSoft system security roles are not assigned by management to promote better internal controls. The combination of preparer and approver roles in one individual circumvents the principle of checks and balances. Individuals responsible for ordering goods should be separated from receiving, stock custodianship, and payment duties to minimize the risk of asset misappropriation.

Recommendation 7: Review the PeopleSoft system security roles to ensure an adequate system of internal controls exists in accordance with the Auditor-Controller Standard Practice Manual, Section 12, Policy 1200.

Current Status Recommendation 7: Partially Implemented.

Materials Management and Purchasing staff security role conflicts have been resolved; however, conflicting purchasing roles are still assigned to staff in the Fiscal department. Management is currently working to resolve this issue.

Storeroom Security

Finding 8: We noted the following weaknesses in storeroom security:

- We observed a lot of foot traffic in and out of the storeroom. Since there is a no physical barrier such as a counter blocking access to the storeroom, unauthorized individuals could easily gain access to the supply racks especially when storeroom clerks are out on deliveries.
- The storeroom uses standard key locks and there is no practical way to determine how many of the original keys had been duplicated and in circulation. There is a concern regarding overnight access to the storeroom by night shift employees when storeroom custodians are off-duty.

The introduction of the security camera is fairly recent and guidelines regarding its usage have not been formalized.

Recommendation 8: A barrier, such as a counter, should be installed to control traffic and deter unauthorized individuals from approaching the racks.

Current Status Recommendation 8: Implemented.

The receiving and storeroom areas were enhanced through the addition of doors, cameras, and locks. In addition, a visitor logbook was created and is being maintained to control authorized visitors in the area. No other exceptions noted.

Recommendation 8.1: Management should consider changing the storeroom locks to a keycard or similar system to limit access to the storeroom to authorized individuals only.

Current Status Recommendation 8.1: Implemented.

Physical security has been enhanced through the upgrade of locks, key card access, and cameras; resulting in an overall security improvement of the warehouse. No other exceptions noted.

Recommendation 8.2: Management should provide written guidelines and training, over the proper use of security cameras, video recordings, incident reporting, and video record retention.

Current Status Recommendation 8.2: Not Implemented.

No written guidelines or evidence of training was provided on the proper use of the security equipment. However, management plans to establish procedures and provide training on the proper use of security equipment. In addition, management plans to review and update current department operating procedures to include guidance on the proper use of security equipment.

Purchasing Authority

Finding 9: Thirteen of the 21 department buyers' certificates of appointment from the Director of Purchasing were not presented to us for inspection as they were not on file.

RCRMC buyers were granted increased limits in buying authority but the authorization was insufficiently documented. The only document evidencing the increased authorizations was an email of January 17, 2003 referencing the increased limits granted to four individuals, three of whom had since left RCRMC. There is no document to support the increased limits granted to

buyers hired after January 17, 2003. Considering the weaknesses of the existing internal controls, the increased spending limits elevated the risk of undetected errors and irregularities to a greater extent.

Recommendation 9: Request the County Director of Purchasing to issue a certificate of appointment specifically describing spending limitations for each buyer.

Current Status Recommendation 9: Implemented.

County Purchasing verified the completion of training for RCRMC buyers, along with their authorized spending limitations. No other exceptions noted.

Recommendation 9.1: Retain documentations on file to support buyer's appointment, spending authorizations, training, etc.

Current Status Recommendation 9.1: Implemented.

Buyer training and spending authorization for current staff was verified with County Purchasing. Training records were not previously included in the employee's files; however, management has implemented the inclusion of training records in employees' files. No other exceptions noted.

Recommendation 9.2: Determine the adequacy of the training and continuing education program for buyers in the light of the findings as noted in this report.

Current Status Recommendation 9.2: Implemented.

Purchasing does not maintain training certifications; however, we were provided with evidence that buyers underwent required buyer/purchasing training. No other exceptions noted.

Finding 10: During the period under review (May 1, 2005 through September 30, 2007), the PeopleSoft system had problems consistently recognizing authorized LVPO buyer spending limits. As a result, buyers were able to process purchase orders which exceeded their authorized spending limit. This condition has been corrected by the new PeopleSoft version. However, the system still does not provide the flexibility for designating buyer spending limits for items on contract other than having to have the limits hard-coded into the system. OASIS does not have a record to keep track of the buyers and their limits that were hard-coded.

Recommendation 10: OASIS should log program changes such as the hard-coded buyer spending limits. The log should be kept to facilitate verification and adjustments that may be required in the future. Efforts should be taken to incorporate the contract item limits into the workflow process rather than making program changes every time a staffing or limit change is made.

Current Status 10: Implemented.

Purchasing staff are assigned security roles that correspond to their authorized spending authority. Furthermore, we verified staff did not exceed their authorized spending limit when making purchases. No other exceptions noted.