
Department of General Administration (GA)

Agency: 150

Audit Report: 6600

Finding Number: 001

Finding: The Department of General Administration did not enforce the fee structure prescribed in its intergovernmental agreement with political subdivisions, which resulted in a loss of \$110,950.

Resolution: The Department agrees with the auditor's research and statement of facts. The Department characterizes the exceptions as issues with documenting the process rather than as a "loss" because the fees charged were authorized by management based on justification from requesting jurisdictions.

This program has been very successful in pooling purchasing power and, thus, reducing the cost of government at the state and local level. The Department has a process that allows flexibility in making membership decisions based on the budget limitations of government entities. The Department's goal is to address the facts found by the auditors while continuing the excellent service and maintaining the flexibility that keeps this program viable.

The finding is based on several conditions related to the fee charged, the method used for calculating the fee, and the documentation supporting exceptions to the published fee schedule.

To address these issues, the Department completed the following activities:

- Re-evaluated and documented an improved fee schedule and membership policy that is more practical and enforceable for the local government and qualified nonprofit members of the state purchasing cooperative.
- Implemented the new state purchasing cooperative policy addressing how fees are set, monitored and reduced, ensuring appropriate documentation and good internal controls.
- Revised the standard intergovernmental agreement forms to align with the policy and fee calculation changes.

The Department's internal auditor completed a review of all actions taken, concluding with an opinion that the issues of the audit finding had been reasonably addressed and resolved in the new policy, fee structure, and intergovernmental agreement forms.

The new policy, fee schedule, and intergovernmental agreements are in the process of being implemented for the calendar year 2008 memberships.

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