



EXECUTIVE SUMMARY

DEPARTMENT OF TRANSPORTATION NON-PAYROLL EXPENDITURES July 1, 2015 to October 31, 2018

We found that the financial transactions included in our testing were related to the department's programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted areas meriting management's attention regarding compliance with state purchasing regulations.

AUDIT HIGHLIGHTS

- Department of the Treasury Circular No. 16-02-DPP (circular) defines a delegated purchase authority (DPA) transaction as a transaction that cannot be procured through one of the four primary contracting methods and does not exceed the DPA threshold of \$40,000. We found the circular was not complied with for 18 of 31 sampled DPA transactions over \$1,000.
- Our analysis of the department's purchase orders noted 7,000 instances in which multiple purchase orders were created for the same vendors on the same day. This created excessive processing for up to 12,150 (29 percent) of all purchase orders during this review period. We judgmentally sampled 20 instances where multiple purchase orders were created for the same vendors on the same day and noted 16 exceptions where the number of purchase orders could have been reduced because they were ordered for the same department location. We further noted at least 780 instances where multiple DPA purchase orders were processed for the same vendor on the same day. This allowed for the possible circumvention of bidding thresholds established by state purchasing regulations.
- From July 1, 2015 through May 4, 2018, the department processed 41,800 purchase orders. Of these, 15,900 were confirming orders (38 percent) totaling \$16.5 million. At least 5,300 of the confirming orders (33 percent) were DPA transactions, as described in the previous finding. A confirming order occurs when goods or services are purchased, and sometimes received, before a purchase order is processed. The use of confirming orders, other than in emergency situations, typically violates state procurement laws, policies, and procedures, and risks the possibility of purchasing goods and services without the proper funding being available and authorized.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

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