



DEPARTMENT OF FINANCE

BIENNIAL PERFORMANCE AUDIT REPORT

Fiscal Years Ended June 30, 2018 and 2017

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Honorable Joan M. Pratt, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore, Maryland

Executive Summary

We conducted a Biennial Performance Audit of selected performance measures of the Department of Finance (Finance) for the fiscal years (FYs) ended June 30, 2018 and June 30, 2017. The objectives of our performance audit were to:

- Determine whether Finance: (1) met its performance measure targets; and (2) has adequately designed internal controls related to the selected performance measures.
- Follow up on prior findings and recommendations included in Finance's previous performance audit reports, dated January 8, 2018, September 22, 2016 and December 8, 2015.

According to the FYs 2017, 2018, 2019, 2020 Agency Detail Board of Estimates Recommendations (Budget Books) and data provided by Finance, the targets of the selected performance measures (see Background) were met. However, Finance has the opportunity to improve the following control weaknesses related to data reliability and reasonableness.

- The Surplus Property Disposal (SPD) did not maintain documentation to support the surplus property sales reported. Also, the SPD does not reconcile a property disposal log to the General Ledger (G/L), and the property disposal log does not include sufficient information to perform the reconciliation.
- Although the Bureau of Procurement performed a review of the active vendor listing to identify duplicate accounts, the reported number of active vendors registered in CitiBuy¹ includes duplicate vendor names for FYs 2018 and 2017.

¹ CitiBuy is an online marketplace for doing business with the City of Baltimore (City). CitiBuy is used to post all new procurement requests. All vendors interested in doing business with the City should register as a vendor in the CitiBuy system.

- Finance did not periodically evaluate the reasonableness of the target that was set for Service 700 – Surplus Property Disposal performance measure – “Revenue Generated Annually.” As shown in Table II on page 8, the difference between target and actual varies significantly. For example, the FY 2018 actual is 113 percent more than the target.

Of the 13 prior audit recommendations that were followed up in this Biennial Performance Audit, seven recommendations or 54 percent were fully implemented; four recommendations or 31 percent were partially implemented; and two recommendations or 15 percent were not implemented. The two recommendations were not implemented due to the need to assess the value of a performance measure and awaiting a sensitive classification study by the Department of Human Resources (DHR).

To improve the accountability of the performance measures, we recommend the Director of Finance implement the recommendations included in this report.

We wish to acknowledge Finance’s cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA
City Auditor
Baltimore, Maryland
November 7, 2019

Background Information

I. Selected Performance Measures

We judgmentally selected the three performance measures of Finance, which are summarized as follows:

Table I

Summary of Selected Performance Measures' Targets and Actuals as Reported in the Budget Books for Fiscal Years 2018 and 2017

Service	Performance Measure	2018		2017	
		Target	Actual	Target	Actual
148	Collection Rate on Real Property Tax – Percent	97	98	97	97
699	Number of Vendors Registered in CitiBuy	18,000	21,756	18,000	20,752
700	Revenue Generated Annually	450,000	956,949	450,000	681,764

Source: FY 2017, 2018, 2019, 2020 Budget Books

II. Department of Finance

The mission of Finance is to provide a full range of financial services to the City's agencies; collect and invest all monies due the City; manage City debt; and execute fiscal policy as established by the Board of Estimates. Finance is comprised of seven bureaus: Budget and Management Research, Accounting and Payroll Services, Purchasing, Revenue Collection, Risk Management, Fiscal Integrity and Recovery, and Treasury and Debt Management.

The Office of Risk Management also manages the City's Self-Insurance programs. Additionally, Finance manages the City's Print Shop and Surplus Property divisions.

The Finance Director's office provides administrative direction and control and performs the departmental personnel functions.

III. Services

The following services are responsible for the performance measures discussed above:

- **Revenue Collection (Service 148):** This service collects all money that is due to the City. Customers can pay most bills in person, online, using a smartphone, over the telephone, which is commonly referred to as Interactive Voice Response, or by mail. The Bureau of Revenue Collection (BRC) issues bills for most City services and files suit for funds due to the City less than \$30,000. An annual tax sale is held online for delinquent liens against real property.
- **Procurement (Service 699):** This service offers City agencies a professional procurement practice for the purchase of goods and services to be used in City operations and capital improvements. The use of a centralized purchasing system is mandated by the City Charter and includes the procurement of all goods and services required by City agencies, with the exception of public works and professional services. Each FY, the service contracts for goods and services valued at approximately \$500 million. For FY 2018, the service supported over 20,000 vendors.
- **Surplus Property Disposal (Service 700):** This service offers City agencies a professional service for the proper disposition of surplus property. The use of a centralized surplus property system is required by the City Charter. During the FYs 2012 through 2018, the service has generated total revenue of \$4,912,699.

Objectives, Scope, and Methodology

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*, except for peer review requirements. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our performance audit were to:

- Determine whether Finance: (1) met its performance measure targets; and (2) has adequately designed internal controls related to the selected performance measures.
- Follow up on prior findings and recommendations included in Finance's previous performance audit reports, dated January 8, 2018, September 22, 2016 and December 8, 2015.

The scope of our audit includes three performance measures (see Background Information) reported for the periods of FY 2018 and FY 2017.

To accomplish our objectives, we interviewed key individuals and evaluated the design and effectiveness of certain: (1) internal controls such as recording, reporting, documenting, and segregation of duties; (2) processes; and (3) procedures of the selected performance measures. Additionally, we judgmentally selected samples and reviewed applicable records and reports to test reasonableness of the methodologies and actual results of the performance measures and applicable prior findings and recommendations.

Management responses are included in Appendix I.

SECTION I

Findings and Recommendations

Finding #1: Service 700 - Surplus property log and related supporting documentation are not complete.

Finance's SPD did not maintain documentation to support the surplus property sales reported in the City's Budget Books for the performance measure "Revenue Generated Annually" and in the G/L.

- For FY 2018, SPD provided receipts that supported \$782,466, compared to the Budget Book and G/L recorded amount of \$956,950. A portion of the difference was caused by a missing receipt of \$115,922 from a vehicle auction, leaving an unexplained difference of \$58,562.
- For FY 2017, the receipts exceeded the amounts recorded in the City's Budget Book and G/L by \$8,144.

These variances are due to a lack of reconciliation of a property disposal log to the G/L. Also, the property disposal log does not include sufficient information to perform reconciliation. Specifically, the property disposal log does not include the following information: (1) value of the items; (2) a reference to the G/L such as cash receipt number and invoice number; (3) receiving departments for internal transfer; and (4) a reference to Property Release Authorization.

As a result, reported revenues may be overstated, understated or misclassified. Also, the City's Budget Book and G/L may be reporting inaccurate or misleading performance measure information.

According to the *Standards for Internal Control in the Federal Government* (Green Book) issued by the United States Government Accountability Office by the Comptroller General of the United States:

- "Documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Management uses judgment in determining the extent of documentation that is needed. Documentation is required for the effective design, implementation, and operating effectiveness of an entity's internal control system."
- "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions."

Recommendation: We recommend the Director of Finance:

- Re-enforce the importance of retaining supporting documentation to relevant staff. This may include training or changes to Core Integrator.
- Require a supervisor to review the completeness of documentation to support transactions recorded in the G/L.
- Implement a periodic reconciliation of the property disposal log to G/L.

Finding #2: Service 699 - The CitiBuy system contains duplicate vendors.

According to the Bureau of Procurement, it performed a review of the active vendor listing to identify duplicate accounts. However, the reported number of active vendors registered in CitiBuy includes duplicate vendor names for FYs 2018 and 2017. As a result, the number of vendors registered in CitiBuy and reported in the Budget Book was overstated. However, the overstatement did not affect achievement of the performance measure target. Also, note that purchasing through CitiBuy is not affected by the duplicate vendors.

A reason for having the duplicate vendors could be due to a lack of edit checks in the CityBuy system. Specifically, while the CitiBuy system does not allow a new vendor to be added with the same Employer Identification Number (EIN)² as an existing vendor, there are no edit checks that restrict format of the data to a consistent and standardized format; for example, 12-3456789 vs. 123456789.

The *Federal Information System Controls Audit Manual* states “Accuracy control techniques include programmed edit checks (e.g., validations, reasonableness checks, dependency checks, existence checks, format checks, mathematical accuracy, range checks, etc.), batch totals and check digit verification.”

The Green Book states “Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine action.”

² The EIN is a unique nine-digit number assigned by the Internal Revenue Service (IRS) to business entities operating in the United States for the purposes of identification. **Source:** IRS

Recommendation #2: We recommend the Director of Finance to:

- Apply the software update to the CitiBuy system as soon as the patch becomes available to verify that EIN numbers are consistently entered in a standardized format.
- Implement a formal (written, signed, and dated) policy and procedures that include the following, but not limited to:
 - The frequency in which the review will be performed (i.e. annually, semi-annually, or quarterly);
 - Who is responsible for the review;
 - Review procedures; and
 - Documentation of the results.

Finding #3: Service 700 - The target for a selected performance measure for the Service 700 is not reasonable.

Finance did not periodically evaluate the reasonableness of the target that was set for Service 700 – Surplus Property Disposal performance measure – “Revenue Generated Annually.” As shown in Table II, the difference between target and actual varies significantly. As a result, there is a risk that performance measure targets may be artificially low to increase the probability of achieving them, thereby reducing the usefulness of the performance measure.

Table II

Analysis of Revenue Generated Annually

	FY 2018		FY 2017	
	Target	Actual	Target	Actual
Revenue Generated Annually	450,000	956,949	450,000	681,764
Difference between Target and Actual – Amount		506,949		231,764
Difference between Target and Actual – Percentage		113		52

Source: FY 2017, 2018, 2019, 2020 Budget Books and the Department of Audits

Recommendation #3: We recommend the Director of Finance periodically re-evaluate the reasonableness of target set for the Service 700 performance measure – “Revenue Generated Annually”.

Section II Implementation Status of Prior Audit Findings and Recommendations

Table III

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2016 and 2015 for Service 699 – Procurement

Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
1	<p>The FY 2015 target for the performance measure % of Purchase Orders issued meeting the benchmarks timeframes was changed in the FY 2016 Budget Book. The actual amounts for FY 2015, reported in FY 2017 and 2018 Budget Books, also differed.</p>	<p>Revisions to prior year performance measure targets and actual amounts should be approved by Finance. Performance measure targets should not be changed in subsequent year Budget Books without adequate disclosure in order to avoid misleading performance results.</p>	<p>Metrics that are reported in the Budget Book are reviewed at regular Procurement Stat meetings with the Director of Finance. In preparation for the upcoming budget submission, prior submissions are again reviewed for accuracy.</p> <p>Implemented.</p> <p>The information in the FY 2017 through FY 2020 Budget Books were consistently reported.</p>
2	<p>The Bureau of Purchases was unable to generate the “Turnaround Time Report” to support the % of Purchase Orders issued that met benchmark timeframes for FY 2015. Therefore, we were unable to determine whether the performance measure target was met.</p>	<p>The Bureau of Purchases should:</p> <ul style="list-style-type: none"> • Develop procedures to adequately maintain records, especially those to support the actual results of the performance measures included in the Budget Book. • Establish written policies and procedures to document the methodology for developing the performance measure targets and reporting the actual results. 	<p>Agency now retains each budget submission supporting documentation in a designated folder on the shared network drive. Additionally, each FY’s documentation includes static format files to support the data. Regarding the methodology, the Agency followed the direction of BBMR in creating Performance Measure Validation Forms for each performance metric reported in the Budget Book.</p> <p>Implemented.</p> <p>The Agency retained the FY 2018 records, which support the calculation of the amount that was reported in the Budget Book.</p> <p>The Agency implemented the performance measure validation form that documents the methodology for the performance measure.</p>

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Table IV

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2016 and 2015 for Service 702 – Accounts Payable

Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
<p>1 The Bureau of Accounting and Payroll Services (BAPS) reported that it did not meet its FY 2015 and FY 2016 performance measure targets for the percentage of invoices paid in thirty days. The City’s Administrative Manual requires prompt payment of City obligations no later than 30 days from the receipt date of the proper invoice.</p>	<p>The BAPS should continue to conduct:</p> <ul style="list-style-type: none"> • Agency trainings to process invoices and improve the tracking and monitoring of those invoices to ensure timely payment. • Training sessions with vendors on the process and the correct documentation required by the City. 	<p>The BAPS prepared online training videos for system users to view anytime on various Accounts Payable (A/P) topics that will help with processing transactions and searching for specific system data. These instructional videos are now available on line with links posted in the Dynamics core integrator. The BAPS believes these steps will improve our performance going forward. Also, according to BAPS, it cannot pay an invoice until the agency received it in the Citibuy system and thereby approves it for payment. The BAPS is not responsible for the prompt pay statistic, the agencies are.</p>	<p>Partially Implemented.</p> <p>The BAPS prepared and posted instructional videos on various A/P topics on the City Accounting System YouTube Channel to help improve the performance measure. However, the trainings has not been effective. Specifically, the FY 2018 actual for the percentage of invoices paid in 30 days decreased from 69 percent to 48 percent during FYs 2017 and 2018, respectively.</p>
<p>2 The documentation to support the actual results of FY 2015 for the percentage of invoices paid in 30 days did not agree with the amount reported in the City’s Budget Book.</p>	<p>The BAPS should:</p> <ul style="list-style-type: none"> • Maintain records to support the Budget Books’ actual result. • Establish written policies and procedures to document the methodology for developing the targets and actuals. 	<p>The Bureau has supplemented its retention policy to specifically retain this report metric for a period of three years. This shall ensure such data is retained and available for future audits.</p>	<p>Implemented.</p> <p>The System and Organizational Controls Type II report was obtained to confirm the integrity of the IT system where the underlying data for the metric is stored.</p>

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Table V

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2016 and 2015 for Service 708 – Operating Budget Management

Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
<p>1 The BBMR was unable to support its FY 2015 and FY 2016 targets of \$3M each year for “Dollars Saved from Recommendations. Also, the actual amounts for FY 2015, reported in the FY 2017 and FY 2018 Budget Books, differed, and were overstated and misleading. Actual amounts are reported in the Budget Books two years after the related target years. The actual amount for FY 2015 was reported as \$6M in the FY 2017 Budget Book but was reported as \$8M in the FY 2018 Budget Book.</p> <p>Additionally, the reported actual amount was not realized, instead, those amounts reported were estimated amounts.</p> <p>Also, there was no actual reported for FY 2016 in the FY 2018 Budget Book.</p>	<p>The Finance should ensure that actual amounts reported for performance measure targets represent actual amounts that are properly supported, and not be based on estimates.</p>	<p>Finance agrees that prior to the Fiscal 2018 budget publication, there was confusion between the wording of the measure and the reported numbers. The measure was worded “Dollars Saved from Recommendations,” but the numbers reported represented potential, as opposed to actual, savings from recommendations. For the Fiscal 2018 budget publication, DOF changed the wording of the measure to “Recommended dollars saved from management research projects.” In FY 2016, there were no savings recommendations as the reports focused on operational improvements to Senior Services and Inspections Services that did not have a direct budget savings component.</p>	<p>Not Implemented.</p> <p>The change in the title of the metric, does not resolve the finding that actual amounts reported are estimates.</p> <p>We recommend that Finance assess the value of a performance metric where the target is an estimate and the actual amounts reported is also an estimate. Performance metrics should be designed with a method to calculate the actual amount. For example, the recommended dollars saved from a tool that digitizes leave slips should include a pre-determined method to calculate those savings, such as calculating the change in printer paper costs, toner costs, etc. Another component could be calculating the reduction in overtime worked on the last day of the payroll cycle by time keepers and reviewers.</p> <p>Having a pre-determined method for calculating the actual amounts promotes consistency and makes supporting document simpler.</p>

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Table VI

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Year Ending 2014 for Service 148 – Bureau of Revenue Collections

Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
1.1 The daily inspection visits are not scheduled and assigned to the inspectors in an efficient and effective manner.	The Inspection Unit adopt alternative procedures to determine whether any of those establishments noted as No License Required, Closed, Out of Business, Residential, etc. are actually operating without a valid license.	The BRC continues to use the Access database that the Finance Project Management Office and Baltimore City Information Technology (then Mayor’s Office of Information Technology) created to schedule inspections, while the requirements to convert the licensing, inspection and enforcement process to Tyler Munis (Munis) is being finalized.	Partially Implemented. According to BRC, it expects to fully convert to the Munis system by August 2020. In the meanwhile, BRC implemented a mitigating control, which is the Access database to schedule inspections.
1.2	In accordance with the Inspection Unit’s policies and procedures, all inspection tickets must include the owner / representative’s signature, title and telephone number to be counted as part of the daily inspections.	The BRC decided to change the policy and no longer require an owner to sign the inspection ticket because, too often, the owner was not available at the time to sign or too busy to sign.	Implemented. The signature is still required; however, a representative to the owner can sign the inspection ticket.
1.3	Finance should continue its efforts to upgrade its computer system so that, among other things, it could readily identify the number of businesses or establishments with each type of license, whether those licenses are current, and the number of times each business or establishment was actually inspected during the year.	(see above 1.1)	Partially Implemented. According to BRC, it expects to fully convert to the Munis system by August 2020. In the meanwhile, BRC implemented a mitigating control, which is the Access database to schedule inspections.

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Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
<p>2 There were several discrepancies between the total number of monthly inspections recorded by the inspectors on the Daily Attendance Records (DARs) and the total number of monthly inspections included on the Monthly Statistical Summary Report.</p>	<p>The information regarding the number of inspections recorded on the DARs and supported by the inspection tickets be reconciled to the applicable information recorded on the Monthly Statistical Summary Reports.</p>	<p>The BRC has eliminated the DAR and now tracks the number of tickets and number of completed inspections in a different form. The Inspector II, now tracks the number of tickets given to each inspector and the number of completed inspections. The Inspector II utilizes the Monthly Audit Report to track the daily inspections.</p>	<p>Partially Implemented.</p> <p>The Monthly Audit Report does not agree with the Statistical Report¹. Also, there is no evidence of review and approval of supervisor for the two reports.</p> <p>Note: ¹ Statistical Summary Reports are generated monthly and presented to CitiStat. In addition to other information, it includes the number of inspections performed.</p>
<p>3 Duties in the Inspection Unit were not adequately segregated.</p>	<p>Duties be adequately segregated to prevent the inspectors from accessing and entering inspection information into the data entry system.</p>	<p>An office support staff is assigned to input data in the system. While the inspectors are also performing data entry when they are in the office, they do not input their own inspection tickets. The Inspector II reviews and signs off the tickets after data has been entered into the system.</p>	<p>Implemented.</p> <p>The Inspector II, who does not perform license inspections, oversees the data entry of the inspection ticket information and ensures that inspectors do not input their own tickets into the system.</p>

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Table VII

Summary of Implementation Status of Audit Findings and Recommendations from the Performance Audit Report for Fiscal Years Ending 2015 and 2014 for Service 707 - Risk Management

Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
<p>1.1 The Risk Management (RM) did not meet its targets for the number of random employee drug and alcohol tests performed during FYs 2014 and 2015.</p>	<p>The RM develop procedures to follow-up on “no shows” by scheduling those employees for testing as soon as they return to work.</p>	<p>The RM disagreed with our original recommendation because it believes that the random process would be voided if supervisors and employees were notified of the testing while the employee was on leave and then scheduled for testing upon returning from leave. RM plans to increase the number of random tests to enable it to reach its target.</p>	<p>Implemented. The RM increased its number of random drug and alcohol testing as its corrective action to meet its target going forward starting in FY 2018. The RM increased the number of random tests from 75 employees per week to 120 per week.</p>
<p>1.2 Same as above.</p>	<p>The RM consider selecting more than 15 employees each day for drug or alcohol testing in order to compensate for the number of “no shows” and, thereby, increase the likelihood of meeting its established goals for the number of drug or alcohol tests actually performed.</p>	<p>According to Finance, in FY 2018, RM implemented a new procedure that increased the number of test candidates to 15 non-Commercial Driver Licenses (CDL) drivers three-times a week and 15 CDL licensed drivers 5 times a week. The RM met its goal for # of random drug / alcohol tests completed in FY2018 and believe this new procedure will ensure that the trend continues (average of 120 employees per week).</p>	<p>Implemented. The RM met its target and provided support for FY 2018 reported actual.</p>

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Finding Summary	Recommendation	Management’s Self-reported implementation status	Auditor’s Assessment
<p>1.3 Employees in the non- CDL sensitive job classifications were not included in the data base used to select employees for random drug or alcohol testing.</p>	<p>The RM work with DHR to identify all sensitive job classifications that, according to the City’s Substance Abuse Control Policy, should be included in the population of employees to be selected for drug or alcohol testing.</p>	<p>According to RM, it is working closely with DHR and Mayor’s Office of Information Technology to update the sensitive class position. Per advice of the Law Department non-CDL drivers should be randomly selected for drug testing only and were already included in the random testing starting FY 2018. Additionally, according to Finance, it has committed to work with DHR to identify all sensitive jobs classification. However, DHR has not completed its internal review of the sensitive positions classification. Finance has requested the Department of Audits close this item until DHR complete its list of sensitive position classification.</p>	<p>Not Implemented. The sensitive position classification audit by DHR will be completed this calendar year (2019).</p>

APPENDIX I

Management's Response to the Audit Report

Date: November 6, 2019
To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report:
Biennial Performance Audit Report on Department of Finance

Our responses to the audit report findings and recommendations are as follows:

Recommendation #1:

We recommend the Director of Finance:

- Re-enforce the importance of retaining supporting documentation to relevant staff. This may include training or changes to Core Integrator.
- Require a supervisor to review the completeness of documentation to support transactions recorded in the G/L.
- Implement a periodic reconciliation of the property disposal log to the G/L.

Management Response/Corrective Action Plan

Agree Disagree

The Department concurs with the finding and recommendation. The Bureau shall retrain property disposal staff to ensure documentation is retained and fully supports the reported property disposal activity. Additionally, the Section Administrator shall review said documentation for completeness and confirm that activity is reconciled to the general ledger.

Implementation Date

Implementation of this corrective action is complete.

Responsible Personnel

Erin Sher, Procurement Bureau Chief, 410-396-5700
Tammy Horton, Property Disposal Program Administrator, 410-396-5700

Recommendation #2:

We recommend the Director of Finance:

- Apply the software update to the CitiBuy system as soon as the patch becomes available to verify that EIN numbers are consistently entered in a standardized format.
- Implement a formal (written, signed, and dated) policy and procedures that include the following, but not limited to:
 - The frequency in which the review will be performed (i.e. annually, semi-annually, or quarterly);
 - Who is responsible for the review;
 - Review procedures; and
 - Documentation of the results.

Management Response/Corrective Action Plan

Agree Disagree

The Department agrees with the finding and recommendation. The Bureau has established a policy requiring the Operations Manager to reconcile the vendor file annually by November 30th to ensure duplicate accounts are not being created. Additionally, the CitiBuy EIN enforcement patch will be installed when it is available.

Implementation Date

The policy will be implemented immediately, however systems reviews will occur annually on or about 11/30/19.

Action Plan Milestone(s): Draft New Policy - completed

Action Plan Milestone(s): Implement update to Buyspeed (CitiBuy) when available

Action Plan Milestone(s): Run report annually to remove duplicates annually

Action Plan Milestone(s): Report vendor count annually

Responsible Personnel

Kyle Parry, Procurement Operations Manager, 410-396-3002

Recommendation #3:

We recommend the Director of Finance periodically re-evaluate the reasonableness of target set for the Service 700 performance measure – “Revenue Generated Annually.”

Management Response/Corrective Action Plan

Agree **Disagree**

The Department concurs with the finding and recommendation. The main factor causing the increased performance was a change in 2018 from live in-person car auctions to an online process. This change improved our net proceeds that we agree needs to be reflected in the performance measure. Beginning with the FY2021 budget, the measure will adjusted.

Implementation Date

2021 budget submission.

Responsible Personnel

Tammy Horton, Property Disposal Program Administrator, 410-545-1685

APPENDIX II

**Management's Response to
Prior Audit Findings and Recommendations**

Management Response to Table IV, Finding 1 (see page 10)

Partially Implemented

The BAPS prepared online training videos for system users to view anytime on various Accounts Payable (A/P) topics that will help with processing transactions and searching for specific system data. These instructional videos are now available on line with links posted in the Dynamics core integrator. BAPS also assists with agency training as needed.

The BAPS cannot pay an invoice until the agency received it in the Citibuy system and thereby approves it for payment. BAPS is not the responsible party in the prompt pay statistic, the agencies are. Therefore BAPS intends to change this performance measure to show processing time from the point BAPS receives the final complete approval for payment to the date the payment is mailed or wired to the vendor. This is the portion of the process that BAPS has control.

DOF understands prompt payments are a priority and will refer this issue to CitiStat who will then hold agencies accountable for their payment processing.

Management Response to Table V, Finding 1 (see page 11)

Not Implemented

Finance agrees that the details of this metric are complicated and difficult to describe. The measure was originally defined as "Dollars Saved from Recommendations," but the numbers reported represented potential savings if enacted, as opposed to actual. For the Fiscal 2020 budget publication, BBMR changed the wording of the measure to "Annual Dollars Saved from Recommendations" which was defined as recommendations adopted and incorporated into the budget – but may still be based on estimates.

Dudele to the multiple interpretations of this metric the DOF will either precisely redefine this item or substitute it with another measure commencing with the FY2021 Budget book.

Management Response to Table VI, Findings 1.1, 1.3, and 2 (see pages 12 and 13)

Partially Implemented

Finding 1.1 and 1.3: The BRC continues to use the Access database that the Finance Project Management Office (PMO) and BCIT (then MOIT) created to schedule inspections, while the requirements to convert the licensing, inspection and enforcement process to the Munis system is being finalized.

Finding 2: We concur there were errors in completing the Monthly Statistical Report (FinanceStat report). Recently BRC hired an Inspector supervisor who is now responsible for completing the report and shall ensure all tickets have been received and accounted for before the report is filed. The errors noted in the prior monthly statistical reports have been corrected.

Management Response to Table VII, Finding 1.3 (see page 15)

Not Implemented

RM has asked the DHR to update the sensitive class positions. However, DHR has not completed its review and Finance requests the Department of Audits close this item until DHR publishes said classifications. To repeatedly cite the DOF for an item that we have not control over seems pointless.