

Department of General Services

**For the Years Ended
June 30, 1999, and June 30, 1998**

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STATE OF TENNESSEE
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John G. Morgan
Comptroller

November 8, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable Larry N. Haynes, Commissioner
Department of General Services
Suite 2400, Tennessee Tower
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Department of General Services for the years ended June 30, 1999, and June 30, 1998.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Department of General Services' compliance with the provisions of laws, regulations, contracts, and grants significant to the audit. Management of the Department of General Services is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed certain findings, which are detailed in the Objectives, Methodologies, and Conclusions section of this report. The department's administration has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving the department's internal controls and/or instances of noncompliance to the Department of General Services' management in a separate letter.

Sincerely,

John G. Morgan
Comptroller of the Treasury

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State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Department of General Services
For the Years Ended June 30, 1999, and June 30, 1998

AUDIT SCOPE

We have audited the Department of General Services for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of motor vehicle management, internal audit, travel expenditures, contracts, Property of the State of Tennessee (POST) system, Tennessee On-Line Purchasing System (TOPS), and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT FINDINGS

Security Guards Were Allowed to Work Excessive Hours

During the year ended June 30, 1999, security guards worked excessive hours in 136 instances. Continuous hours worked ranged from 14 to 48 hours (page 6).

Improved Controls Over Program Changes in the Tennessee On-Line Purchasing System Are Needed

Changes are being made directly to the TOPS database using the Order Fix program instead of using properly authorized program changes (page 10).

Documentation to Support Access to Tennessee On-Line Purchasing System Was Not on File*

Proper authorization for departmental users' access to TOPS was not on file at the Department of General Services (page 9).

* This finding is repeated from the prior audit.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

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Audit Report
Department of General Services
For the Years Ended June 30, 1999, and June 30, 1998

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Department of General Services
For the Years Ended June 30, 1999, and June 30, 1998

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Department of General Services. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

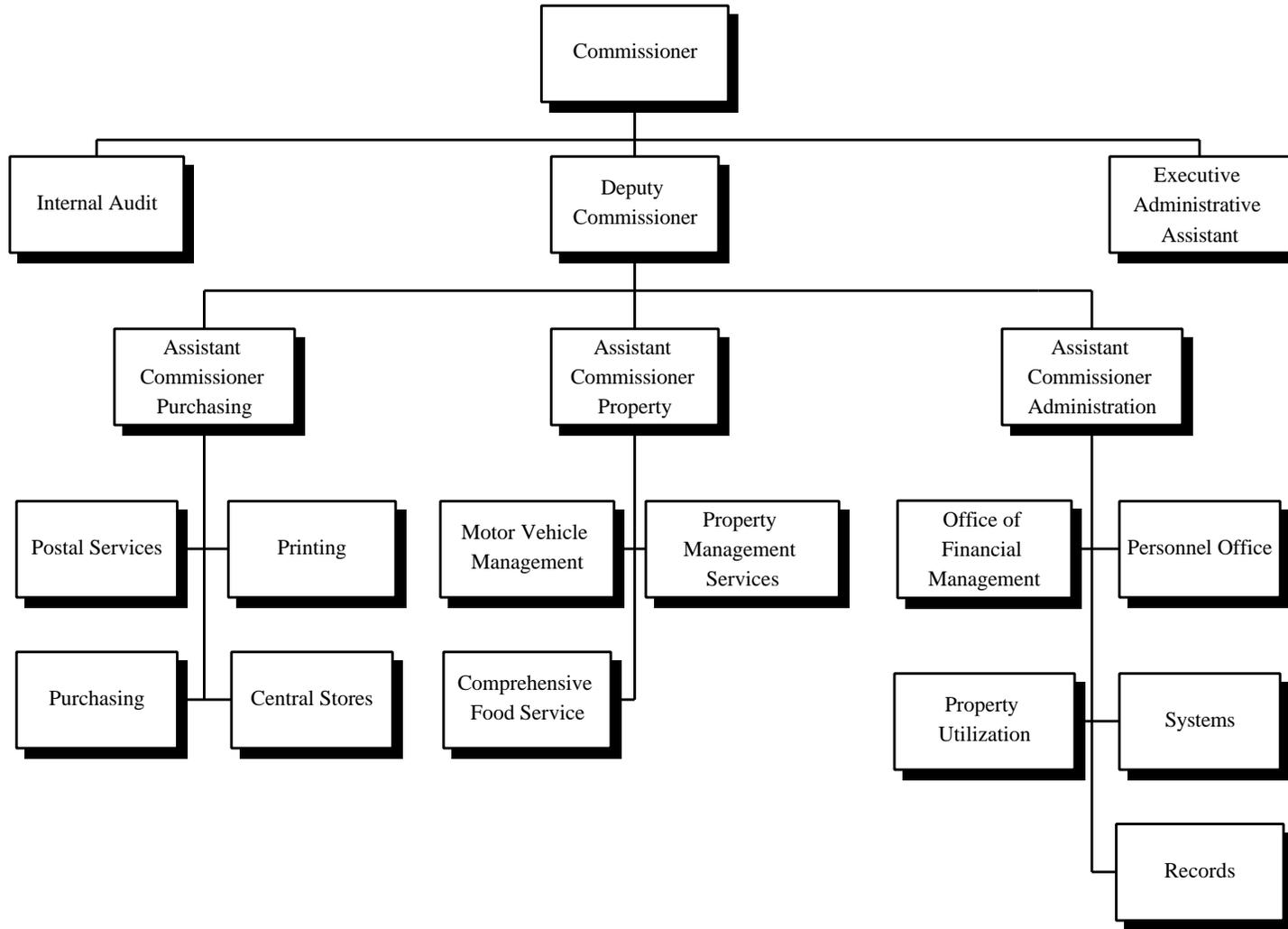
The mission of the Department of General Services is to provide quality goods and services to all state agencies to facilitate the operation of state government in the most timely, efficient, and economical manner. To accomplish this mission, the department provides a broad range of support services to other departments and agencies of state government. Those services include procurement of equipment and materials, building management and security, motor vehicle and equipment management, surplus property utilization, printing and photographic services, postal services, food services, records management, and central stores.

The department is comprised of four main areas: Commissioner’s Office, Administrative Services, Property Management, and Purchasing Management. Each area consists of several divisions. An organization chart of the department is on the following page.

AUDIT SCOPE

We have audited the Department of General Services for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management’s controls and compliance with policies, procedures, laws, and regulations in the areas of motor vehicle management, internal audit, travel expenditures, contracts, Property of the State of Tennessee (POST) system,

Tennessee Department of General Services



Tennessee On-Line Purchasing System (TOPS), and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Department of General Services filed its report with the Department of Audit on September 1, 1999. A follow-up of all prior audit findings was conducted as part of the current audit.

RESOLVED AUDIT FINDINGS

The current audit disclosed that the Department of General Services had corrected the previous audit findings concerning improper maintenance of vehicles in the motor vehicle management fleet, noncompliance with established policies by the Office of Internal Audit, the hiring of unqualified security guards because the security contract was not monitored, circumvention of established state personnel procedures, and the need for improvement in administering the Property of the State of Tennessee System.

REPEATED AUDIT FINDING

The prior audit report also contained a finding concerning the lack of documentation to support access to the Tennessee On-Line Purchasing System (TOPS). This finding has not been resolved and is repeated in the applicable section of this report.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

MOTOR VEHICLE MANAGEMENT

The primary objective of our review of Motor Vehicle Management (MVM) was to determine the status of the prior audit finding. The specific objectives of our review were to determine whether

- state vehicles were properly maintained;
- adequate records were kept for the use and maintenance of state vehicles;

- commercial credit cards were used only for the purpose issued;
- Fuelman purchases were reviewed and reconciled on a timely basis and were made in accordance with the state's contract; and
- MVM revenues were properly supported, accurate, and recorded in a timely manner.

We interviewed key department personnel and reviewed supporting documentation to gain an understanding of the department's procedures and controls over Motor Vehicle Management. We selected a nonstatistical sample of vehicles to determine whether adequate records were kept for the use and maintenance of state vehicles and whether the vehicles were properly maintained. We selected a nonstatistical sample of commercial credit card and Fuelman billings to determine whether purchases were made in compliance with the department's policies. We selected a nonstatistical sample of MVM revenue items to determine whether the receipts were properly supported, accurate, and recorded in a timely manner.

Based on our interviews, reviews of supporting documentation, and testwork, we determined that state vehicles were properly maintained; adequate records were kept; and commercial credit cards were only used for the purpose issued. We also determined that MVM revenues were properly supported, accurate, and recorded in a timely manner; and the Fuelman purchases were properly reviewed, reconciled, and were in compliance with the state's contract.

INTERNAL AUDIT

Our primary objective in this area was to determine the status of the prior audit finding. The specific objectives of our review were to determine whether

- internal auditors had the education, experience, and supervision needed for their work to be relied on by other auditors;
- the internal audit division was independent of the program functions of the department;
- the internal auditors adequately documented their work; and
- the internal audit division issued audit reports in compliance with established policies and procedures including whether all programs were audited at least once in the last six years and whether all cost reimbursement type contracts with costs of at least \$500,000 were audited.

We interviewed key department personnel to obtain an understanding of the procedures and controls over internal audit. We reviewed all applicable policies and procedures. We reviewed the department's organization chart and interviewed the director of internal audit to determine whether the internal audit division was independent of the program functions of the department. We reviewed personnel files including supporting documentation to determine

whether the internal auditors had the education and experience needed for their work to be relied on by other auditors. We also reviewed internal audit's working papers for evidence of adequate supervision and to determine whether auditors adequately documented their work. We obtained and reviewed a listing of all audits completed during the audit period and during the past six years to determine if all programs had been audited at least once during the past six years and if cost-reimbursement contracts greater than \$500,000 had been audited. We also selected a sample of audits completed during the audit period to determine if internal audit issued audit reports in compliance with the established policies and procedures.

Based on our interviews, reviews of supporting documentation, and testwork, we determined that the internal auditors had the education, experience, and supervision needed for their work to be relied on by other auditors and that internal audit issued audit reports in compliance with established policies and procedures. We also determined that the Internal Audit Division is independent of the program functions of the department and that the internal auditors adequately documented their work.

TRAVEL EXPENDITURES

Our objectives were to determine whether

- travel transactions were reasonable and valid; and
- travel claims and supporting documentation complied with the Comprehensive Travel Regulations.

We reviewed the applicable laws and regulations, interviewed key department personnel, and reviewed supporting documentation to gain an understanding of the controls and procedures over travel expenditures. We reviewed a listing of all travel claims to identify any unusual travel transactions. We also selected a travel claim for each of the 20 individuals with the highest total annual travel claims to determine if the travel claims and supporting documentation complied with the Comprehensive Travel Regulations and if the transactions were reasonable and valid.

Based on our interviews, reviews of supporting documentation, and testwork, we determined that the controls and procedures over travel expenditures appeared adequate and the travel transactions examined were reasonable, valid, and in compliance with the Comprehensive Travel Regulations.

CONTRACTS

The primary objective was to determine the status of the prior audit finding. The specific objectives of our review were to determine whether

- the procedures used to select vendors for statewide contracts complied with state guidelines;
- companies providing security guard services had been properly monitored to ensure guards were qualified and did not exceed maximum shift lengths as defined in the contract; and
- payments were made against contracts before the effective date.

We interviewed key department personnel and reviewed the terms of the contracts to gain an understanding of the department's contract controls and procedures. All contracts initiated during the audit period that were over \$500,000 were reviewed to determine if proper bid procedures were followed. In addition, we reviewed these contracts to determine if vendors were suspended or debarred and if payments were made before the effective date of the contract. We also reviewed the procedures used to ensure that security guards were qualified. We selected a sample of security guards and performed testwork to determine if the guards were screened, trained, and licensed/registered in compliance with *Tennessee Code Annotated*. We also performed testwork to determine if the hours worked by the guards were in compliance with the contract.

Based on our interviews of key personnel and reviews of the contracts over \$500,000, proper bid procedures were followed. We also determined that contracts were not given to suspended or debarred vendors and no payments were made before the effective date of the contract. Based on the testwork performed in relation to the security guards, the guards appear to have been screened, trained, and licensed/registered in compliance with *Tennessee Code Annotated*. However, we determined that the security guards were allowed to work excessive hours, as noted in finding 1.

1. Security guards worked excessive hours because the contract was not properly monitored

Finding

The Department of General Services has contracted with a security guard firm to provide security services for state office buildings in downtown Nashville. The contractor has allowed guards to work excessive hours in violation of contract provisions.

The contract states that “no security guard assigned under this contract shall perform duties in excess of twelve (12) continuous hours without a minimum of six (6) hours off-duty rest time.” All invoices received from the contractor for the year ended June 30, 1999, were reviewed. The invoices include job title, duty station, and hours worked for each security officer. The invoices indicated that guards worked excessive hours in 136 instances. Continuous hours worked ranged from 14 to 48 hours.

The contract does not clearly indicate whether the previously stated requirement applies to security supervisors. However, several instances were noted where supervisors worked in excess of 12 hours without a break.

Because the department has not properly monitored contracts for security services, noncompliance with contract provisions has occurred. When guards work excessive hours, they run the risk of being too tired to effectively perform their duties and possibly going to sleep on the job. If this occurred, the safety and security of state employees and state property could be jeopardized.

Recommendation

The Commissioner or his designee should ensure that the contract administrator monitors the contract to determine compliance with all provisions. Also, the contract needs to be amended to clarify whether supervisors should comply with the excessive hours provision.

Management's Comment

We concur. Prior to December 1998 Property Services Management did not have a Contract Administrator assigned full time to this contract. Once an individual was assigned that job, his efforts were able to reduce the amount of excess hours to a minimum. The Contract Administrator will continue to monitor post assignments; however, the tight labor market has continued to make it difficult to adequately staff such lower wage rate positions as security guards and custodial workers. This situation has, and will continue to, present challenges for our contractors. They are sometimes faced with the choice of working an existing guard beyond the 12-hour period or having no guard on post at all. We will always choose the former.

Now that we have had several years of experience with this contract, we believe that the 12-hour limitation is unnecessarily restrictive. In any industry, overtime routinely consists of an 8-hour shift for a total of 16 hours continuous work. In the next contract, the limitation will be set at no more than 16 continuous hours and the contract language will reflect that the supervisors are included in that limitation.

PROPERTY OF THE STATE OF TENNESSEE (POST)

As part of the audit of the state's Comprehensive Annual Financial Report, we reviewed the controls over the Property of the State of Tennessee (POST) system to determine whether

- reconciliation procedures were adequate;
- necessary changes were made based on error reports;

- purchases were properly recorded; and
- required approvals were obtained for retired, surplus, or transferred items.

We interviewed key department personnel to gain an understanding of the procedures and controls over POST. We reviewed the reconciliation procedures between POST and the State of Tennessee Accounting and Reporting System (STARS). We also reviewed the POST error reports to determine if the necessary changes were made. In addition, we selected several samples to determine whether items were properly entered and coded on POST and whether required approvals were obtained for retired, surplus, or transferred items.

Based on our interviews, reviews, and testwork, we determined that reconciliation procedures were adequate, that necessary changes were made based on error reports, that purchases were properly recorded, and that required approvals were obtained for retired, surplus, or transferred items.

TENNESSEE ON-LINE PURCHASING SYSTEM (TOPS)

As part of the state's Comprehensive Annual Financial Report, we reviewed the controls over and procedures for the Tennessee On-Line Purchasing System (TOPS). The objectives of our review of TOPS were to determine whether

- individuals with access to TOPS had proper authorization;
- program changes were completed within normal system controls and were properly approved; and
- program changes were timely.

We interviewed key department personnel to gain an understanding of the department's procedures for and controls over TOPS. We observed the methods the department used to make program changes to TOPS. We reviewed the TOPS "Tracking Open Reports By Priority" report and program and design changes requests. We selected a nonstatistical sample of TOPS users to test if the user was properly authorized. We determined that proper authorization for departmental users' access to TOPS was not on file at the Department of General Services, as noted in finding 2. We also determined that controls over program changes pertaining to TOPS were not adequate, as noted in finding 3.

2. Documentation to support access to the Tennessee On-Line Purchasing System was not on file

Finding

As reported in the previous audit report for the Department of General Services and more recently in the Single Audit Reports, for the years ended June 30, 1999, and June 30, 1998, proper documentation to support users' access to the Tennessee On-Line Purchasing System (TOPS) was not on file at the Department of General Services. Management concurred with the prior finding and stated in their response to the 1998 Single Audit Report,

The Purchasing division is in the process of reviewing all TOPS security request forms on file for accuracy, to make sure that access requests match what is provided in the system, and to ensure that a Purchasing division representative initials each form to document approval and completion. If access is detected on the system for which we do not have a completed security form, the user ID is inactivated until an approved completed form is received. When forms are found that do not match what is on the system or are incomplete, the individual is contacted and asked to submit a new security request form with their director's approval. Completed security request forms are being filed alphabetically by department in a secured file. We plan to have this review completed by October 30, 1999.

Because this review was not complete during the audit period, problems were still noted in the current audit with the approvals by General Services' management and inconsistencies with the access requested. Although each state department determines the access its staff needs to perform their jobs and files authorization forms for this access, General Services' staff are responsible for ensuring that the forms are complete and access is established in TOPS. In many instances, however, access authorization forms were either not consistent with actual access or not properly approved by General Services' management. For the 60 TOPS authorization forms tested,

- 13 users (22%) did not have the type of access to TOPS that the department had requested on the authorization form; and
- 4 users (7%) were not properly approved by General Services' management.

Failure to assign the access requested and approved allows some individuals unauthorized access to unintended parts of the system. Failure to obtain authorized approvals for user access means no authority exists for these users' access to the system.

Recommendation

The Department of General Services Purchasing Division should ensure that users are not given access to TOPS until their departments submit properly approved authorization forms. The requests should specify the type of access approved by user management, and the user should be given only the type of access requested.

Management's Comment

We concur and have finished correcting the problem. Each active TOPS user's access was evaluated and checked against what we had on file. If security was detected on the system that we did not have an approved security form on, or if the security authorized in the system did not match what we had on file, a new security form was requested. All corrections and updates have been completed and are filed alphabetically, by department, in a secured file.

3. Improved controls over program changes in the Tennessee On-Line Purchasing System are needed

Finding

As reported in the June 30, 1999, and June 30, 1998, Single Audit Reports, controls over program and design changes pertaining to the Tennessee On-Line Purchasing System (TOPS) are not adequate. Management corrected the portions of the 1998 finding regarding approvals and current documentation. However, a backlog of program change requests still exists, and changes are still being made directly to the TOPS database through the Order Fix program instead of using properly authorized program changes. Order Fix is a program used to make changes directly to the TOPS database to correct transactions. Management concurred with these problems in the prior audit finding and stated:

As of the finding date, the backlog of open requests was especially large because the entire Information Systems division analysts staff as well as all the OIR Systems Development Support (SDS) programmers supporting TOPS had been totally dedicated to the Y2K conversion project. During that project which lasted over one year, all other requests, except true emergencies were put on hold to avoid having to make program changes in two places and to minimize introducing more problems that were not related to the conversion itself.

Now that the Y2K changes have been implemented and the system has been converted to a relational database (DB2) on the Customer Information Computer System (CICS), it is the intention of the Purchasing and Information Systems divisions to review the outstanding problem reports, determine whether each is still a valid report, and reprioritize what is open. Some of these will have been corrected by virtue of changes made during the conversion. It should be noted

that a number of existing program problems were identified during the conversion project testing and new problem reports were opened, thus increasing the backlog. The department plans to spend the months of May and June 1999 resolving these problem reports and postponing design change requests. This will allow the department to give particular attention to problems introduced during the conversion and problems that cause data to be corrupted or erroneously updated.

Currently the most common use of the Order Fix program is to correct an order amount that does not match the total of the order lines. While a problem report has been written up on this issue and while it has been known for some time, this occurs occasionally when a user makes an order line change during the course of creating an order. However, analysts have been unable to successfully identify the series of steps the user takes to cause the normal program logic to be bypassed. By placing priority on such problem reports which cause data errors as noted above, it will be possible for the department to devote the analyst resources needed to identify and correct these problems more quickly and thus reduce the use of the Order Fix program. However, because new program changes bear the potential of introducing new data errors, there will always be a need for a utility to repair such data. Therefore, the Information Systems division will implement a tracking document to note the requests for data fixes. This document will supplement the current system output which shows date, document number and fields changed.

Program and design changes are not being made in a timely manner by General Services' personnel. The TOPS "Tracking Open Reports By Priority" report lists all open program change requests by priority on a scale of A to E with A being the highest priority. As of July 6, 1999, the report consisted of 179 open program change requests, 60 A requests, 68 B requests, 37 C requests, 10 D requests, and 4 E requests. Several of the requests with a priority of C or lower appeared to be higher priority than indicated on the list, due to the potential effect of the problem on the financial statements and the effect on the efficiency and effectiveness of TOPS. Eighty-three of the 179 program and design change requests (46%) have remained incomplete for at least two years, with one request remaining incomplete for seven years. This backlog, caused by the emphasis on conversion, volume of requests, and time constraints, increases the risk that vital requests will not be given appropriate consideration because they are being pushed down in priority. This large number of outstanding program changes indicates that many areas in the TOPS application are not working properly. Although in many cases compensating controls exist to ensure proper recording in TOPS, the system should be designed to operate effectively.

In addition, problems that are occurring within the TOPS application are being corrected using Order Fix. Instead of using program and design changes to correct existing programming problems within the system, Office for Information Resources (OIR) programmers are allowed access to fix the data directly in the database with Order Fix. Corrections to system data outside normal system controls should not be made as a normal course of daily business as this opens up the data to a greater risk of loss or misuse. Any system will have occasional problems that

require the use of utilities, but the use of Order Fix circumvents the controls that the system is designed to provide. If the system was designed and functioning properly, use of the Order Fix would not be necessary. Making changes directly to a database instead of correcting errors through properly authorized program changes circumvents system controls.

Recommendation

The Director of Information Systems should ensure proper controls over the TOPS program and should ensure that design changes are implemented and followed. The backlog of program and design change requests should be reviewed, and these requests should be completed as soon as possible. Future program and design change requests should also be completed timely on the basis of priority.

As the system problems are corrected, the use of Order Fix should be minimized and, if possible, eventually eliminated. As problems arise in the future, causes of the problems should be identified quickly and TOPS should be corrected through program and design changes or other appropriate means which leave an audit trail.

Management's Comment

We concur. In response to State Audit's discussion of inappropriate use of the Order Fix program to repair data in TOPS, the resolution of this problem is an on-going effort. Because of the complexity of the TOPS system programs, daily production priorities and the long training curve associated with getting analyst staff to a productive testing level, the process of fixing and testing problems is slow and only so many problems can be addressed within a given timeframe.

In the previous year's response, we noted the majority of fixes being done were to correct accounting records which had gotten lost going to STARS, or to correct order totals when users made changes to an order line and the program did not re-calculate the total correctly. Since converting to the CICS environment at the beginning of April 1999, the problem of incomplete encumbrance transactions to STARS has disappeared. On the other hand, the incorrect order total problem has not disappeared, although its frequency has decreased. To date in FY 2000, this type fix has only been made three times compared to 16 such fixed in FY 1999. It has recently been discovered there is not still an open problem report on this issue; consequently the program logic error has not been addressed further. This will be remedied shortly.

Most recently, the order fix has been used primarily for two types of corrections: to change the agency number on existing contracts following state reorganization, and to correct a contract document type error. TOPS has had no provision for renumbering agencies once a contract is in place. Because of edits for release orders and payments which require the order requisition agency to match the contract requisition agency, it was necessary to make the contract reflect who the current "owner" was and to do so quickly so the agencies could continue to order from those contracts. Therefore, pending a complicated design change to the system expected to

take several months to program and test, the only way to handle these one-time corrections was through direct change to the data.

Similarly, the Purchasing division undertook a long overdue clean up of multi-year statewide contracts because the buyers used an improper term award code instead of the multi-year award code on TOPS. As such, the contracts were not being renewed or re-procured appropriately through the system's automatic processes. By correcting the contract document types and the underlying requisition award codes, these were brought under the controls of the system and will save the buyers countless hours manually processing the renewals or re-procurements. This was a one-time incident; the buyers now know how to establish these contracts initially so this won't be necessary in the future. Of 467 documents "fixed" since July 1, 1998, 98 fell into the category of changing the contract type, and 60 were changes in contract ownership, most due to state reorganization.

In an on-going effort to reduce the numbers of data fixes which are legitimately related to program errors, the Information Systems Division has been working closely with the Purchasing Division to raise the priority of any open problem reports related to erroneous data. Success in this endeavor can be measured by the closure of 16 problem reports since July 1, 1999, and another 15 problem reports between May 1, 1999, and June 30, 1999, after the conversion project was completed. Three of the reports closed this year have corrected data fix problems, while one of the problems closed in May addressed data fixes. Currently, there are 17 open problem reports in some stage of active resolution, three of which are related to data fixes.

IS Management continues to monitor the problem report situation to ensure there are problem reports written for any program problems causing data errors, and their resolution is given high priority. In general, the backlog of open reports is now on the decrease. Since May 1, 1999, when resources were freed up from the conversion project, 55 open requests have been closed, 31 of those since the beginning of this fiscal year. In addition, another 31 requests were re-analyzed and determined to be invalid and were cancelled. These closures have been offset by 44 requests (27 problem reports, 17 design changes) submitted since May 1, 1999. There are now 167 open design change and problem report requests, down from nearly 200 at the end of the conversion project. We anticipate with the programming help of an Informs' contract programmer and the growing mastery of the system by two Information Systems Analysts 3, this progress will continue.

FINANCIAL INTEGRITY ACT

Section 9-18-104, *Tennessee Code Annotated*, requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30, 1999, and each year thereafter. In addition, the head of each executive agency is also required to conduct an evaluation of the agency's internal accounting and administrative control and submit a report by December 31, 1999, and December 31 of every fourth year thereafter.

Our objectives were to determine whether

- the department's June 30, 1999, responsibility letter and December 31, 1999, internal accounting and administrative control report were filed in compliance with section 9-18-104, *Tennessee Code Annotated*;
- documentation to support the department's evaluation of its internal accounting and administrative control was properly maintained;
- procedures used in compiling information for the internal accounting and administrative control report were in accordance with the guidelines prescribed under section 9-18-103, *Tennessee Code Annotated*; and
- corrective actions have been implemented for weaknesses identified in the report.

We interviewed key employees responsible for compiling information for the internal accounting and administrative control report to gain an understanding of the department's procedures. We also reviewed the supporting documentation for these procedures. We reviewed the June 30, 1999, responsibility letter and the December 31, 1999, internal accounting and administrative control report submitted to the Comptroller of the Treasury and to the Commissioner of Finance and Administration to determine adherence to submission deadlines. To determine if corrective actions had been implemented, we interviewed management and reviewed supporting documentation as considered necessary.

We determined that the Financial Integrity Act responsibility letter and internal accounting and administrative control report were submitted on time, and in compliance with Section 9-18-104, *Tennessee Code Annotated*; support for the internal accounting and administrative control report was adequate; and procedures used to compile information for the internal accounting and administrative control report were adequate. Although corrective actions have not been fully implemented for the weaknesses noted, management is trying to correct the weaknesses.

OBSERVATIONS AND COMMENTS

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Tennessee Code Annotated, Section 4-21-901, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. The Department of General Services filed its compliance reports and implementation plans on June 30, 1999, and June 30, 1998.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

On October 15, 1998, the Commissioner of Finance and Administration notified all cabinet officers and agency heads that the Human Rights Commission is the coordinating state agency for the monitoring and enforcement of Title VI.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

APPENDIX

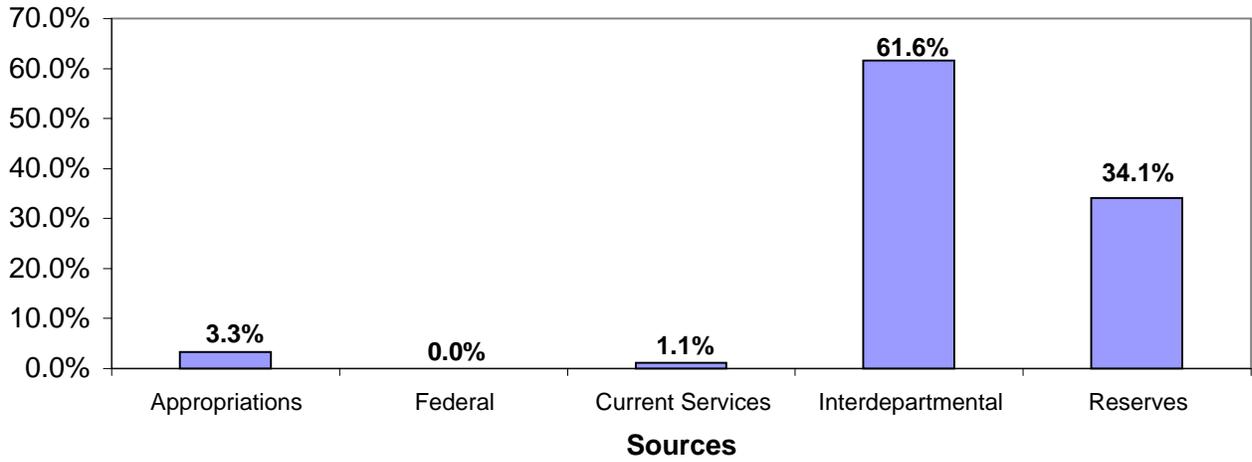
DIVISIONS AND ALLOTMENT CODES

Department of General Services' divisions and allotment codes:

- 321.01 Administration
- 321.02 Postal Services
- 321.04 Property Utilization
- 321.06 Motor Vehicle Management
- 321.07 Property Management
- 321.09 Printing
- 321.10 Purchasing
- 321.15 Systems Management
- 321.17 Records Management
- 321.18 Central Stores
- 321.19 Comprehensive Food Services Program
- 501.01 Facilities Revolving Fund

Funding Sources

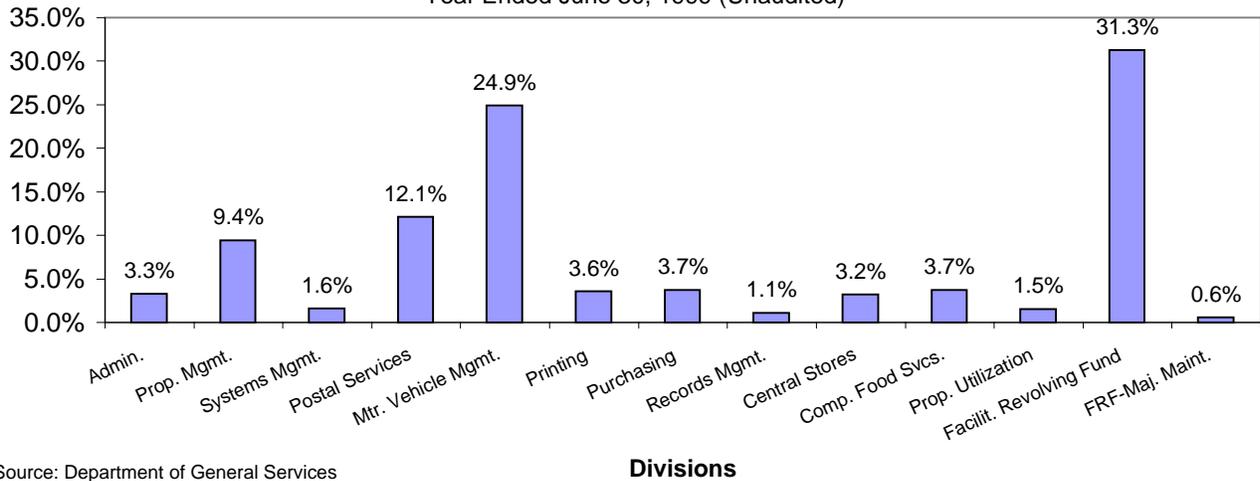
Year Ended June 30, 1999 (Unaudited)



Source: Department of General Services

Expenditures by Allotment and Division

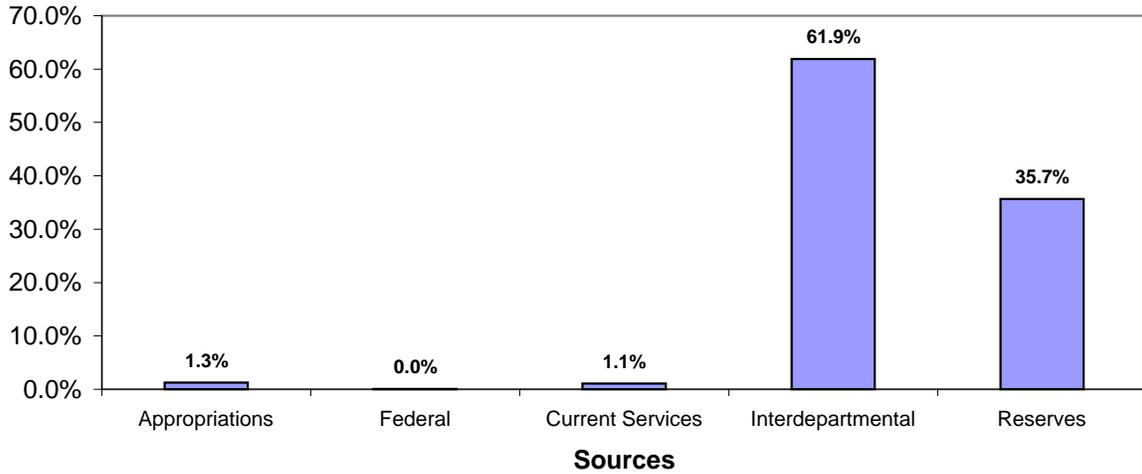
Year Ended June 30, 1999 (Unaudited)



Source: Department of General Services

Funding Sources

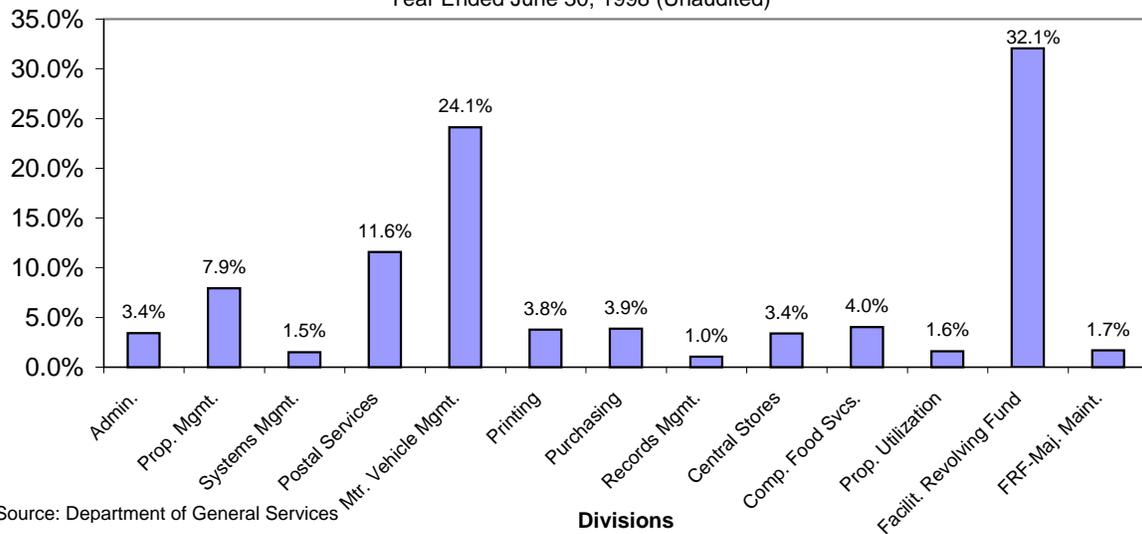
Year Ended June 30, 1998 (Unaudited)



Source: Department of General Services

Expenditures by Allotment and Division

Year Ended June 30, 1998 (Unaudited)



Source: Department of General Services