

Internal Review Policy 18-01

Version: 1.00

Effective Date: 07/01/2017

Approval: Chief Procurement Officer, Betsy Hayes

Policy Statement

Upon report to or discovery by the Office of State Procurement of any overpayment, overcharge, miscalculation, or allegation of potential fraud concerning any contract managed by the Office of State Procurement or by another state agency, the Office of State Procurement shall take immediate steps to conduct an internal review of the issue, determine its validity, and implement a plan, if necessary, to correct the issue and recoup public funds.

Reason for the policy

The primary objective of this policy is to protect the integrity of the procurement process, further contract compliance efforts, and ensure the proper expenditure of public dollars. This policy aims to: 1) create a clear, consistent, and well-documented process for conducting an internal review of a state contract upon report or discovery of any overpayment, overcharge, miscalculation, or allegation of potential fraud; 2) identify specific roles and responsibilities for state staff related to any report or discovery; and 3) establish protocol for escalation of reports and discoveries to leadership.

Roles & Responsibilities

In the event that any overpayment, overcharge, miscalculation, or allegation of potential fraud is reported or discovered concerning a contract managed by the Office of State Procurement or by another state agency, the individual(s) who first becomes aware of the issue must immediately notify their supervisor, document the issue using the Internal Review Reporting Form (available from the Office of State Procurement), and present the completed Internal Review Reporting Form, which includes a summary report, to their supervisor within two (2) business days, or sooner if directed.

Upon receipt of the Internal Review Reporting Forms, supervisor shall, within two (2) business days, review the findings contained in the Internal Review Reporting Form, determine the validity of the information contained therein, and refer the issue and findings to a division manager.

The division manager shall review the findings and brief the Chief Procurement Officer or designee within one (1) business day of receipt. After review with the Chief Procurement Officer, s/he shall:

- 1) Dismiss the claim as without merit and document the rationale on the Internal Review Reporting Form;
or

- 2) Refer the claim to a designee within the Office of State Procurement for further internal review;
- 3) If applicable, refer the report to the Office of the Legislative Auditor (for external audit) pursuant to Minn. Stat. §609.456, should the internal review conducted suggest “evidence of theft, embezzlement, or unlawful use of public funds or property...”; and
- 4) Brief the Commissioner of Administration, or designee, on any findings, determinations, and courses of action. This shall be an ongoing obligation as any review proceeds.

If the claim is not dismissed, then within five additional (5) business days, the Chief Procurement officer (or designee) shall: 1) complete a more detailed internal review; 2) if applicable, assist the OLA with their audit; and/or 3) if permitted, solicit a private firm to conduct an external audit. If any overpayment, overcharge, miscalculation, or evidence of potential fraud is found, the Office of State Procurement shall:

- 1) Notify the vendor(s) of the allegations and findings, if not previously contacted as part of the internal review;
- 2) Notify affected state entities of the allegations and findings;
- 3) Notify affected Cooperative Purchasing Venture members of the allegations and findings;
- 4) Take immediate steps to remedy the cause and affect of any overpayment, overcharge, miscalculation, or potential fraud; and
- 5) Take immediate steps to reconcile accounts and, if applicable, recover funds.

All reports and discoveries shall be documented and tracked electronically in a searchable format.

Applicability

This policy applies to all contracts held or managed by the Office of State Procurement for all departments, agencies, offices, councils, boards, commissions, other entities in the executive branch of Minnesota State Government, and Cooperative Purchasing Venture (CPV) members. State agencies and other Governmental Units must refer any known issues concerning state-held contracts to the Office of State Procurement.

Data Classification

Internal review data and findings pursuant to this policy are subject to Minn. Stat. §13.392, which states in part: “[d]ata, notes, and preliminary drafts of reports created, collected, and maintained by the internal audit offices of government entities, or persons performing audits for government entities, and relating to an audit or investigation are confidential data on individuals or protected nonpublic data until the final report has been published or the audit or investigation is no longer being pursued actively...”

History

Version	Description	Date
1.0	Internal Review Policy	07/01/2017

Contact

If you have questions concerning this policy, please contact Justin Kaufman, Enterprise Contracts Counsel, Office of State Procurement, at Justin.Kaufman@state.mn.us or 651.201.2456.

Internal Review Reporting Form

SECTION A: SUBJECT OF THE REPORT

1. Name of Business:
2. Business Address:
3. Contract at Issue:

SECTION B: SOURCE OF INFORMATION

4. Name:
5. Title:
6. Email:
7. Phone:

SECTION C: DESCRIBE THE ISSUE, CONCERN, OR ALLEGATION

8. Issues, Concerns, and Allegations (*Check all that apply*)
 - Overbilling
 - False/Altered Documents
 - Other
9. Comments (*Briefly describe the issue, concern, or allegation – who/what/when/where/how you learned about the information in this report. Attach additional sheets and supporting documents, if needed*)

SECTION C: INFORMATION OF INDIVIDUAL COMPLETING THIS REPORT

10. Name:

11. Title:

12. Email:

13. Phone:

SECTION D: INITIAL REVIEW BY OSP STAFF

14. Steps Take *(Check all that apply)*

- Reviewed contract(s)
- Reviewed invoice(s)

15. Internal Review Details *(Identify the steps taken, number of items reviewed, and any additional steps taken)*

16. Findings and Recommendations *(Explain your findings, in detail, and reasons for your recommendation below)*

17. Recommendation

- Claim appears to have no merit
- Claim should be referred

SECTION E: REVIEW BY OSP MANAGER

18. Name:

19. Title:

20. Findings and Recommendations (*Explain your findings, in detail, and reasons for your recommendation below*)

21. Recommendation

- Claim appears to have no merit
- Claim should be referred to CPO for further action

SECTION F: CPO REVIEW

22. Name:

23. Findings and Recommendations (*Explain your findings, in detail, and reasons for your recommendation below*)

24. Recommendation

- Claim appears to have no merit
- Claim requires additional internal investigation
- Solicit a private firm to complete audit or take other further action

25. Action Taken

- Referred to the Office of the Legislative Auditor

Date:

Note:

- Notified the vendor(s) of the allegations and findings, if not previously contacted as part of the review

Date:

Note:

- Notified affected state entities of the allegations and findings

Date:

Note:

- Notified affected Cooperative Purchasing Venture members of the allegations and findings

Date:

Note:

- Remedied the cause of the irregularity, miscalculation, or fraudulent acts

Date:

Note:

- Recovered overpayment of public funds

Date:

Note: