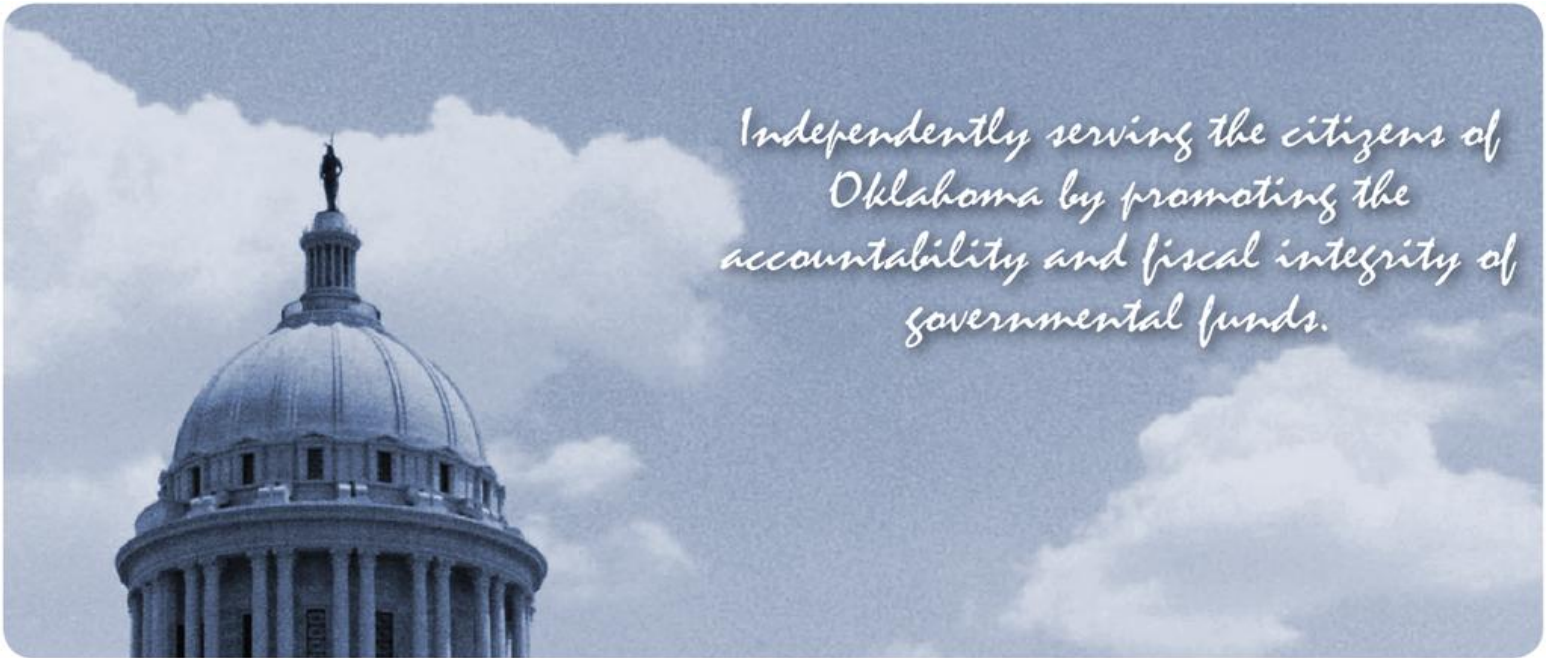


AGREED-UPON PROCEDURES REPORT

OKLAHOMA DEPARTMENT OF TRANSPORTATION

STATE PURCHASE CARDS

For the period July 1, 2013 through June 30, 2014



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Oklahoma Department of Transportation
State Purchase Cards Agreed-upon Procedures Report**

**For the Period
July 1, 2013 through June 30, 2014**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 25, 2016

To the Director of the Oklahoma Department of Transportation

This is the agreed-upon procedures report of the Oklahoma Department of Transportation for the period July 1, 2013 through June 30, 2014. The goal of the Oklahoma State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones", is written over a horizontal line.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Mission Statement

The mission of the Oklahoma Department of Transportation is to provide a safe, economical, and effective transportation network for the people, commerce, and communities of Oklahoma.

Board or Commission Members

J. David BurrageDistrict 2 – Chairman
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Key Staff

Mike Patterson Executive Director
Tim Gatz Deputy Director
Casey Shell..... Chief Engineer
John Bowman..... Director of Capital Programs
Paul Green..... Director of Operations
Russell Hulin..... Director of Finance and Administration
Tim Tegeler..... Director of Engineering



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Director of the Oklahoma Department of Transportation

We have performed the procedures enumerated below, which were agreed to by management of the Oklahoma Department of Transportation (the Department), solely to assist management of the Department in evaluating whether purchase card (P-Card) use for the period of July 1, 2013 through June 30, 2014 was consistent with *State of Oklahoma Purchase Card Procedures* issued by the Office of Management and Enterprise Services (formerly the Department of Central Services). This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the engagement period, we applied the procedures listed below.

Annual procedures, we randomly selected 60 cardholders during the engagement and:

1. Confirmed with the Office of Management and Enterprise Services all State Entity P-Card Program Participants have successfully completed the training prescribed by the State Purchasing Director prior to assuming their duties and prior to being issued a P-Card and additional training has been successfully completed if two or more years from the date of the last training session has lapsed (3.8 *Training*).

Two of 60 cardholders did not complete additional P-Card Training within two years from the date of the last training session.

Views of Responsible Official(s)

Contact Person: Jennifer Mason, Purchasing Branch Manager, P/Card Administrator

Response: The Department concurs with this finding and has since been allowed an exemption from State Purchase Card Procedures for training requirements. This allows the Department to train employees periodically through multiple methods such as confirmed email response, periodic posting to the Employee Forum, online and in person training. The training and information provided is saved to the Purchasing restricted drive to the Training folder by fiscal year.

2. Inspected the P-Card administrative files to determine P-Card Program Participants have signed the State of Oklahoma Purchase Card Employee Agreement form prior to assuming their duties and being issued P-Cards (6.1.3 *Purchase Card Employee Agreement*).

Three of 60 cardholders did not have a signed State of Oklahoma Purchase Card Employee Agreement on file.

Views of Responsible Official(s)

Contact Person: Jennifer Mason, Purchasing Branch Manager, P/Card Administrator

Response: The Department concurs with this finding and is providing additional information. Two of the three employees are no longer participants in the p-card program and it appears files were deleted instead of moved to an inactive folder. The third employee's agreement was pulled to obtain an updated approver signature. Staff are comparing the p-card participant list with p-card agreements to verify all are on file.

3. Inspected administrative files to determine State Entity P-Card Administrators and designated back-ups, State Entity Approving Officials and designated back-ups, and P-Cardholders are full time or permanent part time (not temporary or contract) employees of the State Entity (3.10 *Employee Status*).

State Entity P-Card Administrators and designated back-ups, State Entity Approving Officials and designated back-ups, and P-Cardholders were full time or permanent part time (not temporary or contract) employees.

4. Inspected the Cardholder Profile Data report obtained from Bank of America (BOA) Works system to determine mandatory limits were established for the mandatory categories as specified in 6.1.5 *P-Card controls and limits*. Categories include:
 - A card limit (dollar amount per cycle);
 - Single purchase limit (dollar amount per transaction); and
 - Merchant Category Code Group (MCCG).

A card limit, single purchase limit and Merchant Category Code Group had been established for each cardholder.

Quarterly procedures:

5. Inspected the Cardholder Profile Data and Transaction Detail report obtained from BOA Works system to determine if any cardholder's transactions from the same vendor on the same date exceeded the single purchase limit. (6.2.4 *Using the P-Card* and 2. *Definitions – "Single Purchase Limit" and "Split Purchase"*).

Two cardholders had a single transaction which exceeded the single purchase limit and three cardholders had transactions with the same vendor on the same date which exceeded the single purchase limit.

Views of Responsible Official(s)

Contact Person: Jennifer Mason, Purchasing Branch Manager, P/Card Administrator

Response: The Department concurs with this finding. The cardholders believed that the single transaction limit could be exceeded, and that multiple transactions could be paid to the same vendor on the same date, regardless of cost, because all purchases were made against statewide contracts. The cardholders and their approvers were advised that p-card limits also could not be exceeded and that a request could be made by the approver to increase a limit if this was needed. Cardholders and approvers were advised that continued violation of policy would result in suspension or deactivation in the p-card program.

We randomly selected 60 P-Card transactions from each quarter of the engagement period (240 total transactions) and applied the procedures listed below:

6. Inspected transaction receipts and/or documentation to determine transactions were not for prohibited purchases, unless such use was approved by the State Purchasing Director (6.3 *Prohibited Items*). These prohibited purchases include:
 - Entertainment;
 - Split purchase (effective December 1, 2013);
 - Per diem food and beverages as authorized by the State Travel Reimbursement Act, OMES State Travel Procedures, and any other statute pertaining thereto;
 - Cash, cash advances, automatic teller machines (ATM) transactions;
 - Purchase of any goods or services for personal use;
 - Transportation is limited to (1) vehicle rental purchased through the Statewide Contract for Vehicle Rental (SW771); and, (2) airfare, when purchased in accordance with 74 O.S. § 85.45k., OMES Central Purchasing Administrative Rules and these P-Card Procedures. Use of the P-Card is allowed for shuttles, taxi cabs, parking and train or bus transportation (effective prior to May 1, 2014);
 - Purchase of any goods or services not for official State use;

- Any transaction or series of transactions, which exceed the limits established on the individual P-Card;
- Motor fuel;
- Automotive general maintenance, ancillary items, and emergency repairs pursuant to Statewide Contract (SW101) for Automated Fleet Fuel Management System (Maintenance, repairs, or parts for equipment is not prohibited);
- Automatic Drafts; and
- Gift certificates. This does not apply to gift certificate purchases made pursuant to 74 O.S., § 4121 (Employee Recognition).

No transactions were for prohibited purchases.

7. Inspected transaction receipts and/or documentation to determine, if applicable, the Department made purchases from mandatory statewide contracts regardless of the purchase price, unless the State Purchasing Director issued a waiver to the State Entity (6.4.3 *Mandatory Statewide Contracts*).

Purchases were made from mandatory statewide contracts, unless the State Purchasing Director issued a waiver.

8. Inspected transaction receipts and/or documentation to determine transactions were supported by an itemized and detailed description of the purchase that includes, at a minimum: (1) vendor; (2) date of purchase; (3) description; (4) unit price and quantity; and (5) transaction total (6.8 *Receipts for Purchase*).

Transactions were supported by an itemized and detailed description of the purchase.

9. Inspected transaction receipts and/or documentation to determine state sales tax or taxes from Oklahoma municipalities was not charged during the transaction. If tax was charged, inspected transaction receipts and/or documentation to determine whether or not the cardholder obtained a credit from the vendor for the amount of taxes charged or the purchase was made out-of-state and not exempt from that state's tax (6.9 *State Sales Tax*).

No state sales tax was charged.

10. Inspected related memo statements and supporting transaction documentation to determine the P-Card statement was reconciled and approved (signed and dated) by the P-Cardholder and reviewed and approved (signed and dated) by the P-Cardholder's designated State Entity Approving Official or designated State Entity Back-Up Approving Official (6.12 *P-Cardholder and State Entity Approving Official Responsibilities* and 6.14 *State Entity Approving Official(s) Responsibilities*).

P-Card statements were reconciled and approved by the P-Cardholder's designated State Entity Approving Official.

11. Inspected transaction receipts and/or documentation to determine reconciled statements and supporting documents were retained and made available upon request for review and audit purposes in accordance with 6.14.1 *State Entity Retention of Statements*.

Reconciled statements and supporting documents were retained and made available upon request.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on Purchase Card transactions for the Department. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Oklahoma Department of Transportation and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

January 25, 2016



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