



OKLAHOMA DEPARTMENT OF TRANSPORTATION STATE PURCHASE CARDS

Agreed-Upon Procedures

July 1, 2021 through June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

Oklahoma Department of Transportation

State Purchase Cards Agreed-Upon Procedures Report

For the Period
July 1, 2021 through June 30, 2022

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January 31, 2024

To the Executive 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, 2021 through June 30, 2022. 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.

This report is 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.

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 that reads "Cindy Byrd".

CINDY BYRD, CPA
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.

Commission Members
(As of June 30, 2022)

V. Gene McKown At-Large – Chairman
Bob Peterson District 8 – Vice Chairman
Bob Coburn District 1 – Member
James L. Grimsley District 2 – Member
Vacant District 3 – Member
Don Freymiller District 4 – Member
David Dyson District 5 – Member
Bobby Alexander District 6 – Member
Stephen LaForge District 7 – Member

Executive Staff
(As of June 30, 2022)

Tim Gatz Executive Director
Dawn Sullivan Deputy Director
Chelley Hilmes Director of Finance
Brian Taylor Chief Engineer
Sarah Penn General Counsel
Terri Angier Interagency Liaison & PR Advisor
Shawn Davis Director of Operations
Tim Tegeler Director of Engineering
Rick Johnson Director of Project Delivery
Jessica Brown Director of Strategic Communications

Executive Staff
(As of January 31, 2024)

Tim Gatz Executive Director
Dawn Sullivan Deputy Director
Chelley Hilmes Chief Financial Officer
Brian Taylor Chief Engineer
Sarah Penn General Counsel
Shawn Davis Director of Operations
Tim Tegeler Director of Engineering
Rick Johnson Director of Project Delivery
Vacant Director of Strategic Communications



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Executive 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 (the specified parties) in evaluating whether purchase card (P-card) use for State Fiscal Year (SFY) 2022, July 1, 2021 through June 30, 2022, was compliant with *State of Oklahoma Purchase Card Procedures* issued by the Office of Management and Enterprise Services (OMES). Management of the Department is responsible for ensuring the Department's P-card use is compliant with *State of Oklahoma Purchase Card Procedures*.

The sufficiency of these procedures is solely the responsibility of the specified parties in this report, who have acknowledged the procedures performed are appropriate to meet the intended purpose of this engagement. 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.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

For the engagement period, the applied procedures and associated findings are as follows:

Annual procedures, for 60 randomly selected cardholders with active accounts at the end of the period:

- Inspect the Cardholder Profile Data report obtained from Bank of America (BOA) Works system to determine mandatory limits were established for the categories as specified in *3.2.2 P-card Controls and Limits (effective 11/1/20)*. The mandatory categories are:
 - A card limit (dollar amount per cycle);
 - Single purchase limit (dollar amount per transaction); and
 - Merchant Category Code Group [MCCG].

Selected cardholders have established card limits, single purchase limits, and Merchant Category Codes.

- Inspect administrative files to determine state entity P-card administrators and designated back-ups, entity/agency approving officials and designated back-ups, P-card holders, or proxy reconcilers are full-time or permanent part-time (not temporary or contract) employees of an entity/agency. (*3.3 Employee Status effective 11/1/20*).

Selected entity P-card administrators and designated back-ups, entity/agency approving officials and designated back-ups, P-card holders, and proxy reconcilers were full time or permanent part time (not temporary or contract) employees.

- Inspect the P-card administrative files to determine P-card program participants have signed the *State Purchase Card Employee Agreement* form before assuming their duties or being issued P-cards. (3.5 *State Purchase Card Employee Agreement effective 11/1/20*).

Selected P-card program participants have signed the *State Purchase Card Employee Agreement* form prior to assuming their duties and/or being issued P-cards.

- Confirm with the Office of Management and Enterprise Services (OMES) or the Department, as applicable, that all P-card program participants have successfully completed the appropriate initial training authorized and provided by OMES and have passed the test before assuming their duties and/or prior to being issued any type of P-card. (4.1 *Initial Training, effective 11/1/20*). Confirm refresher training was completed at least once every 24 months from the initial or previous refresher date for all cardholders, approvers, and agency P-card administrators. (4.2 *Refresher Training effective 11/1/20*).

Selected P-card program participants have successfully completed all training as prescribed by OMES as authorized by the State Purchasing Director (including the required tests), with the exception of one P-card program participant that did not have their refresher training completed at least once every 24 months from the previous refresher date.

Views of Responsible Official(s)

Contact Person: Brad Smith, Procurement Division, Procurement Manager

Response: The Department concurs with the finding and provides additional information. While the cardholder in question did not complete refresher training in FY21, they did complete refresher training in CY2020 on 3/23/20 and has also completed training this year on 1/11/23.

Quarterly procedures:

Inspect 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 exceed the single purchase limit. (7.1 *General Purchasing Information effective 11/1/20; Definitions – "Single Purchase Limit" and "Split Purchase"*).

Of all cardholder transactions in SFY 2022:

One cardholder had three occurrences (two from July 1, 2021 to September 30, 2021 and one from October 1, 2021 to December 31, 2021) in which two transactions from the same vendor on the same date exceeded the single purchase limit.

Views of Responsible Official(s)

Contact Person: Brad Smith, Procurement Division, Procurement Manager

Response: The Department concurs with this finding. The cardholder and his approver have been counselled with regards to making multiple purchases to the same vendor.

Another cardholder had two transactions (from January 1, 2022 to March 31, 2022) from the same vendor on the same date that exceeded the single purchase limit.

Views of Responsible Official(s)

Contact Person: Brad Smith, Procurement Division, Procurement Manager

Response: The Department concurs with this finding. The cardholder and District buyer have been counselled with regards to requesting profile increases when needed.

For 60 randomly selected P-card transactions from each quarter of the engagement period (240 total transactions):

- Inspect transaction receipts and/or documentation to determine, if applicable, the Department followed the state purchasing hierarchy, which means that each of the following vendor types shall be used in this order

unless the vendor does not have the item the agency wishes to purchase or cannot meet certain other requirements. (7.2 *State Purchasing Hierarchy effective 11/1/20*).

- State Use Committee
- Oklahoma Correction Industries
- Mandatory statewide contracts
- Non-mandatory statewide contracts
- Local merchant

Selected transaction receipts indicate the state purchasing hierarchy was followed.

- Inspect transaction receipts and/or documentation to determine transactions were not for prohibited purchases, unless such use was approved by the State Purchasing Director (7.6 *Prohibited P-card Purchases effective 11/1/20*). These prohibited purchases include:
 - Entertainment
 - Split purchases
 - Per diem food and beverages as authorized by the STRA [State Travel Reimbursement Act] and any other statute pertaining thereto
 - Cash, cash advances, automatic teller machines (ATM) transactions
 - Goods or services for personal use
 - Items not for official state business
 - Any transaction or series of transactions that exceed the limits established an individual P-card (this is not inclusive of maximum limits imposed by statute)
 - Insurance
 - Motor fuel for personal vehicles or state-owned equipment and vehicles
 - Automotive general maintenance, ancillary items, and emergency repairs pursuant to Statewide Contract #101 (SW101) for Automated Fleet Fuel Management System (maintenance, repairs, or parts for equipment are not prohibited)
 - Gifts, gift cards or gift certificates. This does not apply to gift certificate purchases made for employee performance recognition pursuant to 74 O.S. § 4121. Gift cards and certificates are a taxable, reportable item for the recipient
 - Frequent traveler membership fees
 - Parking tickets or other traffic tickets
 - Late checkout lodging charges
 - Airline seat preference or upgrade charges
 - Bell hop fees and tips
 - Coat Check fees

Selected transactions were not for prohibited purchases, unless such use was approved by the State Purchasing Director.

- Inspect 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, inspect 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 or a tribal entity and not exempt from that state's/tribal taxes (7.12 *State Sales/Lodging Taxes effective 11/1/20*).

Selected transactions were not charged state sales tax or taxes from Oklahoma municipalities, or if a tax was charged, 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.

- Inspect 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) merchant name; 2) date of purchase; 3) description; 4) unit price and quantity; and 5) transaction total (10.1 *Receipts and Supporting Documentation for all Transactions effective 11/1/20*).

Selected transactions were supported by itemized and detailed descriptions of the purchase that included, at a minimum: (1) merchant name; (2) date of purchase; (3) description; (4) unit price and quantity; and (5) transaction total.

- Inspect 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 *12.2 Cycle Reconciliation effective 11/1/20*.

Reconciled P-card statements and supporting documents related to selected transactions were retained and made available upon request for review and audit purposes in accordance with *12.2 Cycle Reconciliation*.

- Inspect related statements and/or supporting transaction documentation to determine the P-card statement/transactions were reconciled and approved (signed and dated) by the P-card holder, and were reviewed and approved (signed and dated) by the P-card holder's designated approving official or designated back-up approving official (*12.2 Cycle Reconciliation effective 11/1/20*).

Selected P-card statements/transactions were reconciled and approved (signed and dated) by the P-card holder, and were reviewed and approved by the P-card holder's designated approving official or designated back-up approving official.

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. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the Department's P-card use for SFY 2022, was compliant with *State of Oklahoma Purchase Card Procedures* issued by the OMES. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to this agreed-upon procedure engagement.

This report is intended solely to assist management of the Department in evaluating whether P-card use for SFY 2022, was compliant with *State of Oklahoma Purchase Card Procedures* issued by the OMES. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 31, 2024

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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