



OKLAHOMA DEPARTMENT OF TRANSPORTATION STATE PURCHASE CARDS

Agreed-Upon Procedures

For the period July 1, 2018 to June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

Oklahoma Department of Transportation
State Purchase Cards Agreed-Upon Procedures Report
For the Period
July 1, 2018 through June 30, 2019

September 16, 2020

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, 2018 through June 30, 2019. 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,



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, 2019)

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

Key Staff
(At June 30, 2019)

Tim Gatz Executive Director
Russell Hulin Deputy Director/Director of Finance and Administration
Brian Taylor Chief Engineer
Darren Saliba Director of Operations
Tim Tegeler Director of Engineering
Dawn Sullivan Director of Capital Programs

Key Staff
(As of September 9, 2020)

Tim Gatz Executive Director
Dawn Sullivan Deputy Director
Brian Taylor Chief Engineer
Darren Saliba Director of Operations
Tim Tegeler Director of Engineering
Rick Johnson Director of Capital Programs
Chelley Hilmes Director of Finance and Administration

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) 2019, July 1, 2018 through June 30, 2019, 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. 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, 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 mandatory categories as specified in 3.2.2 *P-card Controls and Limits effective 2/1/18 and 1/15/19*. 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 P-Card program participants 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 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. (3.3 *Employee Status effective 2/1/18 and 1/15/19*).

Selected 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.

- Inspect the P-card administrative files to determine P-card program participants have signed the *State Purchase Card Employee Agreement* form prior to assuming their duties and/or being issued P-cards. (3.5 *State Purchase Card Employee Agreement effective 2/1/18 and 1/15/19*)

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 training prescribed by the OMES as authorized by the State Purchasing Director (effective 1/15/19, cardholders must also pass the test at end of training) prior to assuming their duties and/or prior to being issued any type of p-card. *(4.1 Initial Training effective 2/1/18 and 1/15/19)* Refresher training is required at least once every two years (24 months) for all cardholders, approvers, and agency p-card administrators, but can occur more frequently at the discretion or need of the entity. *(4.2 Refresher Training effective 2/1/18 and 1/15/19)*

Selected P-Card program participants have successfully completed the training prescribed by OMES as authorized by the State Purchasing Director (including the required tests).

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 2/1/18 and 1/15/19; Definitions – "Single Purchase Limit" and "Split Purchase")*.

Of all cardholder transactions in SFY 2019:

Two cardholder's transactions from the same vendor on the same date exceeded the single purchase limit.

Views of Responsible Official(s)

Contact Person: Laura Bybee, Purchasing Division, Contracting and Acquisitions Administrator

Response: The Department concurs with this finding. One cardholder has since retired, while the other cardholder and both buyers have been counselled with regards to requesting profile increases when needed.

We randomly selected 60 P-Card transactions from each quarter of the engagement period (240 total transactions) and the applied the following procedures, associated findings are included:

- Inspect 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 *(7.2 State Purchasing Hierarchy effective 2/1/18 and 1/15/19)*.

Selected transaction receipts indicate purchases were made from mandatory statewide contracts, unless the State Purchasing Director issued a waiver to the state entity.

- Inspect transaction receipts and/or documentation to determine transactions were not for prohibited purchases, unless such use was approved by the State Purchasing Director *(7.5 Prohibited P-card Purchases effective 2/1/18 and 1/15/19)*. 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, which exceed the limits established an individual P-card (this is not inclusive of maximum limits imposed by statute);
 - 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 is not prohibited);
 - 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/certificates are a taxable, reportable item for the recipient;

- Frequent traveler membership fees;
- Parking tickets or other traffic tickets;
- Late check-out 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 (*7.10 State Sales/Lodging Taxes effective 2/1/18 and 1/15/19*).

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 Purchases effective 2/1/18 and 1/15/19*).

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 2/1/18 and 1/15/19*).

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 supporting transaction documentation to determine the P-card statement was reconciled and approved (signed and dated) by the P-card cardholder and reviewed and approved (signed and dated) by the P-card holder's designated approving official or designated back-up approving official (*6 Operations and Responsibilities 2/1/18 and 1/15/19*).

The related P-card statement was reconciled and approved (signed and dated) by the P-card cardholder and reviewed and approved (signed and dated) 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 purchase card (P-Card) use for State Fiscal Year (SFY) 2019, July 1, 2018 through June 30, 2019, was compliant with *State of Oklahoma Purchase Card Procedures* issued by the Office of Management and Enterprise Services (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.

This report is intended solely to assist management of the Department in evaluating whether P-Card use for SFY 2019, 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

September 9, 2020

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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