

AGREED-UPON PROCEDURES REPORT

OKLAHOMA DEPARTMENT OF TRANSPORTATION STATE PURCHASE CARDS

For the period July 1, 2012 through June 30, 2013



*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, 2012 through June 30, 2013**



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 28, 2014

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, 2012 through June 30, 2013. 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 that reads "Gary A. Jones".

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.

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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, 2012 through June 30, 2013 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, for all active cardholders during the engagement:

1. Confirmed with the Office of Management and Enterprise Services to determine the State Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders have successfully completed the P-Card Training conducted by the Office of Management and Enterprise Services prior to being issued P-Cards and additional training has been successfully completed if five or more years from the date of the last training session has lapsed (3.8 *Training*).

State Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders had successfully completed the P-Card Training.

2. Inspected the P-Card administrative files to determine Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders have signed the State of Oklahoma Purchase Card Employee Agreement form prior to being issued P-Cards (6.1.3 *Purchase Card Employee Agreement*).

Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders had signed the State of Oklahoma Purchase Card Employee Agreement.

3. Inspected administrative files to determine Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders are full time or permanent part time (not temporary or contract) employees (3.9 *Employee Status*).

Entity P-Card Administrators and designated back-ups, Authorized Signers, State Entity Approving Officials and designated back-ups, and P-Card holders 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 *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 had been established for each cardholder.

Quarterly procedures:

5. Inspected the Cardholder Profile Data report obtained from BOA Works system to determine if any transactions from the same vendor on the same date were for the same item and if, in the aggregate, the single purchase limit was exceeded. (6.2.3 *Split purchases* and 2. *Definitions – “Single Purchase Limit”* and “*Split Purchase*”).

No transactions were with the same vendor on the same date and for the same item which exceeded the single purchase limit.

We randomly selected 60 P-Card transactions from each quarter of the engagement period (240 total) 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 (6.2.4 *Other prohibited purchases*). These prohibited purchases include:
 - Transportation (Use of a P-Card to acquire transportation is strictly 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., DCS Central Purchasing Administrative Rules and these P-Card Procedures. Use of a P-Card for all other forms of transportation is prohibited.) *After January 22, 2013 Transportation transactions were not prohibited transactions.*
 - Entertainment;
 - Per diem food and beverages as authorized by the State Travel Reimbursement Act, OSF 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;
 - 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 (6.2.6.3 *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 (6.4 *Receipts for Purchase*).

Two of the 240 transactions were not supported by an itemized detailed description of the purchase.

Views of Responsible Official(s)

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

Response: The Department concurs with this finding and is reminding cardholders to provide the required documents for all purchases.

9. Inspected transaction receipts and/or documentation to determine state sales tax was not charged during the transaction. If sales 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 sales tax charged or the purchase was made out-of-state and not exempt from that state's sales tax (6.5 *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-Card holder and reviewed and approved (signed and dated) by the P-Card holder's designated State Entity Approving Official (6.8.1 *P-Card holder responsibilities*; 6.8.2 *State Entity Approving Official(s) responsibilities*).

P-Card statements were reconciled and approved by the P-Card holder'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 6.8.3 *State Entity retention of statements*.

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

12. Inspected transaction receipts and/or documentation to determine P-Card use was limited to the employee whose name is embossed on the card (6.9 *Card Security*).

Two of 240 transactions were not limited to the employee whose name is embossed on the card.

Views of Responsible Official(s)

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

Response: The cardholders state no one else used the cardholders p/card. P/card policy was reviewed with the cardholders to ensure that proper notation and signature for the cardholder is shown on the transaction receipt.

Auditor Response: Supporting receipts and/or documentation for the P-Card transactions inspected give the appearance that someone other than the Cardholder used the P-Card.

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 28, 2014



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