

The background of the top section is a blue rectangle with a white outline of the Oklahoma State Capitol dome on the left side. The text "STATE OF OKLAHOMA" is centered in white, bold, serif font.

**STATE OF  
OKLAHOMA**

The background of the middle section is a light blue rectangle with a faint, semi-transparent image of a classical building with columns. The text "DEPARTMENT OF CENTRAL SERVICES" and "AUDIT UNIT" is centered in black, bold, serif font.

**DEPARTMENT OF CENTRAL SERVICES  
AUDIT UNIT**

**OKLAHOMA  
DEPARTMENT OF COMMERCE  
Purchase Card Audit**

*Report Released  
APRIL 30, 2008*

JOHN S. RICHARD  
Director



BRAD HENRY  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF CENTRAL SERVICES

April 30, 2008

To: Natalie Shirley, Executive Director of Oklahoma Department of Commerce

With this letter, we transmit the report of the Oklahoma Department of Commerce Purchase Card audit for the audit period October 29, 2006 through October 28, 2007.

We performed our audit in accordance with professional auditing standards to ensure that programs administered by the Department of Central Services are conducted in accordance with the laws and regulations and used in an ethical, effective and efficient manner.

The accompanying report presents our findings and recommendations, as well as management's responses and corrective action plans. This report is available to the public on the Department of Central Services website, [www.dcs.ok.gov](http://www.dcs.ok.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Richard".

John S. Richard  
Director of the Department of Central Services

*"Committed to Quality"*

Administration, Will Rogers Office Building (2401 N. Lincoln) Suite 206 / P.O. Box 53218 · Oklahoma City, OK 73152-3218  
Telephone 405/521-2121, Fax 405/521-6403, [www.dcs.state.ok.us](http://www.dcs.state.ok.us)

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**STATE OF OKLAHOMA  
OKLAHOMA DEPARTMENT OF COMMERCE  
PURCHASE CARD AUDIT  
FOR THE PERIOD OCTOBER 29, 2006 THROUGH OCTOBER 28, 2007**

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**PURPOSE, OBJECTIVE AND SCOPE**

The Department of Central Services has completed an audit of the Oklahoma Department of Commerce, hereinafter referred to as the "Agency", purchase card program for the period October 29, 2006 through October 28, 2007. The purpose of this report is to communicate the results of the audit.

The objective of this audit was to:

- determine if the agency's purchase card program is in compliance with laws and regulations;
- determine if the agency's purchase card program is in compliance with approved internal purchasing procedures as they relate to the acquisition process of using purchase cards;
- and, determine if the agency has implemented internal controls and if the agency's controls are operating effectively in relation to the purchase card program.

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures in accordance with generally accepted *Government Auditing Standards*.

**METHODOLOGY**

- Interviews were conducted with the Agency's staff members.
- Internal controls over the purchase card program were documented and evaluated.
- A statistical sample of transactions from cardholders was examined.
- Overall program compliance with the State of Oklahoma Purchase Card Procedures and rules promulgated thereto was evaluated.

## EXECUTIVE SUMMARY

### Organization

Serving as Oklahoma's lead agency for the creation of jobs, the department promotes Oklahoma's economic development, including working closely with the Governor's office, the legislature, chambers of commerce, existing manufacturing and service industries, appropriate state and federal economic development organization and domestic and international business prospects. The department operates offices in Oklahoma City, Tulsa, and six foreign countries.

Also within this Department is the Office for Minority and Disadvantaged Business Enterprises and the Small Business Regulatory Review Committee.

Their mission is to increase the quantity and quality of jobs available in Oklahoma by:

- Supporting communities;
- Supporting the growth of existing businesses and entrepreneurs;
- Attracting new businesses; and
- Promoting the development and availability of a skilled workforce.

Their vision is to be recognized and respected globally as the leader in community, economic, and workforce development.

Their core values:

- Change – We pride ourselves in our ability to change direction and implement new ideas rapidly.
- Communication & Teamwork – Actively participate in an open, collaborative, inclusive, environment.
- Customer Focus – Develop and provide effective, progressive programs and services.
- Positive Environment – Foster a zeal for our work while maintaining a balance between our professional and personal life.
- Professionalism – Conduct our work and present ourselves in a manner that reflects dignity, respect, trustworthiness and integrity.
- Quality – Insist on quality in our work, take pride in our results, and embrace continuous learning.
- Stewardship – Effectively and efficiently use resources.

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**OKLAHOMA DEPARTMENT OF COMMERCE**

As noted in the Oklahoma Agencies, Boards, and Commissions (ABC) reference book dated September 1, 2007, the Agency is made up of 5 classified and 148 unclassified employees. At the time of the audit, there were 4 purchase cardholders and 3 approving officials in the agency.

Key Personnel

Natalie Shirley	Executive Director
Mike Widell	Chief Administrative Officer
Adam Barber	Chief Financial Officer
Cindy Fenimore	Director of Procurement
Wendi Whittier	Audit Manager
Steve Walker	Accounting Supervisor
Patsy Hubbard	Accountant

**Purchase Card Program Economy Results**

Estimated Savings - The purchase card program saved the Oklahoma Department of Commerce an estimated net savings of \$28,278.58 for the period October 29, 2006 through October 28, 2007. A majority of the savings was contributable to the cost associated with the time saved by using the purchase card rather than traditional governmental purchasing methods.

**AUDIT RESULTS**

**Conclusion**

Based upon our audit, we have determined the Oklahoma Department of Commerce has significantly complied with the audit objectives. There were no reportable findings noted in relation to the procurement transactions; however, there were two program implementation findings noted. The Oklahoma Department of Commerce has implemented corrective actions, as noted in management's response, which we believe will ensure the Agency will comply, in all material respects, with the aforementioned requirements.

**Audit Finding Summary**

- 07-160-01 - The agency has not completed one of the conditions for participating in the state purchase card program.
- 07-160-02 - The back up approving authority has not had the required training or training could not be verified to perform the approving authority duties.

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**Audit Background**

The Oklahoma Department of Commerce procured \$199,950.57 on the state purchase card program from October 29, 2006 through October 28, 2007. There were a total of 855 acquisitions. The audit sample units below exclude credit transactions and travel related fees. Credit transactions were tested in a separate population.

	TOTAL POPULATION UNITS	SAMPLE UNITS	PERCENTAGE OF SAMPLE UNITS TESTED TO TOTAL POPULATION	TOTAL POPULATION DOLLARS	SAMPLE DOLLARS	SAMPLE UNITS DOLLARS PERCENTAGE TO TOTAL POPULATION DOLLARS
<b>TOTAL POPULATION</b>	427	34	8%	\$199,950.57	\$12,096.79	6%

Our audit of this agency subjected this population to 17 attributes to determine compliance of the agency's procurement processes. There were no exceptions noted for a total compliance ratio of 100%.

**Audit Findings**

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**Finding No. 1: Conditions of Participation**

Criteria: State of Oklahoma Purchase Card Procedures (dated 9/06/2005) § 1.6 **Conditions of participation** states in part, "...State entity p/card procedures shall be made a part of their internal purchasing procedures. State entities must submit their revised internal purchase procedures to the program implementation process..."

Condition: The Oklahoma Department of Commerce began participating in the Oklahoma Purchase Card Program in May, 2004. As of February 14, 2008, the Agency has not completed revisions for their internal purchasing procedures to include the purchase card program and submit them for approval to the Department of Central Services.

Recommendation: Oklahoma Department of Commerce submits revised internal purchasing procedures that include purchase card procedures to the Department of Central Services for approval.

**Oklahoma Department of Commerce Management's Response:**

***Partially Concur***

**Date:** April 14, 2008

**Respondent:** Oklahoma Department of Commerce Procurement Director

**Response:** Commerce's latest revision to its procurement procedures was submitted to DCS in 2003. A response to our submittal was not received until several years later.

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We agree that our latest update of purchase procedures does not include detailed purchase card procedures. However, we feel that our purchase card program is part of the purchasing procedures, although perhaps not at the granular level desired by DCS.

Also, extensive internal flow procedures have been documented and reviewed for compliance by Commerce's Procurement Director, Administrative Services Director, Audit Manager and Controller. Each quarter, the Audit Manager reviews the transactions to ensure compliance with our internal processes and DCS rules.

Commerce plans to update purchasing procedures as soon as the purchase card audit is complete. This will allow for the full integration of DCS recommendations, new DCS P-Card Procedures and the latest DCS Purchasing rules.

***Corrective Action Plan***

**Contact Person:** Oklahoma Department of Commerce Procurement Director

**Anticipated Completion Date:** June 30, 2008

**Corrective Action Planned:** Update purchasing procedures

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**Finding No. 2: Training of Back Up Approving Authority**

Criteria: State of Oklahoma Purchase Card Procedures (dated 9/06/2005) § 3.9 **Training** states:

Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and cardholders must successfully complete the training prescribed by the State Purchasing Director prior to assuming their duties and prior to being issued p/cards. SW Contract cardholders and their approving officials must also go through another training session, covering use & Familiarization with SW Contracts.

Condition: The back-up purchase card approving authority's required training could not be verified.

Recommendation: Oklahoma Department of Commerce send the current backup approving authority to the appropriate classes of required training.

**Oklahoma Department of Commerce Management's Response:**

***Non-Concur***

**Date:** April 14, 2008

**Respondent:** Oklahoma Department of Commerce Procurement Director



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**Response:**

ODOC felt that the training provided by OSU served as adequate training for the backup approving official. The transition from the previous backup approving official to the current back up on October 12, 2007 was made due to an organizational change. It was ascertained at the time that training was provided by OSU, an agency using the state P-Card, and felt that such training was within the guidelines. Until implementation of the new DCS P-Card rules, agencies were not able to maintain documentation of training provided by the trainer.

It must be noted that the back up approving official as of 10-12-07 did not approve any transactions during that first partial month, which was the last month of the audit. Subsequently he has approved a few transactions. The back up approving official is scheduled for training on April 17, 2008. This training was scheduled due to the new rules that require training every five years.

\*Submission of this response is 4-18-08, and training was taken by individual on 4-17-08.

***Corrective Action Plan***

**Contact Person:** Oklahoma Department of Commerce, Chief Administrative Officer

**Anticipated Completion Date:** April 17, 2008 \*

**Corrective Action Planned:** Attendance at scheduled P-Card Training