

STATE OF OKLAHOMA



OKLAHOMA
**Office of Management
& Enterprise Services**

Oklahoma Department of Commerce
Purchase Card Program Audit

Published by:
Office of Management and Enterprise Services
Central Purchasing Audit

Report Released April 2021

Table of Contents

AUDIT HIGHLIGHTS	3
Why we conducted this audit	3
What we found.....	3
Agency accomplishments	3
AUDIT FINDING SUMMARY	3
AUDIT OVERVIEW	4
DETAILED FINDINGS	4
APPENDIX	9
Methodology	9
Sampling.....	9
EXECUTIVE SUMMARY	10
Agency information	10
Commission members.....	10
Key staff	10

Audit Performed by
Zachary Fezzey, CPO, Auditor

Supervised by
Brittany D. Smith, MAFM, CPO, Procurement Audit Team Lead

This publication is issued by the Office of Management and Enterprise Services (OMES) as authorized by Title 62, Section 34. Copies of the report are not printed. An electronic copy is provided to agency’s management and to individuals on the OMES audit report email distribution list. The report is not available through the OMES website. The report is subject to the Oklahoma Open Records Act Title 51, Section 24A. This work is licensed under a Creative Attribution-Noncommercial-NoDerivs 3.0 Unported License.

AUDIT HIGHLIGHTS

Oklahoma Department of Commerce – Purchase Card Program Audit

Why we conducted this audit

This report provides information on the Oklahoma Department of Commerce’s compliance with the State Purchase Card Procedures and agency-defined purchase card procedures. We also reviewed the strength and execution of the agency’s internal controls within the purchase card program.

What we found

We have determined ODOC has significantly complied with the State Purchase Card Procedures and the agency’s internal purchase card procedures. ODOC has implemented internal controls that are operating effectively in relation to the agency’s purchase card program. We performed analytical testwork during our planning phase, completed internal control walkthroughs, and tested 91 purchases against defined compliance requirements. We reported one formal finding.



Figure 1. Oklahoma State Capitol Building

Agency accomplishments

We would like to commend the Oklahoma Department of Commerce for its internal controls and administrative process throughout the purchase card program. Throughout the audit period, the agency excelled at ensuring all travel transactions were approved and documented as required by their internal purchasing procedures as well as the requirements from the State Purchase Card Policy. The program is designed to collect relevant information concerning the travel purchase request and to ensure the required approvals are obtained by systematically routing the transaction through the appropriate levels of management. This process significantly reduces the risk of prohibited purchases within the agency. Additionally, the agency has an exceptionally streamlined and well-organized purchase card program with a purchase card administrator who provides quality leadership and diligently oversees the program.

AUDIT FINDING SUMMARY

[Finding 20-160-01 Lodging Folios](#)

Itemized lodging folios were not obtained for 12 employees that traveled to Paris, France, in June 2019.

AUDIT OVERVIEW

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures. The purpose of the audit was to determine if ODOC's purchase card program complied with the audit objectives during June 3, 2019, to Sept. 18, 2020. As of March 30, 2020, there were four cardholders and three approving officials within the agency.


In total, ODOC processed 782 purchase card transactions totaling \$232,389.81 during the audit period. Transaction categories for the agency included purchases for airfare, lodging, under-\$5,000, over-\$5,000 and Information Technology-related purchase card transactions. We used the judgmental sampling method as well as classic variable sampling method to select our sample for testing airfare, lodging, over-\$5,000, under-\$5,000, and IT-related transactions. We exercised auditor's discretion in adjusting the confidence level and expected proportion of errors based on a risk assessment when applying the classical variable sampling technique. To ensure a sound statistical sample, a classic variable sample of 77 standard transactions, 30 under-\$5,000 transactions, 25 airfare transactions, and 22 lodging transactions were extracted for testing. In addition, 14 transactions were selected for testing based upon the auditor's discretion and tested against a predetermined criterion.

DETAILED FINDINGS

[Finding 20-160-01 Lodging Folios](#)

Condition: During the substantive testwork phase of the audit, we discovered one lodging transaction for \$31,953.30 to Hyatt Regency Paris ETOIL was missing itemized folios for all 12 travelers. The documentation included below includes a receipt from the hotel showing the total amount of the transaction in Euros and a list provided by the travel agency showing a breakdown of the cost per traveler.

Image 1: Lodging Folio



**HYATT
REGENCY**

HYATT REGENCY PARIS ETOILE
3 Place du Général Koenig
75017 PARIS
+33 (0) 1 40 88 12 34
parisettoile.regency@hyatt.com
parisettoile.regency.hyatt.com

Lakoshia Lofton
France

Room No. : 9139
Arrival : 11-JUN-19
Departure : 16-JUN-19
Page No. : 1 of 1
Printed : 12-JUN-19 11:44
Cashier No. : 307
Invoice No. :

Reference no. : 32LWDMPX

INFORMATION INVOICE

DATE	DESCRIPTION	DEBIT	CREDIT
12-JUN-19	Visa Manuel 1 X 28,265.00		28,265.00
Total		0.00	28,265.00
		Hors Taxes	TVA
		T.T.C	

World Of Hyatt Summary

No frequent traveler account has been credited for this stay.
To enroll in World of Hyatt, please call 1-800-514-HYATT, or visit
www.worldofhyatt.com.

HYATT REGENCY PARIS ETOILE
62, Boulevard Gouvion St
75017 Paris

-28265.00 EUR

*** Rep de Client ***

Vente
VISA
XXXXXXXXXXXX7751


12.06.2019 11:38:27
Tra N°: 25103854
Tra. Séq. N°: 3103
Code Artic: 082868

EFT EUR: 28265.00
Pourboire EUR: 0.00
Total-EFT EUR: 28265.00

SIX Payment Services

e, Hyatt Regency Paris Etoile au capital de 45 973 651 euros, SIRET 791 339 807 00012
* TVA intracommunautaire FR14 791 339 807 RCS PARIS, APE 5510Z

Image 2: Cost breakdown from travel agency

		Christine A. Peat International LLC 301 Valdez Avenue, San Francisco, CA 94127-2123, USA Tel: (415) 452-6450 • Fax: (415) 585-3536 cap-info@christinepeat.com www.christinepeat.com		24-Jun-19			
Oklahoma Department of Commerce							
Breakdown of Credit Card Charge for Hotel Accommodations at the Hyatt Regency Paris Etoile							
						USD Charge \$ 31,953.30	
						Exchange Rate \$ 1.13049	
						Euro Amount	
						USD Amount	
Company	Occupant	Room	Arrive	Depart	Nts	Total	Total
OK DOC	KOUPLEN, Sean (M/M)	Deluxe Double	15-Jun-19	20-Jun-19	5	€ 1,850.00	\$ 2,091.41
OK DOC	KISLING, Brent (Mr)	Club	15-Jun-19	19-Jun-19	4	€ 1,560.00	\$ 1,763.56
OK DOC	SPRINGER, Jennifer (Ms.)	Club	15-Jun-19	21-Jun-19	6	€ 2,340.00	\$ 2,645.35
OK DOC	GARCIA, Jesse (Mr.)	Deluxe Single	15-Jun-19	22-Jun-19	7	€ 2,420.00	\$ 2,735.79
OK DOC	HOWIE, Vince (M/M)	Club	15-Jun-19	21-Jun-19	6	€ 2,340.00	\$ 2,645.35
OK DOC	SAPPLETON, Aldwyn (Mr.)	Deluxe Single	15-Jun-19	22-Jun-19	7	€ 2,420.00	\$ 2,735.79
OK DOC	GOODALE, Kristin (Ms.)	Deluxe Single	15-Jun-19	21-Jun-19	6	€ 2,085.00	\$ 2,357.07
OK DOC	ROBERTS, Martin (M/M)	Deluxe Double	12-Jun-19	21-Jun-19	9	€ 3,270.00	\$ 3,696.70
OK DOC	PEARSON, Leshia (Ms.)	Deluxe Single	15-Jun-19	22-Jun-19	7	€ 2,420.00	\$ 2,735.79
OK DOC	BUSCH, Christy (Ms.)	Deluxe Single	15-Jun-19	21-Jun-19	6	€ 2,085.00	\$ 2,357.07
OK DOC	SHORT, Sarah (Ms.)	Twin	15-Jun-19	22-Jun-19	7	€ 2,560.00	\$ 2,894.05
OK DOC	LOFTON, LaKeshia (Ms.)	Twin	13-Jun-19	21-Jun-19	8	€ 2,915.00	\$ 3,295.38
Totals						€ 28,265.00	\$ 31,953.30

Cause: Unknown.

Effect or Potential Effect: When the traveler does not obtain a detailed folio, there is no support that the traveler did not make any unauthorized purchases or that the nightly rate was within the General Service Administration (GSA) rate set for the specific location.

Lack of obtaining lodging receipts creates an opportunity for unauthorized transactions to occur and go undetected. In addition, verification that proper lodging rates were applied is not possible.

Criteria

- 1) **State of Oklahoma Purchase Card Procedures** (effective Jan. 15, 2019) § 8.4, **Lodging** states in part:

The lodging establishment must provide a final detailed receipt (folio) once lodging services have been provided. The folio must be obtained by either the traveler or the travel arranger and retained for the end-of-cycle documentation.

2) **State of Oklahoma Purchase Card Procedures** (effective Jan. 15, 2019) § 10.8, **Lodging** states in part:

The folio received from a lodging establishment by either the traveler or the travel arranger is considered the P-card receipt. All folios must be itemized.

Recommendation: The agency should ensure that an itemized and detailed receipt supports all lodging purchases made. We further recommend the approving officials review the supporting documentation for completeness.

The agency shall prepare the management response to each of the stated audit conditions in the format below and electronically submit the response to the OMES Audit Unit within 10 calendar days. Descriptions of transactions or records discussed in the finding may be provided upon request by the agency.

Management's Response

Concur Partially Concur Non-Concur

Date: 3/11/21

Respondent: ODOC Chief Financial Officer, CPA

Response: The lodging in question was purchased in a block through an event coordinator for the Paris Air Show. Because the rooms were purchased in a block, the hotel did not provide detailed folios for each traveler. However, the event coordinator, using the agreed upon room rates, VAT, and list of travelers, was able to provide a breakdown of charges by traveler (summarized version shown above, a more detailed version was also provided to OMES and is included below) which reconciles to the final charges posted to the p-card. There are no discrepancies between the agreed upon room rates and the breakdown of charges, which would indicate a traveler made unauthorized purchases. Also, room rates are compared against GSA rates prior to booking and when the documentation is approved by the approving official upon posting to Works. If the nightly rate exceeds GSA rates, Commerce either obtains documentation to reflect the hotel is a designated hotel, if applicable, or obtains approval to purchase under the Actual and Necessary travel statutes prior to booking.

Image 3: Updated cost breakdown from travel agency

GLOBAL CONCEPTS		Christine A. Peat International LLC											
		301 Valdez Avenue, San Francisco, CA 94127-2123, USA											
		Tel: (415) 452-0450 • Fax: (415) 585-3536											
		cap-info@christinepeat.com www.christinepeat.com											
Paris Air Show 2019													
17 - 23 June 2019													
OK Dept of Commerce - Breakdown of Room Charges													
Hotel: Hyatt Regency Paris Etoile													
Nr	Company	Occupant	Room	Arrive	Depart	Nts	Before & After Nts	Before & After Rate	Before & After Total	Show Nts	Show Rate	Total Show	Total
1	OK DOC	KOUPLEN, Sean (M/M)	Deluxe Double	15-Jun-19	20-Jun-19	5		355.00	-	5	370.00	1,850.00	1,850.00
2	OK DOC	KISLING, Brent (Mr)	Club	15-Jun-19	19-Jun-19	4		390.00	-	4	390.00	1,560.00	1,560.00
3	OK DOC	SPRINGER, Jennifer (Ms.)	Club	15-Jun-19	21-Jun-19	6		390.00	-	6	390.00	2,340.00	2,340.00
4	OK DOC	GARCIA, Jesse (Mr.)	Deluxe Single	15-Jun-19	22-Jun-19	7	2	335.00	670.00	5	350.00	1,750.00	2,420.00
5	OK DOC	HOWIE, Vince (M/M)	Club Double	15-Jun-19	21-Jun-19	6		410.00	-	6	410.00	2,460.00	2,460.00
6	OK DOC	SAPPLETON, Aldwyn (Mr.)	Deluxe Single	15-Jun-19	22-Jun-19	7	2	335.00	670.00	5	350.00	1,750.00	2,420.00
7	OK DOC	GOODALE, Kristin (Ms.)	Deluxe Single	15-Jun-19	21-Jun-19	6	1	335.00	335.00	5	350.00	1,750.00	2,085.00
8	OK DOC	ROBERTS, Martin (M/M)	Deluxe Single	12-Jun-19	15-Jun-19	3	3	335.00	1,005.00		350.00	-	1,005.00
			Deluxe Double	15-Jun-19	21-Jun-19	6	1	355.00	355.00	5	370.00	1,850.00	2,205.00
9	OK DOC	PEARSON, Leshia (Ms.)	Deluxe Single	15-Jun-19	22-Jun-19	7	2	335.00	670.00	5	350.00	1,750.00	2,420.00
10	OK DOC	BUSCH, Christy (Ms.)	Deluxe Single	15-Jun-19	21-Jun-19	6	1	335.00	335.00	5	350.00	1,750.00	2,085.00
11	OK DOC	SHORT, Sarah (Ms.)	Twin	15-Jun-19	22-Jun-19	7	2	355.00	710.00	5	370.00	1,850.00	2,560.00
12	OK DOC	LOFTON, LaKeshia (Ms.)	Twin	13-Jun-19	21-Jun-19	8	3	355.00	1,065.00	5	370.00	1,850.00	2,915.00
Total Nts						78						Total for OK DOC	28,325.00

	Before & After Rates	Show Rates
Deluxe Single	€ 335.00	€ 350.00
Deluxe Double	€ 355.00	€ 370.00
Club	€ 390.00	€ 390.00
Club Double	€ 410.00	€ 410.00
Twin	€ 355.00	€ 370.00

Dates for Before & After Rates: 12, 13, 14, 20, 21 & 22 June 2019 inclusive
 Dates for Show Rates: 15 - 19 June 2019 inclusive

Corrective Action Plan

Contact Person: ODOC Chief Financial Officer

Anticipated Completion Date: N/A

Corrective Action Planned: Current agency policies account for the inability to obtain a detailed folio from the hotel by recalculating room rates and comparing to GSA rates or obtaining proper approvals for rates that exceed GSA rates.

APPENDIX

Methodology

- Interviews were conducted with the agency’s staff.
- 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 were evaluated.

Sampling

	Transactions	Amount (\$)
Total expenditures	782	\$232,389.81
Reverse transactions	50	\$0.00
Agent fees	119	\$1,343.00
Negative transactions	56	\$15,409.07

	Transactions	Amount (\$)
Filtered population	557	\$246,455.88
Subpopulations		
IT	12	\$1,608.77
Airfare	105	\$50,473.50
Lodging	237	\$112,515.62
Over \$5,000	1	\$9,035.00
Under \$5,000	202	\$72,822.99
Total	557	\$246,455.88
Samples		
IT	0	\$0.00
Airfare	25	\$17,278.22
Lodging	22	\$11,708.66
Over \$5,000	0	\$0.00
Under \$5,000	30	\$24,192.34
Auditor's Discretion	14	\$45,396.48
Total	91	\$98,575.70

EXECUTIVE SUMMARY

Oklahoma Department of Commerce

Mission statement: To help create an environment where economic growth will occur.

History and overview: Established in 1986, the Department of Commerce is the state's lead economic development agency. Its responsibilities include assisting and developing local communities through the investment of federal and state resources; stimulating growth of existing businesses; attracting new domestic and international businesses; and promoting the development and availability of a skilled workforce. The department has offices in Oklahoma City and Tulsa, and has representation in the United Kingdom, the European Union and Mexico.

Agency information

The agency is made up of 116 unclassified employees according to [Oklahoma Agencies, Boards, and Commissions](#) as of September 2020.

Leadership

Scott Mueller, Secretary of Commerce and Workforce Development

Brent Kisling, Executive Director of Commerce

Key staff: (during the Audit Period)

Stacie Willis, Chief Financial Officer, Purchase Card Administrator