

STATE OF OKLAHOMA



**OKLAHOMA**

**Office of Management  
& Enterprise Services**

**Oklahoma Department of Career and  
Technology Education  
Purchase Card Program Audit**

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## AUDIT HIGHLIGHTS

### Oklahoma Department of Career and Technology Education – Purchase Card Program Audit

#### Why we conducted this audit

This report provides information on the Oklahoma Department of Career and Technology Education’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 the Oklahoma Department of Career and Technology Education has significantly complied with the State Purchase Card Procedures and the agency’s internal purchase card procedures. The Oklahoma Department of Career and Technology Education 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 100 purchases against defined compliance requirements. We reported one formal finding.



#### Agency accomplishments

We commend the Oklahoma Department of Career and Technology Education for its internal controls and administrative processes throughout the purchase card program. The purchase card administrator has created a system of accountability to reduce risk within the program and there are routine updates and reminders for cardholders about purchasing policy and best practices. All purchases are reviewed by the agency’s purchase card auditor, which 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 21-800-01: Purchase Card Controls and Limits](#)

Review of purchase card controls and limits found 17 of 28 active cards averaged less than 20% of the card's monthly credit limit and did not once exceed 75% of the monthly credit limit.

## AUDIT OVERVIEW

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures. Our audit was to determine if the Oklahoma Department of Career and Technology Education's purchase card program complied with the audit objectives during the period of January 1, 2020 to March 12, 2021. As of March 18, 2021, there were 28 purchase cardholders and 21 approving officials.

In total, the Oklahoma Department of Career and Technology Education processed 2,204 purchase card transactions totaling \$997,563.87 during the audit period. Categories for purchase card transactions for the agency included: purchases for airfare, lodging, under \$5,000, over \$5,000 and Information Technology-related purchase card transactions. We used the classical variable sampling method to randomly select our sample for testing. 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 random sample of 40 standard transactions, 27 IT transactions and seven transactions over \$5,000 were tested. In addition, 26 transactions were selected for audit based upon auditor's discretion and tested against a pre-determined criterion.

## DETAILED FINDINGS

### [Finding 21-800-01: Purchase Card Controls and Limits](#)

**Condition:** During the testwork phase of the audit for purchase card control and limits, we determined 17 of 28 active cards (60% error rate) exceeded predetermined percentage thresholds for monthly credit limits set during our purchase card risk analysis. We analyzed the total expenditures on each card and total number of months each card was used to calculate an average spend and highest cycle spend for each card. A 15-month period was analyzed. The spend on each of the cards noted below averaged less than 20% of the card's monthly credit limit and did not once exceed 75% of the monthly credit limit. It was determined that 17 cardholders monthly credit limits could be reduced without affecting agency operations. This finding is related to the audit objective to determine if the agency has implemented controls and if those controls are effective.

#	Last 4 digits of Card	Monthly Credit Limit	Active Months	Total Spend	Avg Monthly Spend	Avg % Spent	Highest Cycle Spend	% Of Credit Limit on Highest Spend
1	6033	\$2,000	3	\$94	\$31.33	1.57%	\$167.83	8.39%
2	0178	\$5,000	10	\$2,101.57	\$210.16	4.20%	\$701.30	14.03%
3	9472	\$5,000	5	\$1,256.57	\$251.31	5.03%	\$807.96	16.16%
4	1986	\$1,000	3	\$153.28	\$51.09	5.11%	\$106.32	10.63%
5	0992	\$5,000	4	\$1,087.75	\$271.94	5.44%	\$413.50	8.27%
6	7123	\$2,000	6	\$664	\$110.67	5.53%	\$195.00	9.75%
7	2706	\$5,000	6	\$1,756.64	\$292.77	5.86%	\$611.72	12.23%
8	7429	\$5,000	3	\$992.71	\$330.90	6.62%	\$568.06	11.36%
9	6386	\$5,000	10	\$3,429.08	\$342.91	6.86%	\$1,605.81	32.12%
10	3870	\$5,000	3	\$1,073.48	\$357.83	7.16%	\$682.97	13.66%
11	1266	\$5,000	9	\$4,168.07	\$463.12	9.26%	\$1,213.96	24.28%
12	4856	\$5,000	4	\$2,002.90	\$500.73	10.01%	\$1,155	23.10%
13	7705	\$5,000	3	\$1,631.65	\$543.88	10.88%	\$845.89	16.92%
14	1010	\$2,500	2	\$594	\$297	11.88%	\$402	16.08%
15	7619	\$5,000	9	\$6,409.01	\$712.11	14.24%	\$1,822.48	36.45%
16	8850	\$50,000	15	\$126,238.03	\$8,415.87	16.83%	\$14,007.54	28.02%
17	3579	\$5,000	8	\$7,041.83	\$880.23	17.60%	\$2,167.01	43.34%

**Cause:** Unknown.

**Effect or potential effect:** There is unnecessary risk on the cardholder and the agency when the transaction limit or credit is set more than the individual cardholder's needs.

**Criteria:** The **State of Oklahoma Policy and Procedures for Purchase Card § 3.2.2, P-card Controls and Limits** states in part:

State agencies are required to establish the following categories of controls and limits on each P-card. These mandatory limits are required by the issuing bank and the card provider, Visa. The mandatory categories are:

- Card limit (dollar amount per cycle).
- Single purchase limit (dollar amount per transaction).
- Merchant category code group. (See section 7.1.1 of these procedures for exception process).

The agency P-card administrator should set the card limits for the P-cards based on state agency needs or past usage. The agency P-card administrator may set the single purchase limit for a P-card holder at an amount less than \$5,000, if desired; or an amount greater than \$5,000 for those making statewide contract purchases and paying for utilities. However, agencies should not set single purchase limits inappropriately high. P-card limits should be reviewed no less than annually to determine if set limits are still appropriate. Attempted purchases outside of state or agency controls will decline.

The **State of Oklahoma Policy and Procedures for Purchase Card § 6.1, Agency P-card Administrator Responsibilities** states:

The state agency P-card administrator is the primary interface between the agency's cardholders and the State P-card Office, and the issuing bank. Agency P-card administrators must have a signed State Purchase Card Employee Agreement form on file in their office for themselves and any backup administrators, and both primary and backup P-card administrators must be current with P-card training.

Agency administrators are responsible for:

- ...
- Processing authorized requests for P-cards and maintaining controls for active cards, including setting and changing card spend profiles, ordering cards, deactivating cards, adding and deleting users, and setting permissions.

**Recommendation:** We recommend that the purchase card administrator evaluate the usage of each purchase card and adjust individual credit limits as needed. In addition, we recommend that management implement a minimum usage calculation that can be used by the purchase card administration to lower credit limits when necessary.

**Management's Response**

**Date:** 6/16/2021

**Respondent:** Chief Financial Officer

**Response:** Partially Concur

Agency partially concurs with this finding. While agency agrees that maintaining the lowest needed credit limit per cardholder decreases risk, it should be noted that a large portion of the time period audited was during the COVID pandemic. During this time, staff were not conducting activities requiring the purchase of supporting items and were not incurring travel related costs for on-site program evaluations thus reducing the need for individual pcard purchasing.

### **Corrective Action Plan**

**Contact person:** Senior Buyer/Purchase Card Administrator

**Anticipated completion date:** 7/1/2021

**Corrective action planned:** As requested, agency will review the spend of each cardholder and reduce individual credit limits as needed. Additionally, agency will develop and implement a minimum usage calculation and apply this calculation on an annual basis

## APPENDIX

### 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 were evaluated.

### Sampling

	Transactions	Amount (\$)
<b>Total expenditures:</b>	<b>2,204</b>	<b>\$997,563.87</b>
Reverse transactions	61	\$4,875.50
Agent fees	21	\$204.75
Negative transactions	47	\$4,498.61
<b>Filtered population</b>	<b>2,075</b>	<b>\$996,982.23</b>
<b>Subpopulations:</b>		
IT	293	\$186,657.33
Airfare	14	\$4,824.97
Lodging	122	\$20,475.44
Over \$5,000	24	\$173,040.68
Under \$5,000	1,622	\$611,983.81
<b>Total</b>	<b>2,075</b>	<b>\$996,982.23</b>
<b>Samples:</b>		
IT	27	\$53,846.24
Airfare	0	\$0.00
Lodging	0	\$0.00
Over \$5,000	7	\$51,480.07
Under \$5,000	40	\$37,528.32
Auditor's Discretion	26	\$20,473.82
<b>Total</b>	<b>100</b>	<b>\$163,328.45</b>



## EXECUTIVE SUMMARY

### Oklahoma Department of Career and Technology Education

**Mission statement:** To prepare Oklahomans to succeed in the workplace, in education, and in life.

**History and overview:** The Oklahoma Department of Career and Technology Education provides leadership and resources to ensure standards of excellence throughout the statewide system. The system offers its programs and services throughout nearly 400 public school districts, twenty-nine technology centers with fifty-eight campus sites, thirteen skills centers located in correctional facilities, and thirty adult basic education sites. Each technology center works closely with advisors from local industry to ensure that students learn the skills needed to be valued members of the workforce. The department partners with many other state and private agencies and organizations to develop services to advance Oklahoma's workforce and economic development.

Annually enrollments in CareerTech offerings are about 500,000. CareerTech provides nationally recognized competency-based curriculum, education, and training for a myriad of specialized and customized courses and training opportunities. This curriculum is developed with the input of industry professionals, using skills standards to identify the knowledge and abilities needed to master an occupation. Competency-based education enables CareerTech to provide students with the skills employers are seeking in the workplace.

### Agency information

The agency is made up of 217 unclassified employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of Sept. 1, 2020.

### Board members

Marcie Mack  
Joy Hofmeister  
Brian Bobek  
Estela Hernandez  
Janet Smith

David Stewart  
James R. Stallings  
Michael Brown  
Randy Gilbert  
Edward Hilliary Jr.

### Key staff

**Dr. Marcie Mack**, Executive Director

**Julie Bunch**, Senior Buyer, Purchase Card Administrator

**Stephanie Rossander**, Finance Manager, Backup Purchase Card Administrator