

STATE OF OKLAHOMA



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**Office of Management  
& Enterprise Services**

**Oklahoma Department of Labor**  
**Procurement Audit**

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## AUDIT SUMMARY

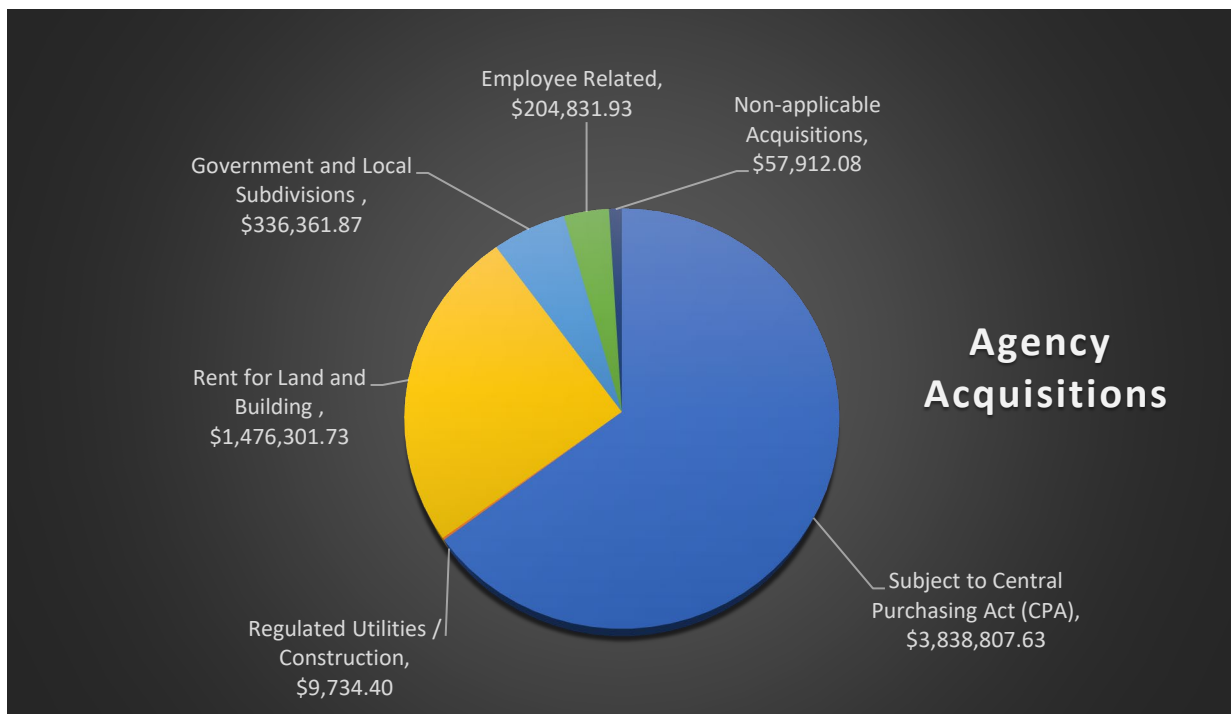
### Oklahoma Department of Labor (DOL) – Procurement Audit

#### Why we conducted this audit

This report provides information on the agency’s compliance with the Central Purchasing Act (CPA), Oklahoma Administrative Code 260 §115, the agency’s approved internal purchasing procedures and the strength and execution of the agency’s purchasing internal control structure.

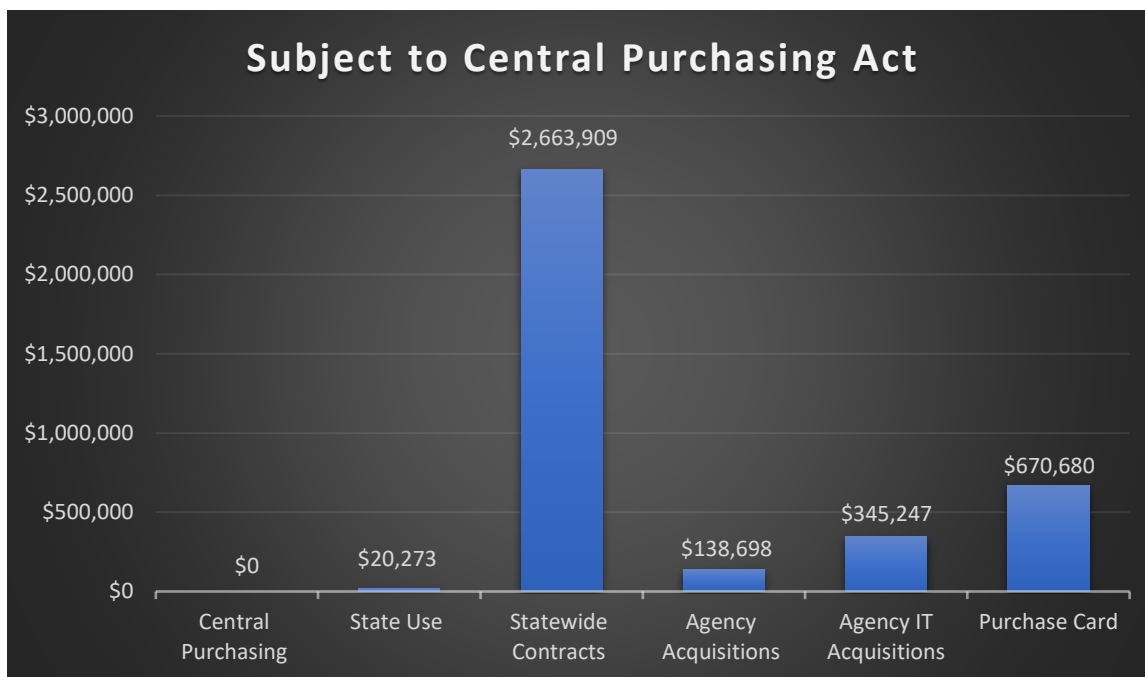
#### Summary of acquisitions

In total, DOL processed 833 acquisitions during the audit period from January 1, 2020 to March 17, 2022. Acquisitions were obtained by compiling non-cancelled purchase orders, expenditures with no purchase order number, and audit period expenditures on prior-to-audit-period purchase orders totaling \$5,923,949.64. Acquisitions were then separated into the following categories: subject to the Central Purchasing Act (CPA); regulated utilities and construction; rent for land and building; government and local subdivisions; employee related expenses; and non-applicable account codes. The agency’s acquisitions subject to the Central Purchasing Act totaled \$3,838,807.63. The remaining acquisition categories are not subject to the Central Purchasing Act; therefore, they were not included in the audit. The chart below depicts agency acquisitions by category during the audit period.



### Purchasing delegated to the agency

The agency's acquisitions subject to the Central Purchasing Act totaled \$3,838,807.63. The primary focus of our audit was the purchases delegated to the agency through the state purchasing director. The delegated purchases included agency open market acquisitions, service contracts (including Title 18 professional services contracts), sole source / sole brand acquisitions and information technology acquisitions. These purchases included agency acquisitions that totaled \$138,698.39 and the agency information technology acquisitions that totaled \$345,246.90. The total agency acquisition responsibility for purchases processed in association with the audit period, in accordance with the Central Purchasing Act, was \$483,945.29. This amount does not include purchase card transactions. We tested 39% of agency open market acquisitions (89% of open market expenditures) and 100% of agency information technology acquisitions. We used the classical variable sampling method to extract a sample of acquisitions from the following threshold category: \$0 to \$25,000. The acquisitions performed by the agency in relation to purchases subject to the Central Purchasing Act are categorized in the chart below.



### What we found

Analytical testwork was performed during the planning stage, internal control walk-throughs were completed, and 34 acquisitions were tested against compliance requirements. Five formal findings were written and we have determined the Oklahoma Department of Labor did significantly comply with the Central Purchasing Act (CPA) and the Oklahoma Administrative Code 260 §115.

## Agency accomplishments

We would like to commend DOL for its internal controls and administrative processes throughout the procurement process. Additionally, we commend the agency for their proactivity and willingness to improve their procurement program. The agency has exceptionally responsive and well-organized procurement officers who diligently oversee the program.

## AUDIT FINDING SUMMARY

*(Error rates are based on transactions reviewed.)*

### **Finding 23-405-01: Internal Requisition Form:**

Testing was performed to verify each acquisition contained an internal request for acquisition approval form (RFA) document per the agency's internal purchasing procedures (IPP's) dated December 18, 2017. 26 of 28 purchase orders (92% error rate) totaling \$174,754.90 did not contain the required RFA per agency procedures.

### **Finding 23-405-02: Internal Purchasing Procedures:**

During the planning phase of the procurement audit, it was noted that the agency's approved internal purchasing procedures have not been updated since December 2017.

### **Finding 23-405-03: Service Contracts:**

Title 18 professional service contracts were tested. The agency is to notify the State Purchasing Director by submission of Form 091, report of exemptions from competitive bidding within 15 days of completion of an acquisition of Title 18 professional services. The agency is to verify that no public employer shall enter into a contract or subcontract for the physical performance of services within this state unless the contractor or subcontractor registers and participates in the Status Verification System to verify information on all new employees. The agency is to verify employee(s) that have terminated employment with the agency within a year's time has not been contracted for a professional or sole source contract. The contacts did not meet all requirements, the detailed conditions are in the Detailed Findings section of the report.

### **Finding 23-405-04: IT Accessibility Clause:**

Acquisition files were reviewed for an Information Technology (IT) Accessibility Clause. The agency is to verify that the contract with the supplier includes an IT Accessibility Clause in all IT acquisitions. Five applicable acquisitions were tested to verify the requirements for acquisitions between \$0.00 and \$50,000. Out of the five applicable acquisitions, five acquisitions (100% error rate) totaling \$58,040.00 did not contain an IT Accessibility clause.

### **Finding 23-405-05: IT Vendor Documentation:**

All agency information technology, open market acquisitions (seven) were reviewed for purchases between \$0 and \$25,000, totaling \$37,491.90. Several conditions were noted and those detailed conditions are in the Detailed Findings section of the report.

## DETAILED FINDINGS

### Finding 23-405-01: Internal Requisition Form

**Condition:** Testing was performed to verify each acquisition contained an internal request for acquisition approval form (RFA) document per the agency’s internal purchasing procedures (IPP’s) dated December 18, 2017. 26 of 28 purchase orders (92% error rate) totaling \$174,754.90 did not contain the required RFA per agency procedures. Due to the absence of RFAs, the following requirements could not be tested:

- Identification of the person, unit or group requesting the acquisition
- Acquisition description
- Acquisition price estimate
- Acquisition justification narrative
- Acquisition quantity
- Specification of product or service
- Signature of approving official or designee
- Date of signature of approving official or designee

When completed, RFA’s contain the signature and date of the following: The person preparing the requisition, approving official from the division, the Finance Director, and the Certified Procurement Officer (CPO). Below is the list of purchase orders that did not contain an RFA:

#	PO NUMBER	AMOUNT	DATE	SUPPLIER
1	4059004633	\$1,468.00	6/17/2019	AMERICAN EXPRESS
2	4059004635	\$15,205.00	6/17/2019	BANK OF AMERICA MERCHANT SERVICES
3	4059004639	\$1,400.00	6/18/2019	BADGEPASS INC
4	4059004649	\$5,250.00	6/20/2019	NAESA INTERNATIONAL
5	4059004679	\$1,250.00	6/26/2019	GRETCHEN A HARRIS
6	4059004675	\$1,750.00	6/26/2019	SELECT PHYSICAL THERAPY
7	4059004694	\$14,000.00	8/22/2019	MICHELE LYNN WARD
8	4059004703	\$1,250.00	6/18/2020	GRETCHEN A HARRIS
9	4059004706	\$650.00	6/22/2020	STEVEN L TOLSON PC
10	4059004708	\$1,468.00	6/22/2020	AMERICAN EXPRESS
11	4059004714	\$15,415.00	6/22/2020	BANK OF AMERICA MERCHANT SERVICES
12	4059004725	\$18,000.00	6/23/2020	MICHELE LYNN WARD





#	PO NUMBER	AMOUNT	DATE	SUPPLIER
13	4059004749	\$1,925.00	6/24/2020	SELECT PHYSICAL THERAPY
14	4059004752	\$2,300.00	6/26/2020	BADGEPASS INC
15	4059004765	\$14,209.00	6/29/2020	CLARIVATE ANALYTICS US LLC
16	4059004767	\$4,019.90	7/1/2020	US CELLULAR
17	4059004778	\$1,458.00	5/10/2021	AMERICAN EXPRESS
18	4059004782	\$14,591.00	5/10/2021	BANK OF AMERICA MERCHANT SERVICES
19	4059004800	\$150.00	5/12/2021	OKLAHOMA SECTION AIHA
20	4059004814	\$500.00	6/10/2021	HALL ESTILL ET AL
21	4059004821	\$14,000.00	6/10/2021	MICHELE LYNN WARD
22	4059004818	\$25,258.00	6/10/2021	BADGEPASS INC
23	4059004828	\$3,675.00	6/16/2021	SELECT PHYSICAL THERAPY
24	4059004845	\$450.00	6/23/2021	USCOC OF GREATER OKLAHOMA LLC
25	4059004846	\$240.00	6/29/2021	USCOC OF GREATER OKLAHOMA LLC
26	4059004847	\$14,873.00	7/9/2021	GLOBAL KNOWLEDGE SOLUTIONS LLC
<b>TOTAL</b>		<b>\$174,754.90</b>		

**Cause:** The agency was using a funding estimate prepared by the Chief Financial Officer in place of the RFA form.

**Effect or Potential Effect:** Internal purchasing policy is not in line with agency’s current purchasing practices.

**Criteria:** The Oklahoma Department of Labor Internal Purchasing Procedures **Section Agency Purchasing Workflow** states:

Prior to purchase, the requesting division shall identify an acquisition need and complete an ODOL Request for Acquisition Approval Form (RFA). The RFA shall be submitted by the division director after review and approval to the agency CPO for verification of purchasing compliance and method of purchase. Finance Department shall verify funding, provide account code structure, and obtain Finance Director's approval. Requesting division will receive notification from agency CPO upon approval or denial of RFA. Upon approval, acquisition will be made via the approved method of purchase.

**Recommendation:** The agency is recommended to adhere to the internal purchasing procedures as designed by the agency’s management.

**Management’s Response: Partially Concur**

**Date:** 8/30/2022

**Respondent:** Chief Financial Officer and Primary CPO

**Response:** During the Needs Assessment process, in cooperation with the ODOL Finance Office, each division assesses their needs and budget accordingly. Each identified purchase order is a recurrent acquisition, which was created during the Needs Assessment process reflected in the ODOL internal purchasing procedures and was reviewed and budgeted during the ODOL budget process at the beginning of each fiscal year. The Department of Labor has been using for years the standard format Requests for Acquisition (RFAs) for all P-Card purchases and all non-recurrent purchase orders. The ODOL's annual recurrent acquisitions via purchase orders have been historically based on and supported by the finance department funding estimate spreadsheet prepared by CFO and approved by the primary CPO. The funding estimate excel spreadsheet contains the information, which is necessary for the RFA: the fiscal year, description of the items/services, Vendor info, amounts, class funds, departments, subaccounts, account codes. After the Primary CPO reviews the funding estimate spreadsheet, CFO sends an email to the CPO requesting to issue the purchase orders; thus, CFO is a requestor of all Agency's recurrent yearly acquisitions via recurrent yearly purchase orders. The funding estimate spreadsheets are saved in the pertaining fiscal year purchasing e-folders and kept on the I drive indefinitely. The copies of the funding estimate spreadsheets are attached to all purchase orders as a justification of the purchase. The funding estimate spreadsheets for the recurrent annual purchase orders are multi-line spreadsheets reflecting the Agency's department structure: 16 Departments and 5 IS Division Departments with 12 sub-account codes; as a result, the multiple funding allocation lines for the majority of the yearly recurrent purchase orders do not fit the size of the ODOL's typical RFA. Per §74-85.4. A. Except as otherwise provided by The Oklahoma Central Purchasing Act, every state agency shall make all acquisitions used, consumed, or spent by the state agency in the performance of its official functions by the presentation of requisitions to the Purchasing Division. Per 74 O.S. § 85.2, 28."Requisition" means a written request by a state agency for an acquisition. The Agency considered the process described above to be a requisition, an order which defines the Agency's intention to allocate the budgeted funds to a certain purpose, which is the substance of the RFA.

### **Corrective Action Plan**

**Contact person:** Chief Financial Officer

**Anticipated completion date:** 9/15/2022

**Corrective action planned:** -The Agency Internal Purchasing Procedures have been updated, the procedure of creating the POs per the finance department funding estimate spreadsheets has been included in the ODOL's Internal Purchasing Procedures submitted for a review on March 28th, 2022.

-By September 15, 2022, the supporting RFAs of the format the Department of Labor has been using for all P-Card purchases and non-recurrent purchase orders will be issued for all FY23 annual recurrent purchase orders in addition to the funding estimate spreadsheets.

-Going forward, each acquisition will contain the supporting Request for Acquisition approval form (RFA).



-The quarterly internal audits by management will ensure that this aspect of purchasing requirements is strictly followed.

## **Finding 23-405-02: Internal Purchasing Procedures**

**Condition:** During the planning phase of the procurement audit, it was noted that the agency's approved internal purchasing procedures have not been updated since December 2017. The procedures contain outdated information and policies not enforced by the agency. The following policy is from the agency's internal purchasing procedures and was tested during the substantive testwork phase of the audit.

1. All purchase orders over \$5,000 (11) were tested to verify they contained prior approval from the Primary Certified Procurement Officer (CPO). Nine of 11 purchase orders (81% error rate) were missing approval from the Primary CPO.

**Cause:** The agency submitted their updated internal purchasing procedures to OMES Central Purchasing on March 28, 2022 for review.

1. Unknown.

**Effect or Potential Effect:** The agency's current purchasing practices are not in line with the agency's internal purchasing procedures.

**Criteria:** State of Oklahoma Administrative Code **260:115-5-7- State agency purchasing procedures** states in part:

- 1. Development.** State agencies shall develop internal purchasing procedures for acquisitions by the state agency pursuant to [74 O.S. §85.39](#), “. . .which shall, at a minimum, include provisions for the state agency's needs assessment, funding, routing, review, audits, monitoring, and evaluations”. A state agency must include the method whereby a supplier may protest a contract award by the agency pursuant to [260:115-3-19](#) in its internal purchasing procedures, and include provisions for procurement policies under statutorily applicable emergency events. Internal purchasing procedures are not effective until approved in accordance with this section.
- 2. Submission to State Purchasing Director.** The state agency shall submit a copy of the procedures to the State Purchasing Director. For the purposes of this section, “State Purchasing Director” does not include personnel of state agencies to whom the State Purchasing Director has delegated authority.
- 3. State Purchasing Director review.** The State Purchasing Director shall review the state agency's procedures to ensure compliance with provisions of the Oklahoma Central Purchasing Act, provisions of the State Use Committee, and the Central Purchasing rules.
- 6. Purchasing procedure review.** State agency internal purchasing procedures should be reviewed by the state agency annually with recertification of the internal purchasing procedures by submission to the State Purchasing Director every two (2) years.

7.

1. The Oklahoma Department of Labor Internal Purchasing Procedures **Section Agency Certified Procurement Officer** states:

The primary Certified Procurement Officer (hereinafter "CPO") for ODOL shall review and approve all acquisitions prior to purchase on behalf of the Agency and process those that are more than \$5,000 per transaction, and all Agency contracts.

**Recommendation:** It is recommended the agency adhere to the internal purchasing procedures as designated by agency management. It is further recommended the agency review and evaluate the agency's internal procedures to determine if the requirements mentioned in this finding are necessary, effective, and efficient for the procurement process. At completion of the review and evaluation of the agency's internal purchasing procedures, the agency may decide to make revisions as deemed necessary. If revisions are made, the agency should submit the revised internal purchasing procedures to OMES Central Purchasing for approval.

**Management's Response: Partially Concur**

**Date:** 8/31/2022

**Respondent:** Chief Financial Officer and Primary CPO

**Response:** The current procurement process is described in detail in the Agency's response to the audit finding ref. no: 23-405-01. Nine of 11 purchase orders (81% error rate), which were considered missing approval from the Primary CPO are the recurrent annual purchase orders, which have been processed by the Agency per modified requisition - the finance department funding estimate spreadsheet prepared by CFO and approved by the Primary CPO. Per Agency's response to the audit finding ref. no: 23-405-01, by September 15, 2022, the supporting RFAs of the format the Department of Labor have been using for all P-Card purchases and non-recurrent purchase orders will be issued for all FY23 annual recurrent purchase orders in addition to the funding estimate spreadsheets to comply with the Auditors' requirements.

**Corrective Action Plan**

**Contact person:** Chief Financial Officer, Primary CPO

**Anticipated completion date:** 9/15/2022

**Corrective action planned:** -The Agency Internal Purchasing Procedures have been updated, the procedure of creating the POs per the finance department funding estimate spreadsheets has been included in the ODOL's Internal Purchasing Procedures submitted for a review on March 28th, 2022. By September 15, 2022, the ODOL will complete the process of issuing the supporting RFAs of the format the Department of Labor have been using for all P-Card purchases and non-recurrent purchase orders for all FY23 annual recurrent purchase orders in addition to the funding estimate spreadsheets. Going forward, each acquisition will contain the supporting Request for Acquisition approval form (RFA) of that format.

-The quarterly internal audits by management will ensure that this aspect of purchasing requirements is strictly followed.

-ODOL has developed a checklist for use in the process of all requisitions and purchase orders prior to acquisition of goods and services to ensure all required affidavits, language, clauses, and documents are present.

### **Finding 23-405-03: Service Contracts**

**Condition:** During our substantive testwork phase of the audit, service contracts were tested. This sub-population included Title 18 professional service contracts. These service contracts ranged from \$500.00 to \$18,000.00. The exceptions noted during testing are the following:

1. The agency is to notify the State Purchasing Director by submission of Form 091, report of exemptions from competitive bidding within 15 days of completion of an acquisition of Title 18 professional services. All Title 18 professional service contracts (4) in the subpopulation totaling \$3,650.00 were tested. All 4 contracts (100% error rate) lacked the proper documentation.
2. The agency is to verify that no public employer shall enter into a contract or subcontract for the physical performance of services within this state unless the contractor or subcontractor registers and participates in the Status Verification System to verify information on all new employees. All service contracts (8) in the subpopulation totaling \$36,800.00 were tested to verify contracts contained the required clause stating compliance with 25 O.S. §1313 and participation in the Status Verification System. 8 of 8 contracts (100% error rate) did not contain the required clause.
3. The agency is to verify employee(s) that have terminated employment with the agency within a year's time has not been contracted for a professional or sole source contract. Six contracts were tested to verify that a past employee was not contracted within a year's time. Based upon review of the acquisition file it could not be determined if the agency verified that no past employees were included in the contracted services for five (83% error rate) of six contracts totaling \$21,650.00.

**Cause:** Agency overlooked the requirements needed for service contracts.

**Effect or Potential Effect:** Without performing the necessary steps to enter into a professional or nonprofessional service contract, the agency cannot be certain it is receiving the best service or complying with all applicable rules.

When an acquisition is completed and not reported to the State Purchasing Director, exempt contracts are not reported to a member of the Appropriations and Budget Committee of the House of Representatives or Appropriations Committee of the Senate.

**Criteria:** 1. State of Oklahoma **Title 74 O.S. §85.7.3 Competitive bid or proposal procedures** states in part:

c. A state agency that makes an acquisition pursuant to this paragraph shall notify the State Purchasing Director within fifteen (15) days following completion of the acquisition. The Office of Management and Enterprise Services shall compile a list of the exempt contracts and send the list to a member of the Appropriations and Budget Committee of the House of Representatives or Appropriations Committee of the Senate, if the member requests.

State of Oklahoma **Procurement Information Memorandum Number 09-01** states in part:

f. In accordance with Title 74 O.S. §85.7(A)(3)(c), state agencies shall notify the State Purchasing Director, by submission of form DCS-FORM-CP-091, Report of Exemptions from Competitive Bidding, within 15 days of completion of an acquisition of professional services under this policy.

2. State of Oklahoma **Procurement Information Memorandum Number 10-01** states in part:

The Central Purchasing and Construction and Properties Divisions require all solicitations for service contracts from this date forward contain the following language:

By submitting a bid for services, the bidder certifies that they, and any proposed subcontractors, are in compliance with 25 O.S. §1313 and participate in the Status Verification System. The Status Verification System is defined in 25 O.S. §1312 and includes but is not limited to the free Employment Verification Program (E-Verify) available at [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify).

The Central Purchasing and Construction and Properties Divisions require all service contracts from this date forward contain the following language:

The [Supplier/Contractor/Consultant/Construction Manager/etc.] certifies that it and all proposed subcontractors, whether known or unknown at the time this contract is executed or awarded, are in compliance with 25 O.S. §1313 and participate in the Status Verification System. The Status Verification System is defined in 25 O.S. §1312 and includes but is not limited to the free Employee Verification Program (E-Verify) available at [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify).

3. State of Oklahoma **Title 74 O.S. §85.42 One-Year Limitation on Entering Contracts with Certain Persons – Exceptions** states in part:

A. Except as otherwise provided for in this section, any agency, whether or not such agency is subject to The Oklahoma Central Purchasing Act, is prohibited from entering into a sole source contract or a contract for professional services with or for the services of any person, who has terminated employment with or who has been terminated by that agency for one (1) year after the termination date of the employee from the agency. The provisions of this subsection shall not prohibit an agency from hiring or rehiring such person as a state employee.

**Recommendation:** It is recommended the agency set up an acquisition file checklist to ensure all the necessary requirements are met when procuring service contracts.

**Management's Response: Concur**

**Date:** 9/1/2022

**Respondent:** Chief Financial Officer and, Primary CPO

**Corrective Action Plan**

**Contact person:** Chief Financial Officer, Primary CPO

**Anticipated completion date:** Completed

**Corrective action planned:**

1. The OMES Form 91 has been completed for the Professional Services Contracts Purchase Orders issued for FY23 and submitted to the State Purchasing Director.
2. The required clause will be entered in the Contracts with Administrative Law Judges starting FY24. The required clause has been added to the FY23 Contracts with Administrative Law Judges as a separate signed document.
3. All FY23 Administrative Law Judges Purchase Orders files (POs #4059004898,4059004897, 4059004896, 4059004895) have been updated with the following statements:
  - I. All persons performing services under this Contract are the agent, servants, and employees of the Firm and are not to be considered for any purpose as the agents, servants, or employees of the Department of Labor.
  - K. Upon completion of the Contract, the Form 20i, submitted to the Office of the Attorney General will be attached to the Purchase Order.
  - L. Upon completion of the Contract, the OMES Form CP016 will be attached to the Purchase Order.

**Finding 23-405-04: Information Technology (IT) Accessibility Clause**

**Condition:** All agency information technology open market acquisitions (8) were reviewed between purchasing threshold \$0.00 and \$50,000, totaling \$62,749.90. Acquisition files were reviewed for an Information Technology (IT) Accessibility Clause. The agency is to verify that the contract with the supplier includes an IT Accessibility Clause in all IT acquisitions. Five applicable acquisitions were tested to verify the requirements for acquisitions between \$0.00 and \$50,000. Out of the five applicable acquisitions, five acquisitions (100% error rate) totaling \$58,040.00 did not contain an IT Accessibility clause.

Additionally, out of the five applicable acquisitions, five acquisitions (100% error rate) totaling \$58,040.00 did not contain an exception notification to the IT Accessibility clause.

<u>Unit</u>	<u>Purchase Order #</u>	<u>PO Date</u>	<u>Supplier</u>	<u>Amount</u>
1.	4059004639	6/18/2019	BADGEPASS INC	\$ 1,400.00
2.	4059004752	6/26/2020	BADGEPASS INC	\$ 2,300.00
3.	4059004765	6/29/2020	CLARIVATE ANALYTICS US LLC	\$ 14,209.00
4.	4059004847	7/9/2021	GLOBAL KNOWLEDGE SOLUTIONS LLC	\$ 14,873.00
5.	4059004818	6/10/2021	BADGEPASS INC	\$ 25,258.00
Total:				\$ 58,040.00

**Cause:** Unknown

**Effect or Potential Effect:** The IT Accessibility Clause is an essential part of the evaluation process in all IT acquisitions. Without the inclusion of this clause in the supplier’s contract, there is no verification that the evaluation process included the IT Accessibility Clause. There is an increased possibility for vendor protests that result in awards being overturned. Without this IT Accessibility Clause in the supplier’s contract, the selection method for the contract lacks support.

**Criteria:** The Oklahoma Administrative Code **260:115-7-54 (2) - Accessible information technology acquisitions** states:

**2. Contract clauses.**

1. All solicitations and contracts for information technology shall include the accessibility clause adopted by the Information Services Division pursuant to 62 O.S. §34.28.
2. The IT Accessibility Standards shall be published on the OMES website.
3. A supplier shall provide a written certification, signed by an authorized officer of the supplier, describing the extent to which the product or service complies with applicable IT Accessibility standards required by such contracts or solicitations prior to the expenditure



of state funds. An agency may also utilize a VPAT published on a supplier's primary website. A VPAT obtained from a supplier website shall be good for a one-year period.

The Oklahoma Administrative Code **260:115-7-54 (3)(4) - Accessible information technology acquisitions** states:

**3. Exceptions.** Exceptions to compliance with IT Accessibility Standards include:

1. Information technology operated by state departments or agencies, the function, operation or use of which involves intelligence activities, crypto logic activities related to public safety, command and control of law enforcement, equipment that is an integral part of a weapon or weapons system or systems which are critical to the direct fulfillment of public safety or intelligence missions. Systems which are critical to the direct fulfillment of public safety or intelligence missions do not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics and personnel management applications);
2. Information technology acquired by a contractor or grantee incidental to a contract or grant, provided the technology does not become State property upon the completion of the contract;
3. Information technology located in spaces frequented only by service personnel for maintenance, repair or occasional monitoring of equipment;
4. Information technology requiring a fundamental alteration in the nature of a product or its components to achieve accessibility;
5. Except as required to comply with the IT Accessibility Standards, state departments and agencies are not required to install specific accessibility-related software or attach an assistive technology device to information technology products unless required by other applicable State or Federal laws;
6. When state agencies provide public access to information or data through information technology, agencies are not required to make products owned by the agency available for access and use by individuals with disabilities at a location other than where the information technology is provided to the public, or to purchase products for access and use by individuals with disabilities at a location other than where the information technology is provided to the public;
7. Information technology that would impose an undue burden on the agency.

**4. Documentation of exceptions.** Whenever an agency determines that an acquisition exceeding \$5,000.00 meets the criteria of a general exception or undue burden, the agency shall document the explanation of why, and to what extent, compliance with applicable IT Accessibility Standards meets an exception or creates an undue burden on the agency. Agencies are encouraged but not required to maintain documentation for commercial off-

the- shelf acquisitions of \$5,000.00 or less unless the purchase is part of an existing contract or affects a larger EIT system where accessibility is critical.

1. The explanation shall be documented on a form prescribed by the Information Services Division and signed by the chief administrative officer of the agency or an employee of the agency to which responsibility for accessibility compliance has been delegated.
2. The documentation shall be retained in the acquisition file to support the procurement.

**Recommendation:** The agency should develop and implement a process to ensure all documentation, including the IT Accessibility Clause, is handled appropriately, and retained in the acquisition file. This can be achieved by properly identifying an open market acquisition and requiring an acquisition checklist in each acquisition file with for each purchase type and purchasing threshold.

**Management’s Response: Partially Concur**

**Date:** 9/1/2022

**Respondent:** Chief Financial Officer, Primary CPO

**Response:** Re- Purchase Order 4059004818 for the maintenance and software upgrade and Purchase Orders 4059004639, 4059004752 for the maintenance service agreements for BadgePass, the ID Card printer: corrective action has been implemented.

- Re Purchase Orders 4059004765 and 4059004847: both acquisitions from Techstreet.com, the online library, cannot be defined as information technology purchase. The Department of Labor holds a subscription to the Techstreet Store <https://www.techstreet.com/> online library of the Boiler Pressure Vessel Codes, ASTM Book of Standards and Eurocodes as noted in the Purchase Orders item description and comments areas.

**Corrective Action Plan**

**Contact person:** Chief Financial Officer, Primary CPO

**Anticipated completion date:** Completed

**Corrective action planned:** -The Electronic and Information Technology Accessibility Clause has been included in all FY23 Information Technology Purchase Orders.

-ODOL requested from the BadgePass, the only FY23 open market acquisition of the ID printer maintenance, which may be considered the Information Technology acquisition, the Voluntary Product Accessibility Template (VPAT) describing compliance with <https://oklahoma.gov/omes/legal/statutes/62/34-28.html> or a justification of the exception.

-The Clarivate Analytics, which now operates under the name Global Knowledge Solutions / Techstreet <https://www.techstreet.com> is an online electronic library of the Boiler Pressure Vessel Codes, ASTM Book of Standards and Eurocodes used by the ODOL Inspectors. Correcting action: the account code for the FY23 Purchase Order was changed to 531170, subscription.

### **Finding 23-405-05: Information Technology (IT) Vendor Documentation**

**Condition:** All agency, information technology, open market acquisitions (seven) were reviewed for purchases between \$0 and \$25,000, totaling \$37,491.90.

- Acquisition files were reviewed for evidence that the vendor provided documentation of all scheduled upgrades or improvements over a three (3) year period. The agency is to verify that the vendor provided this information in all IT acquisitions. Four applicable acquisitions were tested to verify the requirements for purchases between \$0 and \$25,000. Out of the four applicable acquisitions, four acquisitions (100% error rate) totaling \$ \$32,782.00, did not contain evidence that the vendor provided documentation of all scheduled upgrades or improvements over a three-year period.
- Acquisition files were reviewed for evidence that the vendor provided documentation that no recommended or required upgrades are needed over a three-year period starting from targeted purchase date. The agency is to verify that the vendor provided this information in all IT acquisitions. Four applicable acquisitions were tested to verify the requirement for purchasing between \$0 and \$25,000. Out of the four applicable acquisitions, all four acquisitions (100% error rate) totaling \$32,782.00 did not contain evidence that the vendor provided documentation that no recommended or required upgrades are needed over a three-year period starting from targeted purchase date.
- Acquisition files were reviewed for evidence that the vendor provided documentation that there is no additional charge for the acquisition of an upgrade or enhancement to a high technology system. The agency is to verify that the vendor provided this information in all IT acquisitions. Four applicable acquisitions were tested to verify the requirement for purchases between \$0 and \$25,000. Out of the four applicable acquisitions, four acquisitions (100% error rate) totaling \$32,782.00, did not contain evidence that the vendor provided documentation that there is no additional charge for the acquisition of an upgrade or enhancement to a high technology system.
- Acquisition files were reviewed for evidence that the vendor provided documentation that required or recommended upgrade enhances or is necessary for performance of agency's duties and responsibilities. The agency is to verify that the vendor provided this information in all IT acquisitions. Four applicable acquisitions were tested to verify the requirement for purchases between \$0 and \$25,000. Out of the four applicable acquisitions, four acquisitions (100% error rate) totaling \$32,782.00, did not contain evidence that the vendor provided documentation that there is no additional charge for the acquisition of an upgrade or enhancement to a high technology system.
- Acquisition files were reviewed for evidence that the vendor provided documentation that the vendor will no longer supply assistance to the state agency for the purpose of maintenance of the system and that the functions performed by the system are necessary for the performance of the agency's duties and responsibilities. The agency is to verify that

the vendor provided this information in all IT acquisitions. Four applicable acquisitions were tested to verify the requirement for purchases between \$0 and \$25,000. Out of the four applicable acquisitions, four acquisitions (100% error rate) totaling \$32,782.00, did not contain evidence that the vendor provided documentation that the vendor will no longer supply assistance to the state agency for the purpose of maintenance of the system and that the functions performed by the system are necessary for the performance of the agency's duties and responsibilities.

<u>Unit</u>	<u>Purchase Order #</u>	<u>PO Date</u>	<u>Supplier</u>	<u>Amount</u>
1.	4059004639	6/18/2019	BADGEPASS INC	\$ 1,400.00
2.	4059004752	6/26/2020	BADGEPASS INC	\$ 2,300.00
3.	4059004765	6/29/2020	CLARIVATE ANALYTICS US LLC	\$ 14,209.00
4.	4059004847	7/9/2021	GLOBAL KNOWLEDGE SOLUTIONS LLC	\$ 14,873.00
Total:				\$ 32,782.00

**Cause:** Unknown

**Effect or Potential Effect:** Without the vendor providing the necessary documentation, there is potential for additional costs to be incurred by the agency in regards to upgrades and maintenance that may fall out of the scope of the original contract.

**Criteria:** The Oklahoma State Finance Act **62 O.S. § 34.12.1 High Technology Systems and Upgrades and Enhancements** states:

A. No state agency shall enter into a contract for the acquisition of a high technology system unless the vendors proposing to supply the acquisition:

1. Provide documentation of the projected schedule of recommended or required upgrades or improvements to the high technology system over a projected three-year period following the targeted purchase date; or
2. Provide documentation that no recommended or required upgrades or improvements to the high technology system are planned over a projected three-year period following the targeted purchase date.

B. No state agency shall enter into a contract for the acquisition of an upgrade or enhancement to a high technology system unless:

1. The vendor agrees to provide the acquisition at no charge to the state;
2. the vendor previously agreed in a contract to provide the acquisition at no additional charge to the state;
3. The state agency obtains from the vendor proposing to supply the acquisition documentation that any required or recommended upgrade will enhance or is necessary for the performance of the state agency duties and responsibilities; or
4. The vendor provides documentation that the vendor will no longer supply assistance to the state agency for the purpose of maintenance of the high technology system and the state agency documents that the functions performed by the high technology system are necessary for the performance of the state agency duties and responsibilities.

**Recommendation:** The agency should develop and implement a process to ensure all documentation, including the necessary documentation to be provided by the vendor, is handled appropriately and retained in the acquisition file. This can be achieved by properly identifying the type of purchase and requiring an acquisition checklist in each acquisition file with for each purchase type and purchasing threshold.

**Management’s Response: Partially Concur**

**Date:** 9/1/2022

**Respondent:** Chief Financial Officer, Primary CPO

**Response:** Re A. No state agency shall enter into a contract for the acquisition of a high technology system unless the vendors proposing to supply the acquisition:

1. Provide documentation of the projected schedule of recommended or required upgrades or improvements to the high technology system over a projected three-year period following the targeted purchase date; or
2. Provide documentation that no recommended or required upgrades or improvements to the high technology system are planned over a projected three-year period following the targeted purchase date:

- Corrective action plan has been implemented for the purchase orders 4059004639 and 4059004752 for the BadgePass, ID Card printer maintenance.

- Both acquisitions from Techstreet.com (DBA: Clarivate and Global Knowledge), the purchase orders 4059004765 and 4059004847 for the total amount of \$29,082 cannot be defined as high technology system purchase. The Department of Labor holds a cloud subscription to the Techstreet Store <https://www.techstreet.com/> online library of the Boiler Pressure Vessel Codes, ASTM Book of Standards and Eurocodes as noted in the Purchase Orders item description and comments. Therefore, this requirement is not applicable.

Re Criteria: The Oklahoma State Finance Act 62 O.S. § 34.12.1 High Technology Systems and Upgrades and Enhancements states: B. No state agency shall enter into *a contract for the acquisition of an upgrade or enhancement* to a high technology system unless:

1. The vendor agrees to provide the acquisition at no charge to the state;



2. the vendor previously agreed in a contract to provide the acquisition at no additional charge to the state
3. The state agency obtains from the vendor proposing to supply the acquisition documentation that any required or recommended upgrade will enhance or is necessary for the performance of the state agency duties and responsibilities; or
4. The vendor provides documentation that the vendor will no longer supply assistance to the state agency for the purpose of maintenance of the high technology system and the state agency documents that the functions performed by the high technology system are necessary for the performance of the state agency duties and responsibilities:

-Both acquisitions for the BadgePass, the ID Card printer, purchase orders 4059004639 and 4059004752, are for the maintenance, which does not include an upgrade or enhancement to the BadgePass, the ID Card printer machine or software. Therefore, the requirement regarding the contract for the acquisition of an upgrade or enhancement to a high technology system does not seem to be applicable.

-Both acquisitions from Techstreet.com, the purchase orders 4059004765 and 4059004847 cannot be defined as high technology system purchase. The Department of Labor holds a cloud-based subscription to the Techstreet Store <https://www.techstreet.com/> online library of the Boiler Pressure Vessel Codes, ASTM Book of Standards and Eurocodes as noted in the Purchase Orders item description and comments. Therefore, this requirement does not seem to be applicable.

### **Corrective Action Plan**

**Contact person:** Chief Financial Officer, Primary CPO

**Anticipated completion date:** Completed

**Corrective action planned:** ODOL requested from the BadgePass documentation of the projected schedule of recommended or required upgrades or improvements over a projected three-year period, and documentation that no recommended or required upgrades or improvements to the high technology system are planned over a projected three-year period following the targeted purchase date. Upon receipt the documentation will be attached to the FY23 BadgePass purchase order.

For Clarivate Analytics, which now operates under the name Global Knowledge Solutions / Techstreet <https://www.techstreet.com> the account code for FY23 Purchase Order was corrected to 531170, subscription.

## **APPENDIX**

### **Methodology**

- Interviews were conducted with the agency's staff members.



- Internal controls over the procurement program were documented and evaluated.
- Procurement transactions were examined.
- A statistical sample of transactions from cardholders was examined.
- Overall program compliance with the rules related to the audit objectives was evaluated.

### Sampling

We used IDEA data analysis software to categorize and sample units to be tested. Below are tables depicting the sampling size per stratified category for both the standard procurement acquisitions and information technology procurement acquisitions. The total population for substantive testwork was \$483,945.29. The total sampled population for substantive testwork was 34 acquisitions amounting to \$468,901.90. Amounts reported in the charts below are based on the initial classification within each acquisition threshold.

UNITS	SUB-POPULATION	# OF TRANSACTIONS IN SUB-POPULATION	# SAMPLED FOR TESTWORK	% SAMPLED FOR TESTWORK
	\$0 to \$25,000	56	20	36%
	\$25,000.01 to Agency's Purchase Limit	0	0	0%
	Greater than Agency's Purchase Limit	0	0	0%
	<b>Subtotal</b>	<b>56</b>	<b>20</b>	<b>36%</b>
	Judgmental		2	
	<b>Total</b>	<b>56</b>	<b>22</b>	<b>39%</b>
DOLLARS	SUB-POPULATION	\$ AMOUNT IN SUB-POPULATION	\$ AMOUNT SAMPLED FOR TESTWORK	% DOLLARS SAMPLED FOR TESTWORK
	\$0 to \$25,000	\$138,698.39	\$122,505.00	88%
	\$25,000.01 to Agency's Purchase Limit	\$0.00	\$0.00	0%
	Greater than Agency's Purchase Limit	\$0.00	\$0.00	0%
	<b>Subtotal</b>	<b>\$138,698.39</b>	<b>\$122,505.00</b>	<b>88%</b>
	Judgmental		\$1,150.00	
	<b>Total</b>	<b>\$138,698.39</b>	<b>\$123,655.00</b>	<b>89%</b>



UNITS	IT SUB-POPULATION	# OF TRANSACTIONS IN SUB-POPULATION	# SAMPLED FOR TESTWORK	% SAMPLED FOR TESTWORK
	\$0 to \$25,000	9	9	100%
	\$25,000.01 to Agency's Purchase Limit	2	2	100%
	Greater than Agency's Purchase Limit	1	1	100%
	<b>Subtotal</b>	<b>12</b>	<b>12</b>	<b>100%</b>
	Judgmental		0	
	<b>Total</b>	<b>12</b>	<b>12</b>	<b>100%</b>
DOLLARS	IT SUB-POPULATION	\$ AMOUNT IN SUB-POPULATION	\$ AMOUNT SAMPLED FOR TESTWORK	% DOLLARS SAMPLED FOR TESTWORK
	\$0 to \$25,000	\$52,479.90	\$52,479.90	100%
	\$25,000.01 to Agency's Purchase Limit	\$61,258.00	\$61,258.00	100%
	Greater than Agency's Purchase Limit	\$231,509.00	\$231,509.00	100%
	<b>Subtotal</b>	<b>\$345,246.90</b>	<b>\$345,246.90</b>	<b>100%</b>
	Judgmental		\$0.00	
	<b>Total</b>	<b>\$345,246.90</b>	<b>\$345,246.90</b>	<b>100%</b>

## EXECUTIVE SUMMARY

**Organization:** Oklahoma Department of Labor

**Mission statement:** To help ensure fairness, equity, and safety in Oklahoma workplaces through ethical behavior, conscientious guidance, and loyal service to Oklahoma's employers and employees.

**History and overview:** The commissioner of labor is a constitutional office defined by Article VI Section 20. The department is responsible for administration and enforcement of minimum wage; child labor laws; investigation and mediation of unpaid wages; inspection of welded steam lines, boiler and pressure vessels, elevators (other than Oklahoma City), amusement and water rides, and water heaters in public facilities; certification of welders and weld-testing laboratories; regulation and certification of asbestos workers; enforcement of occupational safety and health for public employees; regulation and licensing of workers and business in the alarm, locksmith, and fire sprinkler industry; regulation and licensing of workers and businesses in the alternative fuels industry including compressed natural gas fill stations; and land consultation with private employers on occupational safety and health.

### Agency information

The Agency is made up of 47 classified and 29 unclassified employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of Autumn 2021.

### **Board members**

#### **Alarm, Locksmith, Fire Sprinkler Advisory Committee**

Robby Hernandez, Chair

Patrick Ivey, Chair

Jeremy Caughman

Kris Pettigrew

Duane R. Dyson

Rick Bruder

Keith Schultz

Gary Holmes

Bernita Hart

#### **Alternative Fuels Advisory Committee**

Jeff Twiehaus, Chair

Richard Bailey

Mark Bumgarner

Craiton Cooper

Adam Ellis

Charles Lawson

Randal McGrew

### **Key staff**

**Leslie Osborn**, Commissioner

**Danielle Wade**, Human Resources Director/Procurement Coordinator, Primary Certified Procurement Officer

**Julia Southwick**, Chief Financial Officer