

JOHN S. RICHARD
Director



BRAD HENRY
Governor

STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

May 24, 2006

TO ROBERT DOKE, STATE FIRE MARSHAL AND THE COMMISSION BOARD

With this letter, we transmit the report of the Oklahoma State Fire Marshal Commission purchase card program audit for state fiscal year 2005.

We performed our audit in accordance with professional auditing standards to ensure that the State's resources, procurement processes, and procedures are used in an ethical, effective, and efficient manner.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of the engagement.

Sincerely,

A handwritten signature in black ink that reads "Delmas Ford". The signature is written in a cursive style with a large, sweeping flourish at the end.

Delmas Ford
Chief of Staff
Department of Central Services

"Committed to Quality"



OKLAHOMA

Department of Central Services Auditing Unit

Oklahoma State Fire Marshal Commission

Purchase Card Audit

For the period July 1, 2004 thru June 30, 2005

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PURPOSE, OBJECTIVE AND SCOPE

The Department of Central Services has completed a review of the Oklahoma State Fire Marshal Commission, hereinafter referred to as the "Agency", purchase card program for the period July 1, 2004 through June 30, 2005. The purpose of this report is to communicate the results of the review.

The objective of this review 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;
- determine if the agency has implemented internal controls and if the agency's controls are operating effectively in relation to the purchase card program;
- determine the relative cost benefits the purchase card program had on the agency;
- and, make recommendations for improvements.

This review 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 p/card program were documented and evaluated.
- Transactions from the active cardholders were examined.
- Overall program efficiency and effectiveness was evaluated.
- Overall program compliance with the State of Oklahoma Purchase Card Procedures and rules promulgated thereto was evaluated.

EXECUTIVE SUMMARY

ORGANIZATION

The State Fire Marshal's Office was originally established in 1910, but then abolished in 1957. Recognizing the need for a State Fire Marshal, the Oklahoma fire service voiced concerns, and the office was reestablished in 1965. Prior to this, fires were investigated by agents with the Oklahoma State Bureau of Investigation (OSBI) and code enforcement/plan review regulations were conducted only in cities having an established code enforcement office.

In 1965, the Legislature established the Office of the Oklahoma State Fire Marshal, and a five member Commission was appointed to oversee the agency's operations, including the hiring of the State Fire Marshal.

The Fire Marshal agency is charged with the responsibility of enforcing the codes and standards relative to fire safety adopted by the State Fire Marshal Commission and as designated by state statutes. The State Fire Marshal or his agents investigate acts of arson, or attempted arson, or conspiracy to defraud, and keep records of such investigations. The agents of the State Fire Marshal carry out an extensive fire prevention inspection program in nursing homes, schools, child care centers, hospitals, and other public-use buildings. The agency issues orders for condemnation or repair of dangerous or dilapidated buildings that constitute a hazard to life or other property. The State Fire Marshal examines plans and specifications of certain types of new construction or remodeling to see that they meet minimum fire safety requirements. This agency is authorized to assist any city, town or county in the enforcement of the building codes and standards adopted by the State of Oklahoma.

AGENCY

Today, the agency has three divisions: Administration and Public Education, Fire Investigations, and Code Enforcement. The Agency had 29 classified and four unclassified employees as of September 1, 2004. The State Fire Marshal's Office is headquartered in Oklahoma City. All agents are sworn peace officers. Field agents are located throughout the state and work out of home offices. At the time of the review, there were four purchase cardholders in the agency.

Key Staff:

Robert Doke, State Fire Marshal
Jerry Pruner, Assistant State Fire Marshal
Susie Cain, Executive Secretary/Purchase Card Administrator

AUDIT RESULTS

Purchase Card Program Economy Results

Estimated Savings - The purchase card program saved the Agency an estimated net savings of \$3,169.01 during state fiscal year 2005. This is 15.4% (\$3,169.01 estimated savings / \$20,597.30 total expenditures) of the total dollars expended using the purchase card. This is an average estimated savings of \$22.00 per transaction for the Agency. 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. Additional savings include the purchase card rebate and transaction fees.

Questioned Costs - We noted a total extrapolated questioned cost of \$1,846.87 for insufficient receipt documentation.

Findings and Recommendations

Findings and recommendations are reported based on audit significance.

Finding No: 05-310-009

Criteria: The Codification of Statements on Auditing Standards AU § 319.110 (9) states in part, "Segregation of duties. Assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets is intended to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of his or her duties."

The United States General Accounting Office, GAO/AIMD-00-21.3.1, Internal Control Standards, Segregation of Duties states:

Key duties and responsibilities need to be divided or segregated among different people to reduce the risk or error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.

Condition: Based upon our review, the P/Card Administrator has access to or performs the following duties:

- Administers the Purchase Card Program
- Has access to and maintains all purchase cards and account information
- Receives the other cardholder's receipts and prepares a transaction log for each of the cardholders at the end of the billing cycle.
- Maintains all purchase card records and information.
- Prepares and authorizes vouchers for payment
- Establishes and authorizes Authority Orders.

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- Assumes the duties of Cardholder, Approving Official, and the Purchase Card Administrator.

Cause: The State Fire Marshal is a small Agency; therefore, it is more difficult to divide or segregate duties.

Effect: One individual can control all key aspects of a transaction or event. Abuse of the purchase card could occur and may go undetected.

Recommendation: Used in conjunction with one another, the following recommendations may achieve proper segregation of duties within the agency's purchase card program. The following recommendations include, but are not limited to, the following:

- Each cardholder should maintain a transaction log, and the cardholder should reconcile their log to the memo statement for each purchase card cycle. After the cardholder has completed the reconciliation, an Approving Official one level higher than the cardholder should review and approve the reconciliation.
- Because the Purchase Card Administrator is also a cardholder, another designated Approving Official should review and approve her memo statement and reconciliation.
- Vouchers and authority orders should be authorized by someone other than the preparer.
- A purchase cardholder should not authorize the Office of State Finance payment vouchers for purchase card payments.

The Agency must implement the proper segregation of duties to establish adequate controls in the purchase card program.

Management's Response

Date: 5/11/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. As December 2005, each cardholder maintains a transaction log and reconciles the log to the memo statement for each purchase cycle. An Approving Official one level higher than the cardholder reviews and approves the reconciliation. The Director or Assistant Director approves the Agency's Purchase Card Administrator's memo statement and reconciliation. As noted in the Cause, the State Fire Marshal Agency is small. The Agency's Purchase Card Administrator is also the preparer of accounts payable vouchers, payroll claims, HR issues and budgeting. The Agency's Purchase Card Administrator works directly with the Approving Official/Director on all these matters to reduce the risk of error or fraud. As of this date, the Agency's Purchase Card Administrator will obtain the Approving Official/Director or Assistant Director's authorization on p/card payment vouchers and authority orders.

Finding No: 05-310-002

Criteria:

1. The State of Oklahoma Purchase Card Procedures § 4.2, **Implementation submissions** states in part, "State entities are to prepare and submit the following documents."

Document	Signed by	Submitted to	Notes
Letter appointing Agency P/Card Administrator	Entity Chief Administrative Officer (Agency Head)	Original to appointee Copy to State P/Card Administrator (Central Purchasing)	

2. The State Fire Marshal's Internal Purchasing Policies and Procedures approved by the Department of Central Services states the following regarding the purchase card:

P/Card Process

After proper due diligence, if the CPO determines the P/Card is to be used, the information consisting of the vendor, the item of purchase and the purchase amount is given to the P/Card cardholder. **The cardholder will complete the purchase keeping the confirmation or receipt. The cardholder will log the purchase and notify the CPO that the transaction was completed.** The CPO will make the proper changes to the funding lines using Bank One/JP Morgan Chase's online website to comply with the short payment window at the end of the billing cycle. The proper reports will be accessed, reviewed, and reconciled with the cardholder's receipts and log. The reconciliation will be passed to accounts payable for processing. The voucher will be created by the State accounts payable voucher-build program for the full amount of the invoice from the Bank One/JP Morgan Chase transaction file.

Condition:

1. The Agency did not submit the required document signed by the Executive Director to the State Purchase Card Administrator appointing the Agency Purchase Card Administrator at the time of implementation of the Purchase Card Program.
 After the Agency was notified of the omission during the purchase card review, they submitted the required letter, dated December 9, 2005, to the Department of Central Services.
2. During testwork, we noted 47% of the transaction logs reviewed (9 out of 19 transaction logs) had been completed by the Purchase Card Administrator.

Cardholders were required to give their receipts to the purchase card administrator as soon as they made a purchase. At the end of the cycle, the Purchase Card Administrator was preparing a transaction log for each of the cardholders based on their receipts, and then the Administrator would give the transaction log to the cardholder for them sign and date.

The Purchase Card Administrator was unaware that completing the transaction logs for the cardholders was not in compliance with the State of Oklahoma Purchase Card Procedures. After notified of the error, the cardholders have begun completing and maintaining their own transaction logs.

Cause:

1. The Agency stated that they had notified the State Purchase Card Administrator of the Agency Purchase Card Administrator, but were unaware they were required to send a formal letter from the Director.
2. The Purchase Card Administrator did not realize that the cardholder was to maintain his/her own transaction log.

Effect:

1. The individual responsible for the Agency's Purchase Card Program has not received the proper authority to act as the Agency Purchase Card Administrator.
2. If cardholders do not prepare their own transaction logs, potential misuse or abuse of the purchase card may occur.

Recommendation: We recommend the following:

1. The Agency has submitted the required authorization letter to DCS; therefore, no further recommendation is made at this time.
2. We recommend that the Agency ensure all cardholders complete and maintain their own transaction logs.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. As of December 2005, the Agency has submitted the required authorization letter to DCS and the Agency's Purchase Card Administrator ensures all cardholders complete and maintain their own transaction logs.

Finding No: 05-310-007

Criteria: State of Oklahoma Purchase Card Procedures §6.9.1. **Cardholder Responsibility** states in part, "All cardholders (including Entity P/card Administrators and Approving Officials for other cardholders) must have their reconciliation approved by an approving official at least one level above their position."

Condition: The approving official for one of the agency's cardholders was not one level above the cardholder's position; therefore, inappropriate levels of authority have occurred for one cardholder.

Cause: The Purchase Card Administrator assumed that as the "Administrator of the Purchase Card Program" she could be an approving official for all cardholders, even if one of the cardholders was above her position.

Effect: If the approving official is not at least one level higher than the cardholder within the organizational structure of the Agency, the cardholder could have improper influence and actual authority over the approving official. As a result, the cardholder could skew the approving official's decision making process and an increased risk for transactions to be unauthorized, unsupported, or unallowable could occur and go undetected. In addition, disputes or unresolved issues may not be properly resolved by the approving official. Accordingly, controls in relation to the proper review and approval process of purchase card expenditures and monthly reconciliations could be weakened.

Recommendation: When we informed the Agency of non-compliance with requirements, the aforementioned cardholder voluntarily elected to have the purchase card deactivated. No further recommendation is made at this time.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures § 6.9.1 that all cardholders must have their reconciliation approved by an approving official at least one level above their position. As a result of this finding the Director voluntarily elected to have his purchase card deactivated.

Finding No: 05-310-006

Extrapolated Questioned Costs: \$1,846.87

Criteria:

1. State of Oklahoma Purchase Card Procedures § **6.10 Card Security** states in part, "Use of the p/card and Statewide Contract p/card is limited to the person whose name is embossed on the card. The card shall not be loaned to another person."
2. State of Oklahoma Purchase Card Procedures § **6.5 Receipts** states in part, "Receipts shall be obtained for purchases. The receipt shall give an itemized and detailed description of the purchase. If a receipt is not furnished by the merchant (as may be the case with a phone or internet order), an order confirmation, confirmation number, or packing slip should be obtained. If neither a receipt, confirmation information, nor packing slip is available for a transaction, documentation shall be attached to the transaction log notating all attempts made to obtain a receipt from the merchant..."

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Condition:

1. While testing internal controls, we noted one receipt dated September 27, 2004, in the amount of \$62.30 had been signed by someone other than the cardholder. We asked the Purchase Card Administrator who the individual was who signed the receipt and was told the individual was a contractor.
2. We statistically selected 40 out of 144 transactions for review. No receipt was provided for 5% (2 errors / 40 transactions) of the transactions reviewed. See transactions below:

Transaction Date	Merchant	Transaction Amount
7/15/04	Corporate Express	\$217.87
9/2/04	Corporate Express	\$218.01

The receiving document for one (1) transaction out of forty (40) transactions reviewed did not provide a detailed description of the item(s) purchased. A 2.5% (1 transaction / 40 transactions) error rate was noted. See transaction below:

Transaction Date	Merchant	Transaction Amount
11/18/2004	Unisource Worldwide	\$251.00

The total questioned costs due to improper or inadequate documentation is \$749.18.
The total extrapolated questioned cost is \$1,846.87.

By not providing a detailed and itemized receipt for all purchases, the following p/card requirements cannot be determined:

- Purchase complied with merchant preferences;
- Purchase was fair and reasonable;
- If sales tax was not paid on the purchase.

Cause:

1. The cardholder was not available to purchase the needed item.
2. The cardholder may have misplaced the receipt, not obtained a receipt, or not received an itemized and detailed receipt.

Effect:

1. If someone other than the cardholder's signature is on the authorization line of the purchase card receipt, it appears that an unauthorized individual has possession of the card and is using the card to make unauthorized purchases.
2. By not providing sufficient receipting documentation for purchases, it is difficult to determine what was purchased, at what cost and quantity, and if the purchase was made for legitimate

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and valid government purposes. In addition, insufficient receipting documentation creates an opportunity for unauthorized transactions to occur and go undetected.

Recommendation: We recommend the following:

1. The cardholder voluntarily elected to deactivate his purchase card due to lack of segregation of duties noted during our audit. No additional recommendation is made at this time.
2. The Agency should ensure that a receipt, confirmation order, or confirmation order number supports all purchases. Reviewing the cardholder's reconciliations and determining that transactions are adequately supported is a portion of the designated approving official's responsibilities. Continuous monitoring should be performed by the Agency to ensure all purchases are properly supported by sufficient documentation.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned : Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures § 6.10 that use of the p/card and Statewide Contract p/card is limited to the person whose name is embossed on the card and § 6.5 that receipts shall be obtained for purchases. The Agency's Purchase Card Administrator ensures that a receipt, confirmation order or confirmation order number supports all purchases.

Finding No: 05-310-008

Criteria: State of Oklahoma Purchase Card Procedures § 6.9.1, **Cardholder responsibility** states in part:

The memo statement shall be reconciled by the cardholder and submitted to the cardholders' designated State Entity Approving Official. After confirming the transactions on the memo statement, the cardholder shall sign and date the transaction log indicating the cardholder did make the purchases. The cardholder shall also sign and date the memo statement verifying the transaction log and the memo statement have been reconciled. All cardholders (including Entity P/card Administrators and Approving Officials for other cardholder) must have their reconciliation approved by an approving official at least one level above their position.

State of Oklahoma Purchase Card Procedures § 6.9.2, **Entity approving official(s) responsibility** states in part, "...To indicate concurrence with the reconciled statement, the State Entity Approving Official shall sign and date the memo statement and forward the memo statement and supporting documentation for payment as required by entity p/card procedures."

Condition: During our testwork, we noted the following:

- No memo statement was provided for 16% (3 errors / 19 memo statements) of the memo statements reviewed.
- The approving official did not sign and date the memo statement for 21% (4 errors / 19 memo statements) of the memo statements reviewed. The memo statements in error were for the time period before the Cardholder Statement could be printed from Pathway Net. Since that time, the memo statements have been signed and dated.
- The Purchase Card Administrator signed and dated her own memo statements as the cardholder and the approving official. A 100% error rate was noted for the cardholder within our sample.

Cause:

- The memo statements may have been misplaced.
- The approving official failed to sign and date all the memo statements.
- The Purchase Card Administrator assumed she could approve all cardholders' reconciliations including her own as the "Purchase Card Administrator".

Effect: We are unable to determine that a reconciliation of transactions was performed when the memo statement is not present. By not signing and dating the memo statement, there is no documentation to confirm that the approving official reviewed the reconciliation process. Since the cardholder, approving official and purchase card administrator is the same individual there is no segregation of duties and the cardholder could misuse the purchase card due to no oversight.

Recommendation: We recommend that the Agency ensure all memo statements are reconciled each billing cycle by the cardholder and that the reconciliation process is reviewed by the approving official. This process should be documented by the Cardholder and Approving Official's signature and date on the memo statement. In addition, we recommend that an Approving Official is designated to review and approve the P/Card Administrator/Cardholder's monthly reconciliation. All cardholders (including Entity P/card Administrators and Approving Officials for other cardholders) must have their reconciliation approved by an approving official at least one level above their position.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures §§ 6.9.1 and 6.9.2 that the cardholder shall sign and date the memo statement verifying the transaction log and memo statement have been reconciled, provide these documents to

their Approving Official who shall sign and date the cardholder's memo statement and then forward for payment.

Finding No: 05-310-004

Criteria: Oklahoma Purchase Card Procedures § 6.7.1, **Goods or services received at the time of purchase** states, "The receipt for purchase also serves as the receiving document. The receiving document should be annotated "Received" and signed and dated by the receiving employee".

Oklahoma Purchase Card Procedures § 6.7.2, **Goods or services received subsequent to the time of purchase** states, "The document accompanying the goods or services (such as packing slip or service order) serves as the receiving document and is processed as described in 6.7.1. above."

Condition: During our testwork, we noted 90% (36 errors / 40 receiving documents) of the receiving documents were not annotated "Received", signed, and dated by the receiving employee.

Cause: The Agency's receiving employees were not consistently signing and dating the receiving document. Also, the receiving employees were unaware they should be annotating "Received" when signing and dating the receiving document.

Effect: If the receiving employee does not perform all required tasks related to the receiving document, there is no verification that goods and/or services were actually received.

Recommendation: We recommend the Agency inform all receiving employees that each receiving document should be annotated "Received", signed, and dated.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures § 6.7.1 that all goods or services received at the time of purchase be annotated with "Received", signed and dated.

Finding No: 05-310-005

Criteria: State of Oklahoma Purchase Card Procedures § 6.4, **Transaction logs** states, "Cardholders shall maintain a transaction log of all p/card purchases, returns, credits, and disputed transactions. A separate log shall be maintained for each p/card for each cycle."

State of Oklahoma Purchase Card Procedures § 6.9.1 **Cardholder responsibility** states in part, "...After confirming the transactions on the memo statement, the cardholder shall sign and date the transaction log, indicating that the cardholder did make the purchases.

Condition: While performing testwork, the following was noted:

- Thirty-two percent (32%) (6 errors / 19 transaction logs) of the transactions logs reviewed did not include a transaction log.
- Five percent (5%) (1 error / 19 transactions logs) of the transaction logs reviewed were not signed and dated.

Cause: Transaction logs were not prepared until November 2004.

Effect: By not maintaining and/or signing and dating a transaction log, there is no indication that the cardholder verified the accuracy of purchases listed on the log or performed a reconciliation.

Recommendation: We recommend that the Agency ensure all cardholders maintain a transaction log and sign and date each log indicating the reconciliation performed is accurate and complete.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures § 6.4 that all cardholders maintain a transaction log of all p/card purchases, returns, credits, and disputed transactions. The Agency's Purchase Card Administrator ensures all cardholders maintain a transaction log and sign and date each log indicating the reconciliation performed is accurate and complete.

Finding No: 05-310-001

Criteria: State of Oklahoma Purchase Card Procedures § 5.1, **Encumbering funds** states, "State entities shall establish encumbrances as "authority order" purchase orders in the State Purchasing System. Agencies are required to create a minimum of one authority order for each type of purchase card in use".

Condition: Based upon our review, we noted that prior to 4/04/2005, purchase card expenditures, totaling \$15,501.99, were not paid with properly encumbered funds through the establishment of an authority order.

Cause: The Agency did not create an authority order for the purchase card until 4/04/2005.

Effect: The Agency's payment method could have made obligations in excess of the unencumbered cash balance on hand.

Recommendation: We recommend the Agency creates a process to ensure funds are timely encumbered for each type of purchase card.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. As of April 2005, the Agency has implemented State of Oklahoma Purchase Card Procedures § 5.1 by establishing an "authority order" in the State Purchasing System for each purchase card in use.

Finding No: 05-310-0010

Criteria: State of Oklahoma Purchase Card Procedures Version 1 (3-28-01) § 5.4 **State Entity Reimbursements of OSF** states in part, "...claims filed representing payment to OSF for p/card transactions shall include a copy of the state entity memo statement..." and "...documentation (ie, purchase receipts, receiving documents, return receipts, transaction logs) supporting p/card transactions shall be retained by the state entity and made available upon request..."

Condition: For the August 2004 billing cycle, the Agency made one single payment for purchase card transactions; however, no documentation (*invoice or memo statement*) was provided to support the voucher.

Cause: The memo statement or invoice may have been misplaced.

Effect: The Agency is not retaining all required documentation to support the purchase card vouchers.

Recommendation: We recommend the Agency retain all required documentation to support purchase card vouchers.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has implemented the procedures recommended by the Oklahoma Purchase Card Procedures Version 1 § 5.4 that claims filed representing payment of OSF for p/card transactions shall include a copy of the Agency's memo statement and documentation supporting the p/card transactions.

Finding No: 05-310-003

Criteria: The State of Oklahoma Purchase Card Procedures § 3.10, **Purchase Card Employee Agreement** states in part, "Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must sign the State of Oklahoma Purchase Card Employee Agreement from prior to assuming their duties and being issued p/cards."

Condition: The four (4) individuals within the Agency's Purchase Card Program did not sign the Purchase Card Employee Agreement prior to assuming their duties.

After the Agency was informed of the requirement, all Purchase Card Employee Agreements were completed.

Cause: The client was unaware that the Employee Agreement Form was to be signed by Cardholders, Approving Officials, and the State Entity P/Card Administrator.

Effect: The Cardholders, Approving Officials, and Purchase Card Administrator may not understand their responsibility in relation to the purchase card program. Also, individuals may not be held responsible for misuse of the purchase card and/or exceed the authority that has been granted to them.

Recommendation: We recommend that the Agency implement a process to ensure all future Purchase Card Employee Agreement Forms are completed by Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders prior to assuming their duties and being issued purchase cards.

Management's Response

Date: 5/9/06

Respondent: Robert Doke, State Fire Marshal, and Susie Cain, Executive Secretary/
Purchase Card Administrator

Response and Corrective Action Planned: Concur. The Agency has submitted the required Purchase Card Employee Agreements to DCS. The Agency's Purchase Card Administrator will ensure all future Purchase Card Employee Agreements and other documentation are properly completed.

OVERALL CONCLUSION

In our opinion, the Oklahoma State Fire Marshal Commission has materially complied with the requirements of the State of Oklahoma Purchase Card Procedures and the rules promulgated thereto; however, some exceptions were noted. The Oklahoma State Fire Marshal Commission has implemented corrective actions, which we believe will ensure the Agency will comply, in all material respects, with the aforementioned requirements.