

JOHN S. RICHARD
Director



BRAD HENRY
Governor

STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

June 30, 2006

**THE HONORABLE M. SUSAN SAVAGE, SECRETARY OF STATE
STATE OF OKLAHOMA:**

With this letter, we transmit the report of the Oklahoma Secretary of State purchase card program audit for period March 1, 2005 through February 28, 2006.

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, appearing to read "J. S. Richard".

John S. Richard
Director of Central Services

"Committed to Quality"

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OKLAHOMA

Department of Central Services Auditing Unit

Oklahoma Secretary of State

Purchase Card Audit

For the period March 1, 2005 thru February 28, 2006

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PURPOSE, OBJECTIVE AND SCOPE

The Department of Central Services has completed an audit of the Oklahoma Secretary of State, hereinafter referred to as the "Agency", purchase card program for the period March 1, 2005 through February 28, 2006. The purpose of this report is to communicate the results of the audit.

The objective of this audit was to:

- determine if the agency's purchase card program is in compliance with laws and regulations;
- determine if the agency's purchase card program is in compliance with approved internal purchasing procedures as they relate to the acquisition process of using purchase cards;
- 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;
- make recommendations for improvements.

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

METHODOLOGY

- Interviews were conducted with the Agency's staff members.
- Internal controls over the p/card program were documented and evaluated.
- All transactions from each of the 4 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 Oklahoma Secretary of State consists of Administrative, Business, Legislative, and Public Services divisions. The Secretary of State is required by law to attest to the Governor's signature and to file all the official acts of the Governor. Executive orders, appointments and proclamations signed and issued by the Governor are certified and distributed by the Secretary of State. Their mission is to provide quality service to the public by maintaining a central registry of official documents. Historically, the Oklahoma Secretary of State is the official repository and filing agency for all official acts of the governor, legislation and state questions, business entity filings, state agency rules and regulations, agricultural lien filings, notary public applications, athlete agent registrations, and bonds of public officials and employees.

SECRETARY OF STATE

The Agency is made up of 30 classified, 3 unclassified employees, and 7 temporary employees as of September 1, 2005. At the time of the audit, there were 4 cardholders and 1 travel card in the agency.

Key Staff:

M. Susan Savage, Secretary of State
Robbie Tittle, Purchase Card Administrator

AUDIT RESULTS

Purchase Card Program Economy Results

Estimated Savings - The purchase card program saved the Agency an estimated net savings of \$138.83 during the period of March 1, 2005 through February 28, 2006. This is 1.4% (\$138.83 / \$9,983.38) total expenditures) of the total dollars expended using the purchase card. 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. The agency stated that the purchase card program is convenient on the front end, when it is necessary to make a purchase. However, the agency chooses to use the card to stay in practice, rather than out of convenience.

Questioned Cost - We noted a net additional questioned cost to the State in the amount of \$25.52.

Findings and Recommendations

Findings and recommendations are reported based on audit significance.

Finding No: 05-625-01

Criteria: 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.

The United States General Accounting Office, GAO-01-1008G – Internal Control Management and Evaluation Tool (08/01), states, in part:

Common Categories of Control Activities

7. Segregation of Duties – Key duties and responsibilities are divided or segregated among different people to reduce the risk of error, waste, or fraud. Consider the following:
 - Responsibilities and duties involving transactions and events are separated among different employees with respect to authorization, approval, processing and recording, making payments or receiving funds, review and auditing, and the custodial functions and handling of related assets.
 - Management is aware that collusion can reduce or destroy the control effectiveness or segregation of duties and, therefore, is

especially alert for it and attempts to reduce the opportunities for it to occur.

State Purchase Card Procedures § 6.4, **Transaction logs**, states in part, “Cardholders shall maintain a transaction log of all p/card purchases, returns, credits and disputed transactions...”

State Purchase Card Procedures § 6.9.1, **Cardholder responsibility**, states:

SW Contract p/card and Travel p/cardholders must obtain approval for purchases daily from their Entity Approving Official. The Entity Approving Official shall indicate approval by initialing and dating the transaction log next to the purchase. Regular p/card, Statewide Contract p/card, and Travel p/card holders shall obtain an electronically generated memo statement upon closing of the bank's monthly billing cycle from the Pathway Net System. The memo statement shall be reconciled by the cardholder and submitted to the cardholder's designated State Entity Approving Official. In reconciling the statement, cardholders should use appropriate documents (i.e. transaction log, purchase receipts, receiving documents, credit receipts) to verify that purchases and returns are accurately listed on the memo statement. 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. The cardholder shall also sign and date the memo statement verifying that the transaction log and memo statement have been reconciled. 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.

State Purchase Card Procedures § 6.9.2, **Entity approving official(s) responsibility**, states:

SW Contract p/card and Travel p/card Entity Approving Officials must review and approve the cardholder's purchases daily. The Entity Approving Official shall indicate approval by initialing and dating the transaction log next to the purchase. State Entity Approving Official(s) shall review the regular p/card, Statewide Contract p/card, or Travel p/card holder's reconciled memo statement and supporting documentation for accuracy, completeness, appropriateness of the purchase and whether the transactions were conducted according to State statutes, rules, these procedures, and sound business practice... 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 the review of internal controls we noted the following:

1. The Purchase Card Administrator is the Approving Official for all cardholders except for herself. Two of these cardholders are at the same level on the agency's organizational chart as the administrator. Also, the Purchase Card Administrator's Approving Official is one level below her in the organizational chart and should be one level higher.

2. One cardholder prepares the transaction logs and reconciles the monthly memo statements for all four cardholders in the Agency, plus the travel purchase card.

During substantive testing we noted the following:

3. Thirteen of fourteen (93%) billing cycles, the invoice statement mailed from the bank, instead of the Pathway Net memo statement, was used to reconcile all cardholder's transactions by one cardholder.

4. Thirteen of fourteen (93%) memo statements were not signed and dated by the cardholders' approving official.

5. Thirteen of fourteen (93%) memo statements were not signed and dated by the cardholder.

6. Two of two (100%) billing cycles the cardholder's approving official did not initial or date the transaction logs daily for each purchase on the travel card.

7. Nine of fourteen (64.3%) billing cycles, the Accounting Technician, rather than the cardholder, reconciled the memo statement to the transaction log.

On 5/18/06 we received correspondence from the Agency Purchase Card Administrator indicating that all cards except for one purchase card and the travel card will be canceled. As of 6/14/06, no cards have been cancelled.

Cause:

1. With a small staff, small number of cardholders, and low transaction volume, the Agency determined that adequate controls were in place to mitigate the risk of improper use of the purchase card by any one cardholder.

2 & 3. Management indicated that it would be more convenient for one cardholder to reconcile the statements for all other cardholders.

4, 5, 6 & 7. Management was not knowledgeable of the specific responsibilities of the cardholder and approving official regarding the signing and dating of memo statements and transaction logs.

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.

If the cardholder and approving official do not sign and date the required documentation and the cardholder does not reconcile his/her statement, misuse of the purchase card or purchase card account number could occur and may go undetected.

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

We recommend to the Agency:

- Assign each cardholder an approving official who has received the required training and is at least one level above him/her in the Agency's organizational structure. We also recommend the Agency to create a process for determining new cardholders have an approving official that meet the requirements before the cardholders begin using the purchase card.
- Have each cardholder maintain a transaction log and the supporting documentation and to perform a reconciliation of their transactions at the end of each billing cycle.
- Implement a process that ensures the cardholders sign and date the memo statement from Pathway Net upon reconciliation and the approving officials sign and date memo statements after verifying that the cardholder's reconciliation is accurate and complete.
- Provide the proper amount of supervision to cardholders. Cardholders should receive guidance, review, and on-the-job training from supervisors to help ensure proper work flow and processing of transactions and events, reduce misunderstandings and discourage wrongful acts. Supervisory personnel should ensure that cardholders and approving officials are aware of their duties, responsibilities and management's expectations.
- Ensure that the appropriate approving official initial and date the transaction log daily for each purchase on the travel card.

Management's Response:

Date: June 28, 2006

Respondent: Robbie L. Tittle, Purchase Card Administrator

Response: Partially Concur - **Management partially concurs with the condition listed below. We concur that the condition as presented is factual but incomplete.**

Condition 1. The Purchase Card Administrator is the Approving Official for all cardholders except for herself. Two of these cardholders are at the same level on the agency's organizational chart as the administrator. Also, the Purchase Card Administrator's Approving Official is one level below her in the organizational chart and should be one level higher.

Management has determined that due to the infrequent utilization of the PCard and the redundant nature of the Purchase Card Procedures this office will no longer participate in this program.

Management partially concurs with the condition listed below. We concur that the condition as presented is factual but incomplete.

Condition 2. One cardholder prepares the transaction logs and reconciles the monthly memo statements for all four cardholders in the Agency, plus the travel purchase card.

During substantive testing we noted the following:

1. Thirteen of fourteen (93%) billing cycles, the invoice statement mailed from the bank, instead of the Pathway Net memo statement, was used to reconcile all cardholder's transactions by one cardholder.
2. Thirteen of fourteen (93%) memo statements were not signed and dated by the cardholders' approving official.
3. Thirteen of fourteen (93%) memo statements were not signed and dated by the cardholder.
4. Two of two (100%) billing cycles the cardholder's approving official did not initial or date the transaction logs daily for each purchase on the travel card.
5. Nine of fourteen (64.3%) billing cycles, are unclear as to who reconciled the cardholders' memo statements due to lack of signatures on memo statements.

Management states that all billing cycles were reconciled and confirmed by the cardholder, Sheri Porter and Robbie Tittle. All logs were signed by the cardholder and Robbie Tittle or Sheri Porter. All bank statements were reconciled to the appropriate log and signed. And all claim vouchers were reconciled to the statements and logs and signed by Robbie Tittle.

6. On 5/18/06 we received correspondence from the Agency Purchase Card Administrator indicating that all cards except for one purchase card and the travel card will be canceled. As of 6/14/06, no cards have been cancelled.

Management states the following events to place on May 18, 2006. An email was sent to each of the card holders and the DCS Auditor, identifying Sheri Porter as the only card holder and Robbie L. Tittle as the only administrator. The credit card's magnetic stripe was cut through for Wall, Coffman and Tittle on May 22, 2006. The cards for Tittle could not be cancelled until after the May credit card payment was posted in the Pathway system. The payment post date was June 12, 2006 and all cards were canceled June 16, 2006.

Corrective Action Plan

Contact Person: Robbie L Tittle, Purchase Card Administrator

Anticipated Completion Date: June 28, 2006

Corrective Action Planned:

Management has determined that due to the infrequent utilization of the P/Card and the redundant nature of the Purchase Card Procedures this office will no longer participate in this program.

Finding No: 05-625-03

Criteria: Secretary of State Internal Purchasing Procedures § 4.d, **Processing of Purchasing Requisition and Purchase Order Forms** states, in part:

1. Upon approval by the requesting Division supervisor the requisition and any related documents are submitted to the ACPO.
2. The ACPO reviews the requisition for accuracy and completeness.
3. The ACPO determines if the requisition for supply items are to be purchased from a previously approved Purchase Order.
4. If yes, the ACPO will submit the documents to the Approving Authority for signature...
10. The requesting Division may contact the supplier once the purchase has been authorized by the Approving Authority to secure the goods or services...

Oklahoma Secretary of State Internal Purchasing Procedures § 1, **Definitions** states, in part, "Approving Authority" means the Secretary of State. The Secretary of State may delegate this authority by a formal letter of delegation."

Condition: We tested all purchase card transactions totaling \$9,983.38 during the audit period. We noted the following during testwork:

1. Eleven of thirty-five (31.4%) receipts tested the purchase requisition was signed and dated by the Secretary of State after the transaction date of the authorized purchase.
2. Three of thirty-five (8.6%) receipts tested, a purchase requisition form was not completed for the purchase.

A total error rate for Condition 1 and 2 is 40% (14 errors of 35 transactions).

3. One receipt, dated 12/06/05, included a purchase of a planner which was not specifically included on the Purchase Requisition approved by the Approving Authority.

Cause:

1. Approval was obtained verbally from the Approving Authority and later documented.
2. & 3. The missing purchase requisition form was likely oversight by management to adequately document the purchase approval.

Effect: The internal pre-approval process used by the Agency for purchasing items and services with the purchase card is not operating effectively.

Recommendation: We recommend the Agency ensure that cardholders obtain documented approval from the Secretary of State or an authorized delegate prior to making a purchase on the purchase card.

The Agency may also evaluate the Agency's internal purchasing procedures and the process for pre-approving purchase card transactions to determine if the procedures may need to be updated to better meet the purchasing needs of the Agency in an effective and efficient manner.

Management's Response:

Date: June 28, 2006

Respondent: Robbie L. Tittle, Purchase Card Administrator

Response: Partially Concur - **Management partially concurs with the condition listed above. We concur that the condition as presented is factual but incomplete.**

Management confirms that the Secretary of State had knowledge of the need to purchase items prior to acquisition and that all purchases have been received by the SOS and properly accounted for.

Corrective Action Plan

Contact Person: Robbie L. Tittle, Purchase Card Administrator

Anticipated Completion Date: June 28, 2006

Corrective Action Planned:

Management notes and appreciates the recommendation to review our internal purchasing procedures to better meet the needs of the office. The SOS is looking at our current internal purchasing procedures to update as necessary to improve our effectiveness in a more efficient manner.

Finding No: 05-625-02

Criteria:

1. State 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. It should be annotated 'Received' and signed and dated by the receiving employee. The combination purchase receipt/receiving document shall be attached to the transaction log."

State 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 a packing slip or service order) serves as the receiving document and is processed as described in 6.7.1."

2. State Purchase Card Procedures § 6.5, **Receipts for purchase** states in part, "Receipts shall be obtained for purchases. 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 number, nor packing slip is available for the transaction, documentation shall be attached to the transaction log notating all attempts made to obtain a receipt from the merchant...If a receipt is lost, the cardholder shall note the loss on the transaction log and complete a Lost Receipt Report."

Condition: We tested all purchase card transactions totaling \$9,983.38 during the audit period. During substantive testwork we noted the following:

1. Twenty-nine of thirty-five (82.9%) receiving documents tested were not signed, dated, or annotated "Received." Two of the twenty-nine were for walk-in purchases, and were neither signed, dated, nor annotated "Received." Twenty-seven were for goods or services received subsequent to the time of purchase.
2. One receipt, for a 2/03/06 purchase of deposit tickets, did not indicate the amount charged for the purchase card. Therefore, we were unable to determine if the amount actually charged on the card was accurate.

Cause:

1. The Agency was not aware the receiving employee was to be signing, dating, and annotating "Received" on the receiving document.
2. The cardholder was not aware that the purchase amount was not indicated on the receipt.

Effect:

1. 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.
2. The receipt does not indicate the amount of the purchase. The cardholder may be unable to accurately reconcile the charge in Pathway Net to the receipt.

Recommendation: We recommend that the Agency:

- Develop, implement and communicate to all receiving employees a process to ensure that receiving employees sign, date, and annotate "received" on the receiving document.
- Inform all cardholders to ensure the receipts for purchase card transactions contain detailed information, including, but not limited to, the purchase amount, to allow the cardholder to verify that the amount charged by the vendor is appropriate and accurate for the goods or services purchased.

Management's Response:

Date: June 28, 2006

Respondent: Robbie L. Tittle, Purchase Card Administrator

Response: Partially Concur - **Management partially concurs with the conditions listed below. We concur that the condition as presented is factual but incomplete.**

Condition1: We tested all purchase card transactions totaling \$9,983.38 during the audit period. During substantive testwork we noted the following:

1. Twenty-nine of thirty-five (82.9%) receiving documents tested were not signed, dated, or annotated "Received." Two of the twenty-nine were for walk-in purchases, and were neither signed, dated, nor annotated "Received." Twenty-seven were for goods or services received subsequent to the time of purchase.

Management states that all invoices, packing slips and other receiving documents were signed upon receipt and thereby approved for payment by an authorized person.

2. One receipt, for a 2/03/06 purchase of deposit tickets, did not indicate the amount charged for the purchase card. Therefore, we were unable to determine if the amount actually charged on the card was accurate.

Management states that the amount charged for the purchase of the deposit tickets was confirmed verbally. In the future the confirmation will be noted on the document.

Corrective Action Plan

Contact Person: Robbie L. Tittle, Purchase Card Administrator

Anticipated Completion Date: July 01, 2006

Corrective Action Planned:

Management has approved the purchase of a Received stamp for goods and services. The six stamps have been ordered. Those authorized to receive goods and services will be instructed to stamp the documents upon receipt of any goods received by our office. The stamp will also be used to acknowledge receipt of services by stamping the invoice and identifying the date receive and applying their signature

Stamp facsimile: Secretary of State
 Goods or Services
 Received
 Date:
 By:

This procedure will be used for receiving all goods and services.

Finding No: 05-625-04

NET ADDITIONAL QUESTIONED COST: \$25.52

Criteria: State Purchase Card Procedures § 6.2.5, Merchant preferences, state, "P/card purchases shall comply with the following preferences for certain merchants or types of contracts. The following are listed in the order of preference:

6.2.5.1 **State Use Committee.** State entities shall make p/card purchases from merchants on the State Use Committee procurement schedule ... State Use Committee statewide contracts are mandatory for use. State entities shall reference the State Use Committee procurement schedule to ensure p/card purchases are pursuant to 74 O.S. § 3007.

6.2.5.2 **Oklahoma Corrections Industries (OCI).** State entities shall make purchases from OCI pursuant to O.S. § 549.1, if the vendor is deemed lowest and best.

6.2.5.3 **Mandatory statewide contracts.** State entities shall make purchases from mandatory statewide contracts regardless of the purchase price unless the State Purchasing Director has issued a waiver to the entity.

**STATE OF OKLAHOMA
OKLAHOMA SECRETARY OF STATE
PURCHASE CARD AUDIT
JUNE 30, 2006**

Condition: We tested all purchase card transactions totaling \$9,983.38 during the audit period. Four of thirty-five (11.4%) purchases were made out of compliance with mandatory statewide contracts for office supplies. We noted an 80% (4 errors / 5 Office Supply Purchases) error rate in relation to office supply purchases during the audit period when the purchase card was used as the method of purchasing. The agency did not make any purchases from mandatory statewide contracts when required during the audit period.

Transaction Date	Item Description	\$ Amt Paid	Contract #	\$ Contract Amt	\$ Diff Over Contract	\$ Diff Under Contract
2/15/06	File folders	\$39.56	SW22/464	\$31.88	\$7.68	-
11/21/05	Business card holders	\$2.69	SW22-439	\$.40	\$2.29	-
11/21/05	Wall clock	\$4.99	SW908/438	\$18.90	-	\$13.91
12/06/05	Portfolios	\$58.35	SW22-464	\$36.00	\$22.35	-
10/03/05	Binders	\$24.87	SW22/439	\$17.76	\$7.11	-
\$ Difference					\$39.43	\$13.91
NET ADDITIONAL QUESITONED COST					\$25.52	

Cause: Purchases made in the open market rather than through preferred vendors was likely the result of cardholder oversight.

Effect: By not making purchases according to merchant preferences, cardholders circumvented controls that ensure prices paid for goods and services are fair and reasonable for the State of Oklahoma.

Recommendation: We recommend the Agency to provide the proper amount of supervision to cardholders. Cardholders should receive guidance, review, and on-the-job training from supervisors to help ensure purchases are made from mandatory statewide contracts.

Management's Response:

Date: June 28, 2006

Respondent: Robbie L Tittle, Purchase Card Administrator

Response: Concur

Condition: We tested all purchase card transactions totaling \$9,983.38 during the audit period. Four of thirty-five (11.4%) purchases were made out of compliance with mandatory statewide contracts for office supplies. We noted an 80% (4 errors / 5 Office Supply Purchases) error rate in relation to office supply purchases during the audit period when the purchase card was used as the method of purchasing. The agency did not make any purchases from mandatory statewide contracts when required during the audit period.

Management states that mandatory State Use contracts are normally used for acquisitions as required.

Corrective Action Plan

Contact Person: Robbie L Tittle, Purchase Card Administrator

Anticipated Completion Date: June 28, 2006

Corrective Action Planned:

Management states that the SOS will continue to carefully review mandatory statewide contracts and use as required.

Finding No: 05-625-05

Criteria:

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

Condition: The Agency did not submit a letter to the Department of Central Services appointing an Agency employee as the Purchase Card Administrator. An internal email from the former Assistant Secretary of State notified the current Purchase Card Administrator of the new duties to be assumed.

Cause: The Agency was under the impression that the internal email was sufficient to appoint the new Purchase Card Administrator.

Effect: Without an official letter signed by the Secretary of State, the Purchase Card Administrator is not authorized to assume the duties and responsibilities as the Agency's Purchase Card Administrator.

Recommendation: We recommend that the Agency create the required letter appointing a Purchase Card Administrator for the agency. The letter should be signed by the Chief Administrative Office of the agency and a copy should be forwarded to the State Purchase Card Administrator.

Management's Response:

Date: June 28, 2006

Respondent: Robbie L Tittle, Purchase Card Administrator

Response: Concur

Condition: The Agency did not submit a letter to the Department of Central Services appointing an Agency employee as the Purchase Card Administrator. An internal email from the former Assistant Secretary of State notified the current Purchase Card Administrator of the new duties to be assumed.

Management has submitted the letter appointing the P/Card administrator and the DCS Form 2053 Lisa Martin, DCS – P/Card Administrator. On June 22, 2006 we received an email from Ms. Martin stating that Form 2053 cannot be signed by Ms. Savage because she is not on file as being an authorized signer. Ms. Martin asked for a new form with Sheri Porter's signature. As you are aware Ms. Porter is one level below Ms. Tittle on the organizational chart. It appears that there is no means for our office to be in compliance with the requirements of the P/Card procedures.

Corrective Action Plan

Contact Person: Robbie L Tittle, Purchase Card Administrator

Anticipated Completion Date: June 28, 2006

Corrective Action Planned:

Management has determined that due to the infrequent utilization of the P/Card and the redundant nature of the Purchase Card Procedures this office will no longer participate in this program.

Auditor Response:

The Secretary of State submitted the required letter on May 19, 2006 to the State Purchase Card Administrator appointing Ms. Tittle as P/Card Administrator. The submittal of this letter is adequate to fulfill the recommendation made by the auditor regarding this audit finding.

OVERALL CONCLUSION

Based upon our audit we have determined the Oklahoma Secretary of State has materially complied with the purchase card program laws and regulations promulgated by the Department of Central Services. We have also determined based upon our audit findings, the Agency has not materially complied with approved internal purchasing procedures as they relate to the acquisition process of using purchase cards, and internal controls in relation to the purchase card program. The Oklahoma Secretary of State has elected to discontinue their participation in the purchase card program.

Management Response to Overall Conclusion: The Secretary of State has determined that the PCard program adds little time savings, cost savings or efficiencies to the overall operations. The audit was useful in examining internal purchasing procedures in general. However, the agency disagrees with the conclusion that the agency has not materially complied with internal procedures and controls. Procedures and controls have been in place and have ensured that PCard purchases have been appropriately made. The audit offers ways to improve internal procedures and each which will be evaluated and where appropriate, implemented.