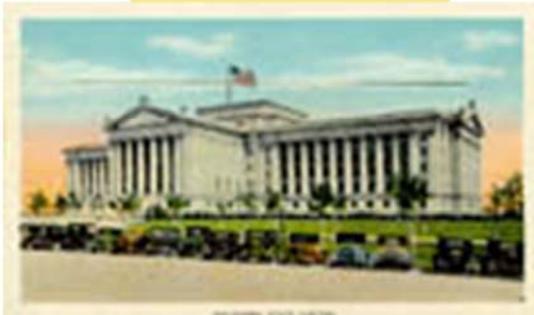


STATE OF OKLAHOMA

**Department of Central Services
Audit Unit**



**OKLAHOMA SPACE INDUSTRY
DEVELOPMENT AUTHORITY
Purchase Card Program Audit**

*Report Released
May 14, 2007*

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

TABLE OF CONTENTS

PURPOSE, OBJECTIVE, AND SCOPE.....1

METHODOLOGY1

EXECUTIVE SUMMARY.....2

AUDIT RESULTS.....3

OVERALL CONCLUSION.....14

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**STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007**

PURPOSE, OBJECTIVE, AND SCOPE

The Department of Central Services has completed an audit of the Oklahoma Space Industry Development Authority, hereinafter referred to as the "Agency", purchase card program for the period January 28, 2006 to January 29, 2007. The purpose of this report is to communicate the results of the audit.

The objective of this audit was to:

- determine if the agency has implemented internal controls and if your agency's controls are operating effectively in relation to the purchase card program;
- determine if the agency's purchase card program is in compliance with laws and regulations promulgated by the Department of Central Services; and
- 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.

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 purchase card program were documented and evaluated.
- A statistical sample of transactions from cardholders was examined.
- Overall program compliance with the State of Oklahoma Purchase Card Procedures and rules promulgated thereto was evaluated.

**STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007**

EXECUTIVE SUMMARY

Organization

The Oklahoma Space Industry Development Authority's mission is to be aggressive, deliberate, and forceful in the planning and development of spaceport facilities, launch systems, and projects, and to successfully promote and stimulate the creation of space commerce, education, and space-related industries in Oklahoma.

The Oklahoma Space Industry Development Authority was made up of 3 unclassified, non-merit employees. At the time of the audit, the Agency had two purchase cards- an individual and travel purchase card.

Board Members

Mr. Ken McGill, Authority Board Chairman
Mr. Joe King, Authority Board Vice-Chairman
Mr. Don Rodolph, Chair of Budget & Personnel Committee & Authority Board Treasurer
Mr. Louis Sims, Chair of Policy & Education Committee & Authority Board Secretary
Mr. H. Phillip Kliewer, Authority Board Member
Mr. Jack Bonny, Authority Board Member
Mr. Todd Russ, Authority Board Member

Key Staff

Bill Khourie, Executive Director
Kim Vowell, Administrative Assistant & Purchase Card Administrator

Purchase Card Program Economy Results

Estimated Savings - The purchase card program saved the Oklahoma Space Industry Development Authority an estimated \$7,241.03 in administrative savings for the audit period January 28, 2006 to January 29, 2007. This is an average estimated savings of \$68.31 per transaction and represents 44% (\$7,241.03 / \$16,356.87) of the total purchase card expenditures. In addition to the administrative savings, the Agency was able to make purchases through the internet.

Questioned Costs - During our audit of Oklahoma Space Industry Development Authority purchase card program, we noted unencumbered standard and travel purchase card expenditures totaling \$3,757.02 ([\\$2,610.77](#) standard purchase card and [\\$1,146.25](#) travel purchase card). We noted a questioned cost of [\\$51.50](#) for two purchase card transactions unsupported by receipt documentation; and, an additional cost of [\\$4.97](#) for purchases outside of mandatory statewide contract requirements.

AUDIT RESULTS

Audit Finding Summary

(Error rates are based on transactions and memo statements reviewed.)

Purchase Card

- Total unencumbered purchase card transactions for the audit period totaled \$3,757.02. [Finding 07-346-06](#)
- 1 of 6 (17%) transactions applicable to merchant preference requirements was made in the open market at an additional cost to the State in the amount of \$4.97 [Finding 07-346-06](#)
- The two purchase cards held by the Agency were maintained in an unlockable file cabinet in an area of the office that remains unlocked during business hours. [Finding 07-346-01](#)
- Letter designating Agency's Purchase Card Administrator. [Finding 07-346-01](#)
- 2 of 13 (15%) regular purchase card transactions were not supported by receipt. [Finding 07-346-03](#)
- 17 of 17 (100%) travel purchase card transactions were not initialed and dated by the approving official on the cardholder's transaction log. [Finding 07-346-05](#)
- 2 of 8 (25%) transaction logs were not signed by the cardholder. [Finding 07-346-05](#)
- 2 of 2 (100%) receiving documents for regular purchase card transactions for goods received at the time of purchase were not signed, dated, and annotated 'received'. [Finding 07-346-04](#)
- 15 of 17 (88%) receiving documents for travel purchase card transactions for services received subsequent to the time of purchase were not signed, dated, and annotated 'received'. [Finding 07-346-04](#)
- 4 of 11 (36%) receiving documents for regular purchase card transactions for goods received subsequent to the time of purchase were not signed, dated, and annotated 'received'. [Finding 07-346-04](#)
- 1 of 11 (9%) receiving documents for regular purchase card transactions for goods received subsequent to the time of purchase was initialed, dated, and annotated 'received'. [Finding 07-346-04](#)
- 5 of 15 (33%) memo statements were not signed and dated by the approving official. [Finding 07-346-02](#)

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

- 1 of 7 (14%) memo statements was not signed and dated by the cardholder. [Finding 07-346-02](#)
- 1 of 8 (13%) memo statements was not available for review. [Finding 07-346-02](#)

Audit Finding Details

(Findings and recommendations are reported based on audit significance.)

Finding 07-346-06: Encumbering / Statewide Contracts

Criteria:

1. State of Oklahoma Purchase Card Procedures § 5.1 **Encumbering Funds** states in part:

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 P/Card in use. Separate authority orders should be established for the regular P/Card, the statewide contract P/Card, and the Travel P/Card...

2. State of Oklahoma Purchase Card Procedures § 6.2.5 **Merchant preferences** states in part, “P/card purchases shall comply with the following preferences for certain merchants or types of contacts...

§ 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...”

Condition: For state fiscal year 2006, the Agency encumbered a total of \$13,800 for the purchase card program- \$12,000 for the travel purchase card and \$1,800 for the regular purchase card. For state fiscal year 2007, the Agency encumbered a total of \$22,000 for the purchase card program- \$12,000 for the travel purchase card and \$10,000 for the regular purchase card. Details of substantive testing are noted below.

1. Regular purchase card transactions for state fiscal year 2006 totaled \$4,410.77. The Agency had unencumbered purchase card transactions in the amount of [\\$2,610.77](#). Unencumbered expenditures covered a total of 115 days (March 1, 2006 to June 30, 2006).

The Agency did not encumber funds for the travel purchase card in FY 2007 until 10/02/2006. A total of [\\$1,146.25](#) was expended on the travel card between July 24, 2006 and October 2, 2006. The Agency had unencumbered purchase card transactions for the travel purchase card for a total of 71 days.

The total unencumbered expenditures amount is \$3,757.02.

**STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007**

For the audit period January 28, 2006 to January 29, 2007, the Agency had 43 total regular purchase card transactions for a dollar total of \$6,595.37. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 13 (30%) regular purchase card transactions with a dollar total of \$1,937.20 (29%). The Agency also had 63 total travel purchase card transactions for a dollar total of \$9,761.50. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 17 (27%) travel purchase card transactions with a dollar total of \$1,335.75 (14%).

2. Of the 13 regular purchase card transactions sampled during substantive testing, six (46%) transactions met merchant preference requirements. Of these six transactions, one (17%) transaction for binders was made in the open market in the amount of \$65.76. Details are noted below.

During our review of internal controls, we noted one transaction for binders in the amount of \$21.40 was made in the open market instead of the required mandatory statewide contract.

<u>Purchase Date</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Total Open Market Cost</u>	<u>Total Statewide Contract Cost</u>	<u>Additional Cost to State</u>
10.11.2006	1" Binders	5	\$21.40	\$19.55	\$1.85
10.02.2006	1 " Binders	12	\$65.76	\$62.64	\$3.12
					<u>\$4.97</u>

Total additional cost to the State for open market purchases is [\\$4.97](#) and total extrapolated cost is \$10.62.

Cause:

1. Error was made in tracking available encumbered funds for the purchase card and reliance was placed on PeopleSoft to notify P/Card Administrator of the unavailability of encumbered funds.
2. Purchase was an emergency purchases. Binders were needed for presentation to Legislation.

Effect or Potential Effect:

1. The process used to encumber funds creates an opportunity for obligations to be made in excess of the encumbered cash balance on hand.
2. By not making purchases from the mandatory statewide contract, controls that promote reduced cost and increased value for goods and services are circumvented.

Recommendation: We recommend the Agency:

1. Create a process to ensure funds are timely encumbered for each type of purchase card used by the Agency.

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

2. Communicate to cardholders the requirements of merchant preference and specifically mandatory statewide contracts. The Agency should also verify that cardholders are complying with the requirements of merchant preference. Cardholders should receive guidance, review, and on-the-job training from supervisors and managers to help ensure purchases are made from mandatory statewide contracts.

Management's Response

Date: May 4, 2007 and May 8, 2007

Response: Partially Concur-

1. I thought that if an amount were not encumbered in the PO that the voucher would not budget check. It is now my understanding that if there is not enough money encumbered in the PO then the funds are taken directly from the budget, which can result in a negative balance on the encumbered PO.
2. Due to our remote location, there are circumstance that place us in a very difficult position. When we have an emergency regarding a need for the agency, it may be that state use can not supply our need in a timely manner to correct our problem; however, we comply with merchant preference with the hopes that it does not restrict our ability to operate.

Corrective Action Plan

Anticipated Completion Date: At Once

Corrective Action Planned:

1. From now on we will keep better track of the POs and be sure that the activity does not go over the original amount of the encumbrance. We will check the activity summary regularly and also go to additional PO training at Core.
2. Always comply with merchant preference when able.

Finding 07-346-01: Card Security / Implementation

Criteria:

1. The United States General Accounting Office Standards for Internal Control in the Federal Government GAO/AIMD-00-21.3.1 Control Activities, **Physical Control Over Vulnerable Assets** states in part, "An agency must establish physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment which might be vulnerable to risk of loss or unauthorized use..."

State of Oklahoma Purchase Card Procedures § 6.10 **Card security** states in part, "...The cardholder shall assure that the card is kept in a secure manner and that the p/card account number on the card is not posted or left in a conspicuous place..."

**STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007**

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

<u>Document</u>	<u>Signed By</u>	<u>Submitted To</u>
Letter appointing Agency P/Card Administrator & back-up P/Card Administrator	Entity Chief Administrative Officer (Agency Head)	Original to appointee; copy to State P/Card Administrator (Central Purchasing)

Condition:

1. Purchase cards of the cardholders are secured in an unlockable file cabinet in an area of the office that remains unlocked during business hours. Additionally, the Agency shares office space with another entity that has frequent scheduled activities.
2. At the time the audit was performed, the Agency had not submitted a letter to the State P/Card Administrator naming the Agency's P/Card Administrator. The letter of appointment has since been submitted to the State P/Card Administrator (letter dated March 7, 2007).

Cause:

1. The Agency has not located a fire proof filing cabinet with locks.
2. Oversight by management.

Effect or Potential Effect:

1. By securing cards in an area without limited access, the opportunity is created for compromised purchase card information and unauthorized use.
2. By not having a letter of appointment on file with the State P/Card Administrator, the Agency's P/Card Administrator is not formally recognized as the individual who manages the Agency's purchase card program in detail and on a daily basis.

Recommendation: We recommend the Agency:

1. Properly secure purchase cards to reduce the risk of misplacing the card or unauthorized use.
2. There are no further recommendations for the Agency. Letter of appointment has since been submitted to the State P/Card Administrator.

Management's Response

Date: May 4, 2007

Response: Partially Concur- The P/Card is located in a locked room at all times.

Corrective Action Plan

Anticipated Completion Date: At Once

Corrective Action Planned: The agency now keeps the room locked and enters only as needed. The office space used for aerospace education is not part of the office area where the P/Card is located. Any occupant must walk by the Administrative Assistant's Office and Operations Manager's Office to have access to the room.

Finding 07-346-03: Receipt Documentation

Criteria: State of Oklahoma Purchase Card Procedures § 6.5 **Receipts for purchase** states in part, "Receipts shall be obtained for purchases. The receipt shall give an itemized and detailed description of the purchase..."

State of Oklahoma Purchase Card Procedures § 5.4.3 **Voucher documentation** states in part, "...Therefore, detail documentation (i.e., purchase receipts, receiving documents, return receipts, transaction logs) supporting p/card transactions shall be retained by the state entity and made available upon request (see also 6.9.3)."

State of Oklahoma Purchase Card Procedures § 6.9.3 **Entity retention of statements** states in part, "Entity P/Card procedures shall designate where State Entity Approving officials shall retain reconciled statements and supporting documents and to make available upon request by OSF and/ or DCS for review and audit purposes..."

Condition: For the audit period January 28, 2006 to January 29, 2007, the Agency had 43 total regular purchase card transactions for a dollar total of \$6,595.37. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 13 (30%) regular purchase card transactions with a dollar total of \$1,937.20 (29%). The Agency also had 63 total travel purchase card transactions for a dollar total of \$9,761.50. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 17 (27%) travel purchase card transactions with a dollar total of \$1,335.75 (14%).

- o 2 of 13 (15%) regular purchase card transactions were not supported by receipt documentation. Both transactions were \$25.75 monthly rental fees for a postage meter machine. Total questioned cost is \$51.50 and total additional questioned cost for the audit period reviewed is \$257.50.

Cause: Agency was previously informed that receipt documentation was not necessary because the amount charged to the purchase card was the same each month.

Effect or Potential Effect: By not providing adequate documentation to support a purchase, we were unable to determine what was purchased, at what cost and quantity, and if the purchase was made for legitimate and valid governmental purposes. In addition, insufficient receipting documentation creates an opportunity for unauthorized transactions to occur and go undetected.

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

Recommendation: We recommend the Agency develop and implement a process at the cardholder and approving official level that ensures all purchase card transactions are supported by a receipt and the receipt is detailed and itemized. Process should include two mechanisms that ensure proper documentation supports the transaction. The first mechanism should be at the point memo statements are reconciled. Cardholders should verify that each transaction is supported by a detailed and itemized receipt. A procedure should be in place for the cardholder to follow to obtain missing or incomplete receipt documentation. The second mechanism should be at the point reconciliation is reviewed. The approving official should not approve the reconciliation until all supporting documentation, which provides sufficient detail, for the transaction has been submitted.

Management's Response

Date: May 4, 2007

Response: Concur- The agency will make whatever changes are necessary to correct any noted deficiencies. We make every effort to accurately manage our P/Card program; however, if oversights have been made, we work on specific areas to correct the issue.

Corrective Action Plan

Anticipated Completion Date: At Once

Corrective Action Planned: Use a check list to verify the successful completion of the required task related to the deficiency.

Finding 07-346-05: Transaction Logs

Criteria:

1. State of Oklahoma Purchase Card Procedures § 6.9.1 **Cardholder responsibility** states in part, "SW Contract p/card and Travel p/card holders 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..."
2. 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: For the audit period January 28, 2006 to January 29, 2007, The Agency had 63 total travel purchase card transactions for a dollar total of \$9,761.50. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 17 (27%) travel purchase card transactions with a dollar total of \$1,335.75 (14%). As part of the sample, there were eight transaction logs and memo statements.

1. 17 of 17 (100%) travel purchase card transactions were not initialed and dated by the approving official on the cardholder's transaction log.

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

2. 2 of 8 (25%) transaction logs were not signed by the cardholder.

Cause:

1. Initialing and dating the cardholder's transaction log for each travel purchase card purchase was not part of the approval process.
2. Oversight by the cardholder.

Effect or Potential Effect:

1. By not initialing and dating the transaction log, there is no written documentation that the cardholder received the required approval from the approving official.
2. Governmental purchases are not adequately verified. Without adequate oversight of purchase card activity, inaccurate or unauthorized charges may occur and go undetected. In addition, the Agency may miss the opportunity to dispute such a transaction and/or prevent any additional inaccurate or unauthorized charges from being made on the affected purchase card.

Recommendation: We recommend the Agency implement the procedure provided for in the State Purchase Card Procedures for approving travel card transactions. In addition to implementing the procedure, there should also be a process included whereby the approving official initials and dates the travel cardholder's transaction log indicating approval of the transaction. We further recommend the Agency include in their review process the return of incomplete documentation to the cardholder for completion.

Management's Response

Date: May 4, 2007

Response: Partially Concur- Some of the P / Card training appear to be confusing to some degree related to this section; however, we will continue to do whatever is necessary to put into place the correct sequence of events that will validate all transactions.

Corrective Action Plan

Anticipated Completion Date: At Once

Corrective Action Planned: Double check all signatures and dates as they apply to the correct documents.

Finding 07-346-04: Receiving Documents

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

Criteria: State of Oklahoma Purchase Card Procedures § 6.7.1 **Goods or services received at the time of purchase** states in part, “The receipt for purchase (see 6.5 above) can also serve as the receiving document. The receiving document should be annotated “Received” and signed and dated by the receiving employee...”

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

Condition: For the audit period January 28, 2006 to January 29, 2007, the Agency had 43 total regular purchase card transactions for a dollar total of \$6,595.37. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 13 (30%) regular purchase card transactions with a dollar total of \$1,937.20 (29%). The Agency also had 63 total travel purchase card transactions for a dollar total of \$9,761.50. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 17 (27%) travel purchase card transactions with a dollar total of \$1,335.75 (14%).

1. 2 of 2 (100%) receiving documents for regular purchase card transactions for goods received at the time of purchase were not signed, dated, and annotated “Received”.
2. 15 of 17 (88%) receiving documents for travel purchase card transactions for services received subsequent to the time of purchase were not signed, dated, and annotated “Received”.
3. 4 of 11 (36%) receiving documents for regular purchase card transactions for goods received subsequent to the time of purchase were not signed, dated, and annotated “Received”.
4. 1 of 11 (9%) receiving documents for regular purchase card transactions for goods received subsequent to the time of purchase was initialed, dated, and annotated “Received”.

There was also 1 of 2 (50%) receiving documents for purchase card transactions reviewed during testing of internal controls that was not signed, dated, and annotated “Received”.

Cause: Oversight by the cardholder and the receiving employee.

Effect or Potential Effect: By not requiring receiving employees to sign, date or annotate “Received” on the receiving document, there is no verification that goods and/or services were actually received.

Recommendation: We recommend the Agency provide refresher training to receiving employees, cardholders and approving officials regarding the proper receiving procedures for goods or services received at the time of purchase and goods or services received subsequent to the time of purchase. Training should include the responsible party for signing, dating and annotating the receiving document. We also recommend the Agency implement a process whereby at regularly scheduled intervals supporting documentation for purchase card transactions is reviewed to ensure compliance with the requirements of the State Purchase

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

Card Procedures and the Agency's internal purchasing procedures related to the purchase card program.

Management's Response

Date: May 4, 2007

Response: Concur- The agency will engage in refresher training concerning all aspects of the P / Card Procedures and the Agency's internal purchasing procedures related to the purchase card program.

Corrective Action Plan

Anticipated Completion Date: May 4, 2007

Corrective Action Planned: Refresher training

Finding 07-346-02: Memo Statements

Criteria:

1. State of Oklahoma Purchase Card Procedures § 6.9.1 **Cardholder responsibility** states in part, "... The cardholder shall also sign and date the memo statement verifying that the transaction log and memo statement have been reconciled..."
2. 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 cardholder's designated State Entity Approving Official... 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 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."

3. State of Oklahoma Purchase Card Procedures § 5.4.3 **Voucher documentation** states in part, "... Therefore, detail documentation (i.e., purchase receipts, receiving documents, return receipts, transaction logs) supporting p/card transactions shall be retained by the state entity and made available upon request (see also 6.9.3)."

State of Oklahoma Purchase Card Procedures § 6.9.3 **Entity retention of statements** states in part, "... Entity P/Card procedures shall designate where State Entity Approving officials shall retain reconciled statements and supporting documents and to make available upon request by OSF and/ or DCS for review and audit purposes."

Condition: For the audit period January 28, 2006 to January 29, 2007, the Agency had 43 total regular purchase card transactions for a dollar total of \$6,595.37. Through data mining

STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007

software, a statistical sample was selected for substantive testing. Sample selected was 13 (30%) regular purchase card transactions with a dollar total of \$1,937.20 (29%). As part of the sample, there were seven transaction logs and memo statements.

1. 1 of 7 (14%) memo statements was not signed and dated by the cardholder.
2. 2 of 7 (29%) memo statements were not signed and dated by the approving official.

The Agency had 63 total travel purchase card transactions for a dollar total of \$9,761.50 for the audit period. Through data mining software, a statistical sample was selected for substantive testing. Sample selected was 17 (27%) travel purchase card transactions with a dollar total of \$1,335.75 (14%). As part of the sample, there were eight transaction logs and memo statements.

3. 3 of 8 (38%) memo statements was not signed and dated by the approving official.
4. 1 of 8 (13%) memo statements was not available for review.

Cause:

1. to 3. Absence of signing and dating the memo statement by the approving official and the cardholder was an oversight by both parties.
4. Unknown.

Effect or Potential Effect:

1. By the cardholder not signing and dating the memo statement, there is no written documentation that the cardholder performed a reconciliation.
2. to 3. By the approving official not signing and dating the memo statement, there is no written documentation that the approving official reviewed the reconciliation for accuracy, completeness, appropriateness of the purchase, and compliance with merchant preference and State Statute requirements.
4. By not having a memo statement available for review, it cannot be determined if a true reconciliation was performed by the cardholder and renders the approving official's review ineffective.

Recommendation: We recommend the Agency develop a procedure during the review of the reconciliation process that provides for the approving official to return unsigned and undated memo statements to the cardholder. As part of the procedure, the P-Card Administrator should review all documentation to ensure documentation is complete. Incomplete documentation should then be returned to the cardholder or approving official for completion.

Management's Response

Date: May 4, 2007

**STATE OF OKLAHOMA
OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY
PURCHASE CARD PROGRAM AUDIT
AUDIT PERIOD OF JANUARY 28, 2006 TO JANUARY 29, 2007**

Response: Noted deficiencies appear to have been oversights due to high work load situations and not having an extra review process for validity. The agency will utilize a dual verification system to ensure proper procedures are in place and producing the desired effects.

Corrective Action Plan

Anticipated Completion Date: At Once

Corrective Action Planned: The agency will use a double verification system to confirm correctness as it applies to all P/ Card procedures.

OVERALL CONCLUSION

Based upon our audit, we have determined Oklahoma Space Industry Development Authority has materially complied, in all material respects, with the stated objectives. However, there were exceptions noted. Exceptions included cardholders and approving officials not signing and dating memo statements, improper receipting process for purchase card transactions, and unencumbered expenditures. Oklahoma Space Industry Development Authority has implemented corrective actions, which we believe will ensure the Agency will comply, in all material respects, with the aforementioned requirements.

JOHN S. RICHARD
Director



BRAD HENRY
Governor

STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

May 14, 2007

**TO WILLIAM KHOURIE, EXECUTIVE DIRECTOR AND BOARD OF THE OKLAHOMA
SPACE INDUSTRY DEVELOPMENT AUTHORITY**

With this letter, we transmit the report of the Oklahoma Space Industry Development Authority purchase card program audit for the audit period January 28, 2006 thru January 29, 2007.

We performed our audit in accordance with professional auditing standards to ensure that programs administered by the Department of Central Services are conducted in accordance with the laws and regulations and used in an ethical, effective and efficient manner.

The accompanying report presents our findings and recommendations, as well as management's responses and corrective action plans. This report is available to the public on the Department of Central Services website, www.dcs.ok.gov.

Sincerely,

John S. Richard
Director of the Department of Central Services

"Committed to Quality"

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