



OKLAHOMA COMMISSION ON CONSUMER CREDIT  
PURCHASE CARD PROGRAM AUDIT  
FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

\*\*\*\*

State of Oklahoma

\*\*\*\*

Department of Central Services

\*\*\*\*

Audit Unit

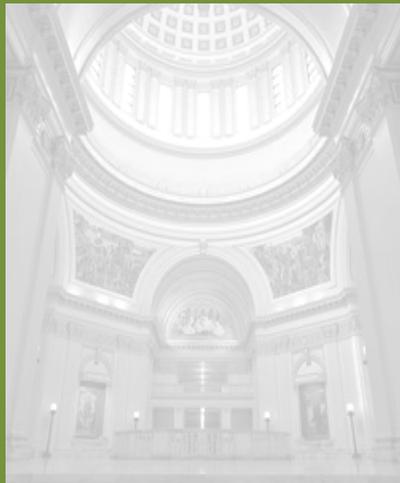
\*\*\*\*

Report Release Date: October 30, 2009

TABLE OF CONTENTS

(click to follow link)

Audit Conclusion  
Audit Finding Summary  
Audit Overview  
Detailed Findings  
Appendix



AUDIT PERFORMED BY

JoRay McCoy, Chief Auditor  
Lisa A. White, MBA, Audit Manager  
Joe Birley, CPA, Auditor

AUDIT CONCLUSION

The purchase card programs of five state agencies were examined collectively due to the relatively small size of each agency's purchase card program and in an effort to increase audit efficiencies. The state agencies that were included in this audit were Oklahoma State Banking Department, Oklahoma Department of Consumer Credit, Oklahoma State Board of Pharmacy, Oklahoma Firefighters Pension and Retirement System, and Oklahoma Commission for Teacher Preparation. All purchase card types (standard, statewide contract, and travel) were reviewed.

Based on our audit, we have determined the state agencies collectively have *significantly* complied with our audit objectives. Our audit objectives are (1) determining if the Agency has implemented internal controls and if the Agency's controls are operating effectively on relation to the purchase card program and (2) determining if the Agency's purchase card program is in compliance with Oklahoma State Purchase Card Procedures and approved internal purchasing procedures as they relate to the acquisition process through the use of purchase cards. Specific to this Agency, a deficiency was noted. This deficiency was missing receipts/documentation. The Agency has provided corrective action plans, which we believe will ensure the Agency complies, in all material respects, with the aforementioned requirements.

*Individual audit reports for each Agency's purchase card program have been issued for all state agencies previously mentioned with an overall conclusion as to their compliance with the audit objectives. All audit reports are posted on the website of the Department of Central Services at [www.dcs.ok.gov](http://www.dcs.ok.gov).*

AUDIT FINDING SUMMARY

(Error rates are based on transactions reviewed.)

**Finding 08-635-01 Missing Receipts** - Management is not enforcing their internal controls regarding obtaining and retaining receipts to document purchases.



# OKLAHOMA COMMISSION ON CONSUMER CREDIT PURCHASE CARD PROGRAM AUDIT FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

*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.*



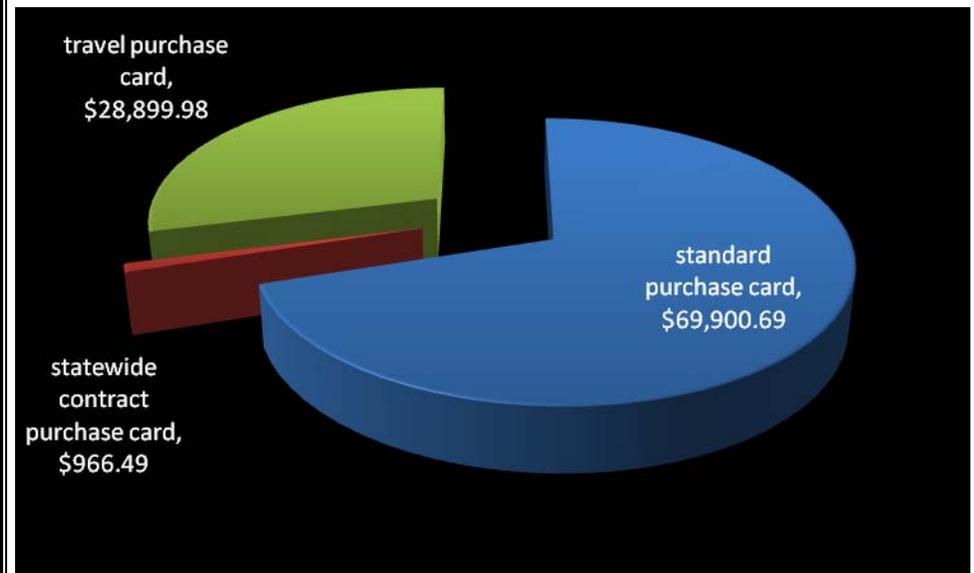
*The Department of Central Service, Auditing Unit has completed an audit of the Oklahoma Commission on Consumer Credit, referred to as the "Agency" within the audit report. Our audit was to determine if the agency's purchase card program for the period January 15, 2008 through August 27, 2008 complied with the audit objectives.*

## AUDIT OVERVIEW

IDEA Data Analysis Software was used to determine a statistical sample for examination. Minimums were set for sample size and the number of errors in the sample. The setting of minimums was to ensure that a minimum number of purchase card transactions were selected for each agency and to ensure that a targeted exception percentage rate was in line with the exception rate experienced in previous audits. Judgmental sampling was also used to identify additional purchase card transactions to examine based on the merchant and/ or the type of goods or services purchased by the cardholder.

For the audit period January 15, 2008 to August 27, 2008, there were a total of 523 purchase card transactions in the total amount of \$99,767.16. For this audit period, purchase card transactions for a total of eight (8) purchase card cardholders were examined. Breakdown of the purchase card transaction population by card type and by agency is detailed below:

### **By card type:**



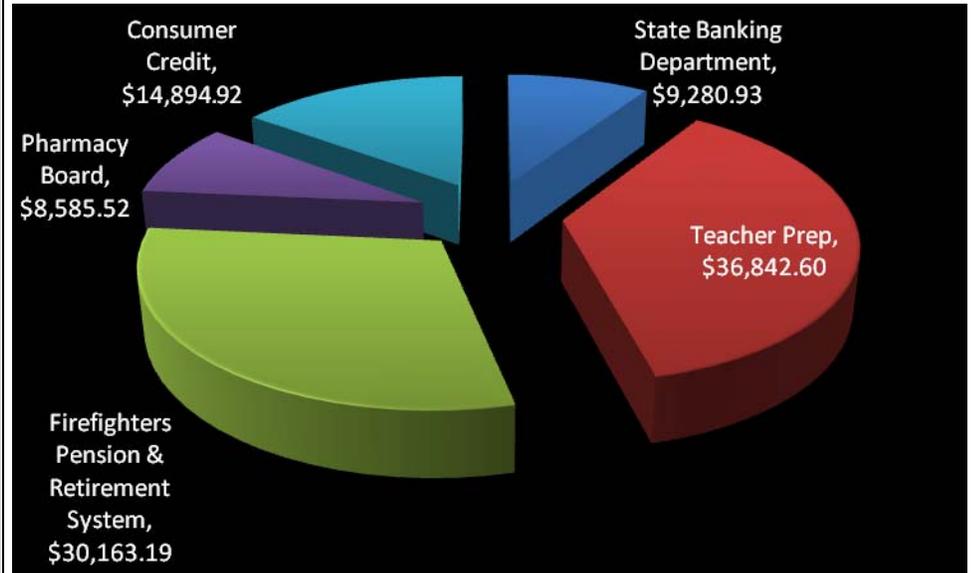


# OKLAHOMA COMMISSION ON CONSUMER CREDIT PURCHASE CARD PROGRAM AUDIT FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

*This publication is issued by the Department of Central Services, as authorized by the Department of Central Services. Copies have not been printed but are available through the agency website. Two printout copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.*



### By agency:



From this population, a total of 71 purchase card transactions in the total amount of \$21,594.34 were examined. Purchase card transactions and total amount are as follows:

	Sample (in dollars)	Sample (in transactions)
<b>State Banking Department</b>	\$403.38	7
<b>Commission on Consumer Credit</b>	\$2,101.04	5
<b>State Board of Pharmacy</b>	\$150.00	8
<b>Firefighters Pension &amp; Retirement</b>	\$10,232.01	23
<b>Commission for Teacher Preparation</b>	\$8,707.91	28
<b>Totals</b>	<b>\$21,594.34</b>	<b>71</b>

Overall, the exceptions noted fell into one of three categories- internal controls, financial operations, and purchase card operations. The most significant exceptions were:

#### Internal Controls:

- Segregation of duties
- Signing of memo statement by signature stamp
- Timely approval of reconciled memo statements

#### Purchase Card Operations:

- Missing credit receipt documentation for credit transactions
- Missing receipt and receiving documentation



# OKLAHOMA COMMISSION ON CONSUMER CREDIT PURCHASE CARD PROGRAM AUDIT FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

## DETAILED FINDINGS

### Finding 08-635-01: Missing Receipts

**Criteria:** State of Oklahoma Purchase Card Procedures § 6.4 **Receipts for purchase** states in part, “Receipts shall be obtained for **all** purchases regardless of the order method... The receipt shall be retained by the cardholder for the monthly reconciliation process.”

State of Oklahoma Purchase Card Procedures § 6.6.1 **Goods or services received at the time of purchase** states in part, “The receipt for purchase shall serve as the receiving document... The receiving document shall be retained by the cardholder for the monthly reconciliation process...”

State of Oklahoma Purchase Card Procedures § 6.6.2 **Goods or services received subsequent to the time of purchase** states in part, “The document accompanying the goods or services (such as the packing slip or service order) serves as the receiving document... The receiving document shall be retained by the cardholder for the monthly reconciliation process.”

State of Oklahoma Purchase Card Procedures § 6.7.1 **Processing returns, credits, and disputes** states in part, “...Documentation of the credit receipt should be issued by the merchant. Keep on file all documentation pertaining to returns, credits, and disputes for reconciliation to the memo statement....”

**Condition:** During the audit period reviewed (January 15, 2008 through August 27, 2008), we reviewed a total of 4 memo statements. Each memo statement was from a different billing cycle.

Of the 4 memo statements, 2 (50%) memo statements did not reconcile due to missing receipt documentation. Details are noted below:

- February billing cycle: missing receipt documentation for a transaction in the amount of \$38.49 and a credit receipt documentation in the amount of \$120.60. Both receipt documentation is for the vendor Corporate Express.
- March billing cycle: missing receipt documentation for a transaction in the amount of \$18.99. Receipt documentation is for the vendor Dell.

**Cause:** Documentation could have been lost in the Agency’s move to a new facility. Also, one p-cardholder terminated employment shortly before substantive testing began. The employee had been in the process of retrieving the p-card records for audit.

**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.

**Recommendation:** We recommend the Agency develop a process and procedure at the point of the cardholder reconciliation process which would require the cardholder to contact the vendor to obtain receipt



OKLAHOMA COMMISSION ON CONSUMER CREDIT  
PURCHASE CARD PROGRAM AUDIT  
FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

documentation for all transactions without receipts. To be included in the development of this process and procedure is a procedure that requires the approving official to return the reconciliation to the cardholder upon the identification of missing receipts.

*Management's Response- Concur*

**Date:** October 28, 2009

**Respondent:** Administrator

*Corrective Action Plan*

**Contact Person:** Business Manager

**Anticipated Completion Date:** November 2, 2009

**Corrective Action Planned:** Agency will require cardholder during the reconciliation process to contact the vendor to obtain receipt documentation for all transactions with receipts. Agency will require the approving official to verify all receipt documentation is available for each purchase on the memo statement before approving. If any receipt documentation is still missing the approving official will return the memo statement to cardholder to obtain missing documentation.

---

---



OKLAHOMA COMMISSION ON CONSUMER CREDIT  
PURCHASE CARD PROGRAM AUDIT  
FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

APPENDIX

**DIRECTOR'S TRANSMITTAL LETTER**

JOHN S. RICHARD  
Director



BRAD HENRY  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF CENTRAL SERVICES

October 30, 2009

**TO MR. SCOTT LESHER, ADMINISTRATOR:**

With this letter, we transmit the purchase card program audit report for the Oklahoma Commission on Consumer Credit.

We performed our audit in accordance with professional auditing standards to ensure that programs and contracts administered by the Oklahoma Department of Central Services are conducted in accordance with laws and regulations and used in an ethical, economical, equitable, effective and efficient manner while limiting exposure to fraud, waste, mismanagement, or abuse.

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 Oklahoma Department of Central Services website, [www.dcs.ok.gov](http://www.dcs.ok.gov).

Sincerely,

John S. Richard  
Director of the Department of Central Services

*"Committed to Quality"*

Administration, Will Rogers Office Building (2401 N. Lincoln) Suite 206 / P.O. Box 53218 · Oklahoma City, OK 73152-3218  
Telephone 405/521-2121, Fax 405/521-6403, [www.dcs.state.ok.us](http://www.dcs.state.ok.us)



# OKLAHOMA COMMISSION ON CONSUMER CREDIT PURCHASE CARD PROGRAM AUDIT FOR THE PERIOD JANUARY 15, 2008 TO AUGUST 27, 2008

## 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.

## EXECUTIVE SUMMARY

### *Organization*

Established July 1, 1969 by enactment of the Uniform Consumer Credit Code, the primary function of the Commission on Consumer Credit is the enforcement of the code in all consumer credit transactions within the state, including the licensing and regulation of consumer finance companies. In 1972, the department was given the additional duty of enforcement of the Oklahoma Pawnbrokers Act; in 1981, licensing of Precious Metal and Gem Dealers; in 1987, enforcement of the Credit Services Organization Act; in 1988, enforcement of the Rental-Purchase Act and registrations of Health Spas offering contracts; in 1997 (November 1), the licensing of mortgage brokers; and in 2003, the licensing and regulation of Deferred Deposit Lenders.

### *Agency Information*

Per the Oklahoma Agencies, Boards, and commissions (ABC) Book, the Agency is made up of 16 classified and 4 unclassified employees as of September 1, 2008.

### *Board Members*

Spencer Stanley, Chairman  
Bob Moses, Vice-Chairman  
Joey Root, Commissioner  
Mark W. Kelly, Commissioner  
Odell Roland, Commissioner  
Phil Endicott, Commissioner  
Armando Rosell, Commissioner  
Trisha Garrett Thompson, Commissioner  
Mick Thompson, State Banking Commissioner

### *Key Staff*

#### **(During the Audit Period)**

Roy B. Hooper, Administrator  
Jack Stone, Deputy Administrator  
Janice Hendricks, Business Manager