



OKLAHOMA STATE BANKING DEPARTMENT
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

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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, there was a deficiency noted. This deficiency involved the lack of training in using the Pathway Net system. 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.

AUDIT FINDING SUMMARY

(Error rates are based on transactions reviewed.)

(The most significant audit findings are detailed in our audit reports. The detailed information for the remaining findings was provided to the agency's management.)

Finding 08-065-01 Pathway Net Access - One Agency cardholder did not know how to use the Pathway Net System.



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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.



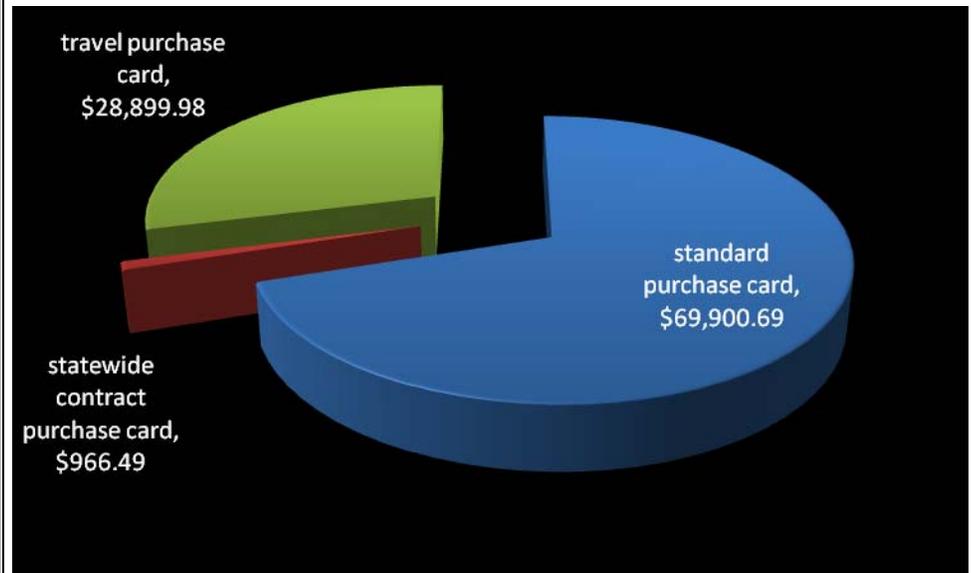
The Department of Central Service, Auditing Unit has completed an audit of the Oklahoma State Banking Department, referred to as the "Agency" within the audit report. Our audit was to determine if the agency's purchase card program for the period January 15, 2008 to August 27, 2008 complied with the 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, we examined purchase card transactions of a total of eight (8) purchase card cardholders. Breakdown of the purchase card transaction population by card type and by agency is detailed below:

By card type:



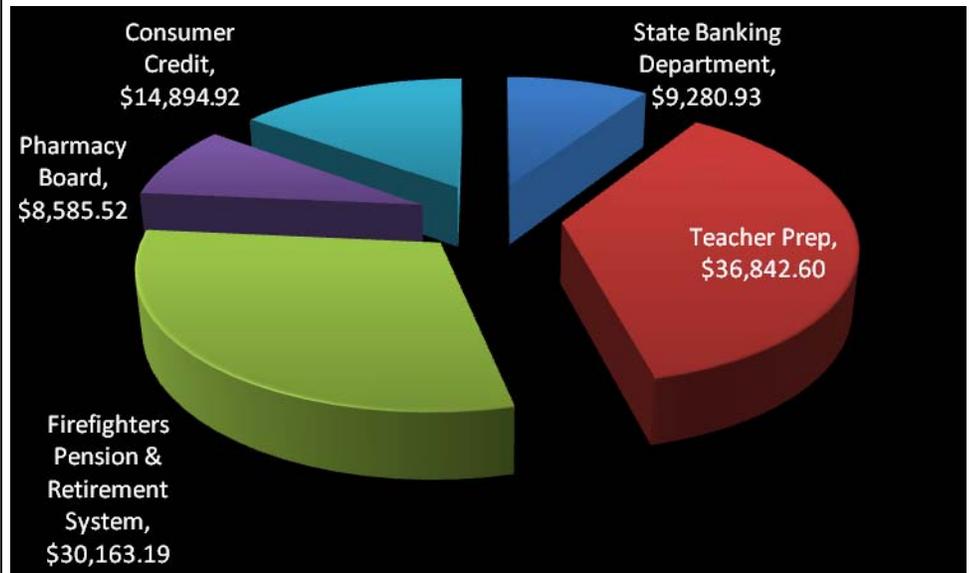


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By agency:



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

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



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- Timely approval of reconciled memo statements

Purchase Card Operations:

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

AGENCY ACCOMPLISHMENTS

The Oklahoma State Banking Department has streamlined procurement/ purchase card process by introducing an interface to make the record keeping processes paperless.

DETAILED FINDINGS

There were no significant audit findings.



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APPENDIX

DIRECTOR'S TRANSMITTAL LETTER

JOHN S. RICHARD
Director



BRAD HENRY
Governor

STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

October 30, 2009

TO MR. MICK THOMPSON, COMMISSIONER:

With this letter, we transmit the purchase card program audit report for the Oklahoma State Banking Department.

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.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Richard".

John S. Richard
Director of the Department of Central Services

"Committed to Quality"

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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

Through its boards, the Oklahoma State Banking Department supervises all state chartered banks, trust companies, savings and loan associations, credit unions, and licensed money order agents; makes periodic examinations of the institutions under its supervision, conducts public hearings on charter applications and processes all documents submitted by state chartered financial institutions seeking corporate powers and changes in their articles on incorporation.

Agency Information

Per Oklahoma Agencies, Boards, and Commissions (ABC) Book, the Agency is made up of 38 unclassified employees and 1 temporary, non-merit employee as of September 1, 2008.

Board Members

Mick Thompson, Commissioner
David Burrage, President and CEO
Chris Conn, Senior Executive Vice President
Gordon Greer, Vice Chairman
Bradley Krieger EVP - Regional Manager
Bob Newcomb, Vice Chairman Board
Bob Weaver, Layperson

Key Staff

(During the Audit Period)

Mick Thompson, Commissioner
Charles R. Griffith, Deputy Bank Commissioner
O. Dudley Gilbert, Legal Counsel
Sherbie Kiffin, Assistant Deputy Commissioner
Harold A. Reel, Assistant Deputy Commissioner
Rhonda Bruno, C.P.A., Director of Administration