



OKLAHOMA STATE ELECTION BOARD
PURCHASE CARD AUDIT REPORT
FOR THE PERIOD JUNE 28, 2008 TO JULY 27, 2009

State of Oklahoma

Department of Central Services

Audit Unit

Report Released January 27, 2010

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AUDIT PERFORMED BY

JoRay McCoy, Chief Auditor
Lisa A. White, Audit Manager
Carissa A. Laffoon, Auditor

AUDIT CONCLUSION

Based on our audit, we have determined the Oklahoma State Election Board has significantly complied with the objectives audited. 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. There were deficiencies noted during the audit. Deficiencies include the approving official not one level higher than the cardholder and the original cardholder agreement forms not being on hand. The Agency has provided corrective action plans, which we believe will ensure the Agency complies, in all material respects, with the aforementioned requirements.

AUDIT FINDING SUMMARY

(Error rates are based on transactions reviewed.)

Finding 10-270-01: Approving Official- There is not a one level separation between the approving official and one of the Agency's cardholders.

Finding 10-270-02: Cardholder Agreement Forms- The original employee cardholder agreement forms could not be located.

AUDIT OVERVIEW

For the audit period June 28, 2008 to July 27, 2009, the Agency had two purchase card cardholders and one approving official in the Agency. The Agency holds two standard purchase cards and one travel purchase card. For the audit period, there were 83 purchase card transactions for a total of \$15,770.66. Classical sampling through IDEA Statistical Software was used to pull a random sample of individual purchase card transactions for substantive testing. Our random sample included 21 transactions. We judgmentally selected 8 transactions, for a total sample of 29 transactions totaling \$5,917.68.



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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 Election Board, referred to as the "Agency" within the audit report. Our audit was to determine if the Agency's purchase card program for the period June 28, 2008 to July 27, 2009 complied with the audit objectives.

Agency Accomplishments

- The Agency effectively manages risk by keeping the purchase card program size relative to the size of their Agency and only using the purchase card when it is necessary.
- Excellent attention to detail in documentation and reconciliation.
- Purchase Card files and monthly transaction documentation were very well-organized.
- Outstanding communication among program participants as well as with the audit staff during the course of the audit.
- The Agency maintains the use of a transaction log, which is no longer required; however, they use it as an added internal control.

DETAILED FINDINGS

Finding 10-270-01: Approving Official

Criteria: State of Oklahoma Purchase Card Procedures § 3.6 State Entity Approving Officials states:

One or more Entity staff members designated by the State Entity P/Card Administrator to review and approve cardholder transactions. State Entity Approving Officials must be at least one level above the cardholder's position and be current on P/Card training...

Condition: The Approving Official is not one level above one of the cardholders for the Agency.

Cause: Agency is small and there are not numerous hierarchy levels.

Effect or Potential Effect: By not having an approving official that is at least one level above the cardholder's current position, there exists an opportunity for compromise in the ability to have effective oversight for all of the cardholder's purchase card transactions.

Recommendation: We recommend the Agency structure their purchase card program so that the Approving Official is at least one level above all cardholders in the Agency's purchase card program.

Management's Response

Date: January 12, 2010

Respondent: Assistant Secretary

Response: While the agency is small, and there are not many levels of supervision, management recognizes that the approving official for cardholder transactions should be at least one level above the cardholder.



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Corrective Action Plan

Contact Person: Assistant Secretary

Anticipated Completion Date: January 15, 2010

Corrective Action Planned: The agency will restructure the approval process so that purchase card transactions made by the Director of Information Services are approved by the Assistant Secretary.

Finding 10-270-02: Cardholder Agreement Forms

Criteria: *State of Oklahoma Purchase Card Procedures § 6.1.3* states in part:

The State Entity P/Card Administrator shall maintain the original employee signed copy of the Agreement for all participants of the P/Card Program. A copy of the signed agreement shall be provided to the employee. For participants who are cardholders, the form shall also contain card limitations applying to the employee. If an employee holds multiple positions within the program, a separate agreement must be signed for each role and the position notated on the top of the form.

The reference in the current procedures is 3.1.3.

Condition: During internal controls review we noted that the agency was unable to locate current purchase card employee agreement forms signed for any of the participating employee.

Cause: We were informed that they had been signed prior to engaging in the program, but could not be located.

Effect or Potential Effect: By not having signed cardholder agreement forms on file the cardholder is not agreeing to follow the rules of the program.

Recommendation: We recommend all participants sign new cardholder agreement forms and maintain them on file with all other purchase card records.

Management's Response

Date: January 12, 2010

Respondent: Assistant Secretary

Response: Management recognizes that signed purchase card employee agreements should be maintained for all employees who are cardholders. The original agreements were signed several years ago and cannot be located because of staff changes in the agency finance office.

Corrective Action Plan

Contact Person: Assistant Secretary

Anticipated Completion Date: Completed

Corrective Action Planned: All participants in the purchase card program have signed new cardholder agreement forms, and the forms will be maintained in the finance office files.



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APPENDIX

DIRECTOR'S TRANSMITTAL LETTER

JOHN S. RICHARD
Director



BRAD HENRY
Governor

STATE OF OKLAHOMA
DEPARTMENT OF CENTRAL SERVICES

January 27, 2010

TO PAUL ZIRIAX, SECRETARY:

With this letter, we transmit the report of the Oklahoma State Election Board Purchase Card audit for the audit period June 28, 2008 to July 27, 2009.

We performed our audit in accordance with professional auditing standards to ensure that programs and contracts administered by the 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 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

Established under the Constitution of the State of Oklahoma in 1907, the board functions under the laws enacted by the Oklahoma Legislature as the administrative agency for the conduct of state elections, and the conduct of county election boards.

Agency Information

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

Board Members

Thomas E. Prince, Chairman
Susan Turpen, Vice Chairman
Ramon Watkins, Member

Key Staff

Paul Ziriaux, Secretary
Fran Roach, Assistant Secretary
Angela Parker, Purchase Card Administrator