



## **STATE OF OKLAHOMA**

**OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES, AUDIT DIVISION**

# **OKLAHOMA TOURISM AND RECREATION DEPARTMENT OKLAHOMA SCENIC RIVERS PROCUREMENT AUDIT**

**FOR THE PERIOD JULY 1, 2011 THRU NOVEMBER 1, 2012**



# OKLAHOMA TOURISM AND RECREATION DEPARTMENT

## OKLAHOMA SCENIC RIVERS

### PROCUREMENT AUDIT

FOR THE PERIOD JULY 1, 2011 TO NOVEMBER 1, 2012

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#### **AUDIT PERFORMED BY**

JoRay McCoy, Audit Director  
Brittany Porter, Auditor



#### **AUDIT CONCLUSION**

Based on our audit, we have determined the Oklahoma Tourism and Recreation Department and Oklahoma Scenic Rivers has significantly complied with the following audit objectives:

- determine if the Agency has implemented internal controls and if the Agency's controls are operating effectively in relation to the procurement program;
- determine if the Agency's procurement program is in compliance with the Agency's approved internal purchasing procedures, the Central Purchasing Rules, and the Oklahoma Central Purchasing Act;
- and, determine if the Agency's purchase card program is in compliance with the Oklahoma State Purchase Card Procedures.

#### **AGENCY ACCOMPLISHMENTS**

2012 Redbud Awards Honoree – The annual Redbud Awards represent the highest honor given in the Oklahoma tourism industry.

4<sup>th</sup> ranking in Nation's Tourism Websites – the official travel website, TravelOK.com, ranked fourth among the 50 state tourism websites in June 2012.

#### **AUDIT FINDING SUMMARY**

**FINDING: 12-566-04** A total of 3.4 million in contracts with electric cooperatives and rural water associations were not procured in accordance with the Central Purchasing Act.

**FINDING 11-566-01** We were unable to verify items were received for 66% of the purchases reviewed from which a product was to be shipped.

**FINDING 11-566-02** Purchase card credit limits seemed excessive for 31 out of 119 cardholders.

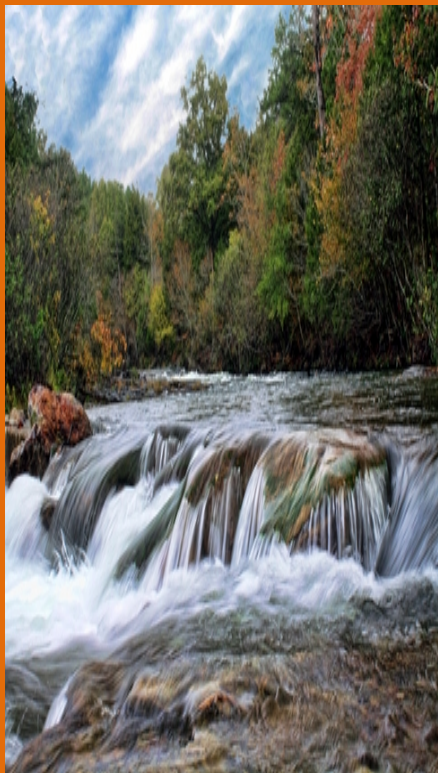
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The Office of Management and Enterprise Services, Audit and Internal Investigations Division has completed an audit of the Oklahoma Tourism and Recreation Department and Scenic Rivers, referred to as the "Agency" within the audit report. Our audit's purpose was to determine if the agency's purchasing program for the period July 1, 2011 to November 1, 2012 complied with the audit objectives.



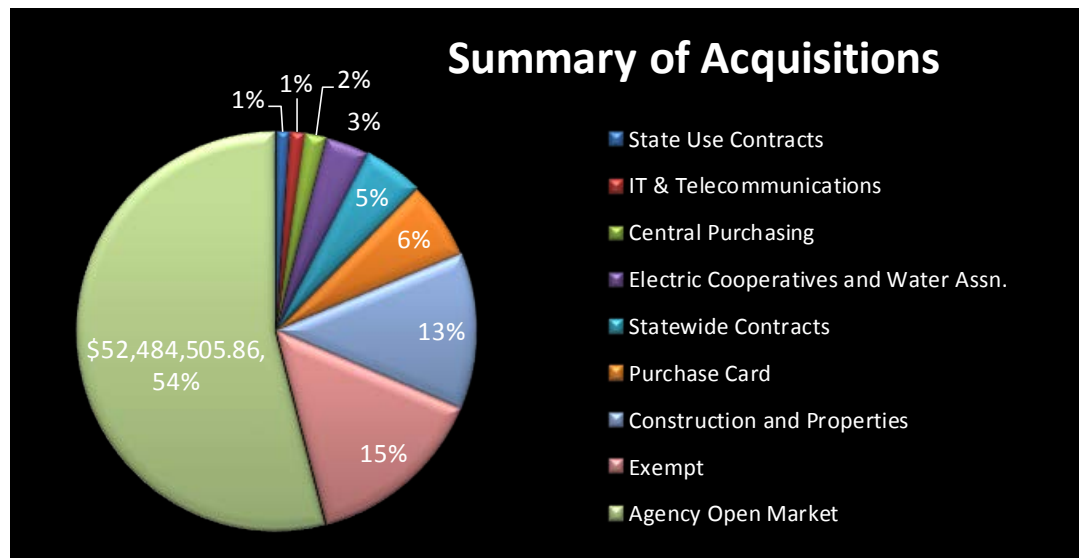
This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures in accordance with Generally Accepted Government Auditing Standards

**FINDING 11-566-07** The Agency is not maintaining authorized signature forms for purchases made within the Agency's purchasing authority.

*(The most significant audit findings are detailed in our audit reports. The detailed information for the other exceptions was provided to Agency's management.)*

### AUDIT OVERVIEW

During our audit period there were a total of 38,296 purchases totaling over \$97 million. These purchases were performed by various State contracting requirements. The different areas of purchasing are outlined in the following chart:



Agency open market acquisitions, purchase card transactions and electric cooperatives purchases were the primary focus of our audit.

Purchases that are exempt from the Central Purchasing Act were not included in the audit. In addition to the standard exemptions from the State purchasing requirements, items purchased for tourism resale and promotional expenses are exempt from state purchasing regulations.

### Agency Open Market

Agency open market purchases are purchases that are open to all vendors and processed by the Agency's purchasing division. The Agency processes more open market purchases than most State agencies. In comparison, 54% of the Agency



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purchasing is performed by the Agency's central purchasing division. The division processed 17,192 open market contracts totaling \$52.4 million.

#### Purchase Card

As of November 1, 2012, the end of the audit period, the Agency had 119 card-holders and 39 Approving Officials. In total, the Agency had 18,726 purchase card transactions totaling \$6.1 million. The Agency saved an estimated \$1.3 million over the audit period by using the purchase card over the traditional State purchasing method. Allowing electric cooperatives to be paid using the purchase card would increase the Agency purchase card spend by 1/3.

#### Electric Cooperatives and Rural Water Associations

We extracted \$3.4 million in electric cooperatives and rural water associations acquisitions to be tested separately.

#### **Statewide Resolution**

The current process for procuring utilities from electric cooperatives and rural water associations is cumbersome and inefficient.

We forwarded our concerns to the State Purchasing Director and he responded by stating:

Central Purchasing will work within legal guidelines to streamline the payment of agency utility bills and eliminate non-value added activity. If it is determined that legal changes will be necessary, Central Purchasing will request legislative action.

The OMES Audit Division recommends a statewide policy change. The State Purchasing Director has the authority to define electric cooperatives and rural water associations as regulated utilities. We recommend that the definition limit regulated entities to those governed by a public board. This would allow the State purchase card to be used as a regulated utility transaction. This solution provides an efficient purchasing process and the ability to obtain additional rebates. This action can be performed immediately under current law.

If implemented, these changes to procurement practices will potentially affect an estimated annual spend of \$37 million.



*This publication is issued by the Office of Management Enterprise Services, Audit and Internal Investigations Division as authorized by the Office of Management Enterprise Services. Printed copies have not been produced. Electronic copies are available through the Office of Management Enterprise Services' website (<http://ok.gov/QSF/>). Two printed copies were deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.*

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#### DETAILED FINDINGS

##### FINDING: [12-566-04](#) – Electric Cooperatives and Rural Water Associations

**Condition:** During our audit we tested 12 non-regulated electric cooperatives and 1 non-regulated rural water association from a random sample to determine if the acquisitions complied with State purchasing requirements. We determined that these acquisitions were not processed in accordance with the Central Purchasing Act and State purchasing rules. Once our testwork was complete, we inquired if all electric cooperatives and rural water association transactions were processed in the same manner. We received confirmation that all transactions were processed the same resulting in 100% error rate.

Transactions for the audit period for electric cooperatives and rural water associations included 78 acquisitions totaling \$3.4 million. These contracts were not competitively bid or properly sole sourced by the Agency. Purchasing requirements for vendor verification or obtaining collusion affidavits were not performed.

In addition, a majority of these acquisitions should have been processed through Central Purchasing. The Agency purchasing threshold for unregulated utilities is \$50,000. The following summary by fiscal year shows the acquisitions that should have been processed through Central Purchasing.

NAME	ACQ. SUM	BUD REF	NAME	ACQ SUM	BUD REF
INDIAN ELECTRIC COOPERATIVE	\$65,221.00	12	NORTHWESTERN ELECTRIC COOP INC	\$61,752.08	13
NORTHWESTERN ELECTRIC COOP INC	\$72,234.89	12	ALFALFA ELECTRIC CO-OP	\$76,201.00	13
COOKSON HILLS ELECTRIC COOP	\$74,400.20	12	INDIAN ELECTRIC COOPERATIVE	\$76,224.00	13
ALFALFA ELECTRIC CO-OP	\$76,829.00	12	COOKSON HILLS ELECTRIC COOP	\$77,500.01	13
OKLAHOMA ELECTRIC COOPERATIVE	\$111,322.00	12	OKLAHOMA ELECTRIC COOPERATIVE	\$105,000.00	13
CIMARRON ELECTRIC COOPERATIVE	\$152,381.27	12	CIMARRON ELECTRIC COOPERATIVE	\$146,992.00	13
CADDO ELECTRIC COOPERATIVE	\$180,265.40	12	CADDO ELECTRIC COOPERATIVE	\$165,697.00	13
RED RIVER VALLEY RURAL ELECTRIC	\$192,833.00	12	RED RIVER VALLEY RURAL ELECTRIC	\$171,750.00	13
KIAMICHI ELECTRIC	\$266,124.40	12	KIAMICHI ELECTRIC	\$254,484.00	13
CHOCTAW ELECTRIC COOP INC	\$347,183.90	12	CHOCTAW ELECTRIC COOP INC	\$260,847.36	13
	\$1,538,795.06			\$1,396,447.45	

**Cause:** Electric cooperatives have a choice to opt out of price regulation by the Corporation Commission. Most electric cooperatives have opted out. Once the cooperative opted out, they become subject to all purchasing requirements of the Central Purchasing Act.

**Effect or Potential Effect:** The efficiency and timeliness of the purchasing process will dramatically decline once the acquisition process changes to be in compliance with the purchasing requirements. The new required process is complex and cumbersome in relation to how the purchasing has been conducted.

**Criteria:** The Oklahoma Central Purchasing Act Title 74 § 85.5.11 Powers and Duties of State Purchasing Director, states:

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State agency acquisitions not exceeding the acquisition purchase amount requiring competitive bid pursuant to Section 85.7 of this title to ensure competitiveness, fairness, compliance with provisions of all sections of the Oklahoma Central Purchasing Act, and compliance with provisions of Section 3001 et seq. of this title, which relate to the State Use Committee. The rules shall include separate provisions based on acquisition purchase price as follows:

- a. state agencies shall make acquisitions not exceeding Five Thousand Dollars (\$5,000.00), provided the acquisition process is fair and reasonable and is conducted pursuant to rules authorized pursuant to this section, and
- b. state agencies with certified procurement officers and internal purchasing procedures found compliant by the Director of the Office of Management and Enterprise Services pursuant to this section may make acquisitions in excess of Five Thousand (\$5,000.00) and not exceeding One Hundred Thousand Dollars (\$100,000.00), pursuant to rules authorized by this section;

The Oklahoma Central Purchasing Act Title 74 § 85.7.A.1 **Competitive Bid or Proposal Procedures**, states:

Except as otherwise provided by the Oklahoma Central Purchasing Act, no state agency shall make an acquisition for an amount exceeding Fifty Thousand Dollars (\$50,000.00) or the limit determined by the State Purchasing Director pursuant to rules authorized by Section 85.5 of this title, not to exceed One Hundred Thousand Dollars (\$100,000.00), without submission of a requisition to the State Purchasing Director and submission of suppliers' competitive bids or proposals to the State Purchasing Director.

**Recommendation:** Based upon current Oklahoma law, choosing an alternative electric provider is not possible. There would be no way for an end user in Oklahoma to bid out or negotiate service, therefore trying to solicit multiple providers to obtain the best rate for the State is not possible. Currently the only option remaining is using the sole source process along with additional tasks required by current purchasing rules.

Our short term recommendation is for the Agency to process all unregulated electric cooperatives and rural water associations' acquisitions using the same process used for standard sole sources. Also, to submit all unregulated electric cooperative and rural water association's contracts with an annual cumulative acquisition amount above \$50,000 to Central Purchasing to be processed.

Our long term recommendation is for Central Purchasing to review current law and make legislative recommendations to streamline and simplify the process for procuring electricity and water from unregulated electric cooperatives and rural water associations. In addition, we recommend legislative change to permit usage of the State purchase card for these types of transactions at an unlimited transaction amount.

#### Management's Response

☒ Concur ☐ Partially Concur ☐ Non-Concur

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**Date:** 11/14/13

**Respondent:** Purchasing Manager

**Response:** Oklahoma Central Purchasing Act Title 74 § 85.5.11 was apparently misinterpreted by the OTRD Purchasing staff. The Statute specifically addresses rate regulated utilities as being exempt from the Central Purchasing Act. All utilities are regulated as to operation area by the Oklahoma Corporation Commission and State Statute, however they are not all rate regulated.

#### **Corrective Action Plan**

**Contact Person:** Purchasing Manager

**Anticipated Completion Date:**

**Corrective Action Planned:** The OTRD Purchasing Department has made efforts to insure that all FY14 purchases of unregulated utilities comply with the Oklahoma Central Purchasing Act Title 74 § 85.5.11. All Utility Vendors are verified through the Oklahoma Corporation Commission website as to their regulatory status. A Sole Source Document is prepared for all vendors, who are not rate regulated. Purchase request that exceed \$50,000.00 are sent to Central Purchasing for processing of the Purchase Order and contract management.

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### **FINDING: [12-566-01](#) – Receiving Documentation**

**Condition:** During the purchase card phase of our audit we reviewed 27 purchases for which the product was shipped after the purchase totaling \$95,544.44.

During our testwork we noted that 18 of 27 (66% error rate) purchases totaling \$58,651.58 were not accompanied by a packing slip or proof of delivery. These purchases include \$4,411.24 in resale golf clubs and \$18,750 for a lawnmower with the shipping address on the invoice to the State Park's PO Box number.

During the procurement phase of our audit we reviewed 11 purchases totaling \$235,174.91 that were received subsequent to the time of purchase to ensure the receiving document was present. We noted a shipping document was not obtained for 7 (64% error rate) of these purchases totaling \$106,397.21.

**Cause:** The Agency was under the impression that purchase card receipts or invoices submitted for payment could serve as the "receiving document."

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

**Criteria:** State of Oklahoma Purchase Card Procedures § 6.6.2 Goods or services received subsequent to the time of purchase states:

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The document accompanying the goods or services (such as a packing slip or service order) serves as the receiving document. The receiving document shall be signed and dated by the receiving employee. A carbon copy of the receipt containing the receiving employee signature and date meets this requirement. The itinerary shall serve as the receiving document for airfare (traveler's signature is not required). The receiving document shall be retained by the P-Card holder for the monthly reconciliation process.

The United States General Accounting Office, **Streamlining the Payment Process While Maintaining Effective Internal Control** issued May 2000 states in part:

The purchase authorization portion of the process is the formal approval of the purchase by responsible designated officials within the agency and usually results in the obligation of budget authority. The receipt and acceptance portion generally involves a government employee taking possession of the items purchased and verifying quantity and quality of the items received. Receipt of the invoice or bill from the supplier or vendor represents a claim against the government for the items sent or delivered per the government's purchase order.

The payment approval and authorization portions of the process can involve a multistep process with administrative approvals being first followed by payment authorization. An administrative approval is generally performed by a responsible official in the unit that ordered or received the items purchased. The administrative approval normally is based on verification that the items ordered were actually received and met the government's specifications, and thus validates a vendor's request (invoice) for payment.

**Recommendation:** We recommend that the Agency develop, implement and communicate:

- to accounts payable the importance of collecting and maintaining shipping documentation to complete the three way match needed prior to approving payment to the vendor,
- to all receiving employees the process for collecting and submitting documents to either the cardholder or accounts payable,
- to all cardholders the importance of collecting and maintaining receiving documentation for items purchased that was shipped to the Agency,
- to all anticipated receiving employees a process to ensure that receiving employees sign, date, and annotate "received" on the receiving document,

We also recommend the Agency review its process for returning receiving documentation to the cardholder and/or accounts payable to properly support the product or service was received. In final, we recommend the agency create procedures to conduct monitoring activities that require autonomous review of the supporting documentation to determine continuance compliance with the newly developed internal controls.



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#### Management's Response

☒ Concur ☐ Partially Concur ☐ Non-Concur

**Date:** 2013 November 13

**Respondent:** Purchase Card Administrator, Back-up Purchase Card Administrator

**Response:** The purchase card procedures for receiving documents had been interpreted to mean that the card holder's signature and date on the invoice, paid in full, constituted acknowledgement that all goods and services had been received. It should be noted that, per 6.8.3 of the purchase card procedures dated 2013 September 1, "Products or services not received at the time of purchase or shipped—the cardholder's and approving official's authorization on the cardholder's statement indicates that the products and services were received and approved to be paid with the purchase card."

#### Corrective Action Plan

**Contact Person:** Purchase Card Administrator

**Anticipated Completion Date:** Corrective action implemented 2013 February.

**Corrective Action Planned:** Training sessions were conducted throughout the state by the p/card administrators during the month of February in which the requirement to include receiving documents, signed and dated by the receiving employee, was clearly communicated to card holders. The requirement was also stated in writing in the p/card administrators' monthly newsletter in February and subsequent months. Facility managers were advised to communicate the process for receiving goods and services, and the requirement to retain documentation, to any employee who might be responsible for such. Receiving documents are now required to be included with monthly card holder statements.

#### FINDING: [12-566-02](#) – Card Limits

**Condition:** A spend analysis was performed and compared with cardholder credit limits. We determined 31 out of 119 cardholders evaluated appeared to have excessive credit limits. Analysis was performed on 10/26/2012. The 31 cardholders are noted below.

Card	Credit Limit	Highest Cycle	% Of Highest Cycle	Avg Spend Per Cycle	Avg % Spent
1	\$2,500.00	\$4.62	0.18%	\$4.62	0.18%
2	\$2,500.00	\$88.39	3.54%	\$153.01	6.12%
3	\$2,500.00	\$114.00	4.56%	\$114.00	4.56%
4	\$2,500.00	\$158.88	6.36%	\$158.88	6.36%
5	\$2,500.00	\$223.85	8.95%	\$407.36	16.29%
6	\$2,500.00	\$227.52	9.10%	\$95.79	3.83%

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7	\$10,000.00	\$1,107.22	11.07%	\$708.13	7.08%
8	\$2,500.00	\$375.21	15.01%	\$439.49	17.58%
9	\$2,500.00	\$414.80	16.59%	\$218.24	8.73%
10	\$10,000.00	\$2,059.92	20.60%	\$1,379.40	13.79%
11	\$10,000.00	\$2,079.82	20.80%	\$1,727.36	17.27%
12	\$10,000.00	\$2,160.96	21.61%	\$1,485.38	14.85%
13	\$5,000.00	\$1,091.03	21.82%	\$1,091.03	21.82%
14	\$2,500.00	\$613.45	24.54%	\$491.56	19.66%
15	\$10,000.00	\$2,548.44	25.48%	\$2,150.05	21.50%
16	\$2,500.00	\$643.02	25.72%	\$203.88	8.16%
17	\$75,000.00	\$21,461.15	28.61%	\$15,040.94	20.05%
18	\$10,000.00	\$3,134.93	31.35%	\$1,756.31	17.56%
19	\$7,500.00	\$2,416.83	32.22%	\$1,441.32	19.22%
20	\$10,000.00	\$4,075.38	40.75%	\$986.17	9.86%
21	\$10,000.00	\$4,161.46	41.61%	\$2,022.74	20.23%
22	\$2,500.00	\$1,066.43	42.66%	\$471.66	18.87%
23	\$5,000.00	\$2,163.56	43.27%	\$948.62	18.97%
24	\$10,000.00	\$4,715.56	47.16%	\$2,368.07	23.68%
25	\$5,000.00	\$2,641.38	52.83%	\$719.62	14.39%
26	\$5,000.00	\$2,801.16	56.02%	\$1,115.60	22.31%
27	\$15,000.00	\$8,459.11	56.39%	\$2,991.92	19.95%
28	\$10,000.00	\$5,846.96	58.47%	\$1,337.45	13.37%
29	\$7,500.00	\$4,616.20	61.55%	\$1,485.77	19.81%
30	\$2,500.00	\$1,549.71	61.99%	\$314.17	12.57%
31	\$5,000.00	\$3,367.94	67.36%	\$858.22	17.16%

**Cause:** A misunderstanding of how to administer cardholder's credit limits. Credit limits can be changed on an individual basis and do not require the use of a separate profile.

The purchase card administration must await approval before limits can be lowered.

**Effect or Potential Effect:** Having the transaction and card limits set in excess of the individual cardholder's needs increases the potential damage that could occur if the card were to be compromised.

**Criteria:** State of Oklahoma Purchase Card Procedures § 6.11.1 P-Card Management states in part:

**P-Card Management.** The State Entity P-Card Administrator is responsible for performance or appropriate delegation of the following duties:

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**6.11.1.2** Processing authorized requests for procurement cards, maintaining control over active cards (i.e., card controls and limits, card maintenance, etc.) with adjustments being made as needed, and closing accounts in accordance with operating procedures;

**Recommendation:** We recommend that the Agency evaluate the usage of each purchase card's use. Adjust credit limits as needed and temporarily increase the limits if an unusually large purchase is required.

We recommend that management provide a preapproved minimal usage calculation that can be used by the purchase card administration to lower credit limits when necessary.

#### Management's Response

☐ Concur ☒ Partially Concur ☐ Non-Concur

**Date:** 2013 November 15, 2013

**Respondent:** Purchase Card Administrator, Back-up Purchase Card Administrator

**Response:** Purchase card limits are reviewed annually and are determined by historical usage. Many OTRD facilities are open to the public 24 hours a day, 365 days a year and card limits are set to allow flexibility to respond to after-hours emergency situations. Card limits are also set to be usable for purchasing without requiring monthly adjustment. Occasionally, limits are temporarily increased to accommodate larger purchases and a greater number of purchases during the busy season. The card limits cited above only represent the limits as they were set at the time of inspection and do not necessarily represent each card holder's limit throughout the entire audit period.

#### Corrective Action Plan

**Contact Person:** Purchase Card Administrator

**Anticipated Completion Date:** 2013 December 2

**Corrective Action Planned:** The annual evaluation of card holder cycle and single transaction limits has been completed based on all FY 13 purchases and FY 14 purchases through the end of October. New limits have been designated based on each card holder's actual usage trend over this 16 month period and are set to be implemented at the beginning of the December p/card cycle. The new limits represent a cumulative decrease of 31% in the agency's cycle limits and a decrease of 16% in the agency's single transaction limits.

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#### FINDING: [12-566-07](#) – Authorized Signatures

**Condition:** The Agency is not maintaining proper documentation of individuals designated to approve acquisition documents under the Agency's delegated authority.

**Cause:** The Agency uses the DCS/Purchasing Form 001 in place of the list required.

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**Effect or Potential Effect:** The policy recently changed and the Agency has not yet met the requirements of the new policy.

**Criteria:** Oklahoma Department of Central Services Central Purchasing Administrative Rule **OAC 580:16-5-13 Authorized signatures for state agency procurement** states,

- (a) State agencies shall provide the State Purchasing Director with a current original Authorized Signature Form, (DCS/Purchasing Form 001). The form shall be dated and identify the name, title, and signature of those individuals designated by the appointing authority to sign and approve requisitions, sole source certifications, change order requests, and surplus property transactions that may be submitted to the State Purchasing Director. The State Agency shall submit an updated form to the State Purchasing Director within 30 days of any change in the authorized signatures.
- (b) State agencies shall also maintain a list of individuals designated by the appointing authority to sign and approve requisitions, sole source certifications, change order requests, and purchase orders for acquisitions within the agency's approved acquisition authority. The list shall include the name, title, and signature of each individual, the effective date of their signature authorization and ending date of the authorization, when applicable. The agency shall maintain a file of the signature authority lists in the location of the agency's centralized procurement records, and shall be available to the State Purchasing Director, upon request.

**Recommendation:** We recommend the Agency create a signature document for everyone designated within the Agency to approve acquisition documents that include name, title, and signature of each individual, the effective date of their signature authorization, ending date of the authorization and what documents they are allowed to sign.

#### Management's Response

☒ Concur ☐ Partially Concur ☐ Non-Concur

**Date:** November 20, 2013

**Respondent:** Chief Financial Officer

**Response:** The Agency has not been asking the individual facilities to send in updated authorized signatures when there has been a change. The Agency has been updating DCS/Purchasing Form 001 and submitting it when a change shall occur.

#### Corrective Action Plan

**Contact Person:** Chief Financial Officer

**Anticipated Completion Date:** December 31, 2013

**Corrective Action Planned:** The Agency will maintain a list with the required data of individuals designated by the appointing authority to sign and approve requisitions, sole source certifications, change order requests, and purchase orders for acquisitions within the agency's approved acquisition authority by the end of 2013 calendar year. The file of signature authority will be maintained at the Tourism headquarters in the administrative services offices.



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## APPENDIX

### METHODOLOGY

- Interviews were conducted with the Agency's staff members.
- Internal controls over the procurement program were documented and evaluated. Procurement transactions were examined.
- Overall program compliance with the rules related to the audit objectives was evaluated.

#### Sampling Methodology

We used IDEA data analysis software to categorize and sample units to be tested. Our random samples were selected using statistical sampling methods with confidence levels equal to or greater than 95%. Below is table depicting the sampling size per stratified category for standard purchasing and purchase card transactions.

#### Procurement

Random Sample	Category	Total Pop \$	Sample Pop \$	% Sample \$ to Total \$	Total Pop Units	Sample Pop Units	% Sample Units to Total Units
	\$0 - \$5,000	560,474.16	10,221.90	2%	530	7	1%
	\$5,000.01 - \$25,000	910,320.50	163,689.96	18%	80	12	15%
	\$25,000.01 - \$50,000	622,500.38	622,500.38	100%	18	18	100%
	\$50,000.01 - \$100,000	<u>293,140.59</u>	<u>293,140.59</u>	<u>100%</u>	<u>5</u>	<u>5</u>	<u>100%</u>
	Totals	<u>\$2,386,435.63</u>	<u>\$1,089,552.83</u>	<u>46%</u>	<u>633</u>	<u>42</u>	<u>6.8</u>
Auditor's Discretion		560,474.16	\$7,035.00	1%	530	6	1%
Random Sample	Electric Co-ops & Water	3,440,547.86	927,001.50	27%	81	15	19%

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#### Purchase Card

Random Sample	Category	Total Pop\$	Sample Pop \$	% Sample \$ to Total \$	Total Pop Units	Sample Pop Units	% Sample Units to Total Units
	\$0 - \$5,000	5,181,616.15	33,119.43	0.60%	17,581	37	0.20%
	Greater than \$5,000	897,738.54	233,354.63	25%	69	11	15%
	Inventory	1,668,785.18	137,623.78	0.20%	282	15	1.77%
	<b>Totals</b>	<b><u>\$7,748,139.87</u></b>	<b><u>\$404,097.84</u></b>	<b><u>25.80%</u></b>	<b><u>17,932</u></b>	<b><u>63</u></b>	<b><u>16.97</u></b>
	<b>Auditor's Discretion</b>		\$32,458.14			26	

#### EXECUTIVE SUMMARY

##### *Organization*

Mission Statement – To advance the exceptional quality of life in Oklahoma by preserving, maintaining, and promoting our natural assets and cultural richness.

History and Function – Administered by an executive director under the guidance of a nine-member commission, the department began in 1931 when the Oklahoma Legislature appropriated \$90,000 for the land on which Lake Murray is located. In the late 1930s, Congress directed the U.S. Corps of Engineers to begin construction on several large reservoirs, primarily for flood control and water supply. In 1951 Lake Murray State Park also became the site for the first of seven state-owned lodges. Through the years, park, lodge, and tourism programs rested in the Planning and Resources Board, the Department of Commerce and Industry, and the Industrial Development and Park Department. In 1972 the legislature created the Oklahoma Tourism and Recreation Department, now made up of five divisions.

Personnel - 217 classified, 196 unclassified, 343 temporary (seasonal) (per Oklahoma Agencies, Boards, and Commissions, as of September 1, 2013)

##### *Key Staff*

(During the Audit Period)

Deby Snodgrass, Executive Director

Lisa McKim, Purchasing Manager (November 2011 – June 2012) Back-up P/Card Administrator (until June 2012)

Billy McMeans, Acting Purchasing Manager (June 2012 – December 2012)

Linda Powell, P/Card Administrator

**OKLAHOMA TOURISM AND RECREATION DEPARTMENT**

**OKLAHOMA SCENIC RIVERS**

**PROCUREMENT AUDIT**

**FOR THE PERIOD JULY 1, 2011 TO NOVEMBER 1, 2012**

**Transmittal Letter**

**TO DEBY SNODGRASS, EXECUTIVE DIRECTOR, AND BOARD OF THE OKLAHOMA TOURISM AND RECREATION DEPARTMENT**

With this letter, we transmit the report of the Oklahoma Tourism and Recreation Department and Oklahoma Scenic River's procurement audit for the period July 1, 2011 to November 1, 2012.

We performed the audit in accordance with professional auditing standards to ensure the Oklahoma Tourism and Recreation Department and Oklahoma Scenic River's procurement program administered by the Office of Management and Enterprise Services, Division of Capital Assets Management is conducted in accordance with laws and regulations.

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 Office of Management and Enterprise Services website, <http://www.ok.gov/OSF/Audit/>

Respectfully,

Carol McFarland  
Director, Performance and Efficiency Division