

STATE OF OKLAHOMA

Department of Central Services

Audit Unit

**Continuous Monitoring: Purchase Card
Transactions**

for the period July 16, 2009 to October 15, 2009

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OVERVIEW

We performed a review of purchase card transactions of the 89 state agencies that are on the Pathway Net system. (There are two governmental entities that participate in the State of Oklahoma Purchase Card Program but are not part of the Pathway Net System). Our review period was July 16, 2009 to October 15, 2009. During this review period, there were a total of 26,693 purchase card transactions totaling \$12,376,702.22. By purchase card type the dollar spend and number of transactions is as follows:

CARD TYPE	DOLLAR SPEND	# OF TRANSACTIONS
Standard	\$4,911,191.44	20,459
Statewide Contract	\$6,857,565.48	3,497
Travel	<u>\$607,945.30</u>	<u>2,737</u>
	<u>\$12,376,702.22</u>	<u>26,693</u>

We reviewed a total of 76 purchase card transactions with a total dollar spend of \$41,777.99. Breakdown of these transactions by MCC code and description is as follows:

MCC Code	MCC Description	Dollar Spend
5039	construction materials	\$9,827.50
8999	professional services	\$9,413.73
5045	computers, computer peripheral, software	\$4,898.72
5411	grocery stores and supermarkets	\$3,562.22
7399	business services	\$3,234.60
5251	hardware stores	\$3,211.83
7011	lodging- hotels, motels, resorts	\$3,043.43
5712	furniture, home furnishings, and equipment stores	\$1,568.90
5651	family clothing stores	\$568.05
5199	non-durable goods	\$461.07
5732	radio, television, and stereo stores	\$392.76
9399	government services	\$276.55
5812	eating places and restaurants	\$263.74
5814	fast food restaurants	\$225.36
5310	discount stores	\$188.13
5733	music stores- musical instruments	\$157.95
5311	department stores	\$99.99
5941	sporting goods stores	\$94.92
5719	misc home furnishings specialty stores	\$61.90

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5300	wholesale clubs	\$59.30
5541	service stations	\$48.60
5912	drug stores and pharmacies	\$44.23
5734	computer software stores	\$23.86
5111	stationary, office supplies, painting and writing	\$22.79
5661	shoe stores	\$22.76
5571	motorcycle dealers	<u>\$5.10</u>
		<u>\$41,777.99</u>

We noted transactions that were incompliant with the State of Oklahoma Purchase Card Procedures or Oklahoma State Law.

OVERALL SUMMARY

We noted the following in our review of purchase card transactions for the period July 16, 2009 to October 15, 2009.

- Transaction documentation was not maintained for purchase.
- Travel card was used by the cardholder in travel status to purchase meals.
- Purchase of goods was split to evade the single purchase limit.

Each of these items has been brought to the attention of the purchase card program management of the affected agencies. These agencies have taken action that we believe address issues noted.

CONTINUOUS MONITORING FINDING DETAIL

Findings and outcomes are reported based on significance.

DETAILED RECEIPT DOCUMENTATIONS

REQUIREMENT: 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...
Effective 03-01-2008, the "Missing Receipt Form" will NOT be accepted.
Note: cardholder may contact JPMorgan Chase Customer Service at 800-316-6056 to obtain a missing or lost receipt...

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On 09.08.2009, the cardholder made a \$755.18 purchase of raffle ticket drums. The transaction was not supported by a receipt or a packing slip from the merchant. A retrieval request from MasterCard was obtained as support for the transaction.

OUTCOME: The cardholder has been made aware of the purchase card policy related to receipt documentation.

OTHER PROHIBITED PURCHASES

REQUIREMENT: State of Oklahoma Purchase Card Procedures § 6.2.3 **Other prohibited purchases** states in part, "The Standard P/Card, Statewide Contract P/Card. And Travel P/Card shall NOT be used for the following types of purchases unless such is approved by the State Purchasing Director in accordance with Section 1.6 (Conditions of Participation):

6.2.3.3 Per diem food and beverages as authorized by the State Travel Reimbursement Act, OSF Travel Procedures, and any other statute pertaining thereto;.."

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...
Effective 03-01-2008, the "Missing Receipt Form" will NOT be accepted.
Note: cardholder may contact JPMorgan Chase Customer Service at 800-316-6056 to obtain a missing or lost receipt...

The cardholder used the travel purchase card to purchase meals. Receipts for these transactions were misplaced by the cardholder. On 09.03.2009, the cardholder deposited a total of \$53.62 in the Agency's clearing account. The transaction reviewed as part of continuous monitoring efforts is detailed below.

<u>Transaction Date</u>	<u>Merchant Name</u>	<u>Item Purchased</u>	<u>Amount Charged</u>
08.26.2009	Hilton Sports Grille	Meal	\$21.74

OUTCOME: All cardholders of the Agency will contact JPMorgan Chase for assistance in obtaining missing receipts for transactions with the purchase cards. Purchase cards will be utilized for appropriate transactions excluding items that should only be reimbursed.

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SPLIT TRANSACTION- SINGLE PURCHASE LIMIT

Agency #1

REQUIREMENT: State of Oklahoma Purchase Card Procedures § 2.0 Definitions “Single Purchase Limit” states in part “... Purchases shall not be split with the intent of and for the purpose of evading (1) the P/Card statutory single purchase limit of \$5,000.00...”

Upon review of the supporting documentation for the purchase card transactions, it was noted that a standard purchase card was used to separately charge the purchase of I-Beam Posts and C-Posts on 09.15.2009. Details are noted below:

<u>Transaction Date</u>	<u>Vendor</u>	<u>Job #</u>	<u>Items Purchased</u>	<u>Amount Charged</u>
09.15.2009	Action Safety Supply	Control Sec 1427E-2172W	I-Beam Posts	\$4,850.00
09.15.2009	Action Safety Supply	Control Sec 0787E-1295W	C-Posts	<u>\$4,977.50</u>
				<u>\$9,827.50</u>

OUTCOME: The division CPO was advised in the future to receive phone quotes and issue purchase orders.

Agency #2

REQUIREMENT: State of Oklahoma Purchase Card Procedures § 2.0 Definitions “Single Purchase Limit” states in part “... Purchases shall not be split with the intent of and for the purpose of evading (1) the P/Card statutory single purchase limit of \$2,500.00...”

It was noted that the purchase of two (2) reasonable accommodation laptops was split. Details are noted below:

<u>Transaction Date</u>	<u>Vendor</u>	<u>Item Purchased</u>	<u>Amount Charged</u>
07.25.2009	DMI* Dell	Dell Vostro 1720	\$2,287.46
07.25.2009	DMI* Dell	Dell Vostro 1720	<u>\$2,287.46</u>
			<u>\$4,574.92</u>

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OUTCOME: Purchase card administrator of the Agency has made the recommendation to the Agency's upper management that the cardholder's purchase card be suspended for 6 months. At the end of the 6 month period, the cardholder will attend purchase card training and the suspension will be lifted.