

The background of the page is a large, faded seal of the State of Oklahoma. The seal is circular with a yellow outer ring containing the text "GREAT SEAL OF THE STATE OF OKLAHOMA". Inside the ring is a blue field with a white star. In the center is a shield with a green wreath, a white building, and a red sun. The shield is flanked by two blue wings.

STATE OF OKLAHOMA

Department of Central Services

Audit Unit

Statewide
Purchase Card Continuous Monitoring

*Report Released
10/15/2008*

State of Oklahoma
Statewide Purchase Card Continuous Monitoring
For the Review Period of January 29, 2008 through June 10, 2008

TABLE OF CONTENTS

OVERVIEW _____	1
OVERALL SUMMARY _____	1
FINDING #1 _____	1
FINDING #2 _____	2
FINDING #3 _____	2
FINDING #4 _____	3

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.

OVERVIEW

We performed monitoring that included all state purchase card transactions for the period of January 29, 2008 through June 10, 2008 from all state agencies that process their purchase card transaction through Pathway Net. There were a total of 39,805 transactions totaling \$29,929,235.02 for the review period. During this continuous monitoring, we noted transactions that did not appear compliant with either the State of Oklahoma Purchase Card Procedures or Oklahoma State Law.

OVERALL SUMMARY

During our review of the State of Oklahoma purchase card transactions, we found instances of dividing purchases to various vendors, exceeding purchase card limits in using the standard purchase card, and the use of a statewide purchase card for a non-statewide contract purchase.

Since these items have been brought to each agency's attention, corrective actions for the findings have occurred.

FINDING #1

We reviewed the transactions for two cardholders looking specifically at purchases for an unregulated utility. The cardholders at this agency used their purchase card to pay for unregulated utilities and exceeded the allowed yearly limit of \$2,500. For the period reviewed, between both cardholders, the agency spent \$9,753.89 on the unregulated utility.

State of Oklahoma Purchase Card Procedures (1/16/2008) § 6.2.6.2 Non-Regulated Utilities states, "State entities may pay non-regulated utilities with the Standard P/Card if the yearly total is less than \$2,500.00."

State of Oklahoma Purchase Card Procedures (1/16/2008) § 6.2.6.3 Identification of Regulated and Non-Regulated Utilities states, in part, "Regulated and non-regulated utilities can be found at the Oklahoma Corporation Commission website..."

OUTCOME: Agency administration addressed the issues with the cardholders reminding them to follow the Oklahoma Purchase Card Procedures when paying utilities. Cardholders were given instructions on how to view the Corporation Commission's website. Purchase card accounts will be monitored and will be suspended if there are charges for non-regulated utilities.

FINDING #2

We reviewed the transactions for four cardholders looking specifically at purchases that appear to be split transactions at two agencies. The cardholders used their Standard Purchase Cards to make multiple transactions from a single vendor in a single day that exceeds their single purchase limit. This appears to be split transactions.

According to the State of Oklahoma Purchase Card Procedures (1/16/2008) § 2.0 Definitions, in part,

“Single Purchase Limit” means the maximum spending (dollar) limit a cardholder is authorized to charge in a single transaction. 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; and/or (2) limit(s) established for an individual P/Card; and/or (3) a competitive bidding requirement.

OUTCOME: The first agency stated that their three cardholders did not intend to evade the Oklahoma Purchase Card Procedures. One cardholder was suspended until they attend purchase card training. The remaining purchase card holders and approving officials were reminded of the purchase card limits and to follow the Oklahoma Purchase Card Procedures.

The second agency stated that they were unable to question the cardholder about these transactions since they were no longer with the State of Oklahoma. However, in speaking with the former employee’s supervisor, the supervisor stated that the cardholder did understand the requirements of the purchase limit and making purchases to evade the purchasing limit.

FINDING #3

During our monitoring, we discovered that a cardholder used their Standard Purchase Card to purchase fuel for a state motor vehicle, an Oklahoma Purchase Card Procedure prohibited purchase.

State of Oklahoma Purchase Card Procedures (1/16/2008) § 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...(6.2.3.8) Motor Fuel”.

OUTCOME: The agency acknowledges that the cardholder used their Standard Purchase Card to buy motor fuel for a state motor vehicle. The agency stated that the cardholder did not have a gas card for the vehicle and had no other means to pay for the fuel. The cardholder also contacted their supervisor prior to purchasing the fuel. The supervisor told the cardholder to use the purchase card and note it on the agency’s internal logs. The agency informed the cardholder and the supervisor that the purchase of fuel is prohibited under all circumstances.

FINDING #4

During our monitoring, we discovered that a cardholder used their Statewide Purchase Card to purchase a bookshelf from a non-statewide vendor.

State of Oklahoma Purchase Card Procedures (1/16/2008) § 6.1.5.2 Statewide Contract P/Card, states, in part, "... The card is to be used **ONLY** for making purchases off of statewide contracts issued by Central Purchasing..."

OUTCOME: The cardholder mistakenly thought that this vendor was part of a statewide contract. The agency informed the cardholder to only make purchases that are on statewide contract using the Statewide Purchase Card.