



Department of Corrections

Fleet Card

Performance Audit

Audit and Internal Investigations

Report Released December 2016

Audit Performed by
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This audit was performed pursuant to 74 O.S. § 85.5.e and statewide contract 101.

AUDIT HIGHLIGHTS

Oklahoma Department of Corrections (DOC) – Comdata Fleet Card Audit

Why We Conducted This Audit

This report provides information about the use of DOC fleet cards. The objective of this audit was to determine if DOC's fleet cards are used for their intended purposes and determine whether appropriate safeguards have been designed and implemented to prevent misuse. The fleet card should only be used to purchase either fuel or vehicle-related items.

What We Found

Based on our audit, we have determined that DOC has designed and implemented safeguards to prevent misuse of the fleet cards. We also determined DOC fleet cards were being used for their intended purposes. We did note one finding related to the lack of detailed receipts for non-fuel transactions. DOC significantly complied with our audit objectives.



OVERVIEW

Our audit consisted of two phases. The first phase was to analyze fleet card transactions during the period of July 1, 2013, to Dec. 31, 2015, for any anomalies and perform standard testwork. The second phase was to monitor live data and track current usage of fleet card performance during the first half of 2016.

INTERNAL CONTROLS

During our internal control assessments, we participated in walkthroughs at different facilities with personnel in the administration office, a correctional center, and the assessment and reception center. Throughout the walkthrough, we verified where vehicle keys and fleet cards were maintained. Keys are kept locked up and logs are reserved for signing in/out. The agency also runs reports monthly and inspects all purchases when reconciling to the fuel invoice. The Lexington Assessment and Reception Center (LARC), in particular, maintains high security over their vehicle keys and fleet cards. LARC has a digital system that identifies every driver differently and requires check in/out through that system in order to be granted vehicle keys and the fleet card. We especially commend the LARC facility for their security and safeguards in maintaining a low risk system.



Once we completed the internal control assessment, we began datamining DOC fleet card transactions. We began this process with all fleet card transactions for DOC during the period of July 1, 2013, to Dec. 31, 2015. This raw DOC population contained 139,523 transactions totaling \$7.1 million. DOC used 2,701 fleet cards during this period. We then filtered the population down through a series of formulas and extraction procedures. Once our data was screened, we separated the file between fuel and non-fuel purchases.

FUEL

To audit the use of the fuel card for fuel transactions we extracted all active vehicles that had a fuel transaction processed between Sept. 1, 2015, and Dec. 31, 2015. We extracted 769 active vehicles. We then removed buses, dump trucks and semis resulting in 709 vehicles to be tested. We compared each of the 709 vehicles' calculated miles per gallon (MPG) based on fuel consumption used during July 1, 2013, to Dec. 31, 2015, to their manufacturer's estimated MPG. Once we obtained the MPG calculation, we selected five vehicles that had the highest possibility for fuel card misuse and independently monitored them for a period of four months. We compared data obtained during our monitoring activity to live data received from the Comdata system to account for every gallon of fuel purchased and all miles driven for each vehicle. Each vehicle's information reconciled. No significant findings were noted.

NON-FUEL

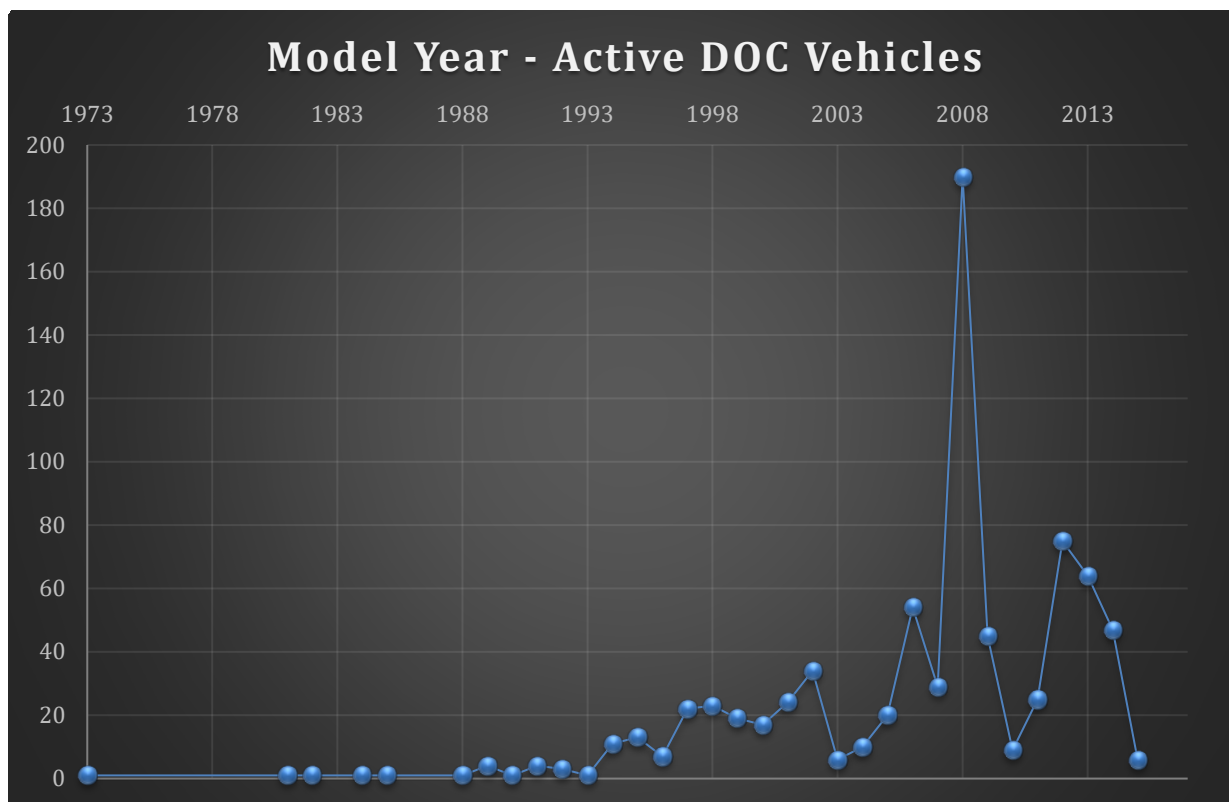
The non-fuel transactions were divided into product descriptions that included: auto; miscellaneous food groceries; and other miscellaneous transactions. We judgmentally selected 149 transactions to be tested. We tested these 149 transactions to verify they were vehicle-related purchases. From the testwork performed, we reported one finding related to the lack of supporting documentation. This finding is provided in the 'Detailed Finding' section of this report.

MANAGEMENT'S COMMENTS

As demonstrated by this audit, safeguards established by the agency have proven to be effective in ensuring proper utilization and management of the Comdata program. This has been a priority of the agency since the inception of the program. Outside of this audit additional steps have been taken by the agency to further strengthen controls and monitoring of the program. In October 2016, the agency transitioned from a universal PIN system to individual PINS for all employees. In December 2016, the agency hired a Fleet Manager and has begun the process of centralizing the management and oversight of the agency's fleet.

DATA ANALYSIS

The following charts depict data analyzed during our audit:



We used the model year of each vehicle to look up manufacturer's estimated MPG. We began with 769 active vehicles. The oldest active vehicle within DOC is a 1973 International. DOC has 43 vehicles 20 years or older. One hundred and ninety of the active vehicles, 25 percent, are 2008 models.

TOP PERFORMING VEHICLES BY TYPE

VEHICLE NUMBER	VEHICLE DESCRIPTION	FUEL TYPE	MILES DRIVEN	Cost Per Mile	MPG
288 - Sedan 4 Doors					
131 00	2012 Honda Civic	CNG	5913	\$0.04	37
EE0001	2014 Honda Civic	CNG	11009	\$0.06	37
111050	2014 Chevy Impala	UNL	20323	\$0.10	27
117598	2009 Chevy Impala	UNL	26454	\$0.10	27
121310	2014 Chevy Impala	UNL	32801	\$0.10	27
164 - 1/2 Ton Vans					
103644	2008 Chevy Uplander	UNL	8951	\$0.11	23
292075	2014 Dodge Caravan SE	UNL	13964	\$0.11	24
380578	2014 Dodge Caravan	UNL	21062	\$0.11	22
194769	2014 Dodge Grand Caravan	UNL	32246	\$0.12	22
46 - Passengers Van Maxi					
222932	2008 Chevy Van	UNL	60230	\$0.21	14
A59367	2012 Ford Van	UNL	42261	\$0.21	13
A45683	2008 Ford Van	UNL	14122	\$0.23	15
117084	2014 Chevy Express	UNL	10244	\$0.24	14
39 - Passengers Van 1 Ton					
131 10	2015 Chevy Express	CNG	16941	\$0.13	13
B29824	2013 Econoline Van	CNG	22911	\$0.17	14
131 11	2015 Chevy Express	CNG	9835	\$0.17	11
B31568	2011 Ford Van	UNL	22786	\$0.17	17
29 - Pickup 1/2 Ton					
4110	2006 Chevy Silverado	UNL	33959	\$0.18	18
1D7RE2	2010 Dodge Dakota	UNL	35100	\$0.19	18
211939	2006 Chevy Silverado	UNL	34722	\$0.19	16

We calculated MPG and cost per mile for 709 active vehicles. The cost includes fuel and maintenance from July 1, 2013, to Dec. 31, 2015. Reported in the chart above, is the top performing DOC vehicles. We noted the agency had six CNG vehicles in our analysis. All six CNG vehicles were reported among the most cost efficient vehicles in their class.

VEHICLES WITH HIGHEST OPERATING COST PER MONTH

	Vehicle Num	Vehicle	Days	*total cost	cost per mo.
1	5880	2009 MCI Bus	906	\$135,821.25	\$4,572.35
2	2816	2007 MCI Bus	901	\$126,878.83	\$4,295.01
3	BX3310	2013 Freightliner	898	\$96,143.99	\$3,265.47
4	2815	2005 MCI Bus	904	\$96,168.67	\$3,244.63
5	A18550	2013 Ford F550	572	\$34,805.22	\$1,855.87
6	A18551	2013 Ford F550	868	\$51,968.72	\$1,826.09
7	A18552	2013 Ford F550	856	\$48,179.69	\$1,716.68
8	479518	2014 International	869	\$48,054.00	\$1,686.59
9	122445	2012 International	876	\$48,179.69	\$1,677.49
10	131	2008 Chevy 5500	901	\$43,610.07	\$1,476.26
11	2812	1998 International	866	\$40,953.02	\$1,442.34
12	122443	2012 International	912	\$41,760.24	\$1,396.59
13	6566	2007 Freightliner	911	\$40,653.70	\$1,361.07
14	416644	2008 Chevy 5500	869	\$38,750.94	\$1,360.07
15	1	2007 Freightliner	888	\$39,377.22	\$1,352.48
16	122444	2012 International	887	\$38,921.29	\$1,338.33
17	416321	2008 Chevy 5500	904	\$36,624.65	\$1,235.68
18	2721	2002 International	863	\$34,931.44	\$1,234.54
19	2819	1998 International	904	\$34,503.81	\$1,164.12
20	6563	2005 Sterling	903	\$27,904.87	\$942.52
21	131-160353	2006 GMC Sierra	905	\$27,688.04	\$933.13

*Cost does not include price of vehicle or depreciation.

Combined data sets used in our audit have been provided to DOC to assist with future fleet management decisions.

DETAILED FINDING

Finding 14-131-01: Fleet Card Non-Fuel Receipts

Condition: During the substantive testing phase of our audit, we noted 80 non-fuel transactions (\$5,436.31) out of 149 (54 percent error rate) that were not adequately supported by a detailed receipt. The merchant transaction system adequately obtains detailed information for fuel purchases, but for non-fuel transactions, detailed information regarding each item within the purchase is not reported through the system.

Cause: The agency does their best to keep up with receipt documentation and maintain organization between all the facilities and personnel, however some receipts may get lost or filed incorrectly.

Effect or Potential Effect: We were unable to determine what was purchased, at what cost and quantity, and if the purchase was made for legitimate and valid governmental purposes. Insufficient receipt documentation creates an opportunity for unauthorized transactions to occur and go undetected.

Criteria: Department of Corrections Fleet Management Procedures § III Use of Department Vehicles C. Fuel Cards states in part:

6. All receipts will be maintained by the facilities/districts/units and compared to billed charges each month to ensure proper and lawful usage of the fuel cards.

The Oklahoma Statutes Title 51 § 24A.4 **Record of receipts and expenditures** states:

In addition to other records which are kept or maintained, every public body and public official has a specific duty to keep and maintain complete records of the receipt and expenditure of any public funds reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law.

Recommendation: We recommend the agency develop and implement a process for the driver and supervisor that ensures all non-fuel transactions are supported by a receipt and the receipt is detailed and itemized. The process should include the driver submitting non-fuel receipts to appropriate personnel. During the end-of-month reconciliation process the accounts payable personnel should reconcile non-fuel receipts to the Comdata statement and account for each discrepancy discovered.

Management's Response

Date: 11/9/2016

Respondent: APO II, Comptroller Transaction Accounting

Response: Concur - When the Comdata Cards were first implemented by the state and the Department of Corrections, DOC intended that the individual receipts be maintained in the respective facility, district, or administrative business offices. These receipts were to be used to reconcile the unit's Comdata invoice each month before being submitted for payment. Over the past several years, field business offices have went through a transformation which have reduced the number of business staff at most locations and eliminated/consolidated business offices at many locations. It appears from this finding, the process of receiving and maintaining the receipts has deteriorated at some locations.



Corrective Action Plan

Contact Person: APO II, Comptroller Transaction Accounting

Anticipated Completion Date: January 1, 2017

Corrective Action Planned: The field business offices will be required to include all receipts backing up their Comdata invoice when invoices are submitted to accounts payable for payment. Accounts payable staff will review and withhold submitting payment until all receipts have been satisfied. When paid, the entire packet of documentation will be scanned and attached to the payment voucher in PeopleSoft.

APPENDIX

Methodology

- Interviews were conducted with the agency's staff members.
- Internal controls over the fleet card program were documented and evaluated.
- Transactions were independently tested.

EXECUTIVE SUMMARY

Department of Corrections

Mission Statement: The mission of the Oklahoma Department of Corrections (DOC) is to protect the public, protect employees and protect offenders.

History and Overview: The Oklahoma Department of Corrections was created May 1, 1967, as a result of the 1967 Oklahoma Corrections Act. The department is governed by the state Board of Corrections, a seven-member bipartisan panel of gubernatorial appointees serving six-year staggered terms. One member is to be appointed from each of the five congressional districts. The sixth and seventh members are selected from the state at large. No more than four members of the board shall be from the same political party. The board is empowered by statute to set policies for the operation of the department, to establish and maintain institutions as necessary and to appoint a department director. Meetings of the board are conducted monthly and are normally open to the public. To encourage local participation and attendance, meetings are held throughout the state.

The Division of Administrative Operations controls the functions of community sentencing, personnel, purchasing, finance and accounting, training, medical, analytics, information technology, and administrative management needs.

General Counsel provides legal representation for the department in matters involving inmates and staff. They also provide legal representation for all legal documents, contracts and negotiations with private and public entities.

Inspector general conducts and monitors all internal investigations of inmates and employees. Responsibilities also include national accreditation of facilities and internal audits.

The Division of Field Operations is composed of eastern and western institutions; field support, community corrections and probation and parole. Responsibilities include management of offender classification, placement, transportation, safety, sentence administration, and management of all contracted services for private prisons, county jails and half-way houses. In addition, Field Operations also supervises prison industries and agricultur-



al production. Prison industries manufacture furniture, modular buildings, road signs, license plates, clothing and other items tailored to meet changing market demands. Agriculture production consists of cattle, dairy and meat processing.

Agency Information

The agency is made up of 3,649 classified and 331 unclassified employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of November 2016.

Board Members

Frankie X. Henke
Ernest E. Haynes
Michael W. Roach
Kevin J. Gross
Irma Newburn (March 2015-March 2021)
Bobby Steve Burrage (November 2013-March 2017)
James M. Tilly (March 2015-March 2021)
John Holder (March 2015-March 2017)
Adam Luck (January 2016-March 2021)
Ernest D. Ware (November 2013-March 2015)
Linda K. Neal (November 2013-March 2015)

Key Staff

(during the audit period)

Joe Allbaugh, Director (began Jan. 2016)
Robert Patton, Director (Feb. 2014 to Dec. 2015)
Edward Evans, Interim Director (Aug. 2013 to Feb. 2014)
Justin Jones, Director (beginning of audit period to July 30, 2013)
Ashlee Clemmons, Chief Administrator, Business Services
Chris Kennedy, Comptroller, Transaction Accounting
Bob Wilkerson, Administrative Programs Officer II