

Department of Central Services
Audit Unit
2008 Audit Cycle

DCS Annual Audit Summary

- ☑ Total Audit Findings: 55
- ☑ Total Recommendations: 60
- ☑ Total Audits Completed:
 - Purchase Card: 6
 - Procurement: 4
 - Follow-up Audit: 1
 - Statewide Contract Audit: 1

PROCUREMENT AUDITS

We audited 4 agencies' purchasing programs. When we audited the agencies' purchasing programs, we reviewed 33% of their purchasing during the audit period.

2008 Procurement Audit Finding Summary

The most common procurement audit findings:

- The most common finding was not obtaining the non collusion affidavit.
- The second most common finding was not verifying vendor for debarment and suspension.
- The third most common finding was not verifying the vendor's sales tax permit.

The highest error rate associated with procurement findings:

- 40% error rate for not obtaining a non collusion affidavit.
- 38% error rate for not verifying vendors for debarment and suspension.
- 22% error rate for not having supporting documents for change orders.
- 21% error rate for the lack of monitoring/auditing of Professional Service Contracts.

Department of Central Services Audit Unit 2008 Audit Cycle

Finding contract amount associated with questionable purchasing practices:

- During one procurement audit, we noted contracts were not competitively procured for an estimated 83% of dollars spent for open market contracts. Acquisitions performed through questionable purchasing practices resulted in questionable purchasing cost of \$31,902.60 and a projected questionable purchasing cost of \$157,629.38.
- During one procurement audit, we noted 5 vendors with contracts totaling \$185,448.70 were not either competitively bid, improper bidding practices occurred or improper contract awarding.

FOLLOW-UP AUDIT & STATEWIDE CONTRACT AUDIT

- We performed a Procurement Program Compliance Follow-up Audit on Oklahoma Department of Emergency Management. There were no findings and we recommended purchasing authority be increased.
- We completed a special audit of Statewide Contract 71101 Bulk Fuel Portion and we provided 7 Conclusions and 5 Recommendations.
 - We completed a cost/benefit analysis, and calculations were performed for the bid process vs. statewide contract vendor use.
 - Additional opportunities for savings through the use of the statewide purchase card were suggested. Overcharges and lack of training were also identified.

PURCHASE CARD AUDITS & MONITORING ACTIVITIES

We audited 6 agencies' purchasing programs. When we audited the agencies' purchasing programs, we reviewed 11% of their purchasing during the audit period.

2008 Purchase Card Audit Finding Summary

- Memo Statements not signed and dated appropriately by Approving Official. **Error rate of 11%.**
- Memo Statements not signed or dated appropriately by Card Holder. **Error rate of 12%.**

**Department of Central Services
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- Receiving document not annotated and signed (subsequent to the time of purchase) and (at the time of purchase). **Error rate of 39%.**
- No receipt provided. **Error rate of 7%.**
- No receiving document provided. **Error rate of 3%.**

**2008 Statewide Purchase Card Continuous Monitoring
Finding Summary**

We data mined all agency purchase card transactions during 2008. Out of 39,805 transactions reviewed, we detected cardholders:

- Dividing purchases to various vendors in four instances.
- Exceeding purchase card limits with the standard purchase card in two instances.
- The use of a statewide purchase card for a non-statewide contract purchases in one instance.

As a result of our monitoring:

- One individual purchase card was suspended.
- Three purchase cards were cancelled.
- One cardholder and one approving official were required to attend training again in order to participate in the Purchase Card Program.
- In two instances, the Agency's Executive Director was directly involved with DCS Audit staff to remedy the problem.