



Department of Securities Purchase Card Audit

Audit and Internal Investigations Report Released October 2017

Audit Performed by
JoRay McCoy, CFE, MAFF, SMIA, CPO, Director
Sarah Haggard, CPO, Auditor
Luciana Perez, CPO, Auditor



Table of Contents

AUDIT HIGHLIGHTS.....	3
AUDIT OVERVIEW.....	3
APPENDIX.....	4
Methodology	4
Sampling	4
EXECUTIVE SUMMARY	5
Agency Information.....	5
Key Staff: (during the audit period).....	5

This publication is issued by the Office of Management and Enterprise Services as authorized by Title 62, Section 34. Copies have not been printed but are available through the agency website. This work is licensed under a Creative Attribution-Noncommercial-NoDerivs 3.0 Unported License.

AUDIT HIGHLIGHTS

Department of Securities – Purchase Card Program Audit

(Completion Date – September 2017)

Why We Conducted This Audit

This report provides information on the Department of Securities compliance with the State Purchase Card Procedures and agency-defined purchase card procedures. We also reviewed the strength and execution of the agency's internal controls within the purchase card program.

What We Found

We have determined the Department of Securities has significantly complied with the State Purchase Card Procedures and the agency's internal purchase card procedures. Department of Securities has implemented internal controls that are operating effectively in relation to their purchase card program. We performed analytical test-work during our planning phase, completed internal control walkthroughs, and tested 82 purchases against defined compliance requirements. We reported no formal findings.



AUDIT OVERVIEW

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures. Our audit was to determine if the Department of Securities purchase card program complied with the audit objectives during the period of June 1, 2016, to June 25, 2017. As of June 25, 2017, there was one purchase card holder and one approving official.

In total, Department of Securities processed 201 purchase card transactions totaling \$153,521.16 during the audit period. Categories for purchase card transactions for the agency included: purchases under \$5,000 and IT-related purchase transactions. We used the classical variable sampling method to randomly select our sample for testing. We exercised auditor's discretion in adjusting the confidence level and expected proportion of errors based on a risk assessment when applying the classical variable sampling technique. To ensure a sound statistical sample, a random sample of 32 standard transactions and 34 IT transactions was extracted for testing. In addition, 16 transactions were selected for audit based upon auditor's discretion and tested against a pre-determined criterion.

APPENDIX

Methodology

- Interviews were conducted with the agency's staff members.
- Internal controls over the purchase card program were documented and evaluated.
- A statistical sample of transactions from cardholders was examined.
- Overall program compliance with the State of Oklahoma Purchase Card Procedures and rules promulgated thereto were evaluated.

Sampling

	Transactions	Amount (\$)
Total Expenditures:	201	\$153,521.16
Reverse Transactions	(2)	(\$0.00)
Negative Transactions	(0)	\$0
Filtered Population	199	\$153,521.16
IT	89	\$97,387.72
Lodging	2	\$173.00
Under \$5,000	108	\$55,960.44
Total:	199	\$153,521.16
Samples:		
IT	34	\$76,271.28
Under \$5,000	32	\$41,168.49
Auditor's Discretion	16	\$8,208.05
Total	82	\$125,647.82



EXECUTIVE SUMMARY

Organization: Department of Securities

Mission Statement: The mission of the Oklahoma Securities Commission and the Department of Securities is investor protection through the administration and enforcement of the Oklahoma Uniform Securities Act of 2004. The commission and department also administer and enforce the Oklahoma Business Opportunity Sales Act, the Oklahoma Subdivided Land Sales Code, and the Oklahoma Take-over Disclosure Act of 1985.

History and Overview: The commission, as well as the department, were created by the Oklahoma Legislature in 1959. The department's functions include the regulation of securities agents, broker-dealers, investment adviser representatives and investment advisers. These persons and firms are registered and examined under provisions of the Oklahoma Uniform Securities Act of 2004. The department is also responsible for the registration of stocks, bonds and many other types of securities as provided under the very broad definition of securities in the act. The objectives of the department are protecting the investing public from securities fraud, eliminating unfair sales practices in the market place, and maintaining the market's integrity in Oklahoma.

Agency Information

The agency is made up of 25 unclassified employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of Sept. 10, 2016.

Key Staff: (during the audit period)

Irving L. Faught, Administrator

Melanie Hall, Deputy Administrator

Laura Swingle, Certified Procurement Officer