



# **Authority Orders**

Internal Review

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*This internal review was performed pursuant to 74 O.S. § 85.5.e.*

## INTERNAL REVIEW HIGHLIGHTS

### **Authority Order Internal Review** *(Completed May 2017)*

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#### **Why We Conducted This Internal Review**

The objective of this internal review was to determine whether the Office of Management and Enterprise Services (OMES) and clients represented by the Office of Management and Enterprise Services' Agency Business Services (OMES ABS) have complied with the laws and regulations pertaining to the guidelines regarding the use of authority orders.

The Authorization for Purchases document, also known as "AFP" or "Authority Order," is an encumbrance document authorized by the director of the Office of Management and Enterprise Services that allows certain types of purchasing and transaction processing to occur without using individual purchase orders.



Authority orders, when used effectively, save time and money by increasing efficiency within the organization, however, are ordinarily associated with risks. Tracking and reporting state spend and supplier activity within the state accounting system becomes more difficult. In addition, there is no documentation related to the approval to purchase unless performed internally by the agency. Transparency is reduced when authority orders are used due to supplier information not being reported within the supplier database and individual purchases being excluded from standard purchasing reports.

We performed this internal review pursuant to the Procurement Information Memorandum 10-02 (PIM 10-02) and the Statewide Accounting Manual. In order to gain a better understanding of the authority order process, we conducted interviews with selected OMES ABS agency buyers. We documented these processes and examined data from the PeopleSoft Financials application to arrive at our testwork population.

The State of Oklahoma Statewide Accounting Manual, Chapter 40.10.06 Authorization for Purchases "AFP" or "Authority Order" states in part:

The Authorization for Purchases document also known as "AFP" or "Authority Order" is an encumbrance document authorized by the Director of the Office Management and Enterprise Services which permits an agency to make certain types of purchases not requiring the submission of competitive bids ([74 O.S. § 85.7](#)), or excluded from the purview of the Oklahoma Central Purchasing Act ([74 O.S. § 85.12](#)), and for or on

behalf of the State whenever the Director of the Office of Management and Enterprise Services determines that the best interests of the State are served thereby. AFP's are encumbered by the agency as an order in the State Purchasing System. OMES recommends limited use of AFP's - only for purchases which the standard encumbrance process cannot serve. Likewise, payment of utilities, telephone services (i.e., regulated services, not purchases), payments to other state agencies, and other acquisitions specifically exempt from the Oklahoma Central Purchasing Act (no matter the cost) could be charged against an AFP order. However, many agencies prefer to use "vendor" specific orders and this is highly recommended. AFP's should **never** be used for mandatory statewide contract purchases, postage, and normally professional service contracts.

The State of Oklahoma Statewide Accounting Manual, Chapter 40.10.06 Authorization for Purchases "AFP" or "Authority Order" continues by stating:

AFP's are restricted to purchased [sic] not to exceed \$5,000. This limit is established as the amount not requiring bidding/solicitations pursuant to Oklahoma Central Purchasing Division Administrative Rules OAC 580, specifically, [580:16-7-13](#) "*State agencies shall make open market acquisitions not exceeding Five Thousand Dollars (\$5,000.00) that are fair and reasonable.*"

To establish an AFP for those purchases deemed appropriate, the agency must establish it as an order in the State Purchasing System. These orders require the following:

- A. Vendor ID # 0000001100 (standard number – others for P-card authority order purchases)
- B. The vendor will be 'Authority Order Vendor'
- C. The Expenditure Account is 601100.
- D. Enter the complete funding code stream and the amount to be encumbered. An agency may opt for multiple funding code streams by entering additional distribution lines.

The Procurement Information Memorandum 10-02 (PIM) states:

Central Purchasing, in conjunction with the Office of State Finance, is issuing these guidelines regarding the use of Authority Orders.

Reference: OSF Procedure Manual Chapter 200, Section 255 Authorization for Purchases also known as "AFP" or "Authority Order"

Authority Orders (AO's) are authorized for the following:

1. To encumber funds for the payment of all Purchase Cards Transactions.
2. To reserve funds for payroll; or travel claims.
3. For small dollar emergency purchases less than the competitive bid limit.

Authority Orders should be used on a very limited basis. Purchase Orders (PO's) are to be used when the vendor is known in advance of the receipt of services or products.

The use of a vendor specific PO makes the purchase to pay process much simpler in the State system. As we move to a more automated payment process, it will be necessary to "receive" the products or services in the State system.

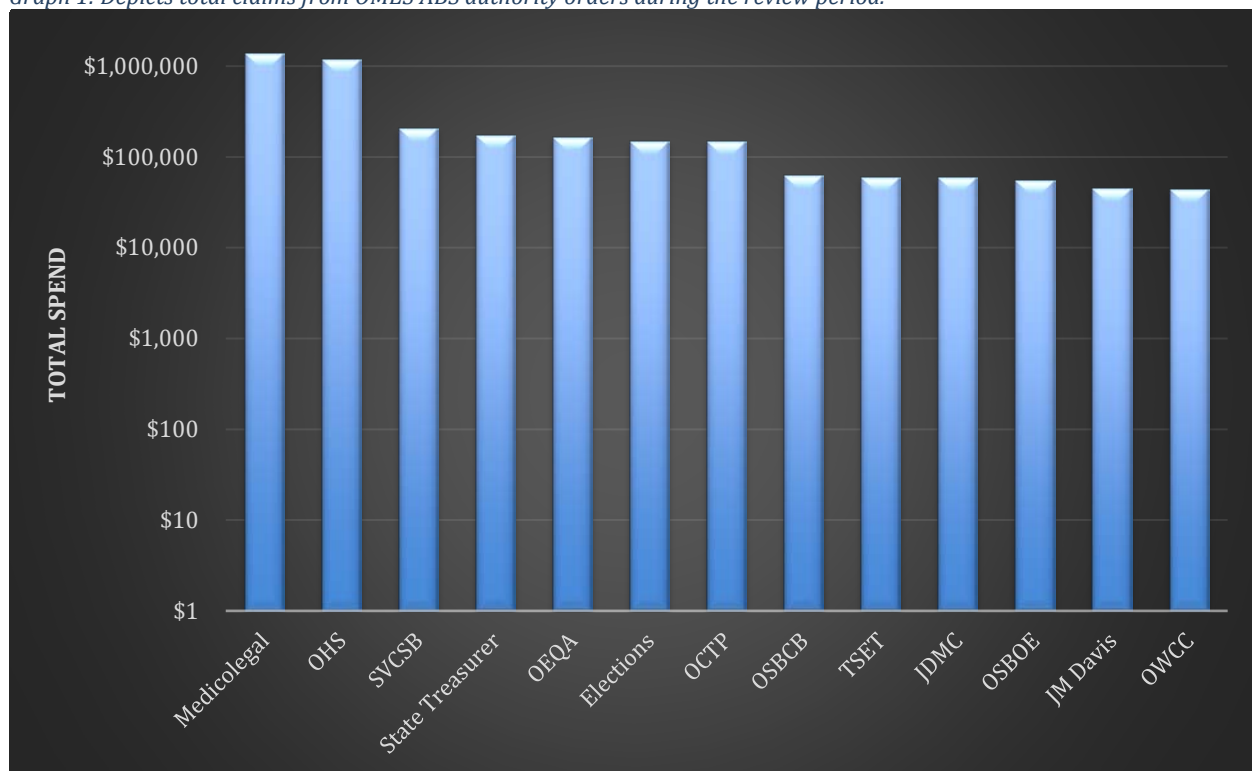
## Who We Reviewed

Our review included OMES and OMES ABS clients. The authority orders reviewed were processed for the following agencies:

- Board of Medicolegal Investigation
- OK Historical Society (OHS)
- Education Quality & Accountability Office (EQAO)
- OK State Election Board (Elections)
- OK Virtual Charter School Board (SVCSB)
- State Treasurer's Office (State Treasurer)
- OK Commission for Teacher Prep (OCTP)
- OK Board of Cosmetology & Barbering (OSBCB)
- JD McCarty Center (JDMC)
- OK Tobacco Settlement Endowment Trust (TSET)
- OK State Board of Osteopathic Examiners (OSBOE)
- OK WC Court of Existing Claims (OWCC)
- OK Department of Securities (Securities)
- J M Davis Arms & Historical Museum
- Liquefied Petroleum Gas Board (LPG)
- OK Board of Private Vocational Schools (OBPVS)
- OK Board of Examiners in Optometry (OAOP)
- State Board of Behavior Health Licensure
- OK State Board of Licensure for Professional Engineers & Land Surveyors (PELS)
- OK Merit Protection Commission (MPC)
- OK Used Motor Vehicle & Parts Commission (OMVC)
- OK State Board of Examiners of Psychologists (OSBEP)
- OK State Banking Department (OSBD)
- OK Board of Dentistry
- OK Funeral Board
- OK Secretary of State (SOS)
- OK State Bond Advisor's Office
- Construction Industries Board (CIB)
- OK State Board of Licensed Social Workers
- OK State Board of Examiners for Long Term Care Administrators
- OK State Board of Veterinary Medical Examiners
- OK Pardon and Parole Board
- OK Motor Vehicle Commission

- Governor's Office
- Board of Tests for Alcohol and Drug Influence (BOT)
- Physician Manpower Training Commission (PMTTC)
- OK Department of Consumer Credit
- OK Abstractors Board
- OK Ethics Commission
- OK Real Estate Commission
- OK Court of Criminal Appeals (OCCA)
- Office of Disability Concerns (ODC)
- Office of Lieutenant Governor
- OK Workers Compensation Commission

*Graph 1: Depicts total claims from OMES ABS authority orders during the review period.*



## Data Mining

To begin our data mining process and arrive at our testwork population, we extracted a total of \$31 billion (\$31,129,052,005) in state contracts over a 10-year period. From this data, we extracted all authority orders, making the new total \$2.7 billion, (\$2,743,148,684). We then matched authority orders from the 10-year period to claims from our review period July 1, 2014, to Nov. 15, 2016. This process selected any expenditure with an active authority order.

We then joined these authority orders with claims, statewide, from our review period on common fields (authority order number), resulting in a database totaling \$668,184,524. Of this amount, \$4,150,698 in authority orders represented OMES and clients of OMES ABS and the remaining \$664,033,826 in authority orders represented the remainder of the state agencies. A total of 168 authority orders in the amount of \$4,150,698 were the focus of this internal review.



## What We Found

We found compliance of 142 authority orders totaling \$3,682,875. We noted one authority order that was exempt from the Central Purchasing Act totaling \$8,000, which is not covered under the authority order policy in the Statewide Accounting Manual. In addition, we issued eight findings to ABS. These findings and management responses are reported within the detailed audit finding section of this report.

*Table 1: Outcome Summary*

CATEGORY	DETAIL (if applicable)	NUMBER OF RECORDS	AUTHORITY ORDER AMOUNT
Authority orders complied with PIM 10-02		142	\$3,682,875
Resale items exempt from Central Purchasing Act		1	\$8,000
Findings	(1) Authority order does not comply with PIM 10-02 or Accounting Manual.	21	\$223,132
	(2) Consists of a number of AOs greater than 5K & AFP does not comply with PIM 10-02	3	\$230,000
	(3) Open market vendor used excessively & AO does not comply with PIM 10-02	1	\$6,691
All authority orders included in the review period <sup>1</sup>		<b>168</b>	<b>\$4,150,698</b>

<sup>1</sup>Within the reviewed authority orders, \$225,175 was reported as non-travel employee reimbursements, multiple payees for federal pass-through, grants and motor license agent payments that are included in the policy recommendations section below.



## CONCLUSION AND POLICY RECOMMENDATIONS

During our review, we noted transactions exempt from the Central Purchasing Act and the use of authority orders to process these transactions was limited or unclear within the Statewide Accounting Manual. These transactions included:

- Multiple payees for federal pass-through
  - Grants
  - Motor license agent payments
  - Resale items exempt from Central Purchasing Act
- (These four areas totaled \$202,508 within our review period.)*

We also noted non-travel employee reimbursement. These transactions are not exempt from the Central Purchasing Act and were not addressed by the Procurement Information Memorandum (PIM 10-02). Non-travel employee reimbursements totaled \$30,667 during our review period.

Overall, authority orders are underutilized. Increasing the use of authority orders for low risk transactions would increase process efficiency, saving the state time and money. The following statements within the Statewide Accounting Manual place broad limits on the use of authority orders:

- OMES recommends limited use of AFPs – only for purchases which the standard encumbrance process cannot serve.
- AFPs are restricted to purchases not to exceed \$5,000.

Efficiencies can be increased by:

- Increasing the threshold for non-bid and low risk transactions greater than \$5,000.
- Allowing authority orders to be used for all transactions below \$5,000. This should be limited to \$5,000 per vendor per fiscal year.
- Allowing authority orders to be used for more transaction types that are exempt from the Central Purchasing Act.

### Internal Policy and Procedures

We only recommend the increased use of authority orders to boost efficiencies after an internal assessment and policy clarification has been made in addition to the Statewide Accounting Manual and state purchasing rules. This process should include creating a control structure to segregate duties, define responsibilities for monitoring transactions, outline the process for using authority orders, define prohibited use and provide a structured approval process. Once this review is completed, we recommend OMES and OMES ABS internal procedures be updated.





Guidance for internal control activities can be found in the Office of Management and Enterprise Services: Statewide Accounting Manual, Chapter 70; Internal Control Guidance, 70.20 Internal Control Activities, under the following subtopics:

### **B. Subtopics Listing**

- 01 Segregation of Duties
- 02 Authorize Transactions
- 03 Control Access to Assets and Resources
- 04 Document Internal Controls

### State Policy and Procedures

We recommend the office of the state comptroller and OMES Central Purchasing to clarify state policies on the use of authority orders. In addition, recommend an evaluation of the risk of increasing the use of authority orders be considered if agencies do not have adequate internal controls or policy regarding the use of authority orders.

### Subsequent Events

Since the completion of our review, a revision to the state authority order policy was issued in the OMES Central Accounting and Reporting Newsletter Feb. 12, 2018, (Volume 28, Number 8). The revised policy states:

### **Authority Orders**

In the past the Statewide Accounting Manual and Central Purchasing Procurement Information Memorandum 10-02 have provided inconsistent guidance on the appropriate use of authority orders. This is being remedied in the upcoming revision of the Statewide Accounting Manual and the PIM has been removed from the Central Purchasing website. The new guidance is outlined below and should be considered official in advance of the release of the revised Statewide Accounting Manual.

### **Approved Uses for Authority Orders**

While vendor-specific POs are recommended, AFP's have been authorized by the Director of OMES for the following uses:

- Regulated utilities or regulated services;
- Purchases from another state agency;
- To establish an encumbrance for low-dollar purchases made throughout the year not to exceed \$5,000 to any one payee over the course of the year.
  - o The AFP may not be used to avoid a statewide or state use contract. Statewide contracts should not be paid through an authority order except for emergency payments;
  - o The AFP may be used to cover non-travel employee reimbursements (under \$5,000);
- Acquisitions specifically exempt from the Oklahoma Central Purchasing Act;
- Multiple-payee encumbrances; examples include:
  - o stipends (ie. teachers, real estate agents, etc.);
  - o grant and scholarship recipients;
  - o voter registration commission payments to tag agencies;

- To encumber amounts for bank charges;
- To encumber amounts to be paid through a purchase-card, under the limitations for p-card use;
- Structured, court-ordered, settlement agreements;
- To encumber amounts for payroll.

Agencies under the purview of the Central Purchasing Act are required to request approval of the State Purchasing Director to utilize an authority order for any other type of acquisition not specifically authorized above.

## DETAILED FINDINGS AND MANAGEMENT RESPONSES

Links to the detailed findings and a brief description:

- [Finding 17-ABS-05](#) – ABS internal purchasing procedures.
- [Finding 17-ABS-02](#) – ABS internal requisition process.
- [Finding 17-ABS-03](#) – Authority order description.
- [Finding 17-ABS-04](#) – Authority order used for mandatory statewide contract.
- [Finding 17-ABS-01](#) – Services paid in excess of the \$5,000 threshold.
- [Finding 15-01](#) – Compliance with authority orders per PIM 10-02 and the Statewide Accounting Manual.
- [Finding 15-02](#) – Open market vendor used in excess of the \$5,000 threshold.
- [Finding 15-03](#) – Authority orders that exceeded the established \$5,000 limit.

## **FINDING 17-ABS-05**

**Condition:** During our internal review, we noted ABS did not have approved internal purchasing procedures on file with the state purchasing director prior to April 1, 2015. We noted 14 authority orders totaling \$680,929.18 created by the ABS purchasing department during this time period that exceeded \$5,000. When an agency does not have approved internal purchasing procedures in place, their purchase order workflow authority is reduced to \$5,000. Workflow for the ABS purchasing department was not reduced. Purchase orders greater than \$5,000 are required to be submitted to Central Purchasing to be processed. If workflow security controls are operating effectively, users do not have the ability to process and approve authority orders greater than \$5,000. There is no policy in place restricting authority order amounts created by the agencies. However, if their purchase order authority is limited, the authority order limits are also limited since they use the same process to be created.

AGENCY	AUTHORITY ORDER NO	AO AMT	AO DATE
34200	3429000699	\$54,000.00	2/15/2013
34200	3429000700	\$68,788.00	2/15/2013
34200	3429000701	\$174,000.00	2/15/2013
34200	3429000703	\$112,000.00	2/15/2013
26900	2699000645	\$147,500.00	2/27/2013
44500	4459000226	\$9,000.00	3/5/2013
75500	7559000215	\$10,000.00	3/5/2013
29800	2989000519	\$10,000.00	3/8/2013
56300	5639000061	\$12,870.00	3/20/2013
57000	5709000532	\$9,200.00	3/21/2013
20400	2049000185	\$25,357.13	6/26/2013
56300	5639000078	\$13,678.00	7/30/2014
74000	7409002387	\$25,000.00	9/25/2014
36900	3699001304	\$9,536.05	10/14/2014
<b>TOTAL</b>		<b>\$680,929.18</b>	

**Cause:** Internal purchasing procedures must be created and approved for new and consolidated agencies. ABS may have had drafted procedures but had not submitted them for approval.

**Criteria:** The State of Oklahoma Central Purchasing Act § 85.39, **Agency Internal Purchasing Procedures**, states in part:

- A. 1. Each state agency shall develop internal purchasing procedures for acquisitions by the state agency. Procedures shall, at a minimum, include provisions for the state agency's needs assessment, funding, routing, review, audits, monitoring, and evaluations. Following development, the state agency shall submit the procedures to the State Purchasing Director.

2. The State Purchasing Director shall review the procedures submitted pursuant to paragraph 1 of this subsection to determine compliance with the Oklahoma Central Purchasing Act, rules promulgated pursuant thereto, Sections 3001 through 3010 of this title, and provisions of paragraph 1 of this subsection. The State Purchasing Director shall provide written findings, including details of noncompliance, if any, to the Director of the Office of Management and Enterprise Services.

3. The Director of the Office of Management and Enterprise Services shall, within fifteen (15) days after the procedures are submitted, notify the state agency that the procedures are in compliance or indicate revisions necessary to bring the procedures into compliance.

B. A state agency shall not make acquisitions exceeding Five Thousand Dollars (\$5,000.00) pursuant to Section 85.5 of this title, unless the Director of the Office of Management and Enterprise Services provides notice of compliance.

C. Each state agency shall maintain a document file for each acquisition the state agency makes which shall include, at a minimum, justification for the acquisition, supporting documentation, copies of all contracts, if any, pertaining to the acquisition, evaluations, written reports if required by contract, and any other information the State Purchasing Director requires be kept.

***Effect or Potential Effect:*** Security workflow controls may not be operating effectively. Employee may have unauthorized access to encumber state funds for amounts greater than \$5,000.

***Recommendation:*** We recommend OMES management to review security workflow for new and consolidated agencies. This process should include communication with consolidated agencies to notify them they must adopt or create internal purchasing procedures and obtain approval so operations may not be effected. We recommend this notice be provided by Central Purchasing and communicated to IT security provisioning team

***Date:*** January 30, 2018

***Respondent:*** State Comptroller

***Response: Non-Concur*** - Prior to April 1, 2015 ABS had historically operated under the client agencies purchasing authority. It was not until April 2015 that the State Purchasing Director recommended that ABS submit purchasing procedures as a service provider; which they immediately did. With the exception of three line items, we can confirm that approved purchasing procedures were in place with Central Purchasing. The amount of the AO listed is irrelevant. The AO is an encumbrance document set up to cover what an agency thinks they may need during the year for a wide variety of payment types, not all of which are purchases. Purchasing thresholds do not apply when setting up the AO.

### Corrective Action Plan

**Contact Person:** Deputy State Comptroller, Director of Agency Business Services

**Anticipated Completion Date:** Done

**Corrective Action Planned:**

1. ABS has a purchasing plan approved by Central Purchasing. In addition, ABS keeps on file, the approved purchasing plan for all client agencies. Updates were requested by Central Purchasing and not all client agencies have supplied an updated document at this date. ABS will work with client agencies to make sure this is completed.
2. Although not directly implicated in this finding, it is worthwhile to note that, as recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

Response to table within the finding:

AGENCY	AUTHORITY ORDER NO	AO AMT	AO DATE
34200	3429000699	\$54,000.00	2/15/2013 Agency had procurement procedures as of 12/31/09
34200	3429000700	\$68,788.00	2/15/2013 Had agency procurement procedures as of 12/31/09
34200	3429000701	\$174,000.00	2/15/2013 Agency had approved procurement procedures as of 12/31/09
34200	3429000703	\$112,000.00	2/15/2013 Had agency procurement procedures as of 12/31/09
26900	2699000645	\$147,500.00 This AO was for teacher stipends – a legitimate use of AO (multiple payee).	2/27/2013 This agency was an ABS client under agency 275. Cannot determine whether approved procs existed because the agency no longer exists.
44500	4459000226	\$9,000.00	3/5/2013 Had agency procurement procedures as of 12/30/09
75500	7559000215	\$10,000.00	3/5/2013 Had agency procurement procedures as of 12/30/09
29800	2989000519	\$10,000.00	3/8/2013 Had agency procurement procedures as of 6/3/11
56300	5639000061	\$12,870.00	3/20/2013 Agency procurement

AGENCY	AUTHORITY ORDER NO	AO AMT	AO DATE
			procedures are dated 1/20/15, so we agree with this line item
57000	5709000532	\$9,200.00	3/21/2013 Had agency procurement procedures as of 12/16/09
20400	2049000185	\$25,357.13	6/26/2013 Agency had approved purchasing procedures in place as of 9/2/10.
56300	5639000078	\$13,678.00	7/30/2014 Cannot find procurement procedures prior to 1/20/15 so we agree with this line item.
74000	7409002387	\$25,000.00	9/25/2014 Had agency procurement procedures as of 8/31/12
36900	3699001304	\$9,536.05	10/14/2014 Had agency procurement procedures as of 12/10/14. Can agree with this line item.
	<b>TOTAL</b>	<b>\$680,929.18</b>	

### **FINDING 17-ABS-02**

**Condition:** During our internal review, we requested to review the ePro requisition or request documentation for acquisitions purchased under authority orders. ABS provided an ePro for the authority orders but not the purchases. An authority order is a blanket encumbrance and not a contract or requisition document. The acquisition process begins when a requisition is performed. ABS did not provide an ePro requisition or request for acquisition for the transactions requested to be reviewed. ABS internal purchasing procedures require an ePro requisition or request documentation be submitted to the assigned ABS CPO.

We were unable to determine:

- Who performed the purchase.
- Who acquired the goods and services.
- If a request was submitted to an assigned ABS CPO.
- If an un-authorized commitment occurred.
- If the acquisition complied with the shared service agreement.
- If duties between the client, ABS accounts payable and ABS purchasing were properly segregated.

Table 1: ABS did not provide an ePro requisition for the acquisitions listed that occurred prior to Aug., 29, 2016.

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
CIB (17000)	00009238	\$130.00	TERRY, RONNIE L	8/17/2016
	00009203	\$80.64	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
	00009203	\$72.48	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
	00009203	\$30.24	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
	00009203	\$5.76	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
	00009203	\$2.88	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
OBPVS (56300)	00001640	\$495.00	STATE AUDITOR AND INSPECTOR	11/3/2014
	00001677	\$416.90	TECH-LOCK INC	12/22/2014
	00001608	\$330.00	STATE AUDITOR AND INSPECTOR	9/3/2014
	00001624	\$330.00	STATE AUDITOR AND INSPECTOR	9/15/2014
	00001648	\$330.00	STATE AUDITOR AND INSPECTOR	11/10/2014
	00001679	\$194.48	TULSA WORLD	12/22/2014
	00001609	\$187.20	DAILY/SUNDAY OKLAHOMAN	9/3/2014
	00001695	\$100.00	ETHICS COMMISSION	1/20/2015
	00001756	\$92.25	TULSA TECHNOLOGY CENTER	4/27/2015
	00001769	\$60.61	ENTERPRISE HOLDINGS	5/11/2015
	00001768	\$49.15	DELUXE BUSINESS CHECKS & SOLUTIONS	5/11/2015
	00001653	\$44.50	OKLAHOMA PUBLISHING COMPANY	11/10/2014
	00001710	\$40.40	NEWSOK.COM	2/25/2015
	00001772	\$39.20	OKLAHOMA PUBLISHING COMPANY	5/15/2015
	00001610	\$31.23	SHAWNEE NEWS STAR	9/3/2014
	00001709	\$24.36	TULSA WORLD	2/25/2015
SOS (62500)	00008287	\$69.36	COE, MARGARET M	8/10/2016
Securities (63000)	00006794	\$1,727.88	BANK OF COMMERCE	10/9/2014
	00006979	\$300.00	BANK OF THE WEST	3/17/2015
	00006846	\$240.00	VISION BANK	11/13/2014
	00006787	\$221.00	BANK OF THE WEST	10/6/2014
	00006742	\$165.00	STATE AUDITOR AND INSPECTOR	9/9/2014
	00006770	\$134.10	BANK OF AMERICA NA	9/25/2014
	00007085	\$112.00	BANK OF THE WEST	6/10/2015
	00007018	\$88.25	FIRST UNITED BANK AND TRUST COMPANY	4/13/2015
	00006767	\$83.00	BANK OF THE WEST	9/24/2014
	00006769	\$81.25	CAPITAL ONE BANK	9/25/2014



AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00007104	\$79.00	KAISER,WILLIAM C	6/26/2015
	00006879	\$70.60	BANCFIRST	12/26/2014
	00007068	\$38.50	KIM D LEWIN	5/21/2015
	00006771	\$33.50	BANK OF AMERICA NA	9/25/2014
	00006768	\$20.00	YAHOO INC	9/25/2014
	00007502	\$359.45	CENTRAL KEYSTONE FEDERAL CREDIT UNION	8/16/2016
	00007503	\$126.25	MIDFIRST BANK	8/15/2016
	00007513	\$50.00	OKLAHOMA COUNTY	8/26/2016
	00007485	\$6,000.00	MULTIPLE PAYEE	8/1/2016
	00007484	\$4,912.50	MULTIPLE PAYEE	8/1/2016
	00007486	\$4,500.00	MULTIPLE PAYEE	8/1/2016
	00007498	\$300.00	KATHRYN ALIOTTA	8/11/2016
State Treasurer (74000)	00181940	\$407.28	FIRST FIDELITY BANK	2/26/2015
	00181941	\$297.30	FIRST FIDELITY BANK	2/26/2015
	00177098	\$261.79	FIRST FIDELITY BANK	11/6/2014
	00181942	\$260.05	FIRST FIDELITY BANK	2/26/2015
	00177097	\$251.64	FIRST FIDELITY BANK	11/6/2014
	00181943	\$237.79	FIRST FIDELITY BANK	2/26/2015
	00177096	\$234.31	FIRST FIDELITY BANK	11/6/2014
	00184588	\$221.44	FIRST FIDELITY BANK	4/27/2015
	00186296	\$209.63	FIRST FIDELITY BANK	6/1/2015
	00183498	\$203.80	FIRST FIDELITY BANK	4/2/2015
	00181932	\$173.26	INTRUST BANK	2/26/2015
	00188069	\$165.45	FIRST FIDELITY BANK	6/29/2015
	00186728	\$154.22	ARVEST BANK - LINCOLN BRANCH	6/8/2015
	00175590	\$146.16	INTRUST BANK	10/9/2014
	00175941	\$137.25	ARVEST BANK - LINCOLN BRANCH	10/9/2014
	00176302	\$136.34	ARMSTRONG BANK	10/16/2014
	00175589	\$136.26	INTRUST BANK	10/9/2014
	00188071	\$122.57	INTRUST BANK	6/29/2015
	00181937	\$117.36	ARVEST BANK - LINCOLN BRANCH	2/26/2015
	00177973	\$117.20	ARVEST BANK - LINCOLN BRANCH	11/24/2014
	00175595	\$115.72	ARMSTRONG BANK	10/9/2014
	00186295	\$115.38	INTRUST BANK	6/1/2015
	00182235	\$115.27	ARVEST BANK - LINCOLN BRANCH	3/9/2015
	00175940	\$114.22	ARVEST BANK - LINCOLN BRANCH	10/9/2014
	00176306	\$111.81	ARVEST BANK - LINCOLN BRANCH	10/16/2014
	00186292	\$110.77	ARVEST BANK - LINCOLN BRANCH	6/1/2015
	00186294	\$103.48	INTRUST BANK	6/1/2015

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00175944	\$103.30	FIRST NATIONAL BANK & TRUST	10/9/2014
	00177980	\$103.06	INTRUST BANK	11/24/2014
	00184586	\$92.09	INTRUST BANK	4/27/2015
	00180264	\$90.69	INTRUST BANK	1/26/2015
	00183503	\$87.76	INTRUST BANK	4/2/2015
	00175936	\$83.90	FIRST BANK AND TRUST	10/9/2014
	00177972	\$82.30	FIRST BANK AND TRUST	11/24/2014
	00184589	\$78.22	CENTRAL NATIONAL BANK	4/27/2015
	00176307	\$78.18	FIRST BANK AND TRUST	10/16/2014
	00186293	\$77.67	FIRST BANK AND TRUST	6/1/2015
	00185681	\$76.83	BANCCENTRAL NATIONAL ASSOCIATION	5/20/2015
	00180257	\$76.05	INTRUST BANK	1/26/2015
	00175600	\$75.66	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014
	00175598	\$75.62	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
	00180261	\$75.01	BANCCENTRAL NATIONAL ASSOCIATION	1/26/2015
	00176303	\$74.04	BANCCENTRAL NATIONAL ASSOCIATION	10/16/2014
	00183499	\$73.94	BANCCENTRAL NATIONAL ASSOCIATION	4/2/2015
	00175937	\$71.12	FIRST BANK AND TRUST	10/9/2014
	00181936	\$70.92	CENTRAL NATIONAL BANK	2/26/2015
	00187081	\$70.56	CENTRAL NATIONAL BANK	6/17/2015
	00184590	\$69.49	BANCCENTRAL NATIONAL ASSOCIATION	4/27/2015
	00185680	\$68.72	ARMSTRONG BANK	5/20/2015
	00179327	\$68.18	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
	00181934	\$66.53	BANCCENTRAL NATIONAL ASSOCIATION	2/26/2015
	00175601	\$63.73	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014
	00187070	\$63.40	BANCCENTRAL NATIONAL ASSOCIATION	6/17/2015
	00187069	\$62.62	FIRST BANK AND TRUST	6/17/2015
	00180256	\$62.38	CENTRAL NATIONAL BANK	1/26/2015
	00184593	\$61.86	FIRST BANK AND TRUST	4/27/2015
	00183506	\$61.81	CENTRAL NATIONAL BANK	4/2/2015
	00175594	\$61.05	ARMSTRONG BANK	10/9/2014
	00177979	\$59.56	FIRST NATIONAL BANK & TRUST CO IN CLINTO	11/24/2014
	00177978	\$58.84	CENTRAL NATIONAL BANK	11/24/2014

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00177975	\$58.58	ARMSTRONG BANK	11/24/2014
	00185683	\$58.55	CENTRAL NATIONAL BANK	5/20/2015
	00179319	\$58.52	FIRST BANK AND TRUST	12/30/2014
	00175603	\$55.48	CENTRAL NATIONAL BANK	10/9/2014
	00175602	\$54.64	CENTRAL NATIONAL BANK	10/9/2014
	00180259	\$54.26	FIRST NATIONAL BANK & TRUST CO IN CLINTO	1/26/2015
	00176321	\$52.49	CENTRAL NATIONAL BANK	10/17/2014
	00180253	\$52.19	ARMSTRONG BANK	1/26/2015
	00180258	\$51.39	FIRST BANK AND TRUST	1/26/2015
	00175942	\$50.88	FIRST BANK & TRUST COMPANY	10/9/2014
	00181935	\$49.15	FIRST NATIONAL BANK & TRUST CO IN CLINTO	2/26/2015
	00177976	\$48.88	CITIZENS SECURITY BANK & TRUST	11/24/2014
	00184591	\$48.72	ARMSTRONG BANK	4/27/2015
	00179321	\$48.54	ARMSTRONG BANK	12/30/2014
	00179325	\$47.82	FIRST NATIONAL BANK & TRUST CO IN CLINTO	12/30/2014
	00188070	\$47.75	ARMSTRONG BANK	6/29/2015
	00176304	\$47.52	CITIZENS SECURITY BANK & TRUST	10/16/2014
	00175596	\$47.14	CITIZENS SECURITY BANK & TRUST	10/9/2014
	00181938	\$47.04	FIRST BANK AND TRUST	2/26/2015
	00176308	\$46.97	FIRST BANK & TRUST COMPANY	10/16/2014
	00183504	\$46.28	FIRST BANK AND TRUST	4/2/2015
	00175943	\$45.60	FIRST BANK & TRUST COMPANY	10/9/2014
	00179326	\$44.19	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
	00186717	\$43.21	MABREY BANK	6/5/2015
	00175599	\$43.14	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
	00175597	\$42.60	CITIZENS SECURITY BANK & TRUST	10/9/2014
	00179324	\$42.20	CENTRAL NATIONAL BANK	12/30/2014
	00187068	\$41.49	MABREY BANK	6/17/2015
	00183505	\$40.34	CITIZENS SECURITY BANK & TRUST	4/2/2015
	00183501	\$40.32	ARMSTRONG BANK	4/2/2015
	00181933	\$39.84	CITIZENS SECURITY BANK & TRUST	2/26/2015
	00181588	\$39.52	ARMSTRONG BANK	2/26/2015
	00184592	\$38.81	FIRST BANK & TRUST COMPANY	4/27/2015
	00185684	\$37.70	FIRST BANK & TRUST COMPANY	5/20/2015
	00186716	\$37.33	MABREY BANK	6/5/2015
	00179322	\$36.83	CITIZENS SECURITY BANK & TRUST	12/30/2014
	00175591	\$34.36	THE BANK NA	10/9/2014

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00183500	\$33.31	THE BANK NA	4/2/2015
	00175939	\$32.71	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
	00180254	\$31.60	CITIZENS SECURITY BANK & TRUST	1/26/2015
	00175938	\$30.78	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
	00180011	\$27.49	FIRST BANK & TRUST COMPANY	1/20/2015
	00179328	\$25.40	FIRST BANK & TRUST COMPANY	12/30/2014
	00183502	\$20.96	FIRST BANK & TRUST COMPANY	4/2/2015
	00180262	\$20.20	FIRST UNITED BANK AND TRUST COMPANY	1/26/2015
	00185686	\$19.28	FIRST UNITED BANK AND TRUST COMPANY	5/20/2015
	00181939	\$19.20	FIRST BANK & TRUST COMPANY	2/26/2015
	00176301	\$14.80	THE BANK NA	10/16/2014
	00175592	\$10.80	THE BANK NA	10/9/2014
	00184594	\$10.80	THE BANK NA	4/27/2015
	00180260	\$10.60	THE BANK NA	1/26/2015
	00177974	\$10.40	THE BANK NA	11/24/2014
	00188072	\$9.70	THE BANK NA	6/29/2015
	00185687	\$9.10	THE BANK NA	5/20/2015
	00181590	\$8.90	THE BANK NA	2/26/2015
	00185685	\$8.79	FIRST NATIONAL BANK IN ALTUS	5/20/2015
	00175593	\$8.63	FIRST NATIONAL BANK IN ALTUS	10/9/2014
	00179320	\$8.50	THE BANK NA	12/30/2014
	00184587	\$8.11	FIRST NATIONAL BANK IN ALTUS	4/27/2015
	00176305	\$7.15	FIRST NATIONAL BANK IN ALTUS	10/16/2014
	00177977	\$7.11	FIRST NATIONAL BANK IN ALTUS	11/24/2014
	00180255	\$5.84	FIRST NATIONAL BANK IN ALTUS	1/26/2015
	00181589	\$5.44	FIRST NATIONAL BANK IN ALTUS	2/26/2015
	00179323	\$5.34	FIRST NATIONAL BANK IN ALTUS	12/30/2014
	00203308	\$208.24	FIRST FIDELITY BANK	8/2/2016
	00203316	\$133.80	ARVEST BANK	8/2/2016
	00203310	\$96.97	INTRUST BANK NA	8/2/2016
	00203314	\$95.39	FIRST BANK AND TRUST	8/2/2016
	00203922	\$89.81	INTRUST BANK NA	8/11/2016
	00203307	\$65.83	FIRST BANK AND TRUST COMPANY	8/2/2016
	00203306	\$46.11	CENTRAL NATIONAL BANK	8/2/2016
	00203315	\$31.05	ARMSTRONG BANK	8/2/2016
	00203317	\$29.31	BANCCENTRAL NATIONAL ASSOCIATION	8/2/2016
	00203311	\$20.60	MABREY BANK	8/2/2016

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00203309	\$9.25	FRAZER BANK	8/2/2016
<b>TOTAL</b>		<b>\$32,979</b>		

Table 2: ABS did not provide documentation of the acquisition request by the client to purchase the items for acquisition made after Aug. 29, 2016. Transactions are listed below:

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
CIB (17000)	00009467	\$65.00	TERRY, RONNIE L	11/8/2016
	00009467	\$65.00	TERRY, RONNIE L	11/8/2016
SOS (62500)	00008320	\$30.00	OPHRA	8/30/2016
Securities (63000)	00007583	\$87.91	DYSAR T, JO ANN	11/3/2016
	00007582	\$44.95	DYSART, JO ANN	11/3/2016
	00007528	\$58.00	RCB BANK	9/1/2016
	00007578	\$39.00	RCB BANK	10/31/2016
	00007556	\$600.00	MULTIPLE PAYEE	10/13/2016
	00007569	\$375.00	MULTIPLE PAYEE	10/25/2016
	00007574	\$300.00	MULTIPLE PAYEE	10/26/2016
	00007558	\$225.00	MULTIPLE PAYEE	10/13/2016
	00007587	\$225.00	MULTIPLE PAYEE	11/9/2016
	00007573	\$75.00	CRAIG REDFEARN	10/26/2016
	00007551	\$50.00	OSAGE COUNTY	10/5/2016
	00207669	\$205.51	FIRST FIDELITY BANK	11/14/2016
	00205973	\$195.32	FIRST FIDELITY BANK	10/4/2016
	00207665	\$194.32	ARVEST BANK	11/14/2016
	00205095	\$186.95	FIRST FIDELITY BANK	9/14/2016
	00205969	\$182.80	ARVEST BANK	10/4/2016
	00205975	\$148.74	INTRUST BANK NA	10/4/2016
	00205093	\$115.64	ARVEST BANK	9/14/2016
	00205096	\$88.92	INTRUST BANK NA	9/14/2016
	00207668	\$79.82	FIRST BANK AND TRUST	11/14/2016
State Treasurer (74000)	00205978	\$78.09	FIRST BANK AND TRUST	10/4/2016
	00205970	\$68.99	BANCCENTRAL NATIONAL ASSOCIATION	10/4/2016
	00207666	\$65.66	BANCCENTRAL NATIONAL ASSOCIATION	11/14/2016
	00205972	\$61.57	FIRST BANK AND TRUST COMPANY	10/4/2016
	00207667	\$60.82	FIRST BANK AND TRUST COMPANY	11/14/2016
	00205968	\$57.99	ARMSTRONG BANK	10/4/2016

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00205101	\$57.50	FIRST BANK AND TRUST COMPANY	9/14/2016
	00205971	\$53.00	CENTRAL NATIONAL BANK	10/4/2016
	00207671	\$44.50	INTRUST BANK NA	11/14/2016
	00205092	\$43.54	ARMSTRONG BANK	9/14/2016
	00205094	\$42.81	CENTRAL NATIONAL BANK	9/14/2016
	00205098	\$37.10	FRAZER BANK	9/14/2016
	00205099	\$31.84	THE BANK NA	9/14/2016
	00205976	\$30.24	MABREY BANK	10/4/2016
	00205097	\$29.42	BANCCENTRAL NATIONAL ASSOCIATION	9/14/2016
	00207672	\$27.36	MABREY BANK	11/14/2016
	00205100	\$26.30	MABREY BANK	9/14/2016
	00205979	\$25.03	FIRST UNITED BANK AND TRUST COMPANY	10/4/2016
	00207664	\$16.75	ARMSTRONG BANK	11/14/2016
	00205977	\$9.10	THE BANK NA	10/4/2016
	00205974	\$8.93	FRAZER BANK	10/4/2016
	00207670	\$8.19	FRAZER BANK	11/14/2016
	00207673	\$7.10	THE BANK NA	11/14/2016
	00206376	\$9.08	THE BANK NA	10/7/2016
<b>TOTAL</b>		<b>\$4,539</b>		

**Cause:** ABS followed instructions from clients to create authority orders as they had in the past when purchasing was performed by the client. ABS and ABS clients do not fully utilize the state purchase cards for small dollar purchases. ABS has no internal policies or control structure regarding the use of authority orders. An ePro requisition creates a purchase order within the accounting system duplicating the authority order encumbrance and requiring additional steps to unencumber the ePro requisitions to complete the process.

**Criteria:** (1) OMES ABS Internal Purchasing Procedures (approved April 1, 2015) **Section 6. Agency Purchase Request** states,

- A. Those individuals established by the Client Director/Administrator as signatories (requestors) on file shall complete an acquisition request through the PeopleSoft [eProcurement] E-Pro requisition system and submit to the assigned ABS CPO.
- B. The ABS [Certified Procurement Officer] CPO shall review the request for completeness and process requests accordingly based on established dollar thresholds compliance with the Central Purchasing Act and other applicable governing authorities.



(2) OMES ABS Internal Purchasing Procedures (approved Aug. 29, 2016) **Section 6. Agency Purchase Request** states,

- A. Those individuals established by the Agency Director/Administrator as signatories (requestors) on file shall submit an acquisition request to the assigned ABS-CPO.
- B. The ABS-CPO shall review the request for completeness and process requests accordingly based on established dollar thresholds compliance with the Central Purchasing Act and other applicable governing authorities.

The National Association of State Procurement Officials State and Local Government Procurement Dictionary of Terms states the definition of a requisition is, “an internal document by which a using agency sends details of supplies, services, or materials required to the purchasing department.”

**Effect or Potential Effect:** Unable to determine who performed the acquisition process or if the process was circumvented. An un-authorized commitment may have occurred. ABS purchasing personnel may not have processed the acquisition.

**Recommendation:** We recommend ABS to abide by their internal purchasing procedures. We recommend management to review and clarify the use of authority orders in addition to the state accounting manual and state purchasing rules. This review should include creating a control structure to segregate duties, define responsibilities for monitoring transactions, outline the process for using authority orders, define prohibited use and provide a structured approval process. Once this review is completed, we recommend ABS’ internal procedures and shared service agreements be updated.

### **Management’s Response**

**Date:** March 13, 2018

**Respondent:** State Comptroller

**Response: Non-Concur** – We do not agree with this finding for several reasons:

- 1. While the procedures in effect prior to August 2016 stated that the requisition would come through ePro – issues with ePro prevented that from happening. Requisitions to ABS come through a variety of methods based on client agency needs and processes. ABS does not make a purchase without a client request, whether through ePro or other means. Internal procedure documents were modified in August 2016 to reflect the elimination of ePro as a requirement.
- 2. For an authority order, the requisition is received by ABS when the AO is set up. Some are general, but many are very detailed regarding the use of the AO. When a payment is made against an AO it is not typically a procurement procedure but rather a payment procedure and a requisition at that point is not appropriate. ABS is updating their procurement procedures to make this more clear.
- 3. ABS follows the procedures established by the Statewide Accounting Manual, which we consider to be the authoritative guidance for AOs. Authority orders are an encumbrance document to facilitate the payment process and when AOs are used, procurement individuals are not typically involved. The use of an AO is by



accounting. In addition, prior to the consolidation of the agencies resulting in OMES, state law provided that the Director of State Finance established the procedures for using Authority Orders. The claims listed above were pursuant to the Statewide Accounting Manual.

4. The recommendation assumes that ABS does not have a control structure to segregate duties, which is not correct.
5. The Authority Order rules have been reviewed with Central Purchasing and ambiguities are being resolved.
6. Client agencies approve any payment made by ABS, whether the payment is against a PO or an AO.

### **Corrective Action Plan**

**Contact Person:** Deputy State Comptroller, Director of Agency Business Services

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** As recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02. The guidance has also been relayed through training.

Response to Table 1

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
CIB (17000)	00009238	\$130.00	TERRY, RONNIE L Response: This was an employee reimbursement submitted on Form 3 and the established practice statewide is to use AOs for employee reimbursements. This is pursuant to the Statewide Accounting Manual and is being clarified in the new version of the manual and in the Central Purchasing PIM.	8/17/2016
Response: This payment was pursuant to the Statewide Accounting Manual.	00009203	\$80.64	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
These CompSource bills for firefighters hit many agencies by surprise in the	00009203	\$72.48	COMP SOURCE MUTUAL INSURANCE COMPANY	8/10/2016
First year of CompSource's mutualization.	00009203	\$30.24	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
Many agencies had not set up POs because	00009203	\$5.76	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
The bill was unexpected. Most	00009203	\$2.88	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
set up POs for the following years. This is a legitimate use of an AO.				
OBPVS (56300)	00001640	\$495.00	STATE AUDITOR AND INSPECTOR Response: This is an interagency payment and allowed by the Statewide Accounting Manual.	11/3/2014
Allowed by SAM	00001677	\$416.90	TECH-LOCK INC	12/22/2014
	00001608	\$330.00	STATE AUDITOR AND INSPECTOR Response: This is an interagency payment and allowed by the Statewide Accounting Manual.	9/3/2014
	00001624	\$330.00	STATE AUDITOR AND INSPECTOR Response: This is an interagency payment and allowed by the Statewide Accounting Manual.	9/15/2014
	00001648	\$330.00	STATE AUDITOR AND INSPECTOR Response: This is an interagency payment and allowed by the Statewide Accounting Manual.	11/10/2014
All of these payments by OBPVS are allowed	00001679	\$194.48	TULSA WORLD	12/22/2014
By the Statewide	00001609	\$187.20	DAILY/SUNDAY OKLAHOMAN	9/3/2014
Accounting Manual	00001695	\$100.00	ETHICS COMMISSION	1/20/2015
And are under	00001756	\$92.25	TULSA TECHNOLOGY CENTER	4/27/2015
\$5,000	00001769	\$60.61	ENTERPRISE HOLDINGS	5/11/2015
Same as above	00001768	\$49.15	DELUXE BUSINESS CHECKS & SOLUTIONS	5/11/2015
Same as above	00001653	\$44.50	OKLAHOMA PUBLISHING COMPANY	11/10/2014
Same as above	00001710	\$40.40	NEWSOK.COM	2/25/2015
Same as above	00001772	\$39.20	OKLAHOMA PUBLISHING COMPANY	5/15/2015
Same as above	00001610	\$31.23	SHAWNEE NEWS STAR	9/3/2014
Same as above	00001709	\$24.36	TULSA WORLD	2/25/2015
SOS (62500)	00008287	\$69.36	COE,MARGARET M Response: This was an employee reimbursement submitted on Form 3 and the established practice statewide is to use AOs for employee reimbursements. This is pursuant to the Statewide Accounting Manual and is being clarified in the new version of the manual and in the Central Purchasing PIM.	8/10/2016
Securities (63000)	00006794	\$1,727.88	BANK OF COMMERCE	10/9/2014
Response: All of these payments are covered by a very detailed AO requisition	00006979	\$300.00	BANK OF THE WEST	3/17/2015

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
submitted by the agency at the beginning of the year.				
Bank fees are not purchases and are allowed AO payments under the Statewide Accounting Manual	00006846	\$240.00	VISION BANK	11/13/2014
Bank fees - allowed	00006787	\$221.00	BANK OF THE WEST	10/6/2014
Interagency - allowed	00006742	\$165.00	STATE AUDITOR AND INSPECTOR Response: This is an interagency payment and allowed by the Statewide Accounting Manual.	9/9/2014
Bank fees - allowed	00006770	\$134.10	BANK OF AMERICA NA	9/25/2014
Bank fees - allowed	00007085	\$112.00	BANK OF THE WEST	6/10/2015
Bank fees - allowed	00007018	\$88.25	FIRST UNITED BANK AND TRUST COMPANY	4/13/2015
Bank fees - allowed	00006767	\$83.00	BANK OF THE WEST	9/24/2014
Bank fees - allowed	00006769	\$81.25	CAPITAL ONE BANK	9/25/2014
	00007104	\$79.00	KAISER, WILLIAM C	6/26/2015
Bank fees - allowed	00006879	\$70.60	BANCFIRST	12/26/2014
	00007068	\$38.50	KIM D LEWIN	5/21/2015
Bank fees - allowed	00006771	\$33.50	BANK OF AMERICA NA	9/25/2014
	00006768	\$20.00	YAHOO INC	9/25/2014
Bank fees - allowed	00007502	\$359.45	CENTRAL KEYSTONE FEDERAL CREDIT UNION	8/16/2016
Bank fees - allowed	00007503	\$126.25	MIDFIRST BANK	8/15/2016
	00007513	\$50.00	OKLAHOMA COUNTY	8/26/2016
Teachers for workshop – No one pmt over \$5,000. Detailed requisition was provided. Normal reason for use of AO (Requisition for each individual not reasonable. Allowed by State Accounting Manual.	00007485	\$6,000.00	MULTIPLE PAYEE	8/1/2016
See above	00007484	\$4,912.50	MULTIPLE PAYEE	8/1/2016
See above	00007486	\$4,500.00	MULTIPLE PAYEE	8/1/2016
Teacher stipend	00007498	\$300.00	KATHRYN ALIOTTA	8/11/2016
	00181940	\$407.28	FIRST FIDELITY BANK	2/26/2015

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
<p>State Treasurer (74000)</p> <p>Response to all items under agency 740 – Bank fees are not purchases and are allowed under an AO by the SAM. In addition, the State Treasurer is exempt from the Central Purchasing Act for the purpose of banking fees O.S 62 §71C.</p>	00181941	\$297.30	FIRST FIDELITY BANK	2/26/2015
	00177098	\$261.79	FIRST FIDELITY BANK	11/6/2014
	00181942	\$260.05	FIRST FIDELITY BANK	2/26/2015
	00177097	\$251.64	FIRST FIDELITY BANK	11/6/2014
	00181943	\$237.79	FIRST FIDELITY BANK	2/26/2015
	00177096	\$234.31	FIRST FIDELITY BANK	11/6/2014
	00184588	\$221.44	FIRST FIDELITY BANK	4/27/2015
	00186296	\$209.63	FIRST FIDELITY BANK	6/1/2015
	00183498	\$203.80	FIRST FIDELITY BANK	4/2/2015
	00181932	\$173.26	INTRUST BANK	2/26/2015
	00188069	\$165.45	FIRST FIDELITY BANK	6/29/2015
	00186728	\$154.22	ARVEST BANK - LINCOLN BRANCH	6/8/2015
	00175590	\$146.16	INTRUST BANK	10/9/2014
	00175941	\$137.25	ARVEST BANK - LINCOLN BRANCH	10/9/2014
	00176302	\$136.34	ARMSTRONG BANK	10/16/2014
	00175589	\$136.26	INTRUST BANK	10/9/2014
	00188071	\$122.57	INTRUST BANK	6/29/2015
	00181937	\$117.36	ARVEST BANK - LINCOLN BRANCH	2/26/2015
	00177973	\$117.20	ARVEST BANK - LINCOLN BRANCH	11/24/2014
	00175595	\$115.72	ARMSTRONG BANK	10/9/2014
	00186295	\$115.38	INTRUST BANK	6/1/2015
	00182235	\$115.27	ARVEST BANK - LINCOLN BRANCH	3/9/2015
	00175940	\$114.22	ARVEST BANK - LINCOLN BRANCH	10/9/2014
	00176306	\$111.81	ARVEST BANK - LINCOLN BRANCH	10/16/2014
	00186292	\$110.77	ARVEST BANK - LINCOLN BRANCH	6/1/2015
	00186294	\$103.48	INTRUST BANK	6/1/2015
	00175944	\$103.30	FIRST NATIONAL BANK & TRUST	10/9/2014
	00177980	\$103.06	INTRUST BANK	11/24/2014
	00184586	\$92.09	INTRUST BANK	4/27/2015
	00180264	\$90.69	INTRUST BANK	1/26/2015
	00183503	\$87.76	INTRUST BANK	4/2/2015
	00175936	\$83.90	FIRST BANK AND TRUST	10/9/2014
	00177972	\$82.30	FIRST BANK AND TRUST	11/24/2014
	00184589	\$78.22	CENTRAL NATIONAL BANK	4/27/2015
	00176307	\$78.18	FIRST BANK AND TRUST	10/16/2014
	00186293	\$77.67	FIRST BANK AND TRUST	6/1/2015
	00185681	\$76.83	BANCCENTRAL NATIONAL ASSOCIATION	5/20/2015
	00180257	\$76.05	INTRUST BANK	1/26/2015
	00175600	\$75.66	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00175598	\$75.62	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
	00180261	\$75.01	BANCCENTRAL NATIONAL ASSOCIATION	1/26/2015
	00176303	\$74.04	BANCCENTRAL NATIONAL ASSOCIATION	10/16/2014
	00183499	\$73.94	BANCCENTRAL NATIONAL ASSOCIATION	4/2/2015
	00175937	\$71.12	FIRST BANK AND TRUST	10/9/2014
	00181936	\$70.92	CENTRAL NATIONAL BANK	2/26/2015
	00187081	\$70.56	CENTRAL NATIONAL BANK	6/17/2015
	00184590	\$69.49	BANCCENTRAL NATIONAL ASSOCIATION	4/27/2015
	00185680	\$68.72	ARMSTRONG BANK	5/20/2015
	00179327	\$68.18	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
	00181934	\$66.53	BANCCENTRAL NATIONAL ASSOCIATION	2/26/2015
	00175601	\$63.73	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014
	00187070	\$63.40	BANCCENTRAL NATIONAL ASSOCIATION	6/17/2015
	00187069	\$62.62	FIRST BANK AND TRUST	6/17/2015
	00180256	\$62.38	CENTRAL NATIONAL BANK	1/26/2015
	00184593	\$61.86	FIRST BANK AND TRUST	4/27/2015
	00183506	\$61.81	CENTRAL NATIONAL BANK	4/2/2015
	00175594	\$61.05	ARMSTRONG BANK	10/9/2014
	00177979	\$59.56	FIRST NATIONAL BANK & TRUST CO IN CLINTO	11/24/2014
	00177978	\$58.84	CENTRAL NATIONAL BANK	11/24/2014
	00177975	\$58.58	ARMSTRONG BANK	11/24/2014
	00185683	\$58.55	CENTRAL NATIONAL BANK	5/20/2015
	00179319	\$58.52	FIRST BANK AND TRUST	12/30/2014
	00175603	\$55.48	CENTRAL NATIONAL BANK	10/9/2014
	00175602	\$54.64	CENTRAL NATIONAL BANK	10/9/2014
	00180259	\$54.26	FIRST NATIONAL BANK & TRUST CO IN CLINTO	1/26/2015
	00176321	\$52.49	CENTRAL NATIONAL BANK	10/17/2014
	00180253	\$52.19	ARMSTRONG BANK	1/26/2015
	00180258	\$51.39	FIRST BANK AND TRUST	1/26/2015
	00175942	\$50.88	FIRST BANK & TRUST COMPANY	10/9/2014
	00181935	\$49.15	FIRST NATIONAL BANK & TRUST CO IN CLINTO	2/26/2015
	00177976	\$48.88	CITIZENS SECURITY BANK & TRUST	11/24/2014
	00184591	\$48.72	ARMSTRONG BANK	4/27/2015
	00179321	\$48.54	ARMSTRONG BANK	12/30/2014
	00179325	\$47.82	FIRST NATIONAL BANK & TRUST CO IN CLINTO	12/30/2014
	00188070	\$47.75	ARMSTRONG BANK	6/29/2015
	00176304	\$47.52	CITIZENS SECURITY BANK & TRUST	10/16/2014

AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00175596	\$47.14	CITIZENS SECURITY BANK & TRUST	10/9/2014
	00181938	\$47.04	FIRST BANK AND TRUST	2/26/2015
	00176308	\$46.97	FIRST BANK & TRUST COMPANY	10/16/2014
	00183504	\$46.28	FIRST BANK AND TRUST	4/2/2015
	00175943	\$45.60	FIRST BANK & TRUST COMPANY	10/9/2014
	00179326	\$44.19	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
	00186717	\$43.21	MABREY BANK	6/5/2015
	00175599	\$43.14	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
	00175597	\$42.60	CITIZENS SECURITY BANK & TRUST	10/9/2014
	00179324	\$42.20	CENTRAL NATIONAL BANK	12/30/2014
	00187068	\$41.49	MABREY BANK	6/17/2015
	00183505	\$40.34	CITIZENS SECURITY BANK & TRUST	4/2/2015
	00183501	\$40.32	ARMSTRONG BANK	4/2/2015
	00181933	\$39.84	CITIZENS SECURITY BANK & TRUST	2/26/2015
	00181588	\$39.52	ARMSTRONG BANK	2/26/2015
	00184592	\$38.81	FIRST BANK & TRUST COMPANY	4/27/2015
	00185684	\$37.70	FIRST BANK & TRUST COMPANY	5/20/2015
	00186716	\$37.33	MABREY BANK	6/5/2015
	00179322	\$36.83	CITIZENS SECURITY BANK & TRUST	12/30/2014
	00175591	\$34.36	THE BANK NA	10/9/2014
	00183500	\$33.31	THE BANK NA	4/2/2015
	00175939	\$32.71	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
	00180254	\$31.60	CITIZENS SECURITY BANK & TRUST	1/26/2015
	00175938	\$30.78	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
	00180011	\$27.49	FIRST BANK & TRUST COMPANY	1/20/2015
	00179328	\$25.40	FIRST BANK & TRUST COMPANY	12/30/2014
	00183502	\$20.96	FIRST BANK & TRUST COMPANY	4/2/2015
	00180262	\$20.20	FIRST UNITED BANK AND TRUST COMPANY	1/26/2015
	00185686	\$19.28	FIRST UNITED BANK AND TRUST COMPANY	5/20/2015
	00181939	\$19.20	FIRST BANK & TRUST COMPANY	2/26/2015
	00176301	\$14.80	THE BANK NA	10/16/2014
	00175592	\$10.80	THE BANK NA	10/9/2014
	00184594	\$10.80	THE BANK NA	4/27/2015
	00180260	\$10.60	THE BANK NA	1/26/2015
	00177974	\$10.40	THE BANK NA	11/24/2014
	00188072	\$9.70	THE BANK NA	6/29/2015
	00185687	\$9.10	THE BANK NA	5/20/2015



AGENCY	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
	00181590	\$8.90	THE BANK NA	2/26/2015
	00185685	\$8.79	FIRST NATIONAL BANK IN ALTUS	5/20/2015
	00175593	\$8.63	FIRST NATIONAL BANK IN ALTUS	10/9/2014
	00179320	\$8.50	THE BANK NA	12/30/2014
	00184587	\$8.11	FIRST NATIONAL BANK IN ALTUS	4/27/2015
	00176305	\$7.15	FIRST NATIONAL BANK IN ALTUS	10/16/2014
	00177977	\$7.11	FIRST NATIONAL BANK IN ALTUS	11/24/2014
	00180255	\$5.84	FIRST NATIONAL BANK IN ALTUS	1/26/2015
	00181589	\$5.44	FIRST NATIONAL BANK IN ALTUS	2/26/2015
	00179323	\$5.34	FIRST NATIONAL BANK IN ALTUS	12/30/2014
	00203308	\$208.24	FIRST FIDELITY BANK	8/2/2016
	00203316	\$133.80	ARVEST BANK	8/2/2016
	00203310	\$96.97	INTRUST BANK NA	8/2/2016
	00203314	\$95.39	FIRST BANK AND TRUST	8/2/2016
	00203922	\$89.81	INTRUST BANK NA	8/11/2016
	00203307	\$65.83	FIRST BANK AND TRUST COMPANY	8/2/2016
	00203306	\$46.11	CENTRAL NATIONAL BANK	8/2/2016
	00203315	\$31.05	ARMSTRONG BANK	8/2/2016
	00203317	\$29.31	BANCCENTRAL NATIONAL ASSOCIATION	8/2/2016
	00203311	\$20.60	MABREY BANK	8/2/2016
	00203309	\$9.25	FRAZER BANK	8/2/2016
	<b>TOTAL</b>	<b>\$32,979</b>		

Response to table 2

Agency	Claim Number	Claim Amount	Claim Vendor	Claim Date
CIB (17000)	00009467	\$65.00	TERRY, RONNIE L Response: Employee Reimbursement – allowed.	11/8/2016
	00009467	\$65.00	TERRY, RONNIE L Response: Employee Reimbursement – allowed.	11/8/2016
SOS (62500)	00008320	\$30.00	OPHRA Association dues and allowed use of AO	8/30/2016
Securities (63000)	00007583	\$87.91	DYSAR T, JO ANN Response: Employee Reimbursement – allowed	11/3/2016
	00007582	\$44.95	DYSART, JO ANN Response: Employee Reimbursement – allowed	11/3/2016
	00007528	\$58.00	RCB BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	9/1/2016
	00007578	\$39.00	RCB BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	10/31/2016



Agency	Claim Number	Claim Amount	Claim Vendor	Claim Date
	00007556	\$600.00	MULTIPLE PAYEE Appropriate use of AO – Securities provides a detailed requisition at beginning of year.	10/13/2016
	00007569	\$375.00	MULTIPLE PAYEE Appropriate use of AO – Securities provides a detailed requisition at beginning of year.	10/25/2016
	00007574	\$300.00	MULTIPLE PAYEE Appropriate use of AO – Securities provides a detailed requisition at beginning of year.	10/26/2016
	00007558	\$225.00	MULTIPLE PAYEE Appropriate use of AO – Securities provides a detailed requisition at beginning of year.	10/13/2016
	00007587	\$225.00	MULTIPLE PAYEE Appropriate use of AO – Securities provides a detailed requisition at beginning of year.	11/9/2016
	00007573	\$75.00	CRAIG REDFEARN teacher stipend	10/26/2016
	00007551	\$50.00	OSAGE COUNTY	10/5/2016
	00207669	\$205.51	FIRST FIDELITY BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	11/14/2016
	00205973	\$195.32	FIRST FIDELITY BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	10/4/2016
	00207665	\$194.32	ARVEST BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	11/14/2016
	00205095	\$186.95	FIRST FIDELITY BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	9/14/2016
	00205969	\$182.80	ARVEST BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	10/4/2016
	00205975	\$148.74	INTRUST BANK NA Bank fees – not a purchase and allowed use of AO – requisition not appropriate	10/4/2016
	00205093	\$115.64	ARVEST BANK Bank fees – not a purchase and allowed use of AO – requisition not appropriate	9/14/2016
	00205096	\$88.92	INTRUST BANK NA Bank fees – not a purchase and allowed use of AO – requisition not appropriate	9/14/2016
	00207668	\$79.82	FIRST BANK AND TRUST Bank fees – not a purchase and allowed use of AO – requisition not appropriate	11/14/2016
State Treasurer (74000)	00205978	\$78.09	FIRST BANK AND TRUST Bank fees – not a purchase and allowed use of AO – requisition not appropriate	10/4/2016
Response to all items under agency 740 – Bank fees are not purchases and are	00205970	\$68.99	BANCCENTRAL NATIONAL ASSOCIATION	10/4/2016

Agency	Claim Number	Claim Amount	Claim Vendor	Claim Date
allowed under an AO by the SAM. In addition, the State Treasurer is exempt from the Central Purchasing Act for the purpose of banking fees. (Cite)				
	00207666	\$65.66	BANCCENTRAL NATIONAL ASSOCIATION	11/14/2016
	00205972	\$61.57	FIRST BANK AND TRUST COMPANY	10/4/2016
	00207667	\$60.82	FIRST BANK AND TRUST COMPANY	11/14/2016
	00205968	\$57.99	ARMSTRONG BANK	10/4/2016
	00205101	\$57.50	FIRST BANK AND TRUST COMPANY	9/14/2016
	00205971	\$53.00	CENTRAL NATIONAL BANK	10/4/2016
	00207671	\$44.50	INTRUST BANK NA	11/14/2016
	00205092	\$43.54	ARMSTRONG BANK	9/14/2016
	00205094	\$42.81	CENTRAL NATIONAL BANK	9/14/2016
	00205098	\$37.10	FRAZER BANK	9/14/2016
	00205099	\$31.84	THE BANK NA	9/14/2016
	00205976	\$30.24	MABREY BANK	10/4/2016
	00205097	\$29.42	BANCCENTRAL NATIONAL ASSOCIATION	9/14/2016
	00207672	\$27.36	MABREY BANK	11/14/2016
	00205100	\$26.30	MABREY BANK	9/14/2016
	00205979	\$25.03	FIRST UNITED BANK AND TRUST COMPANY	10/4/2016
	00207664	\$16.75	ARMSTRONG BANK	11/14/2016
	00205977	\$9.10	THE BANK NA	10/4/2016
	00205974	\$8.93	FRAZER BANK	10/4/2016
	00207670	\$8.19	FRAZER BANK	11/14/2016
	00207673	\$7.10	THE BANK NA	11/14/2016
	00206376	\$9.08	THE BANK NA	10/7/2016
<b>TOTAL</b>		<b>\$4,539</b>		

## **FINDING 17-ABS-03**

**Condition:** During our internal review, we found one ePro acquisition requests for the authority below that did not match the details listed in the authority order description.

<b>AGENCY</b>	<b>AUTHORITY ORDER DESCRIPTION ON THE PURCHASE ORDER</b>	<b>CLAIM NUMBER</b>	<b>CLAIM AMOUNT</b>	<b>CLAIM VENDOR</b>	<b>CLAIM DATE</b>
CIB (17000)	Authority Order - Emergency purchases (small dollar) less than the competitive bid limit.	00009238	\$130.00	TERRY, RONNIE L	8/17/2016
		00009203	\$192.00	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
		<b>Total</b>	<b>\$322.00</b>		

**Cause:** Unknown.

**Criteria:** OMES ABS Internal Purchasing Procedures (approved April 1, 2015) **Section 14. Emergency Acquisitions** states,

**(a) Emergency Definition.** “Emergency” means an unforeseen occurrence or condition that requires immediate response to provide relief from possible health or safety hazards, additional expense or damage to real property.

**(b) Emergency Acquisition.** The Client Director/Administrator may authorize an emergency purchase if they reasonably believe that the emergency purchase provides relief from possible health or safety hazards, additional expense or damage to real property. The Client shall submit a request through E-Pro or via email to the ABS CPO along with the supporting documentation for the emergency purchase. The ABS CPO shall proceed with the emergency acquisition based on the emergency guidelines established by the Central Purchasing Act and other applicable State Statutes. ABS CPO shall be responsible for submitting a statement of emergency to the State Purchasing Director within five business days following the emergency acquisition.

**Effect or Potential Effect:** By improperly using authority orders, the authorization for purchase by use of authority order is not used for its intended purpose. When the authority order is not used for its intended purpose, it places an agency at a higher risk of experiencing waste and/or abuse.

**Recommendation:** We recommend the agency only use authority orders for the reason stated in the description. The reason should follow all guidelines perpetuated in ABS's internal purchasing procedures.

**Management's Response**

**Date:** January 30, 2018

**Respondent:** State Comptroller

**Response: Partially Concur** – We agree that the description on the AO was incorrect. 'Emergency Purchase' was not the correct description. However, the use of an AO for these payments was appropriate.

**Corrective Action Plan**

**Contact Person:** Deputy State Comptroller, Director of Agency Business Services

**Anticipated Completion Date:** Done

**Corrective Action Planned:**

1. This issue has been discussed with ABS CPOs and ABS will be watching for appropriate descriptions on authority orders.
2. Although not directly implicated in this finding, it is worthwhile to note that, as recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

**FINDING 17-ABS-04**

**Condition:** During our internal review, we found one E-Pro acquisition request for an authority order used for mandatory statewide contract SW800 for Temporary Services.

AGENCY	AUTHORITY ORDER NUMBER	AO DESCRIPTION ON THE PO	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
TSET (09200)	0929001376	Authority order for unscheduled purchases	\$600.00	8/30/16	00015480	\$44.00	Galt	10/5/2016
					00015480	\$44.00	Galt	10/5/2016
					00015480	\$22.00	Galt	10/5/2016
					00015602	\$5.00	Galt	10/21/2016
					00015602	\$5.00	Galt	10/21/2016
					00015602	\$6.00	Galt	10/21/2016
					<b>Total</b>	<b>\$126.00</b>		

**Cause:** A specific purchase order was set up for Galt employee payments, utilized to reimburse Galt for travel expenses for two of the agency's former Galt employees. The agency believed they were in compliance as this reimbursement was in line with PIM 10-02 guideline stating, "for small dollar emergency purchases less than the competitive bid limit."

**Criteria:** The Statewide Accounting Manual **Chapter 40.10.06 Authorization for Purchases "AFP" or "Authority Order"** states in part, "AFP's should **never** be used for mandatory statewide contract purchases, postage, and normally professional service contracts."

**Effect or Potential Effect:** The statewide contract is not used in the manner in which it should be used. The contract is set up for the purpose of allowing the contracting officer to work out of the Central Purchasing Division to solicit, develop and negotiate contracts with qualified agencies and individuals for the program.

**Recommendation:** We recommend authority orders never be used for mandatory statewide contract purchases.

#### ***Management's Response***

**Date:** January 30, 2018

**Respondent:** State Comptroller

**Response: Concur** – We agree with the finding. An AO should not be used for payment on a GALT contract. This has been discussed with the agency and with ABS personnel.

#### ***Corrective Action Plan***

**Contact Person:** Deputy State Comptroller, Director of Agency Business Services

**Anticipated Completion Date:** 2/15/18

##### **Corrective Action Planned:**

1. A process is being put in place where payments by ABS clients made against an Authority Order will be reviewed by someone on the procurement team to ensure that the AO is not being used for a statewide contract. In addition, this review will check for payments that may be in avoidance of using State Use, OCI, or statewide contracts.
2. Although not directly implicated in this finding, it is worthwhile to note that, as recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

## **FINDING 17-ABS-01**

**Condition:** During our invoice analysis related to ABS authority orders, we discovered ABS had processed payments for investigative services from Jason M. Maddox (Vendor ID 0000362003) totaling \$8,268.75 for the Oklahoma State Board of Behavioral Health Licensure. These services were paid from authority order 1489000085. Services paid in excess of the \$5,000 threshold set by the Central Purchasing Act require competitive bidding or a sole source affidavit. This acquisition did not comply with purchasing requirements.

BUSINESS UNIT	VOUCHER ID	INVOICE NUMBER	PAYMENT AMOUNT	INVOICE DATE	VENDOR ID	VENDOR NAME
14800	00000884	INVESTIGATIVESVCSF EB2117	\$1,575.00	02/21/17	0000362003	MADDOX,JASON M
14800	00000852	INVESTIGATIVESVCS D EC2716	\$2,205.00	12/27/16	0000362003	MADDOX,JASON M
14800	00000810	INVESTIGATIVESVCS O CT2816	\$427.50	10/28/16	0000362003	MADDOX,JASON M
14800	00000795	INVESTIGATIVESVCS O CT1116	\$933.75	10/11/16	0000362003	MADDOX,JASON M
14800	00000775	INVESTIGATIVESVCS SE P2716	\$1,012.50	09/27/16	0000362003	MADDOX,JASON M
14800	00000770	INVESTIGATIVESVCS SE P1316	\$1,057.50	09/13/16	0000362003	MADDOX,JASON M
14800	00000759	INVESTIGATIVESVCS O 82916	\$765.00	08/29/16	0000362003	MADDOX,JASON M
14800	00000756	INVESTIGATIVESVCS O 72516	\$292.50	07/25/16	0000362003	MADDOX,JASON M
<b>Total</b>			<b>\$8,268.75</b>			

**Cause:** Services rendered under an authority order may not be viewed or detected by the purchasing department when the vendor's invoices are processed through accounts payable. When duties are properly segregated, the purchasing department does not have access to invoices paid by accounts payable prior to payment and accounts payable is not responsible for reviewing invoices to determine they are compliant with purchasing rules.

**Criteria:** The OMES Central Purchasing **PROCUREMENT INFORMATION MEMORANDUM (Number 2009-03)** Split Purchasing – Policy Guidance states in part:

2. The Central Purchasing Division recognizes that fair and open competition is a basic tenet of public procurement; that such competition reduces the appearance and opportunity for favoritism, and inspires public confidence that contracts are awarded equitably and economically; and that documentation of the acts taken and effective monitoring mechanisms are important means of curbing any improprieties and establishing public confidence in the process by which commodities and contractual services are procured. It is essential to the effective and ethical procurement of commodities and contractual services that

there be a system of uniform procedures to be utilized by state agencies in managing and procuring commodities and services; that detailed justification of agency decisions in the procurement of commodities and services be maintained; and that adherence by the agency and the vendor to specific ethical considerations be required.

4. Pursuant to the Central Purchasing Rules in the Oklahoma Administrative Code, Title 260:115-7-5, relating to split purchases, state agencies “shall not make split purchases **for the purpose of evading their approved dollar threshold for competitive bids**” (emphasis added). A split purchase occurs when an agency acquisition (known requirement or quantity of items), as defined by the agency, is either divided into separate transactions for the purpose of evading the appropriate statutory threshold for competitive bids; or the agency fails to consolidate a known quantity required for a purchase, and the purchases are conducted as separate transactions because the total costs would have exceeded the established statutory competitive bidding thresholds.

***Effect or Potential Effect:*** Services paid exceeding \$5,000 threshold requiring open market bidding and additional purchasing requirements go undetected.

***Recommendation:*** We recommend management to review and clarify the use of authority orders in addition to the state accounting manual and state purchasing rules. This review should include creating a control structure to segregate duties, define responsibilities for monitoring transactions, outline the process for using authority orders, define prohibited use and provide a structured approval process. Once this review is completed, we recommend ABS’ internal procedures and shared service agreements be updated.

#### ***Management’s Response***

**Date:** January 30, 2018

**Respondent:** State Comptroller

**Response: Concur** – We agree with this finding. Interestingly, this was actually discovered and self-reported by ABS management. The authority order was set up based on the agency’s intent to use multiple investigators, which ended up not happening. ABS addressed the issue with the agency. A corrective action plan is presented below.

#### ***Corrective Action Plan***

**Contact Person:** Deputy State Comptroller, Director of Agency Business Services

**Anticipated Completion Date:** 2/15/18

**Corrective Action Planned:**

1. A process has been put in place to run regular reports to determine if payments to one payee on an AO may exceed \$5,000. If so, the invoice will be turned over to purchasing staff to determine the proper method of payment.



2. Although not directly implicated in this finding, it is worthwhile to note that, as recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

### **FINDING 15-01**

The following authority orders did not meet the qualifications listed below for use of Authority Orders as stated in PIM 10-02:

The Procurement Information Memorandum 10-02 (PIM) states in part:

1. To encumber funds for the payment of all Purchase Cards Transactions;
2. To reserve funds for payroll; or travel claims; and
3. For small dollar emergency purchases less than the competitive bid limit.

We also compared transactions to the following criteria within the Statewide Accounting Manual:

- OMES recommends limited use of AFP's - only for purchases which the standard encumbrance process cannot serve.
- AFP's are restricted to purchases not to exceed \$5,000.

The following transaction did not meet our compliance criteria.

*Table 2: Finding Details*

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
TSET (09200)	0929001376	\$600.00	8/30/2016	00015480	\$44.00	Galt	10/5/2016
				00015480	\$44.00	Galt	10/5/2016
				00015480	\$22.00	Galt	10/5/2016
				00015602	\$5.00	Galt	10/21/2016
				00015602	\$5.00	Galt	10/21/2016
				00015602	\$6.00	Galt	10/21/2016
BBHL (14800)	1489000079	\$2,400.00	6/20/2016	00000794	\$122.00	Jasons Deli	10/12/2016
				00000748	\$106.00	Jasons Deli	8/16/2016
				00000794	\$26.00	Jasons Deli	10/12/2016
				00000748	\$23.00	Jasons Deli	8/16/2016
				00000730	\$11.00	Compsource mutual insurance company	8/11/2016

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00000794	\$6.00	Jasons Deli	10/12/2016
				00000748	\$5.00	Jasons Deli	8/16/2016
				00000730	\$2.00	Compsource mutual insurance company	8/11/2016
				00000730	\$1.00	Compsource mutual insurance company	8/11/2016
	1489000085	\$25,800.00	8/23/2016	00000770	\$835.42	MADDOX,JASON M	9/14/2016
				to	\$799.87	MADDOX,JASON M	9/29/2016
				00000795	\$737.66	MADDOX,JASON M	10/12/2016
				00000759	\$604.35	MADDOX,JASON M	9/2/2016
				00000810	\$337.72	MADDOX,JASON M	11/1/2016
				00000756	\$231.07	MADDOX,JASON M	8/23/2016
				00000770	\$179.78	MADDOX,JASON M	9/14/2016
				00000775	\$172.13	MADDOX,JASON M	9/29/2016
				00000795	\$158.74	MADDOX,JASON M	10/12/2016
				00000759	\$130.05	MADDOX,JASON M	9/2/2016
				00000810	\$72.68	MADDOX,JASON M	11/1/2016
				00000756	\$49.73	MADDOX,JASON M	8/23/2016
				00000770	\$42.30	MADDOX,JASON M	9/14/2016
				00000775	\$40.50	MADDOX,JASON M	9/29/2016
				00000795	\$37.35	MADDOX,JASON M	10/12/2016
				00000759	\$30.60	MADDOX,JASON M	9/2/2016
				00000810	\$17.10	MADDOX,JASON M	11/1/2016
				00000767	\$14.22	BACTES IMAGING SOLUTIONS	9/14/2016
				00000756	\$11.70	MADDOX,JASON M	8/23/2016
				00000767	\$3.06	BACTES IMAGING SOLUTIONS	9/14/2016
				00000767	\$0.72	BACTES IMAGING SOLUTIONS	9/14/2016
CIB (17000)	1709001223	\$10,000.00	5/18/2016	00009238	\$130.00	TERRY,RONNIE L	8/17/2016
				00009203	\$80.64	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
				00009203	\$72.48	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
				00009467	\$65.00	TERRY,RONNIE L	11/8/2016
				00009467	\$65.00	TERRY,RONNIE L	11/8/2016

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00009203	\$30.24	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
				00009203	\$5.76	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
				00009203	\$2.88	COMPSOURCE MUTUAL INSURANCE COMPANY	8/10/2016
Workers' Compensation (36900)	3699001304	\$9,536.00	10/14/2014	00019897	\$745.91	OKLAHOMA DEPARTMENT OF CORRECTIONS	6/8/2015
				00019896	\$600.00	OKLAHOMA REPORTING SERVICES LLC	6/8/2015
				00019721	\$295.99	NEOPOST INC	3/13/2015
				00019582	\$257.82	HARKEY,MICHAEL J	1/14/2015
				00019934	\$200.00	OKLAHOMA REPORTING SERVICES LLC	6/24/2015
				00019373	\$195.08	HARKEY,MICHAEL J	10/14/2014
				00019756	\$191.81	HARKEY,MICHAEL J	4/8/2015
				00019946	\$145.75	SIMPLEX GRINNELL	6/29/2015
				00019761	\$133.00	GREEN,PATRICIA J	4/8/2015
				00019741	\$125.00	THOMPSON,ELLIOTT C	3/25/2015
				00019871	\$112.00	PETERS,H PETE W	5/29/2015
				00019760	\$111.00	ARCHIBALD,CAROL M	4/8/2015
				00019909	\$100.00	OKLAHOMA REPORTING SERVICES LLC	6/10/2015
				00019941	\$100.00	OKLAHOMA REPORTING SERVICES LLC	6/26/2015
				00019872	\$94.50	PETERS,H PETE W	5/29/2015
				00019933	\$84.00	PETERS,H PETE W	6/24/2015
				00019756	\$60.00	HARKEY,MICHAEL J	4/8/2015
				00019848	\$48.00	FIZZ-O WATER CO	5/14/2015
				00019373	\$42.92	HARKEY,MICHAEL J	10/14/2014
				00019373	\$40.23	HARKEY,MICHAEL J	10/14/2014
				00019796	\$30.78	LEGACY CLEANERS & LAUNDRY	4/24/2015
				00019797	\$30.78	LEGACY CLEANERS & LAUNDRY	4/24/2015
				00019737	\$15.90	PERSONNEL CONCEPTS	3/23/2015
				00019802	\$15.90	PERSONNEL CONCEPTS	4/24/2015
				00019846	\$8.75	LEGAL DIRECTORIES PUBLISHING COMPANY	5/14/2015
OBPVS (56300)	5639000078	\$13,678.00	7/30/2014	00001640	\$495.00	STATE AUDITOR AND INSPECTOR	11/3/2014

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00001677	\$416.90	TECH-LOCK INC	12/22/2014
				00001608	\$330.00	STATE AUDITOR AND INSPECTOR	9/3/2014
				00001624	\$330.00	STATE AUDITOR AND INSPECTOR	9/15/2014
				00001648	\$330.00	STATE AUDITOR AND INSPECTOR	11/10/2014
				00001679	\$194.48	TULSA WORLD	12/22/2014
				00001609	\$187.20	DAILY/SUNDAY OKLAHOMAN	9/3/2014
				00001695	\$100.00	ETHICS COMMISSION	1/20/2015
				00001756	\$92.25	TULSA TECHNOLOGY CENTER	4/27/2015
				00001769	\$60.61	ENTERPRISE HOLDINGS	5/11/2015
				00001768	\$49.15	DELUXE BUSINESS CHECKS & SOLUTIONS	5/11/2015
				00001653	\$44.50	OKLAHOMA PUBLISHING COMPANY	11/10/2014
				00001710	\$40.40	NEWSOK.COM	2/25/2015
				00001772	\$39.20	OKLAHOMA PUBLISHING COMPANY	5/15/2015
				00001610	\$31.23	SHAWNEE NEWS STAR	9/3/2014
				00001709	\$24.36	TULSA WORLD	2/25/2015
OREC (58800)	5889000966	\$800.00	1/7/2015	00008111	\$44.91	SLABOTSKY, CHARLA J	2/13/2015
				00008110	\$8.75	HAYS, LISA G	2/13/2015
	5889001007	\$2,200.00	5/2/2016	00008973	\$225.00	DALE M COFFIN ETAL	11/2/2016
				00008972	\$35.00	OPHRA	11/1/2016
				00008891	\$10.00	JOHN MICHAEL CASSIDY	9/13/2016
SOS (62500)	6259001519	\$5,000.00	4/24/2015	00008287	\$69.36	COE, MARGARET M	8/10/2016
				00008320	\$30.00	OPHRA	8/30/2016
Securities (63000)	6309001965	\$5,000.00	9/5/2014	00006794	\$1,727.88	BANK OF COMMERCE	10/9/2014
				00006979	\$300.00	BANK OF THE WEST	3/17/2015
				00006846	\$240.00	VISION BANK	11/13/2014
				00006787	\$221.00	BANK OF THE WEST	10/6/2014
				00006742	\$165.00	STATE AUDITOR AND INSPECTOR	9/9/2014
				00006770	\$134.10	BANK OF AMERICA NA	9/25/2014
				00007085	\$112.00	BANK OF THE WEST	6/10/2015
				00007018	\$88.25	FIRST UNITED BANK AND TRUST COMPANY	4/13/2015

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00006767	\$83.00	BANK OF THE WEST	9/24/2014
				00006769	\$81.25	CAPITAL ONE BANK	9/25/2014
				00007104	\$79.00	KAISER, WILLIAM C	6/26/2015
				00006879	\$70.60	BANCFIRST	12/26/2014
				00007068	\$38.50	KIM D LEWIN	5/21/2015
				00006771	\$33.50	BANK OF AMERICA NA	9/25/2014
				00006768	\$20.00	YAHOO INC	9/25/2014
	6309002055	\$5,000.00	6/9/2016	00007583	\$87.91	DYSART, JO ANN	11/3/2016
				00007582	\$44.95	DYSART, JO ANN	11/3/2016
	6309002063	\$10,000.00	6/9/2016	00007502	\$359.45	CENTRAL KEYSTONE FEDERAL CREDIT UNION	8/16/2016
				00007503	\$126.25	MIDFIRST BANK	8/15/2016
				00007528	\$58.00	RCB BANK	9/1/2016
				00007578	\$39.00	RCB BANK	10/31/2016
	6309002072	\$24,000.00	7/12/2016	00007485	\$6,000.00	MULTIPLE PAYEE	8/1/2016
				00007484	\$4,912.50	MULTIPLE PAYEE	8/1/2016
				00007486	\$4,500.00	MULTIPLE PAYEE	8/1/2016
				00007556	\$600.00	MULTIPLE PAYEE	10/13/2016
				00007569	\$375.00	MULTIPLE PAYEE	10/25/2016
				00007498	\$300.00	KATHRYN ALIOTTA	8/11/2016
				00007574	\$300.00	MULTIPLE PAYEE	10/26/2016
				00007558	\$225.00	MULTIPLE PAYEE	10/13/2016
				00007587	\$225.00	MULTIPLE PAYEE	11/9/2016
				00007573	\$75.00	CRAIG REDFEARN	10/26/2016
	6309002075	\$1,000.00	8/15/2016	00007513	\$50.00	OKLAHOMA COUNTY	8/26/2016
				00007551	\$50.00	OSAGE COUNTY	10/5/2016
OKDOCC (63500)	6359000659	\$1,500.00	10/24/2016	00008921	\$120.00	JAMES ABERNATHY	10/25/2016
				00008922	\$120.00	JAMES ABERNATHY	10/25/2016
State Treasurer (74000)	7409002387	\$25,000	9/25/2014	00181940	\$407.28	FIRST FIDELITY BANK	2/26/2015
				00181941	\$297.30	FIRST FIDELITY BANK	2/26/2015
				00177098	\$261.79	FIRST FIDELITY BANK	11/6/2014
				00181942	\$260.05	FIRST FIDELITY BANK	2/26/2015

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00177097	\$251.64	FIRST FIDELITY BANK	11/6/2014
				00181943	\$237.79	FIRST FIDELITY BANK	2/26/2015
				00177096	\$234.31	FIRST FIDELITY BANK	11/6/2014
				00184588	\$221.44	FIRST FIDELITY BANK	4/27/2015
				00186296	\$209.63	FIRST FIDELITY BANK	6/1/2015
				00183498	\$203.80	FIRST FIDELITY BANK	4/2/2015
				00181932	\$173.26	INTRUST BANK	2/26/2015
				00188069	\$165.45	FIRST FIDELITY BANK	6/29/2015
				00186728	\$154.22	ARVEST BANK - LINCOLN BRANCH	6/8/2015
				00175590	\$146.16	INTRUST BANK	10/9/2014
				00175941	\$137.25	ARVEST BANK - LINCOLN BRANCH	10/9/2014
				00176302	\$136.34	ARMSTRONG BANK	10/16/2014
				00175589	\$136.26	INTRUST BANK	10/9/2014
				00188071	\$122.57	INTRUST BANK	6/29/2015
				00181937	\$117.36	ARVEST BANK - LINCOLN BRANCH	2/26/2015
				00177973	\$117.20	ARVEST BANK - LINCOLN BRANCH	11/24/2014
				00175595	\$115.72	ARMSTRONG BANK	10/9/2014
				00186295	\$115.38	INTRUST BANK	6/1/2015
				00182235	\$115.27	ARVEST BANK - LINCOLN BRANCH	3/9/2015
				00175940	\$114.22	ARVEST BANK - LINCOLN BRANCH	10/9/2014
				00176306	\$111.81	ARVEST BANK - LINCOLN BRANCH	10/16/2014
				00186292	\$110.77	ARVEST BANK - LINCOLN BRANCH	6/1/2015
				00186294	\$103.48	INTRUST BANK	6/1/2015
				00175944	\$103.30	FIRST NATIONAL BANK & TRUST	10/9/2014
				00177980	\$103.06	INTRUST BANK	11/24/2014
				00184586	\$92.09	INTRUST BANK	4/27/2015
				00180264	\$90.69	INTRUST BANK	1/26/2015
				00183503	\$87.76	INTRUST BANK	4/2/2015
				00175936	\$83.90	FIRST BANK AND TRUST	10/9/2014
				00177972	\$82.30	FIRST BANK AND TRUST	11/24/2014

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00184589	\$78.22	CENTRAL NATIONAL BANK	4/27/2015
				00176307	\$78.18	FIRST BANK AND TRUST	10/16/2014
				00186293	\$77.67	FIRST BANK AND TRUST	6/1/2015
				00185681	\$76.83	BANCCENTRAL NATIONAL ASSOCIATION	5/20/2015
				00180257	\$76.05	INTRUST BANK	1/26/2015
				00175600	\$75.66	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014
				00175598	\$75.62	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
				00180261	\$75.01	BANCCENTRAL NATIONAL ASSOCIATION	1/26/2015
				00176303	\$74.04	BANCCENTRAL NATIONAL ASSOCIATION	10/16/2014
				00183499	\$73.94	BANCCENTRAL NATIONAL ASSOCIATION	4/2/2015
				00175937	\$71.12	FIRST BANK AND TRUST	10/9/2014
				00181936	\$70.92	CENTRAL NATIONAL BANK	2/26/2015
				00187081	\$70.56	CENTRAL NATIONAL BANK	6/17/2015
				00184590	\$69.49	BANCCENTRAL NATIONAL ASSOCIATION	4/27/2015
				00185680	\$68.72	ARMSTRONG BANK	5/20/2015
				00179327	\$68.18	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
				00181934	\$66.53	BANCCENTRAL NATIONAL ASSOCIATION	2/26/2015
				00175601	\$63.73	FIRST NATIONAL BANK & TRUST CO IN CLINTO	10/9/2014
				00187070	\$63.40	BANCCENTRAL NATIONAL ASSOCIATION	6/17/2015
				00187069	\$62.62	FIRST BANK AND TRUST	6/17/2015
				00180256	\$62.38	CENTRAL NATIONAL BANK	1/26/2015
				00184593	\$61.86	FIRST BANK AND TRUST	4/27/2015
				00183506	\$61.81	CENTRAL NATIONAL BANK	4/2/2015
				00175594	\$61.05	ARMSTRONG BANK	10/9/2014
				00177979	\$59.56	FIRST NATIONAL BANK & TRUST CO IN CLINTO	11/24/2014
				00177978	\$58.84	CENTRAL NATIONAL BANK	11/24/2014
				00177975	\$58.58	ARMSTRONG BANK	11/24/2014
				00185683	\$58.55	CENTRAL NATIONAL BANK	5/20/2015
				00179319	\$58.52	FIRST BANK AND TRUST	12/30/2014



AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00175603	\$55.48	CENTRAL NATIONAL BANK	10/9/2014
				00175602	\$54.64	CENTRAL NATIONAL BANK	10/9/2014
				00180259	\$54.26	FIRST NATIONAL BANK & TRUST CO IN CLINTO	1/26/2015
				00176321	\$52.49	CENTRAL NATIONAL BANK	10/17/2014
				00180253	\$52.19	ARMSTRONG BANK	1/26/2015
				00180258	\$51.39	FIRST BANK AND TRUST	1/26/2015
				00175942	\$50.88	FIRST BANK & TRUST COMPANY	10/9/2014
				00181935	\$49.15	FIRST NATIONAL BANK & TRUST CO IN CLINTO	2/26/2015
				00177976	\$48.88	CITIZENS SECURITY BANK & TRUST	11/24/2014
				00184591	\$48.72	ARMSTRONG BANK	4/27/2015
				00179321	\$48.54	ARMSTRONG BANK	12/30/2014
				00179325	\$47.82	FIRST NATIONAL BANK & TRUST CO IN CLINTO	12/30/2014
				00188070	\$47.75	ARMSTRONG BANK	6/29/2015
				00176304	\$47.52	CITIZENS SECURITY BANK & TRUST	10/16/2014
				00175596	\$47.14	CITIZENS SECURITY BANK & TRUST	10/9/2014
				00181938	\$47.04	FIRST BANK AND TRUST	2/26/2015
				00176308	\$46.97	FIRST BANK & TRUST COMPANY	10/16/2014
				00183504	\$46.28	FIRST BANK AND TRUST	4/2/2015
				00175943	\$45.60	FIRST BANK & TRUST COMPANY	10/9/2014
				00179326	\$44.19	BANCCENTRAL NATIONAL ASSOCIATION	12/30/2014
				00186717	\$43.21	MABREY BANK	6/5/2015
				00175599	\$43.14	BANCCENTRAL NATIONAL ASSOCIATION	10/9/2014
				00175597	\$42.60	CITIZENS SECURITY BANK & TRUST	10/9/2014
				00179324	\$42.20	CENTRAL NATIONAL BANK	12/30/2014
				00187068	\$41.49	MABREY BANK	6/17/2015
				00183505	\$40.34	CITIZENS SECURITY BANK & TRUST	4/2/2015
				00183501	\$40.32	ARMSTRONG BANK	4/2/2015
				00181933	\$39.84	CITIZENS SECURITY BANK & TRUST	2/26/2015
				00181588	\$39.52	ARMSTRONG BANK	2/26/2015

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00184592	\$38.81	FIRST BANK & TRUST COMPANY	4/27/2015
				00185684	\$37.70	FIRST BANK & TRUST COMPANY	5/20/2015
				00186716	\$37.33	MABREY BANK	6/5/2015
				00179322	\$36.83	CITIZENS SECURITY BANK & TRUST	12/30/2014
				00175591	\$34.36	THE BANK NA	10/9/2014
				00183500	\$33.31	THE BANK NA	4/2/2015
				00175939	\$32.71	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
				00180254	\$31.60	CITIZENS SECURITY BANK & TRUST	1/26/2015
				00175938	\$30.78	FIRST UNITED BANK AND TRUST COMPANY	10/9/2014
				00180011	\$27.49	FIRST BANK & TRUST COMPANY	1/20/2015
				00179328	\$25.40	FIRST BANK & TRUST COMPANY	12/30/2014
				00183502	\$20.96	FIRST BANK & TRUST COMPANY	4/2/2015
				00180262	\$20.20	FIRST UNITED BANK AND TRUST COMPANY	1/26/2015
				00185686	\$19.28	FIRST UNITED BANK AND TRUST COMPANY	5/20/2015
				00181939	\$19.20	FIRST BANK & TRUST COMPANY	2/26/2015
				00176301	\$14.80	THE BANK NA	10/16/2014
				00175592	\$10.80	THE BANK NA	10/9/2014
				00184594	\$10.80	THE BANK NA	4/27/2015
				00180260	\$10.60	THE BANK NA	1/26/2015
				00177974	\$10.40	THE BANK NA	11/24/2014
				00188072	\$9.70	THE BANK NA	6/29/2015
				00185687	\$9.10	THE BANK NA	5/20/2015
				00181590	\$8.90	THE BANK NA	2/26/2015
				00185685	\$8.79	FIRST NATIONAL BANK IN ALTUS	5/20/2015
				00175593	\$8.63	FIRST NATIONAL BANK IN ALTUS	10/9/2014
				00179320	\$8.50	THE BANK NA	12/30/2014
				00184587	\$8.11	FIRST NATIONAL BANK IN ALTUS	4/27/2015
				00176305	\$7.15	FIRST NATIONAL BANK IN ALTUS	10/16/2014
				00177977	\$7.11	FIRST NATIONAL BANK IN ALTUS	11/24/2014

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00180255	\$5.84	FIRST NATIONAL BANK IN ALTUS	1/26/2015
				00181589	\$5.44	FIRST NATIONAL BANK IN ALTUS	2/26/2015
				00179323	\$5.34	FIRST NATIONAL BANK IN ALTUS	12/30/2014
	7409002505	\$44,400.00	8/14/2015	00203308	\$208.24	FIRST FIDELITY BANK	8/2/2016
				00203316	\$133.80	ARVEST BANK	8/2/2016
				00203310	\$96.97	INTRUST BANK NA	8/2/2016
				00203314	\$95.39	FIRST BANK AND TRUST	8/2/2016
				00203922	\$89.81	INTRUST BANK NA	8/11/2016
				00203307	\$65.83	FIRST BANK AND TRUST COMPANY	8/2/2016
				00203306	\$46.11	CENTRAL NATIONAL BANK	8/2/2016
				00203315	\$31.05	ARMSTRONG BANK	8/2/2016
				00203317	\$29.31	BANCCENTRAL NATIONAL ASSOCIATION	8/2/2016
				00203311	\$20.60	MABREY BANK	8/2/2016
				00203309	\$9.25	FRAZER BANK	8/2/2016
	7409002589	\$46,000.00	7/7/2016	00207669	\$205.51	FIRST FIDELITY BANK	11/14/2016
				00205973	\$195.32	FIRST FIDELITY BANK	10/4/2016
				00207665	\$194.32	ARVEST BANK	11/14/2016
				00205095	\$186.95	FIRST FIDELITY BANK	9/14/2016
				00205969	\$182.80	ARVEST BANK	10/4/2016
				00205975	\$148.74	INTRUST BANK NA	10/4/2016
				00205093	\$115.64	ARVEST BANK	9/14/2016
				00205096	\$88.92	INTRUST BANK NA	9/14/2016
				00207668	\$79.82	FIRST BANK AND TRUST	11/14/2016
				00205978	\$78.09	FIRST BANK AND TRUST	10/4/2016
				00205970	\$68.99	BANCCENTRAL NATIONAL ASSOCIATION	10/4/2016
				00207666	\$65.66	BANCCENTRAL NATIONAL ASSOCIATION	11/14/2016
				00205972	\$61.57	FIRST BANK AND TRUST COMPANY	10/4/2016
				00207667	\$60.82	FIRST BANK AND TRUST COMPANY	11/14/2016
				00205968	\$57.99	ARMSTRONG BANK	10/4/2016

AGENCY	AUTHORITY ORDER NUMBER	AO AMOUNT	AO DATE	CLAIM NUMBER	CLAIM AMOUNT	CLAIM VENDOR	CLAIM DATE
				00205101	\$57.50	FIRST BANK AND TRUST COMPANY	9/14/2016
				00205971	\$53.00	CENTRAL NATIONAL BANK	10/4/2016
				00207671	\$44.50	INTRUST BANK NA	11/14/2016
				00205092	\$43.54	ARMSTRONG BANK	9/14/2016
				00205094	\$42.81	CENTRAL NATIONAL BANK	9/14/2016
				00205098	\$37.10	FRAZER BANK	9/14/2016
				00205099	\$31.84	THE BANK NA	9/14/2016
				00205976	\$30.24	MABREY BANK	10/4/2016
				00205097	\$29.42	BANCCENTRAL NATIONAL ASSOCIATION	9/14/2016
				00207672	\$27.36	MABREY BANK	11/14/2016
				00205100	\$26.30	MABREY BANK	9/14/2016
				00205979	\$25.03	FIRST UNITED BANK AND TRUST COMPANY	10/4/2016
				00207664	\$16.75	ARMSTRONG BANK	11/14/2016
				00205977	\$9.10	THE BANK NA	10/4/2016
				00205974	\$8.93	FRAZER BANK	10/4/2016
				00207670	\$8.19	FRAZER BANK	11/14/2016
				00207673	\$7.10	THE BANK NA	11/14/2016
	7409002610	\$10.00	9/29/2016	00206376	\$9.08	THE BANK NA	10/7/2016
Used Motor Vehicle (75500)	7559000285	\$10.00	3/25/2016	00006299	\$117.28	OFFICE DEPOT INC	10/20/2016
				00006225	\$100.00	DANIEL E FILKINS	9/1/2016
				00006257	\$100.00	CAPP PROMOTIONAL INC	9/23/2016
				00006192	\$61.00	COMPSOURCE MUTUAL INSURANCE COMPANY	8/22/2016
SVCSB (80300)	8039000051	\$200,000.00	7/14/2016	00000189	\$780.00	ANGEL JOHNSTON & BLASINGAME PC	8/16/2016
				00000192	-\$780.00	ANGEL JOHNSTON & BLASINGAME PC	8/19/2016
CEC (86500)	8659000181	\$1,008.00	11/5/2014	00001226	\$775.00	THE WORKERS COMPENSATION RESEARCH INSTIT	2/25/2015
				00001107	\$102.50	FARMER, RICKY D	1/16/2015
				00000986	\$50.00	STEPHENS COUNTY	12/12/2014
				00001598	\$50.00	GRANT COUNTY	6/12/2015
				00001447	\$30.00	STATE BUREAU OF INVESTIGATION	4/22/2015



### ***Management's Response***

**Date:** 06/08/17

**Respondent:** Financial Manager

**Response:**

1. In response to audit recommendations in the use of Authority Orders (AFP), OMES Agency Business Services client agencies have used AOs in accordance with the State Accounting Manual, specifically for purchases which the standard encumbrance process cannot serve. We have found this method to be the most effective and efficient for small dollar purchases, employee reimbursements, and agency specific needs that are impractical or impossible to encumber on a Purchase Order prior to obligation of funds.
2. As recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

## **FINDING 15-02**

The following authority order did not meet the qualifications listed below for use of Authority Orders as stated in PIM 10-02 and the Statewide Accounting Manual:

The Procurement Information Memorandum 10-02 (PIM) states in part:

1. To encumber funds for the payment of all Purchase Cards Transactions;
2. To reserve funds for payroll; or travel claims; and
3. For small dollar emergency purchases less than the competitive bid limit.

The State of Oklahoma Statewide Accounting Manual § Chapter 40.10.06 states, "AFP's - only for purchases which the standard encumbrance process cannot serve."

After reviewing two authority orders for Oklahoma Board of Tests for Alcohol and Drug Influence, we discovered an open market vendor was used in excess of \$5,000. No bids were obtained.

*Table 3: Finding Details*

<b>PO NUMBER</b>	<b>PO AMOUNT</b>	<b>PO DATE</b>	<b>DESCRIPTIVE SUMMARY OF CLAIM WITHIN THE AUTHORITY ORDER</b>	<b>INDIVIDUAL CLAIM NUMBERS FOR AFP 7729000211</b>
7729000211	\$6,691	5/3/2016	Maintenance, parts & labor on intoxilyzer	00001973
				00001974
				00001975
				00001976
				00001977
				00001978
				00001979
				00001980

### ***Management's Response***

**Date:** 06/08/17

**Respondent:** Financial Manager

**Response:**

1. In response to audit recommendations in the use of Authority Orders (AFP), OMES Agency Business Services client agencies have used AOs in accordance with the State Accounting Manual, specifically for purchases which the standard encumbrance process cannot serve. We have found this method to be the most effective and efficient for small dollar purchases, employee reimbursements, and agency specific needs that are impractical or impossible to encumber on a Purchase Order prior to obligation of funds.
2. As recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been



resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.

### **FINDING 15-03**

The following authority order did not meet the qualifications listed below for use of Authority Orders as stated in PIM 10-02 and the Statewide Accounting Manual:

The Procurement Information Memorandum 10-02 (PIM) states in part:

1. To encumber funds for the payment of all Purchase Cards Transactions;
2. To reserve funds for payroll; or travel claims; and
3. For small dollar emergency purchases less than the competitive bid limit.

The State of Oklahoma Statewide Accounting Manual § Chapter 40.10.06 – Authorization for Purchases “AFP” or “Authority Order” states in part, “AFP’s are restricted to purchase[s] not to exceed \$5,000.

After reviewing the following three authority orders for the Oklahoma State Election Board, we discovered transactions in all authority orders that exceeded the established \$5,000 limit.

*Table 4: Finding Details*

PO NUMBER	PO AMOUNT	PO DATE	AUTHORITY ORDER INFO
2709000992	\$35,000	5/22/2013	SERVICE: Voter registrations performed by a motor vehicle licensing agency
2709001185	\$35,000	6/22/2015	SERVICE: Voter registrations performed by a motor vehicle licensing agency
2709001258	\$80,000	6/15/2016	SERVICE: Voter registrations performed by a motor vehicle licensing agency
<b>Total</b>	<b>\$150,000</b>		

#### ***Management’s Response***

**Date:** 06/08/17

**Respondent:** Financial Manager

**Response:**

1. In response to audit recommendations in the use of Authority Orders (AFP), OMES ABS client agencies have used AOs in accordance with the State Accounting Manual, specifically for purchases which the standard encumbrance process cannot serve. We have found this method to be the most effective and efficient for small dollar purchases, employee reimbursements, and agency specific needs that are impractical or impossible to encumber on a Purchase Order prior to obligation of funds.



2. As recommended above in the Conclusion and Policy Recommendations, the inconsistency between the Statewide Accounting Manual and PIM 10-02 has been resolved. Consistent guidance is forthcoming in the updated Statewide Accounting Manual and the revised PIM 10-02.



## **APPENDIX**

### **Methodology**

- We conducted interviews with selected OMES ABS agency buyers.
- We documented and evaluated internal controls over selected OMES ABS authority orders.
- We evaluated overall compliance with the Statewide Accounting Manual and the Procurement Information Memorandum 10-02.
- We examined authority orders from the PeopleSoft financials application.

### **Review Performed by**

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### **Supervised by**

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