



**Oklahoma Employment Security
Commission**
Purchase Card Program Audit

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AUDIT HIGHLIGHTS

Oklahoma Employment Security Commission (OESC) - Purchase Card Program Audit

Why We Conducted This Audit

This report provides information on the Oklahoma Employment Security Commission's compliance of their purchase card program in accordance with the state purchase card procedures and the evaluation of the strength and execution of the agency's purchase card internal control structure.

What We Found

We have determined the Oklahoma Employment Security Commission has significantly complied with the state purchase card procedures and the agency's internal purchasing procedures. The agency has also implemented internal controls and the controls appear to be operating effectively in relation to the agency's purchase card program. We performed analytical testwork during our planning, completed internal control walkthroughs, and tested 128 purchases against defined compliance requirements. We reported one formal finding.



Audit Finding Summary

[Finding 18-290-01: Receipts](#)

We reviewed transactions for itemized and detailed receipts. The agency did not have a receipt for one transaction and two other receipts did not contain itemization/detail.

AUDIT OVERVIEW

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures. Our audit was to determine if OESC's purchase card program complied with the audit objectives during the period of Sept. 20, 2016, to July 18, 2018. As of Sept 20, 2016, there were five purchase card holders and one approving official.

In total, OESC processed 1,242 purchase card transactions totaling \$268,087 during the audit period. Categories for purchase card transactions for the agency included: purchases under \$5,000, airfare and lodging-related transactions. We used the classical variable sampling method to randomly select our sample for testing. We exercised auditor's discretion in adjusting the confidence level and expected proportion of errors based on a risk assessment when applying the classical variable sampling technique. To ensure a sound statistical sample, a random sample of 39 standard transactions was tested along with 25 lodging and 11 airfare transactions. In addition, 53 transactions were selected for audit based upon auditor's discretion and tested against selected criteria.



DETAILED FINDINGS

[Finding 18-290-01: Receipts](#)

Condition: We reviewed 24 purchase card lodging transactions totaling \$9,720.71 to ensure the receipt/folio was itemized and detailed. One receipt obtained by a cardholder for a lodging transaction (4 percent error rate) at the Sheraton Birmingham that totaled \$474.70 was not itemized.

We reviewed 34 purchase card purchases and noted no receipt for three transactions (8 percent error rate) totaling \$645.88. One purchase did not include a receipt from Amazon, one from Staples and the other purchase did not include a receipt from The Wall Street Journal. We were unable to determine the items purchased from these vendors. We also noted that, of the remaining 32 transactions, one transaction (3 percent error rate), totaling \$329.00, did not contain an itemized receipt. The receipt was missing the item description, unit price and quantity.

Cause: Unknown.

Effect or Potential Effect: Not obtaining lodging folios/receipts with a detailed description creates an opportunity for unauthorized transactions to occur and go undetected. In addition, verification of lodging rates cannot be performed.



We were unable to determine what was purchased, at what cost and quantity, and if the purchase was made for legitimate and valid governmental purposes for the transactions that did not include itemized information. In addition, insufficient receipting documentation creates an opportunity for unauthorized transactions to occur and go undetected.

Criteria: State of Oklahoma Purchase Card Procedures § 10.8 Lodging states:

The folio received from a lodging establishment by either the traveler or the travel arranger is considered the p-card receipt. All folios must be itemized. A copy of the approved in-state lodging exception form (OMES Form 035), if applicable or other documentation substantiating the specified rate shall be included in the statement documentation.

State of Oklahoma Purchase Card Procedures § 10.1 Receipts and Supporting Documentation for all Purchases states in part:

Receipts shall be obtained for all purchases regardless of the order method. The receipt shall give an itemized and detailed description of the purchase and must include at a minimum: (1) merchant name; (2) date of purchase; (3) description; (4) unit price and quantity; and (5) transaction total. A detailed and itemized carbon copy is acceptable.

Recommendation: We recommend the agency develop and implement a process at the cardholder and approving official levels that ensures all purchase card transactions are supported by a receipt and the receipt is detailed and itemized. Process should include two mechanisms that ensure proper documentation supports the transaction. The first mechanism should be at the point in which memo statements are reconciled. Cardholders should verify that each transaction is supported by a detailed and itemized receipt. A procedure should be in place for the cardholder to obtain missing or incomplete receipt documentation. The second mechanism should be at the point in which reconciliation is reviewed. The approving official should not approve the reconciliation until all supporting documentation which provides sufficient detail for the transaction has been submitted.

Management's Response

Date: 10-12-18

Respondent: Procurement Manager

Response: Concur - Agency Management concurs with the findings however, would like it noted that all purchases were approved per the agency purchasing policies. Documents were included showing the items purchased so that it was confirmed that the purchase was made for the agency and was an approved purchase. The agency recognizes the requirement for a detailed, itemized receipt for all purchases.

Corrective Action Plan

Anticipated Completion Date: Immediately



When a receipt or document that is sent as a receipt is received, and does not meet the required itemization, then the cardholder will contact the merchant and request an itemized document. If the vendor is unable to produce an itemized receipt, then the cardholder will write a memo to file and include any documentation from the vendor which advises that they do not provide an itemized document. The cardholder will sign and date the memo to file and present to approving official for their signature. Approving Officials will be educated regarding which receipts are appropriate and the information that must be contained within the document. If an itemized receipt is obtained after the fact, cardholder will ensure that it is scanned and attached to the transaction.



APPENDIX

Methodology

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

Sampling

	Transactions	Amount (\$)
Total Expenditures:	1,242	268,086.55
Reverse Transactions	(24)	(0.00)
Agent Fees	(154)	(1,369.75)
Negative Transactions	(55)	2,324.76
Filtered Population	1,009	269,041.56
Lodging	404	100,071.46
Airfare	101	38,239.03
Information Technology (IT)	12	7,762.08
Under \$5,000	492	122,968.99
Total:	1,009	269,041.56
Samples:		
Lodging	25	10,664.93
Airfare	3	4,587.99
Under \$5,000	32	21,010.66
Auditor’s Discretion	53	16,037.82
Total	113	52,301.40



EXECUTIVE SUMMARY

Organization: Oklahoma Employment Security Commission

Mission Statement: To enhance Oklahoma’s economy by providing unemployment compensation to support unemployed workers and their communities, matching jobs and workers to increase the efficiency of local labor markets, referring workers to training opportunities to enhance and align their skills to meet local labor market needs, and gathering, analyzing, and disseminating information about the labor force to improve local economic decisions.

History and Overview: Created by the Oklahoma Legislature in 1941, the Oklahoma Employment Security Commission (OESC) governs the operation of local workforce centers. These centers provide testing, career counseling and placement services; solicit job orders from employers; refer job seekers; provide an online job bank; and provide special services for veterans and disabled veterans including job development, counseling and placement. OESC also collects unemployment insurance taxes from employers to fund unemployment benefits to jobless workers. Unemployment insurance claims are filed online and through call centers. The OESC, in cooperation with the Bureau of Labor Statistics (BLS), manages research programs that provide current labor market information to employers, job seekers, employment and guidance counselors, and students to assist them in making informed decisions. The agency is part of a national network of employment service agencies receiving funding (OESC is funded solely with monies issued by the U.S. Department of Labor) from the federal government and is governed by a five-member commission appointed by the governor with consent of the Oklahoma Senate.

Agency Information

The agency is made up of 449 classified and 8 unclassified employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of Sept. 10, 2018.

Commission Members

Rachel Hutchings, Chair

David Adams, Member

Karen Hudson, Member

Jim Quillen, Member

Duchess Bartmess, Member

Key Staff

(during the audit period)

Richard McPherson, Executive Director

Teresa Keller, Deputy Director

Riley Shaul, Chief Financial Officer

Lisa G. Hays, Procurement Manager, Procurement/Finance