

REPORT ISSUED MARCH 1, 2013



STATE OF OKLAHOMA
OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES
DIVISION OF CAPITAL ASSETS MANAGEMENT, AUDIT UNIT

A photograph of the Oklahoma State Capitol building, a large white neoclassical structure with a prominent dome. The building is surrounded by green trees and a well-maintained lawn. In the foreground, there is a paved walkway, a green lamppost, and a black metal fence. The sky is blue with scattered white clouds.

OKLAHOMA TAX COMMISSION
PURCHASE CARD PROGRAM AUDIT
FOR THE PERIOD JULY 1, 2011 THRU JANUARY 1, 2013



OKLAHOMA TAX COMMISSION

PURCHASE CARD PROGRAM AUDIT

FOR THE PERIOD JULY 1, 2011 TO JANUARY 1, 2013



The Office of Management and Enterprise Services, Division of Capital Assets Management Audit Unit has completed an audit of the Oklahoma Tax Commission, referred to as the "Agency" within the audit report.

Our audit's purpose was to determine if the agency's purchase card program for the period July 1, 2011 to January 1, 2013 complied with the audit objectives.

AUDIT PERFORMED BY

JoRay McCoy, Chief Auditor
Michael Gray, Auditor
Brittany Porter, Auditor

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OKLAHOMA TAX COMMISSION

PURCHASE CARD PROGRAM AUDIT

FOR THE PERIOD JULY 1, 2011 TO JANUARY 1, 2013

This audit was performed pursuant to 74 O.S. § 85.5.E. and the State of Oklahoma Purchase Card Procedures in accordance with Generally Accepted Government Auditing Standards

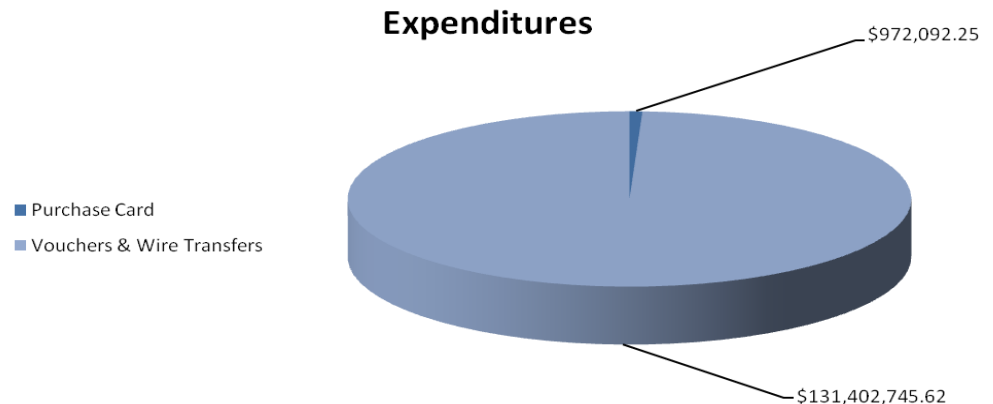
AUDIT CONCLUSION

Based on our audit, we have determined the Oklahoma Tax Commission has significantly complied with the following audit objectives.

- Determine if the Agency has implemented internal controls and if the Agency's controls are operating effectively in relation to the purchase card program, and
- Determine if the Agency's purchase card program is in compliance with Oklahoma State Purchase Card Procedures and approved internal purchasing procedures as they relate to the acquisition process through the use of purchase cards.

AUDIT OVERVIEW

As of January 1, 2013, the Agency has three cardholders and two approving officials. In total, the Agency had 967 purchase card transactions during the audit period. The Agency's Purchase Card Program has grown in recent years. However, the overall risk associated with the Agency's Purchase Card Program is low. The following chart depicts the expenditures by purchase card and voucher or wire transfer made by the Agency during the audit period.





OKLAHOMA TAX COMMISSION

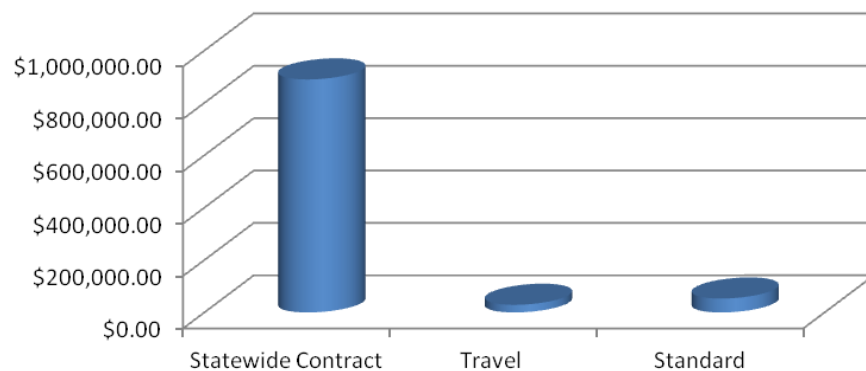
PURCHASE CARD PROGRAM AUDIT

FOR THE PERIOD JULY 1, 2011 TO JANUARY 1, 2013

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In addition to the low amount of overall expenditures made through the Agency's Purchase Card Program, the Agency primarily used their purchase cards to make purchases through statewide contracts. This contributed to the low risk nature of the audit. The following charts depicts the type of transactions made with the purchase card during the audit period.

Purchase Card Transaction Type



Acknowledgements

The Agency has put in place mitigating controls at each level of the purchase card process. These controls provide built-in audit processes that we believe will continue to provide for the efficient use of the Purchase Card program. The employees involved with the Agency's Purchase Card program conduct themselves in a professional manner that promotes the responsible and effective use of the Purchase Card. We commend the Agency for the effective organization and administration of the purchase card program.

Sampling Methodology

The 976 transactions that made up our population for substantive testwork totaled \$972,092.25. We used the classical variable sampling method with a minimum confidence level of 98.4% for transactions below \$5,000 and 95% for transactions above \$5,000. We then randomly selected 7 airline travel purchases and 6 inventory items for testwork. The 58 transactions we randomly selected for testwork totaled \$287,990.57. In addition, we judgmentally selected 6 transactions. These transactions were tested against attributes selected through auditor judgment.



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Findings and Exceptions

We had no reportable findings although some minor deficiencies were noted during the audit. These deficiencies were primarily older transactions that occurred in 2011.

The following exceptions were noted during the audit:

- 7 memo statements were not signed or dated by the Approving Official
- 6 memo statements were not signed or dated by the Purchase Card holder
- 4 transactions were missing packing slips
- 1 airfare transaction did not have adequate information entered into the notes field
- 1 transaction did not have an itemized receipt
- 1 transaction with returned goods was not properly credited

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 was evaluated.

EXECUTIVE SUMMARY

Organization

Mission Statement – To serve the people of Oklahoma by promoting tax compliance through quality service and fair administration.

Agency Information

Personnel - The Agency is made up of 505 classified and 213 unclassified employees as of September 1, 2012.

Key Staff

(During the Audit Period)

Tony Mastin, Executive Director

Melissa Reames, Management Services Division Director, April 2012 to Present

Russell Hulin, Management Services Division Director, July 2011 to April 2012

Carol McCullar, Chief Financial Officer

Dianne Smith, Purchase Card Administrator



OKLAHOMA TAX COMMISSION

PURCHASE CARD PROGRAM AUDIT

FOR THE PERIOD JULY 1, 2011 TO JANUARY 1, 2013

Director's Transmittal Letter

John W Morrison
Administrator
Division of Capital Assets Management



Preston Doerflinger
Director

State of Oklahoma
Office of Management and Enterprise Services

March 1, 2013

Tony Mastin, Executive Director
Oklahoma Tax Commission
2501 N. Lincoln Boulevard
Oklahoma City, OK 73194

Dear Executive Director Mastin,

With this letter, we transmit the report of the Oklahoma Tax Commission's purchase card program audit for the period July 1, 2011 to January 1, 2013.

We performed the audit in accordance with professional auditing standards to ensure the Oklahoma Tax Commission's purchase card program administered by the Office of Management and Enterprise Services, Division of Capital Assets Management is conducted in accordance with laws and regulations.

The accompanying report presents our findings and recommendations, as well as management's responses and corrective action plans. This report is available to the public on Division of Capital Assets Management website, <http://dcam.ok.gov>.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Morrison".

John W. Morrison
Administrator, Division of Capital Assets Management