

STATE OF OKLAHOMA



**OKLAHOMA**  
**Office of Management  
& Enterprise Services**

**Department of Wildlife Conservation**  
**Purchase Card Program Audit**

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## AUDIT HIGHLIGHTS

### Department of Wildlife Conservation – Purchase Card Program Audit

#### Why we conducted this audit

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

#### What we found

We have determined ODWC has significantly complied with the State Purchase Card Procedures and the agency’s internal purchase card procedures. ODWC has implemented internal controls that are operating effectively in relation to the agency’s purchase card program. We performed analytical testwork during our planning phase, completed internal control walk-throughs and tested 89 purchases against defined compliance requirements. We reported two formal findings.



*Pelicans Salt Plains*

#### Agency accomplishments

We commend ODWC for creating an internal purchase card training program. The agency has set up a testing system via Google Docs that purchase card holders must pass on an annual basis. Cardholders have three attempts to pass the test (90% or greater). The test randomly generates new questions each time it is taken, so no one gets the same test twice. If a purchase cardholder cannot successfully complete the test, then the purchase card is revoked. This process was created to ensure all cardholders understand and are up-to-date on both internal and state purchase card policies and procedures. Testing significantly reduces the risk of noncompliance within the agency.

## AUDIT FINDING SUMMARY

### **Finding 20-320-01: Purchase Card Controls and Limits**

Review of purchase card controls and limits found 86 of 188 active cards averaged less than 20% of the card's monthly credit limit and did not once exceed 60% of the monthly credit limit.

### **Finding 20-320-02: IT Purchases**

Four information technology (IT) hardware/software transactions totaling \$1,918.04 were purchased without being listed on the OMES Information Services Approved Hardware/Software list. Prior to March 1, 2020, there were two transactions that were not on the Approved Hardware/Software list. After March 1, 2020, there were two transactions that were neither on the Approved Hardware/Software list nor approved on an individual ePro for IT purchases. Two IT non-hardware/non-software transactions totaling \$344.57 were purchased without being included on the IT authority order or approved via individual ePro. Five IT transactions totaling \$11,544.04 were purchased without submission of an IT acquisition request form per the agency's approved internal purchasing procedures.

## **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 ODWC's purchase card program complied with the audit objectives during the period of June 3, 2019, to July 7, 2020. As of March 2, 2020, there were 200 purchase cardholders and 65 approving officials.

In total, ODWC processed 9,043 purchase card transactions totaling \$2,315,104.78 during the audit period. Categories for purchase card transactions for the agency included purchases for airfare, lodging, under-\$5,000, over-\$5,000 and IT-related purchase card transactions. We used the judgmental sampling method to select our sample for testing airfare, lodging, over-\$5,000 and IT-related transactions. We used the classical variable sampling method to randomly select our sample for testing under-\$5,000 transactions. 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 40 standard transactions, five IT transactions, three airfare transactions, three lodging transactions and two transactions over \$5,000 were extracted for testing. In addition, 36 transactions were selected for audit based upon auditor's discretion and tested against a predetermined criterion.

## **DETAILED FINDINGS**

## **Finding 20-320-01: Purchase Card Controls and Limits**

**Condition:** During the testwork phase of the audit for purchase card control and limits, we determined 86 of 188 active cards exceeded predetermined percentage thresholds for monthly credit limits set during our purchase card risk analysis. We analyzed each card's total expenditures and the total number of months each card was used to calculate an average spend and highest cycle spend on each card. A 14-month period was analyzed. The spending on each of the cards noted below averaged less than 20% of the card's monthly credit limit and did not once exceed 60% of the monthly credit limit. It was determined that 86 cardholders' monthly credit limits could be reduced without affecting agency operations. The credit limit risk analysis and percentages used are not part of the state purchase card procedures but used by the auditors to determine if controls related to cardholder risk are in place and operating effectively. This finding is related to the audit objective to determine if the agency has implemented controls and if those controls are effective.

Number of cards	Last 4 digits of card	Monthly credit limit	Active months	Total spend	Avg. monthly spend	Avg. % spent	Highest cycle spend	% of credit limit on highest spend
1	1316	\$5,000.00	1	\$23.20	\$23.20	0.46%	\$23.20	0.46%
2	8291	\$5,000.00	1	\$24.99	\$24.99	0.50%	\$24.99	0.50%
3	9246	\$5,000.00	1	\$24.99	\$24.99	0.50%	\$24.99	0.50%
4	3706	\$5,000.00	2	\$97.73	\$48.87	0.98%	\$53.25	1.07%
5	1717	\$5,000.00	4	\$202.67	\$50.67	1.01%	\$110.00	2.20%
6	1166	\$5,000.00	1	\$61.44	\$61.44	1.23%	\$61.44	1.23%
7	8160	\$5,000.00	12	\$777.80	\$64.82	1.30%	\$251.16	5.02%
8	1452	\$5,000.00	4	\$313.99	\$78.50	1.57%	\$204.08	4.08%
9	9292	\$5,000.00	2	\$172.40	\$86.20	1.72%	\$140.61	2.81%
10	5881	\$5,000.00	4	\$375.67	\$93.92	1.88%	\$153.98	3.08%
11	4827	\$5,000.00	1	\$100.00	\$100.00	2.00%	\$100.00	2.00%
12	9301	\$5,000.00	7	\$719.83	\$102.83	2.06%	\$304.45	6.09%
13	9456	\$5,000.00	5	\$516.41	\$103.28	2.07%	\$200.00	4.00%
14	9902	\$5,000.00	4	\$464.99	\$116.25	2.32%	\$195.12	3.90%
15	5227	\$5,000.00	4	\$470.43	\$117.61	2.35%	\$183.33	3.67%
16	0859	\$5,000.00	8	\$1,086.39	\$135.80	2.72%	\$304.65	6.09%
17	3049	\$5,000.00	5	\$695.77	\$139.15	2.78%	\$326.32	6.53%
18	7143	\$5,000.00	5	\$742.80	\$148.56	2.97%	\$260.00	5.20%
19	2023	\$5,000.00	4	\$599.87	\$149.97	3.00%	\$318.95	6.38%
20	7404	\$5,000.00	3	\$499.93	\$166.64	3.33%	\$376.49	7.53%
21	2896	\$5,000.00	6	\$1,145.54	\$190.92	3.82%	\$449.00	8.98%
22	2387	\$5,000.00	5	\$1,020.98	\$204.20	4.08%	\$427.42	8.55%
23	3788	\$5,000.00	12	\$2,646.30	\$220.53	4.41%	\$1,528.65	30.57%
24	1364	\$5,000.00	4	\$978.20	\$244.55	4.89%	\$399.98	8.00%



Number of cards	Last 4 digits of card	Monthly credit limit	Active months	Total spend	Avg. monthly spend	Avg. % spent	Highest cycle spend	% of credit limit on highest spend
25	0932	\$5,000.00	4	\$981.42	\$245.36	4.91%	\$299.92	6.00%
26	5362	\$5,000.00	5	\$1,273.02	\$254.60	5.09%	\$562.87	11.26%
27	6965	\$5,000.00	14	\$3,599.91	\$257.14	5.14%	\$822.84	16.46%
28	4790	\$5,000.00	6	\$1,548.52	\$258.09	5.16%	\$639.42	12.79%
29	5725	\$5,000.00	9	\$2,344.97	\$260.55	5.21%	\$707.23	14.14%
30	6453	\$5,000.00	5	\$1,303.24	\$260.65	5.21%	\$415.90	8.32%
31	3374	\$5,000.00	2	\$541.40	\$270.70	5.41%	\$516.15	10.32%
32	6535	\$5,000.00	1	\$277.00	\$277.00	5.54%	\$277.00	5.54%
33	0575	\$5,000.00	11	\$3,060.93	\$278.27	5.57%	\$693.90	13.88%
34	5265	\$5,000.00	14	\$3,959.90	\$282.85	5.66%	\$409.96	8.20%
35	4716	\$5,000.00	3	\$849.32	\$283.11	5.66%	\$335.10	6.70%
36	9947	\$5,000.00	8	\$2,289.88	\$286.24	5.72%	\$757.57	15.15%
37	6163	\$5,000.00	9	\$2,600.56	\$288.95	5.78%	\$597.78	11.96%
38	0559	\$5,000.00	6	\$1,817.42	\$302.90	6.06%	\$658.67	13.17%
39	5725	\$5,000.00	6	\$1,970.96	\$328.49	6.57%	\$978.33	19.57%
40	6391	\$5,000.00	9	\$2,980.93	\$331.21	6.62%	\$1,024.94	20.50%
41	8299	\$5,000.00	14	\$4,689.41	\$334.96	6.70%	\$1,359.79	27.20%
42	4155	\$5,000.00	6	\$2,158.08	\$359.68	7.19%	\$954.63	19.09%
43	1148	\$5,000.00	9	\$3,281.95	\$364.66	7.29%	\$837.38	16.75%
44	5970	\$5,000.00	5	\$1,829.46	\$365.89	7.32%	\$1,031.59	20.63%
45	6921	\$5,000.00	6	\$2,324.31	\$387.39	7.75%	\$1,142.70	22.85%
46	9846	\$5,000.00	13	\$5,049.24	\$388.40	7.77%	\$1,065.77	21.32%
47	6521	\$5,000.00	8	\$3,174.05	\$396.76	7.94%	\$1,715.69	34.31%
48	5044	\$5,000.00	10	\$3,982.97	\$398.30	7.97%	\$2,467.85	49.36%
49	8616	\$5,000.00	4	\$1,626.61	\$406.65	8.13%	\$1,026.62	20.53%
50	2821	\$5,000.00	13	\$5,297.14	\$407.47	8.15%	\$2,849.07	56.98%
51	2201	\$5,000.00	12	\$5,161.37	\$430.11	8.60%	\$1,212.19	24.24%
52	7727	\$5,000.00	13	\$5,679.20	\$436.86	8.74%	\$1,421.88	28.44%
53	5478	\$5,000.00	11	\$4,862.27	\$442.02	8.84%	\$872.85	17.46%
54	1591	\$5,000.00	12	\$5,359.98	\$446.67	8.93%	\$2,048.98	40.98%
55	3853	\$5,000.00	9	\$4,155.26	\$461.70	9.23%	\$2,210.29	44.21%
56	9228	\$5,000.00	13	\$6,013.73	\$462.59	9.25%	\$1,924.67	38.49%
57	4966	\$5,000.00	3	\$1,400.80	\$466.93	9.34%	\$668.03	13.36%
58	8009	\$5,000.00	6	\$2,867.88	\$477.98	9.56%	\$847.30	16.95%
59	8036	\$5,000.00	13	\$6,512.34	\$500.95	10.02%	\$966.78	19.34%
60	6106	\$5,000.00	4	\$2,108.96	\$527.24	10.54%	\$1,625.96	32.52%
61	1152	\$5,000.00	5	\$2,715.90	\$543.18	10.86%	\$1,600.00	32.00%
62	6322	\$5,000.00	12	\$6,607.40	\$550.62	11.01%	\$2,150.90	43.02%
63	1826	\$5,000.00	1	\$567.14	\$567.14	11.34%	\$567.14	11.34%

Number of cards	Last 4 digits of card	Monthly credit limit	Active months	Total spend	Avg. monthly spend	Avg. % spent	Highest cycle spend	% of credit limit on highest spend
64	3296	\$5,000.00	13	\$7,715.19	\$593.48	11.87%	\$2,110.09	42.20%
65	2151	\$5,000.00	12	\$7,333.86	\$611.16	12.22%	\$1,813.33	36.27%
66	9274	\$5,000.00	13	\$8,160.36	\$627.72	12.55%	\$2,035.23	40.70%
67	0059	\$5,000.00	13	\$8,368.74	\$643.75	12.87%	\$2,406.85	48.14%
68	4390	\$5,000.00	9	\$5,910.51	\$656.72	13.13%	\$1,698.98	33.98%
69	4126	\$5,000.00	7	\$4,605.79	\$657.97	13.16%	\$2,040.95	40.82%
70	0897	\$5,000.00	2	\$1,380.00	\$690.00	13.80%	\$930.00	18.60%
71	4079	\$5,000.00	2	\$1,383.29	\$691.65	13.83%	\$868.64	17.37%
72	2415	\$5,000.00	8	\$5,629.90	\$703.74	14.07%	\$2,051.06	41.02%
73	4079	\$5,000.00	8	\$5,735.57	\$716.95	14.34%	\$2,911.33	58.23%
74	4811	\$5,000.00	11	\$7,935.77	\$721.43	14.43%	\$2,268.30	45.37%
75	6221	\$5,000.00	13	\$9,941.91	\$764.76	15.30%	\$2,934.67	58.69%
76	5880	\$5,000.00	11	\$8,828.94	\$802.63	16.05%	\$2,528.51	50.57%
77	6670	\$5,000.00	13	\$10,546.37	\$811.26	16.23%	\$1,988.98	39.78%
78	2960	\$5,000.00	5	\$4,198.95	\$839.79	16.80%	\$1,797.92	35.96%
79	0387	\$5,000.00	9	\$7,596.50	\$844.06	16.88%	\$2,677.40	53.55%
80	5722	\$5,000.00	6	\$5,092.01	\$848.67	16.97%	\$2,465.59	49.31%
81	4101	\$5,000.00	11	\$9,755.61	\$886.87	17.74%	\$2,339.70	46.79%
82	1061	\$25,000.00	7	\$31,322.20	\$4,474.60	17.90%	\$11,455.75	45.82%
83	2924	\$5,000.00	12	\$10,836.46	\$903.04	18.06%	\$2,653.77	53.08%
84	9032	\$5,000.00	4	\$3,679.98	\$920.00	18.40%	\$2,110.60	42.21%
85	3259	\$5,000.00	12	\$11,254.30	\$937.86	18.76%	\$2,197.98	43.96%
86	4893	\$5,000.00	4	\$3,857.78	\$964.45	19.29%	\$2,388.31	47.77%

**Cause:** Several years ago, the agency wanted to raise the card limits to \$5,000 so cardholders could pay utility bills, and ODWC increased everyone’s limits.

**Effect or potential effect:** There is unnecessary risk on the cardholder and the agency when the transaction limit or credit limit is set in excess of the individual cardholder’s needs.

**Criteria:** The **State of Oklahoma Policy and Procedures for Purchase Card § 3.2.2 P-card Controls and Limits** states in part:

State agencies are required to establish the following categories of controls and limits on each P-card. These mandatory limits are required by the issuing bank and the card provider, Visa. The mandatory categories are:

- Card limit (dollar amount per cycle).
- Single purchase limit (dollar amount per transaction).

- Merchant category code group. (See section 7.1.1 of these procedures for exception process).

The agency P-card administrator should set the card limits for the P-cards based on state agency needs or past usage. The agency P-card administrator may set the single purchase limit for a P-card holder at an amount less than \$5,000, if desired; or an amount greater than \$5,000 for those making statewide contract purchases and paying for utilities. However, agencies should not set single purchase limits inappropriately high. P-card limits should be reviewed no less than annually to determine if set limits are still appropriate. Attempted purchases outside of state or agency controls will decline.

The **State of Oklahoma Policy and Procedures for Purchase Card § 6.1 Agency P-card Administrator Responsibilities** states in part:

The state agency P-card administrator is the primary interface between the agency's cardholders and the State P-card Office, and the issuing bank. Agency P-card administrators must have a signed State Purchase Card Employee Agreement form on file in their office for themselves and any backup administrators, and both primary and backup P-card administrators must be current with P-card training.

Agency administrators are responsible for:

- Processing authorized requests for P-cards and maintaining controls for active cards, including setting and changing card spend profiles, ordering cards, deactivating cards, adding and deleting users, and setting permissions.

**Recommendation:** We recommend the purchase card administrator evaluate each purchase card's usage and adjust individual credit limits as needed. In addition, we recommend management implement a minimum usage calculation the purchase card administration can use to lower credit limits when necessary.

We recommend cards with a highest monthly cycle spend of less than \$1,000 have the credit limit reduced to \$1,000, cards with a highest monthly cycle spend between \$1,000 and \$3,000 have the credit limit reduced to \$3,000, and the card with the monthly credit limit of \$25,000 be reduced to \$15,000. Currently, the credit limit risk per month totals \$450,000 for the 86 cards noted in the finding. With the recommended credit limit reductions, the credit limit risk per month would total \$176,000. This would result in a \$274,000 (-61%) credit limit risk reduction per month without affecting cardholder ability to make purchases or interfering with agency operations.





### **Management's response**

**Date:** Oct. 15, 2020

**Respondent:** Chief financial officer and chief of administration

**Response:** Concur

ODWC concurs with the unnecessary risk that is placed on the cardholder and the agency for having spending limits set higher than individual cardholder's needs. ODWC agrees that we need to evaluate limits and set them to reflect utilization rates instead of the max spending authority of \$5,000.

### **Corrective action plan**

**Contact person:** Purchase card administrator

**Anticipated completion date:** Dec. 31, 2020

**Corrective action planned:**

In the past, the ODWC has set all cardholder limits at the statutory maximum \$5,000.00 regardless of usage or needs, and the purchase card administrator focused efforts on auditing all purchase card statements and receipts on a monthly basis. After attending the course/web conference "Optimizing Your Purchasing Program," ODWC staff received a better understanding of state policy and procedure and the purchase card administrator's responsibilities and began focusing efforts on overall management of the purchase card program by implementing additional purchase card training, electronic processes, auditing a random selection of monthly statements and receipts, drafting quarterly recommendations for continuing justification and need of current cardholders, and drafting edits for internal purchase card procedures and policies. Based on this finding and recommendation, ODWC will focus efforts over the next few months to reduce the unnecessary risk on the agency and the cardholder's by reducing spending limits based on agency needs, individual cardholder needs, and past usage.

## **[Finding 20-320-02: IT Purchases](#)**

**Condition:** During the substantive testwork phase of the audit, four information technology (IT) transactions out of seven (57% unit error rate and 14% expenditure error rate) were noted as purchases for hardware that are not listed on the Office of Management and Enterprise Services (OMES) – Information Services Approved Hardware/Software list. Prior to March 1, 2020, there were two transactions not on the Approved Hardware/Software list. After March 1, 2020, there were two transactions neither on the Approved Hardware/Software list nor approved on an individual ePro for IT purchases.

During testing, we used the Approved Hardware/Software list posted on the OMES website on Sept. 1, 2020. Information Services does not archive previous Approved Hardware/Software lists; therefore, the list for items at the time of purchase is unobtainable.

Transaction number	Item total	Vendor name	Purchase date	Post date	Card last 4 digits
TXN01249006	\$13.99	Amazon	06/09/2019	06/10/2019	1599
TXN01312315	\$899.98	Amazon	10/23/2019	10/24/2019	0058
TXN01390634	\$160.27	Amazon	05/05/2020	05/06/2020	1061
TXN01391618	\$843.80	Gateway Com	05/07/2020	05/08/2020	1061
<b>Total</b>	<b>\$1,918.04</b>				

Additionally, two non-hardware/non-software IT transactions out of two tested were noted as purchases for services that were neither included on the IT authority order nor supported by individual ePro. IT services or items that are not hardware or software should be estimated and included in the IT authority order or change order of the IT authority order. Also, an individual ePro can be used for non-hardware/non-software IT purchases but is not recommend.

Transaction number	Item total	Vendor name	Purchase date	Post date	Card last 4 digits
TXN01354179	\$66.57	Vyve Broadband	02/04/2020	02/05/2020	9274
TXN01367295	\$278.00	Suggestion Ox	03/04/2020	03/05/2020	1061
<b>Total</b>	<b>\$344.57</b>				

Finally, five IT transactions out of nine (56% unit error rate and 82% expenditure error rate) were noted for not having a completed IT Acquisition Request form per ODWC's approved internal purchasing procedures.

Transaction number	Item total	Vendor name	Purchase date	Post date	Card last 4 digits
TXN01249006	\$13.99	Amazon	06/09/2019	06/10/2019	1599
TXN01312315	\$899.98	Amazon	10/23/2019	10/24/2019	0058
TXN01329285	\$2,403.50	B&H Photo	12/04/2019	12/05/2019	1599
TXN01354179	\$66.57	Vyve Broadband	02/04/2020	02/05/2020	9274

Transaction number	Item total	Vendor name	Purchase date	Post date	Card last 4 digits
TXN01391174	\$8,160.00	Grainger	05/06/2020	05/07/2020	3602
<b>Total</b>	<b>\$11,544.04</b>				

**Cause:** Purchasing IT services and products with the state purchase card is confusing, and the requirements can be difficult to understand. State purchase card procedures for IT purchases were revised to include individual ePro as an option after March 1, 2020, for hardware/software items.

**Effect or potential effect:** Purchase card holders and agency administration will most likely abandon or significantly reduce the state purchase card's use to procure IT items costing the state approximately \$300 to \$500 per transaction in rebates and costs related to resources for processing the acquisition, including state employees time. The additional cost, loss of savings and added resources is absorbed through non-IT funding.

**Criteria:** The **State of Oklahoma Policy and Procedures for Purchase Card § 7.11, Information Technology** released Jan. 5, 2019, states:

IT purchases shall be made in accordance with Title 62 O.S. § 34.12.B and the IT Standards and Policies located at <https://omes.ok.gov/services/information-services/policy-standards-publications>. All hardware and software acquisitions must be on the *Approved Hardware/Software* list located on the above website. **All IT purchases exceeding \$5,000 must be listed on a statewide contract.** IT acquisitions shall comply with the applicable Oklahoma Information Technology Accessibility Standards issued by OMES, also available on the above website.

Refer to Title 62 O.S. § 34.12.B. and the Central Purchasing Rules (OMES Administrative Rules, OAC 260:115-7-54) for rules and procedures regarding information technology acquisitions and exceptions at <http://omes.ok.gov/sites/g/files/gmc316/f/CentralPurchasingRules.pdf> and to the Procurement Information Memorandum 06292015 for Delegation of Authority from CIO for Certain IT Procurement Purchases at [https://www.ok.gov/dcs/searchdocs/app/manage\\_documents.php?att\\_id=16401](https://www.ok.gov/dcs/searchdocs/app/manage_documents.php?att_id=16401). IT & Telecom services and repairs are not included in this delegation of authority.

IT & Telecom services and repairs are **not** listed on the *Approved Hardware/Software* list, although they may be included in the contract covering the items on the list. The annual cost of services and repairs should be estimated and included on the IT authority order. Single transactions for IT repairs and services are capped at \$5,000 unless listed on a statewide contract.

Additional information regarding IT procurement may be obtained from the agency's IT strategist and account executive. The *Partnering with OMES IS Contact List* is located under Resources at <http://omes.ok.gov/services/information-services/partnering-with-information-services>.

The **State of Oklahoma Policy and Procedures for Purchase Card § 7.13, Information Technology** released March 1, 2020, states:

IT purchases shall be made in accordance with Title 62 O.S. § 34.12.B and the IT Standards and Policies located at <https://omes.ok.gov/services/information-services/policy-standards-publications>. All hardware and software acquisitions must be on the *Approved Hardware/Software* list located on the above website, or be approved by IT through the ePro process. **All IT purchases exceeding the statutory single transaction limit must be listed on a statewide contract.** IT acquisitions shall comply with the applicable Oklahoma Information Technology Accessibility Standards issued by OMES, also available on the above website.

Refer to Title 62 O.S. § 34.12.B. and the Central Purchasing Rules (OMES Administrative Rules, OAC 260:115-7-54) for rules and procedures regarding information technology acquisitions and exceptions at <https://omes.ok.gov/services/purchasing/purchasing-processes-rules-statutes> and to the Procurement Information Memorandum Delegation of Authority at [https://www.ok.gov/dcs/searchdocs/app/manage\\_documents.php?id=1482](https://www.ok.gov/dcs/searchdocs/app/manage_documents.php?id=1482). IT & Telecom services and repairs are not included in this delegation of authority.

IT & Telecom services and repairs are not listed on the *Approved Hardware/Software* list, although they may be included in the contract covering the items on the list. The annual cost of services and repairs should be estimated and included on the IT authority order. Single transactions for IT repairs and services are capped at the statutory single transaction limit unless listed on a statewide contract.

Additional information regarding IT procurement may be obtained from the agency's IT strategist and account executive. The *Partnering with OMES IS Contact List* is located under Resources at <http://omes.ok.gov/services/information-services/partnering-with-information-services>.

The **Oklahoma Statute Title 62 O.S. § 34.12.B - Duties of Information Services Division** states:

No agency of the executive branch of the state shall use state funds for or enter into any agreement for the acquisition of any category of computer hardware, software or any contract for information technology or telecommunication services and equipment, service costs, maintenance costs, or any other costs or fees associated with the acquisition of the services or equipment, without written authorization of the Chief Information Officer or a designee except the following:

1. A purchase less than or equal to Five Thousand Dollars (\$5,000.00) if such product is purchased using a state purchase card and the product is listed on either the Approved Hardware or Approved Software list located on the Office of Management and Enterprise Services website; or
2. A purchase over Five Thousand Dollars (\$5,000.00) and less than or equal to Twenty-five Thousand Dollars (\$25,000.00) if such product is purchased using a state purchase card, the product is listed on an information technology or telecommunications statewide contract, and the product is listed on either the Approved Hardware or Approved Software list located on the Office of Management and Enterprise Services website.

The **Oklahoma Department of Wildlife Purchasing Policy § 5.E.** states:

For ALL computer hardware, software, memory and storage devices, telecommunication & cellular services, multi-function copiers, telecommunication & cellular equipment, radios, and audio/visual (AN) equipment the procedure is as follows:

- a. the employee will prepare an IT Acquisition Request Form, signed by the employee's direct Supervisor, and submit along with supporting documentation (i.e. quotes, lease agreements, supplier list, etc.) to the Department CPO;
- b. the Department IT Supervisor will verify and approve the acquisition meets all Office of Management and Enterprise Services (OMES) requirements;
- c. the Department Accounting Supervisor will verify and approve budgeted funds are available for the purchase; and
- d. once all approvals have been obtained by the Department CPO, the Department CPO will make the purchase of the equipment in compliance of all applicable State laws.



**Recommendation:** We recommend the state purchasing director revise, simplify, and streamline the IT purchasing process and procedures for purchase cards. IT purchases that are common or used by multiple agencies can be streamlined and simplified by preapproving products, software and services one time for all agencies over an extended period. The current procedures allow for preapproval using the approved hardware/software list; however, the list is not comprehensive. Software, including maintenance agreements, are removed from the list after 365 days; therefore, the individual approval process is redundant due to requiring the process to be performed each year for multiple agencies using the same software. In addition, an archived record of the list is not retained, which does not allow for a review against the list at the time of purchase.

The majority of the time, IT purchases are not included on the hardware/software list or listed on the agency's IT authority order at the beginning of the year. The agency is left with performing an individual ePro (requisition/IT preapproval) request routed through the agency and OMES IT for preapproval. The ePro workflow is very similar for a \$5 purchase compared to a \$45,000 purchase. The ePro request double encumbers agency funds when the agency chooses to use the state purchase card; therefore, tying up agency non-IT budgets. The agency can set the ePro to be encumbered directly from the IT purchase card authority order; however, a line item is created each time an IT purchase is made with the purchase card, which creates hundreds of lines on the authority order. The efficiencies gained by using the purchase card are offset by this process and are counterproductive. This is not a feasible solution to the problem. If an item goes through the individual ePro process, the items are not added to the hardware/software list unless the agency specifically makes the request. At one point, hardware/software items are added to the hardware/software list but are later removed, unknown to the agencies. The individual preapproval process then repeats itself.

It is important to mention that IT items are on statewide IT contracts but not on the hardware/software list. The buyer cannot make this purchase with the purchase card since the item is not on both, without performing an individual ePro, when the purchase exceeds \$5,000. A different scenario exists for non-hardware/software items that are on statewide contracts. These purchases still require an individual ePro, alleviating efficiencies obtained through creating the statewide contract. After the IT consolidation, there was no identified method for using the state purchase card to obtain IT items until the hardware/software list option was added in 2015. On March 1, 2020, the individual ePro option was added to the state purchase card procedures. The purchasing method for non-hardware/software IT purchases has not been mentioned within the procedures.

The rules and process for emergency IT purchase card purchases are no different from non-emergency transactions, with the exception of the executive order that only increased the limit that can be used. The same process is used. For example, the agency needs webcams and headsets due to COVID-19. The agency must go through the same process for this emergency IT purchase in a time of need. Non-compliance is inevitable in these

circumstances due to the agency has to choose between timely meeting the emergency or using an extensive preapproval process.

Communication is another factor in the procurement process. Confusion is generated when the IT strategist, IT account manager, purchase card administration and others provide different answers to purchasing IT items. Communication can be affected by the number of options available to make an IT purchase using the state purchase card. When answers are provided without all the options mentioned, they can differ depending on who you ask. The current options are:

1. Make a direct purchase when the item is listed on the Approved Hardware/Software list.
2. Submit a help ticket to have the item placed on the Approved Hardware/Software list, then make the purchase directly to the vendor once the item has been added to the list.
3. Add the item or service to the IT Authority Order at the beginning of the year, then make the purchase directly to the vendor.
4. Add the item or service using a change order to the IT AO during the year, then make the purchase directly to the vendor.
5. Obtain an individual ePro prior to making the IT purchase.
6. Obtain an ePro charged to the agency's IT AO, creating a new line for each individual IT purchase made.

Guidance has also been given to agencies stating they do not have to process the IT item through OMES. This is not one of the available purchasing options or methods. Delegation to individually exempt IT purchases from OMES preapproval oversight has not been granted. Miscommunication and misunderstandings can be attributed to a lack of training on the subject.

In addition, we recommend that state policy and procedures for purchasing IT products and services with the state purchase card be reviewed to ensure approvals consider the method, timing and need of purchase. More education on this topic is advised to communicate the requirements and processes to individuals involved in IT purchases with the purchase card.

In final, we recommend the agency adhere to its management's internal purchasing procedures by completing an IT acquisition request form for IT purchases. We further recommend the agency review and evaluate its internal purchasing procedures to determine if the completion of an internal IT acquisition request form for IT purchases made with the state purchase card is a necessary, effective and efficient process for IT purchase card purchases. After the review and evaluation, the agency may deem it necessary to revise the internal purchasing procedures. If so, the agency should submit the updated procedures to Central Purchasing for approval.

### **Management's response**

**Date:** Nov. 2, 2020

**Respondent:** Chief financial officer and chief of administration

**Response:** Concur

ODWC concurs that internal purchasing policy is not in line with our current purchasing practices. However, in regards to the items purchased outside of the approved hardware/software list, ODWC has provided a list of IT purchases with the purchase card authority order each year prior to making the purchases. There was some confusion on our part regarding the approved hardware/software list. ODWC was operating with the understanding that if it an item was approved on our annual IT purchase plan to issued our p/card AO we could use the p/card to purchase regardless of the item being on the approved list.

### **Corrective action plan**

**Contact person:** Purchase card administrator

**Anticipated completion date:** Immediately; internal purchasing policy updates anticipated to be completed by Jan. 31, 2021.

**Corrective action planned:**

ODWC accounting staff will continue efforts in revising internal purchasing policy to ensure they are effective and efficient purchasing processes for IT purchases and all other purchases and in line with Central Purchasing rules. We now have a better understanding of how to purchase items that are not on the approved hardware/software list. We've already educated the ODWC CPO's that the agency is not allowed to utilize the purchase card to procure items not on the approved hardware/software list and will ensure that IT purchases are made using one of the six options listed above. ODWC is already preparing for updates to its' internal purchasing policy, but waiting on updated guidance from OMES regarding SB 1422 going into effect November 1st. We will address the purchasing process and required documentation for purchases made by the IT Supervisor directly and IT purchases made via p/card by the ODWC CPO's.

## 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 (\$)
<b>Total expenditures:</b>	<b>9,043</b>	<b>\$2,315,104.78</b>
Reverse transactions	176	\$0.00
Agent fees	90	\$1,049.50
Negative transactions	116	11,055.41
<b>Filtered population:</b>	<b>8,661</b>	<b>\$2,325,110.69</b>
<b>Subpopulations:</b>		
IT	112	\$65,927.88
Airfare	77	\$36,379.07
Lodging	136	\$48,950.29
Over \$5,000	10	\$62,736.29
Under \$5,000	8,326	\$2,111,117.16
<b>Total:</b>	<b>8,661</b>	<b>\$2,325,110.69</b>
<b>Samples:</b>		
IT	5	\$11,544.04
Airfare	3	\$1,600.83
Lodging	3	\$924.23
Over \$5,000	2	\$11,484.52
Under \$5,000	40	\$32,105.72
Auditor's discretion	36	\$8,967.22
<b>Total:</b>	<b>89</b>	<b>\$66,626.56</b>

## EXECUTIVE SUMMARY

### Department of Wildlife Conservation

**Mission statement:** The department’s mission is to manage and protect fish and wildlife, along with their habitats, while also growing our community of hunters and anglers, partnering with those who love the outdoors, and fostering stewardship with those who care for the land.

**History and overview:** The Oklahoma Department of Wildlife Conservation, or ODWC, is the agency responsible for managing fish and wildlife in the state. The Wildlife Department was created as a one-man agency in 1909. The first hunting license cost \$1.25 to fund the Department, setting the precedent of a non-appropriated, user-pay/user-benefit agency. In 1956, state voters passed a constitutional amendment establishing the Oklahoma Department of Wildlife Conservation as the constitutional agency it is today. The amendment was enacted in 1957, and the first board of commissioners was created to oversee the Department’s operation. ODWC issues hunting and fishing licenses, and provides important information about outdoor recreation to the public. ODWC enforces rules and regulations, and has numerous programs to provide healthy resources and to satisfy customers. ODWC receives no general state tax appropriations and is funded by sportsmen and women through their purchase of hunting and fishing licenses, as well as, federal Wildlife and Sportfish Restoration Program grants that are a direct result of outdoor enthusiasts who purchase firearms, ammunition, fishing equipment, and motor boat fuel.

### Agency information

The agency is made up of 353 unclassified and 59 temporary employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of Sept. 1, 2020.

### Commission members

**Bruce Mabrey**, Chairman

**Robert Hughes**, Vice-Chairman

**Leigh Gaddis**, Secretary

**Bill Brewster**, Member

**James Barwick**, Member

**Chad Dillingham**, Member

**John Zelbst**, Member

**Rick Holder**, Member



## Key staff

**James Strong**, Director

**Amanda Storck**, Chief Financial Officer and Chief of Administration (as of Dec. 1, 2019)

**Melinda Sturgess-Streich**, Assistant Director of Administration and Finance (preceding Oct. 31, 2019)

**Lindsey Presley**, Accounting Supervisor, Backup Purchase Card Administrator

**Amanda Thomas**, Accountant, Purchase Card Administrator (as of Dec. 1, 2019)

**Cheryl Luetkemeyer**, Certified Purchasing Officer, Purchase Card Administrator (preceding Dec. 1, 2019), Backup Purchase Card Administrator (as of Dec. 1, 2019)