

STATE OF OKLAHOMA



OKLAHOMA
**Office of Management
& Enterprise Services**

**Oklahoma Department of Wildlife
Conservation**
Procurement Audit

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Central Purchasing Audit

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AUDIT SUMMARY

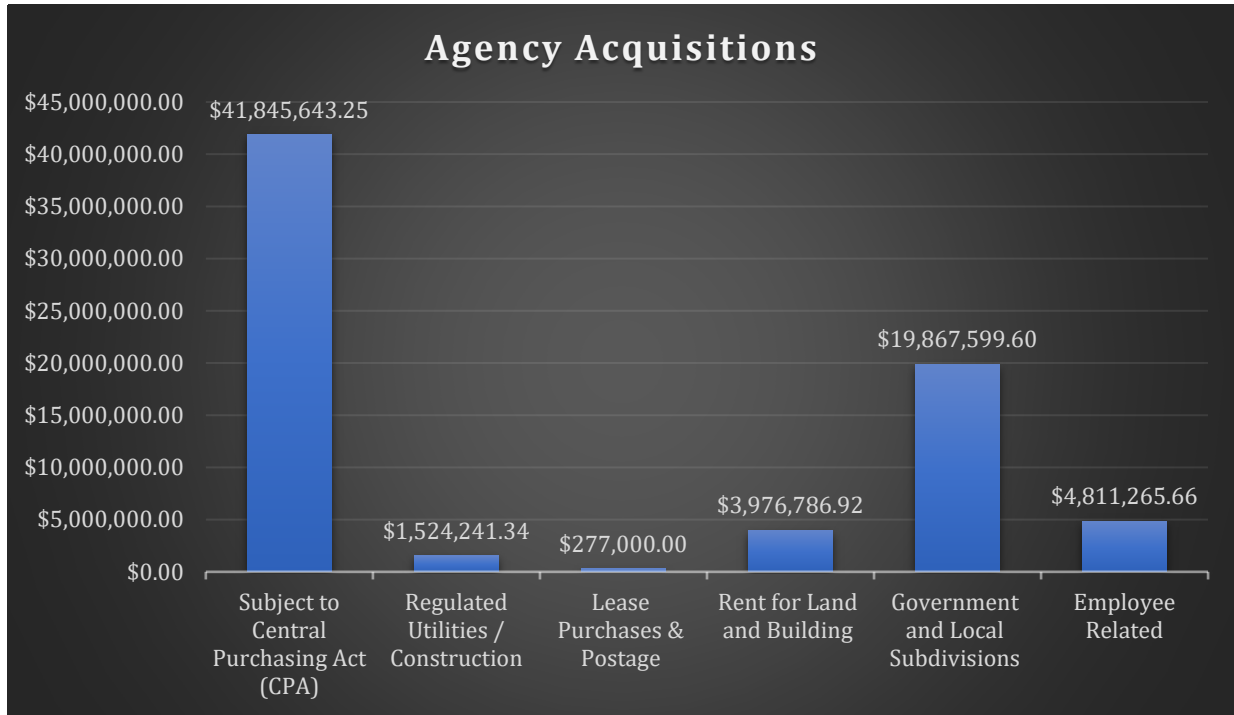
Oklahoma Department of Wildlife Conservation (ODWC) – Procurement Audit

Why we conducted this audit

This report provides information on the agency’s compliance with the Central Purchasing Act (CPA), Oklahoma Administrative Code 260 §115, the agency’s approved internal purchasing procedures, and the strength and execution of the agency’s purchasing internal control structure.

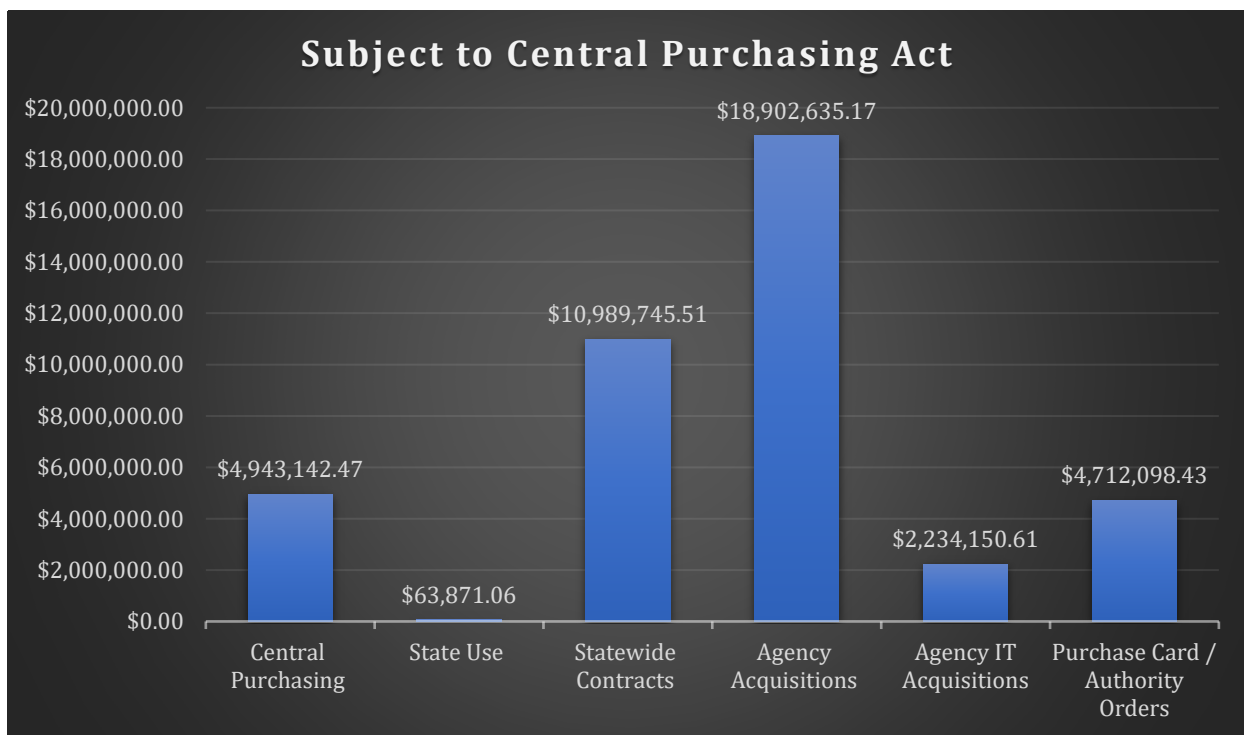
Summary of acquisitions

In total, ODWC processed 1,191 acquisitions during the audit period from January 1, 2021 to January 24, 2022. Acquisitions were obtained by compiling non-cancelled purchase orders, expenditures with no purchase order number, and audit period expenditures on prior-to-audit-period purchase orders totaling \$72,302,536.77. Acquisitions were then separated into the following categories: subject to Central Purchasing Act (CPA); regulated utilities and construction; lease purchases and postage; rent for land and building; government and local subdivisions; and employee related expenses. The agency’s acquisitions subject to the Central Purchasing Act totaled \$41,845,643.25. The remaining acquisition categories are not subject to the Central Purchasing Act; therefore, they were not included in the audit. The chart below depicts agency acquisitions by category during the audit period.



Purchasing delegated to the agency

The agency's acquisitions subject to the Central Purchasing Act total \$41,845,643.25. The primary focus of our audit was the purchases delegated to the agency through the state purchasing director. The delegated purchases included agency open market acquisitions, service contracts (including Title 18 professional services contracts), sole source/sole brand acquisitions, and fixed rate contracts. The agency's acquisition responsibility for purchases processed in association with the audit period, in accordance with the Central Purchasing Act was \$18,902,635.17. Agency IT acquisitions were immaterial to the acquisition population; therefore, these acquisitions were not tested. This amount does not include purchase card transactions. A separate audit was performed for purchase card transactions. We tested 14% of agency open market acquisitions (53% of open market expenditures). We used the classic variable sampling method to extract a sample of acquisitions from the following threshold categories: \$0 to \$25,000, \$25,000.01 to \$50,000, and greater than \$50,000. The acquisitions performed by the agency in relation to purchases subject to the Central Purchasing Act are categorized in the chart below.



What we found

Analytical testwork was performed during the planning stage, internal control interviews were completed, and 44 acquisitions were tested against compliance requirements. One formal finding was written, and we have determined that the agency significantly complied with the Central Purchasing Act and the Oklahoma Administrative Code 260 §115.

Additionally, we determined that the agency significantly complied with the agency’s internal purchasing procedures.

Agency accomplishments

We would like to commend ODWC for its internal controls and administrative processes throughout the procurement process. During the audit period, the agency has excelled in creating an effective internal requisitions submission and approval process. All purchases require an internal purchasing requisition designed to collect relevant information concerning the purchase request and to ensure the required approvals are obtained by routing the requisition through the appropriate levels of management. This process significantly reduces the risk of prohibited or non-compliant purchases within the agency. Additionally, we commend the agency for their proactivity and willingness to improve their procurement program. The agency has exceptionally responsive and well-organized procurement officers who diligently oversee the program.

AUDIT FINDING SUMMARY

Finding 22-320-01: State Agency Requisitions to OMES Purchasing Division:

One acquisition file out of one (100% error rate) did not contain the State Purchasing Director’s approval for change orders that increased the total contract to an amount greater than the agency’s authority order limit of \$50,000.

DETAILED FINDINGS

Finding 22-320-01: State Agency Requisitions to OMES Purchasing Division:

Condition: During the substantive testwork phase of the audit, one acquisition file out of one (100% error rate) did not contain the State Purchasing Director’s approval for change orders that increased the total contract to an amount greater than the agency’s authority order limit of \$50,000 prior to October 26, 2021. The agency was approved for an increased threshold of \$100,000 as of October 26, 2021.

#	PO NUMBER	PO AMOUNT	CHANGE ORDER AMOUNT	SUPPLIER NAME	PO DATE	CHANGE ORDER
1	3209005765	\$11,200.00	\$11,200.00	LYDDON AERO CENTER	08/19/2014	0
		\$22,400.00	\$11,200.00		05/21/2015	1
		\$18,952.00	(\$3,448.00)		07/27/2016	2
		\$26,752.00	\$7,800.00		08/09/2016	3
		\$36,352.00	\$9,600.00		08/17/2017	4
		\$47,552.00	\$11,200.00		08/22/2018	5



#	PO NUMBER	PO AMOUNT	CHANGE ORDER AMOUNT	SUPPLIER NAME	PO DATE	CHANGE ORDER
		\$57,152.00	\$9,600.00		07/19/2019	6
		\$49,627.00	(\$7,525.00)		07/01/2020	7
		\$59,227.00	\$9,600.00		07/29/2020	8
		\$68,827.00	\$9,600.00		07/06/2021	9

Cause: Unknown.

Effect or potential effect: There is an increased risk that change orders can be made without proper approval leading to the potential of one individual controlling and approving the change without oversight by the proper authority allowing for the opportunity of abuse and misuse to exist.

Criteria: The **Oklahoma Administrative Code Title 260 § 115-5-11. – State agency requisitions to OMES Purchasing Division** states:

- A state agency shall submit a requisition to the OMES Purchasing Division whenever:
- (1) the agency does not have a CPO and/or approved internal purchasing procedures pursuant to the requirements of 260:115-5-3 and 260:115-5-7 and an acquisition exceeds Twenty-Five Thousand Dollars (\$25,000.00);
 - (2) the agency's acquisition authority has been reduced by the State Purchasing Director and the acquisition exceeds the dollar amount of the reduced acquisition authority;
 - (3) an acquisition exceeds the state agency's acquisition authority or
 - (4) a change order for a state agency acquisition would increase the total contract dollar amount above the agency's acquisition authority.

Recommendation: We recommend the agency develop and implement a process to ensure all documentation, including all change orders, are approved by the proper designated official in accordance with Oklahoma statutes and rules. An acquisition checklist can be helpful if put in each acquisition file to ensure all requirements have been satisfied.

Management’s response

Date: March 30,2022

Respondent: Accounting supervisor

Response: Concur

This purchase order was issued using a sole source document that was approved by the ODWC Director. It wasn’t until change order number 6 that the total amount of the purchase order exceeded our agency acquisition authority. Each FY individually did not go over the statutory amount but as a whole it did. All change order still go through proper approvals in-house prior to the CPO adding additional funding to the purchase order. ODWC did not break separation of duties but once the CPO received

a change order that put the total over \$50K, policy was to send to Central Purchasing to process. Therefore, we concur with this finding.

Corrective action plan

Contact person: Accounting supervisor

Anticipated completion date: March 30, 2022

Corrective action planned: CPO's have been coached to verify that ODWC is not exceed statutory limits on purchase orders with multiple fiscal years on it. This is a step that has been added to the purchasing checklists currently in use.

APPENDIX

Methodology

- Interviews were conducted with the agency’s staff members.
- Internal controls over the procurement program were documented and evaluated.
- Procurement acquisitions were examined.
- A statistical sample of acquisitions was examined.
- Overall program compliance with the rules related to the audit objectives was evaluated.

Sampling

We used IDEA data analysis software to categorize and sample units to be tested. Below is the table depicting the sampling size per stratified category for the standard procurement acquisitions. The total population for substantive testwork was 321 acquisitions totaling \$18,902,635.17. The total sampled population for substantive testwork was 44 acquisitions totaling \$10,025,065.56. Amounts reported in the chart below are based on the initial classification within each acquisition threshold.

	Acquisitions	Amount (\$)
Filtered population:	321	\$18,902,635.17
Subpopulations:		
\$0 to \$25,000	218	\$2,032,675.68
\$25,000.01 to Agency’s Purchase Limit	45	\$1,763,018.27
Greater than Agency’s Purchase Limit	58	\$15,106,941.22
Total:	321	\$18,902,635.17
Samples:		
\$0 to \$25,000	15	\$181,331.50
\$25,000.01 to Agency’s Purchase Limit	9	\$357,503.09
Greater than Agency’s Purchase Limit	13	\$9,004,915.97
Auditor’s discretion	7	\$481,315.00
Total:	44	\$10,025,065.56

EXECUTIVE SUMMARY

Organization: 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 325 unclassified and 59 temporary employees according to the [Oklahoma Agencies, Boards and Commissions Book](#) as of September 1, 2020.

Board members

Leigh Gaddis, Chairwoman

James Barwick, Vice-Chairman

Rick Holder, Secretary

Bruce Mabrey, Member

Bill Brewster, Member

Chad Dillingham, Member

John Zelbst, Member

Jess Kane, Member

Key staff

J.D. Strong, Director

Amanda Storck, Chief Financial Officer and Chief of Administration

Lindsey Presley, Accounting Supervisor

Cheryl Luetkemeyer, Procurement Officer, Primary CPO

Adriana Bustamante, Procurement Officer, CPO

Amanda Thomas, Accountant, CPO