

OKLAHOMA ARTS COUNCIL

FOR THE PERIOD
JANUARY 1, 2008 THROUGH
JUNE 30, 2009

OPERATIONAL AUDIT



Oklahoma State Auditor
& Inspector

**Audit Report of the
Oklahoma Arts Council**

**For the Period
January 1, 2008 through June 30, 2009**

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

May 24, 2010

TO THE OKLAHOMA ARTS COUNCIL

This is the audit report of the Oklahoma Arts Council for the period January 1, 2008 through June 30, 2009. The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

Background

The Oklahoma Arts Council (the Agency):

- Awards matching grants to cultural organizations, schools and local governments in order to increase resources available to non-profit organizations producing community arts and arts education programs throughout Oklahoma;
- Supports opportunities for all Oklahomans to create, perform or attend arts activities;
- Raises public awareness about the value of the arts to the economic, educational, and cultural life of Oklahoma. The arts produce jobs and attract out-of-state tourists and directly improve Oklahoma’s economy; and
- Fosters education through the arts and supports efforts to implement the arts as part of the core curriculum for all students in every Oklahoma school.

Oversight is provided by 15 council members (Council) appointed by the governor. They serve three year terms.

Council members are:

Kym Koch Thompson	Chair
Nance Diamond	Vice-Chair
Lona Barrick	Member
Sharon King Davis.....	Member
Saundra Evans	Member
Dr. Jan Ralls Henry.....	Member
Will K. Jones.	Member
Brenda McDaniel	Member
Leona Mitchell	Member
James Pickel	Member
Jeannette Sias	Member
James R. Tolbert III	Member
Bill Andoe	Member
Mary Jane Wade	Member
Wanda Westheimer	Member

**Oklahoma Arts Council
Operational Audit**

Table 1 summarizes the Agency's sources and uses of funds for state fiscal years 2008 and 2009 (July 1, 2007 through June 30, 2009).

Table 1 - Sources and Uses of Funds for SFY 2008 and SFY 2009

	2008	2009
Sources:		
State Appropriations	\$ 5,144,742	\$ 5,150,958
Federal Grants-In-Aid	712,300	610,800
Inter Agency Grants-Non-Federal	175,085	175,085
Other	102	1,381
Total Sources	<u>\$ 6,032,229</u>	<u>\$ 5,938,224</u>
Uses:		
Personnel Services	\$ 1,055,563	\$ 1,042,143
Professional Services	37,916	22,928
Travel Reimbursements	25,991	42,517
Travel-Agency Direct Payments	16,696	25,912
Miscellaneous Administrative	79,562	78,937
Rent Expense	28,821	31,128
Maintenance and Repair Expense	150	10,210
General Operating Expenses	22,901	36,064
Office Furniture and Equipment	18,280	29,002
Program Reimbursement,Litigation Costs	24,950	2,330
Payments-Local Government, Non-Profit	3,978,537	4,259,778
Assistance Payments to Agencies	194,507	208,820
Other	2,153	2,283
Total Uses	<u>\$ 5,486,027</u>	<u>\$ 5,792,052</u>

Source: PeopleSoft Accounting System (unaudited, for informational purposes only)

**Purpose, Scope, and
Sample Methodology**

This audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector's Office to audit the books and accounts of state officers whose duty it is to collect, disburse or manage funds of the state and 53 O.S. § 167 which requires the State Auditor and Inspector's Office to audit the State Arts Council fund.¹

The audit period covered was January 1, 2008 through June 30, 2009.

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit

¹ This fund was inactive during the audit period.

objectives. This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Objective 1 - To determine if the Agency's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records.

Conclusion The Agency's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records.

Methodology To accomplish our objective, we performed the following:

- Documented internal controls related to the expenditure (including payroll) process which included discussions with Agency personnel, observation, and review of documents;
- Tested controls which included:
 - Determining if the employee responsible for approving the requisition (if applicable), purchase order (if applicable), packing slip (if applicable) and invoice is independent of the claim posting process;
 - Testing a random sample of 25 claims (15 miscellaneous claims totaling \$4,659.51 and 10 grant payments totaling \$46,781) to ensure:
 - Miscellaneous expenditures – the invoice was approved by the finance director, the invoice, requisition, and purchase order agreed to the packing slip and all had appropriate signatures, the invoice and claim jacket were mathematically accurate, the correct account code was used, and the expenditure was reasonable given the mission of the Agency;
 - Grant payments - an invoice was present and agreed to the supporting documentation, the invoice and claim jacket were mathematically accurate, the correct account code was used, and the expenditure was reasonable given the mission of the Agency.
 - Ensuring all applicable data from the claims tested in the sample above were included in a warrant register signed and dated by the executive director;
 - Reviewing six randomly selected payroll claims to ensure they were signed by the executive director, the hours reported on the payroll claim agree to the employee's timesheet, the timesheets were signed by the employee, and were approved by the employee's supervisor;
 - Reviewing six payroll changes² from the audit period to ensure an OPM-14 was approved by the executive director or the finance director/Council if the change impacted the executive director; and
 - Determining the number of employees which separated from the Agency during the audit period. From these four employees³, we reviewed a payroll warrant register for the two months following their separation date to ensure the registers were signed and dated by the executive director and did not include the separated employee's name.

There were no exceptions noted as a result of the procedures performed.

² This represents all changes in the audit period based on review of PeopleSoft's HR actions report.

³ This represents all separations in the audit period based on review of PeopleSoft's HR actions report.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896**

WWW.SAI.OK.GOV