



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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STATE FIRE MARSHAL

JULY 1, 2003 THROUGH JUNE 30, 2004

JULY 1, 2004 THROUGH JUNE 30, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

State Fire Marshal
Agreed-Upon Procedures Report
For the Periods
July 1, 2003 to June 30, 2004
July 1, 2004 to June 30, 2005



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

June 2, 2006

TO THE BOARD OF DIRECTORS OF STATE FIRE MARSHAL

Transmitted herewith is the report on agreed-upon procedures of the State Fire Marshal.

The Office of the State Auditor and Inspector is committed to serve 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,

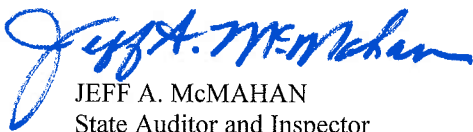

JEFF A. McMAHAN
State Auditor and Inspector

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Background

To promote safety and awareness and reduce the loss of lives and property to the citizens and businesses of Oklahoma through public education, investigations, inspections, building plan reviews, code enforcement and statistical data collection.

Board Members

HAROLD CREW CHAIRMAN
TOM BAKER VICE-CHAIRMAN
JERRY BOWER MEMBER
C.A. LACROIX MEMBER
KELLEY MATTOCKS MEMBER
MICHAEL ANDERSON MEMBER
JACKIE CARNER MEMBER

Key Staff

ROBERT DOKE STATE FIRE MARSHAL
JERRY PRUNER ASSISTANT FIRE MARSHAL
SUSIE CAIN EXECUTIVE SECRETARY



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Robert Doke, State Fire Marshal
State Fire Marshal

We have performed the procedures enumerated below, which were agreed to by management of the State Fire Marshal, solely to assist you in evaluating the effectiveness of your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements and personal service cost budgetary comparisons are supported by underlying records for the period July 1, 2003 through June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We performed procedures over the State Fire Marshal's receipts and disbursements with respect to internal controls in the following areas to determine that:
 - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by an original invoice;
 - Timesheets were prepared by employees and approved by supervisory personnel;

During our review of internal controls over disbursements, we noted the person responsible for preparing expenditure claims and reconciling with OSF (recordkeeping functions), is the same person who is responsible for approving claims (authorization function). If duties are not adequately segregated, errors and irregularities may occur and not be detected in a timely manner. To prevent this from occurring, we recommend the agency have another individual authorize the payment claims to ensure duties are properly segregated.

Management response: The State Fire Marshal Agency is small. The Executive Secretary is the preparer of accounts payable vouchers, payroll claims, HR issues and budgeting. The Executive Secretary works directly with the Approving Official/Director and Assistant Director on all these matters to reduce the risk of error or fraud.

With respect to the other procedures applied, there were no findings.

2. We judgmentally selected 132 deposits and:

- Compared the Treasurer's deposit date to the agency deposit slip date to determine if dates were within two working days.
- Examined receipts to determine if they were pre-numbered and issued in numerical order.
- Compared cash/check composition of deposits to the receipts issued.
- Compared the total receipts issued to the deposit slip.
- Compared receipt dates to deposit slip dates.
- Examined receipts to determine if they were properly posted to the agency's accounting records.

During our review of deposits and receipts, we noted for fiscal year 2004, 33 of the 51 deposits tested were not deposited when receipts for the day were equal to or more than One Hundred Dollars (\$100.00). We noted for fiscal year 2005, 56 of the 81 deposits tested were not deposited when receipts for the day were equal to or more than One Hundred Dollars (\$100.00). We were also unable to view supporting documentation for one deposit for fiscal year 2004 and three deposits for fiscal year 2005. According to 62 O.S. § 7.1C1, receipts of One Hundred Dollars (\$100.00) or more shall be deposited on the same banking day as received. Therefore, we recommend the agency implement procedures to ensure compliance with 62 O.S. § 7.1C1.

Management response: As of July, 2005 the Agency has implemented the procedure of depositing all receipts of One Hundred Dollars (\$100.00) or more on the same banking day to ensure compliance with 62 O.S. § 7.1C1.

With respect to the other procedures applied, there were no findings.

3. We judgmentally selected 91 vouchers and:
 - Compared the voucher amount to the invoice amount;
 - Compared the voucher amount and payee to the CORE system;
 - Compared the nature of the purchase to the account code description to determine consistency.

There were no findings as a result of applying the comparisons.


4. We compared current year personnel service costs (accounts 511XXX, 512XXX, 513XXX) to current year budgeted costs to determine actual costs did not exceed budget.

There were no findings as a result of applying the comparisons.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, and disbursements for the agency. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We have also compiled a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system, which is presented in the "Other Information" section. The schedules, compiled for fiscal years 2004 and 2005 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, have been included for informational purposes only. A compilation is limited to presenting financial information that is the representation of management. We have not audited or reviewed the accompanying Schedules of Receipts, Disbursements, and Changes in Cash, and accordingly, do not express an opinion or any other form of assurance on them.

This report is intended solely for the information and use of management of the Board and should not be used for any other purpose. This report is also 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.


JEFF A. McMAHAN
State Auditor and Inspector

May 19, 2006

Other Information

State Fire Marshal

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2004 - UNAUDITED

RECEIPTS:

State Appropriations	\$	1,525,723
Copies of Other Documents		<u>546,400</u>
Total Receipts		<u>2,072,123</u>

DISBURSEMENTS:

Personnel Services	1,565,364
Rent Expense	132,028
Travel Expense	72,721
Misc. Administrative Expenses	67,752
Gen Operating/Shop/Production	18,621
Professional Services	18,082
Other	<u>6,129</u>
Total Disbursements	<u>1,880,697</u>

**RECEIPTS OVER (UNDER)
DISBURSEMENTS**

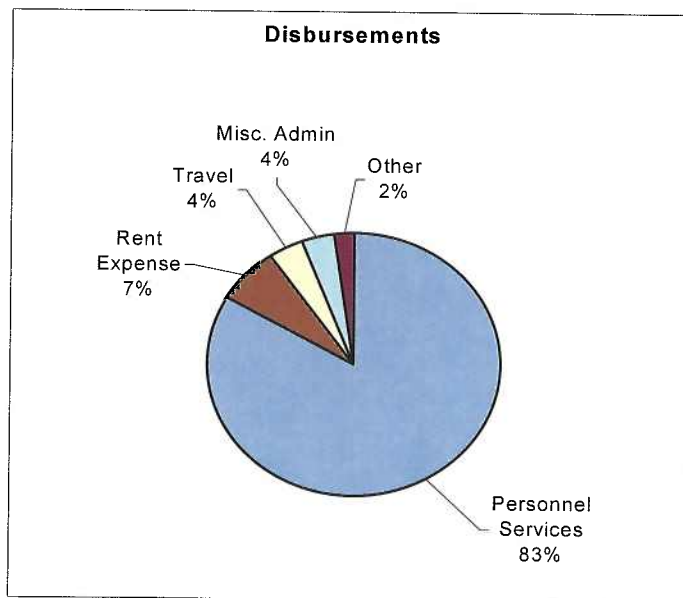
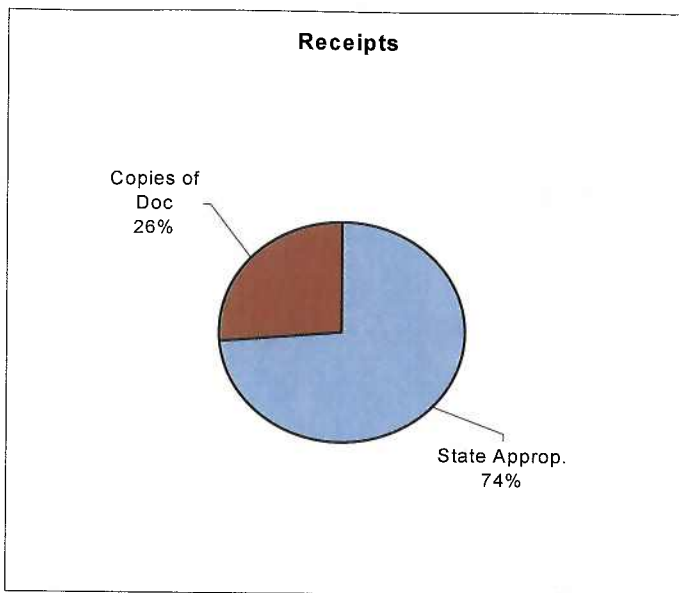
191,426

CASH - Beginning of year

284,985

CASH - End of year

\$ 476,411



See Independent Accountant's Report

Solely for the information and use by the management of the State Fire Marshal and not intended to be and should not be used by any other party.

State Fire Marshal

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FOR THE YEAR ENDED JUNE 30, 2005 - UNAUDITED**

RECEIPTS:

State Appropriations	\$	1,537,061
Copies of Other Documents		504,556
Federal Grants, etc.		<u>125,000</u>
Total Receipts		<u>2,166,617</u>

DISBURSEMENTS:

Personnel Services	1,566,803
Rent Expense	199,640
Travel Expense	12,864
Misc. Administrative Expenses	56,694
Office Furniture & Equipment	155,072
Gen Operating/Shop/Production	19,240
Professional Services	35,484
Other	<u>11,910</u>
Total Disbursements	<u>2,057,707</u>

**RECEIPTS OVER (UNDER)
DISBURSEMENTS**

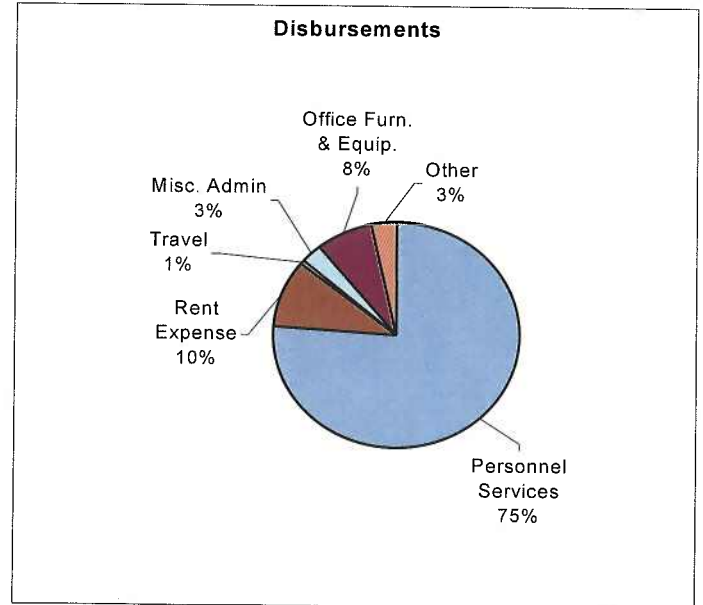
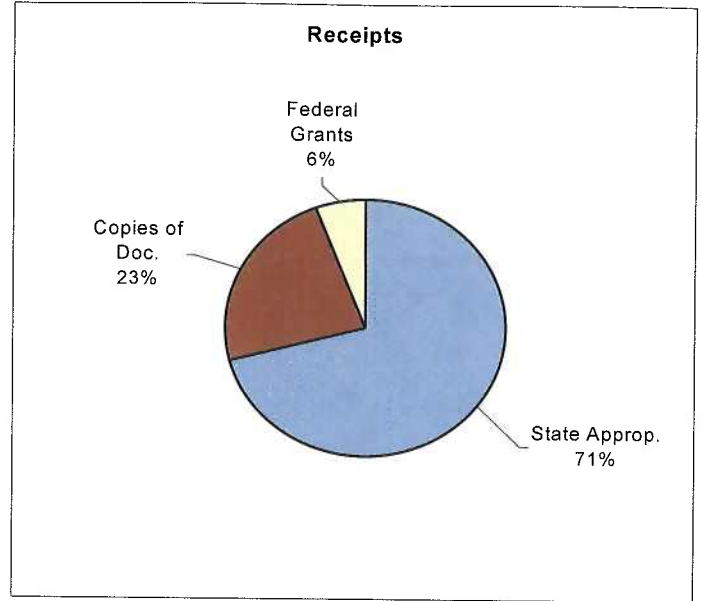
108,910

CASH - Beginning of year

476,411

CASH - End of year

\$ 585,321



See Independent Accountant's Report

Solely for the information and use by the management of the State Fire Marshal and not intended to be and should not be used by any other party.



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