



**STATE OF OKLAHOMA**  
**OFFICE OF THE STATE AUDITOR & INSPECTOR**

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**J.D. McCARTY**  
**CENTER**

*JULY 1, 2003 THROUGH JUNE 30, 2004*



**JEFF A. McMAHAN, CFE**  
**OKLAHOMA STATE AUDITOR & INSPECTOR**

J.D. McCarty Center  
Statutory Examination Report  
For the Period July 1, 2003 to June 30, 2004

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This publication is printed and issued by the State Auditor and Inspector, as required by 74 O.S. §212. Pursuant to 74 O.S. §3105, 5 copies have been prepared and distributed at a cost of \$4.35. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

June 27, 2005

**TO THE BOARD OF DIRECTORS OF THE J.D. MCCARTY CENTER**

Transmitted herewith is the Statutory Examination Report for the J.D. McCarty Center. The procedures we performed were conducted pursuant to 74 O.S. § 212.

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,

A handwritten signature in blue ink that reads "Jeff A. McMAHAN".

JEFF A. McMAHAN  
State Auditor and Inspector

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**Background**

The mission of J.D. McCarty Center for Children with Developmental Disabilities is to provide a comprehensive program of rehabilitative care to Oklahoma's citizens with disabilities.

**Board Members**

WILLIAM LOGAN ..... MEMBER  
JOHN KNIGHT ..... MEMBER  
JAMES SWENSON ..... MEMBER

**Key Staff**

CURTIS PETERS ..... DIRECTOR  
KEN YOUNKIN ..... COMPTROLLER



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**TO THE BOARD OF DIRECTORS OF THE J.D. McCARTY CENTER**

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for the fiscal year 2004:

1. We reviewed internal controls over cash, revenues and expenditures;
2. We tested a sample of deposits to determine they were properly posted to the financial records and had adequate supporting documentation;
3. We tested a sample of disbursements to determine they were properly posted to the financial records and had adequate supporting documentation;
4. We performed analytical procedures to test the reasonableness of payroll disbursements;
5. We performed procedures to ensure capital assets were present and properly recorded in the financial records.

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system. This schedule has been included for informational purposes only.

Our procedures were limited to those defined above and were less in scope than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the J.D. McCarty Center's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

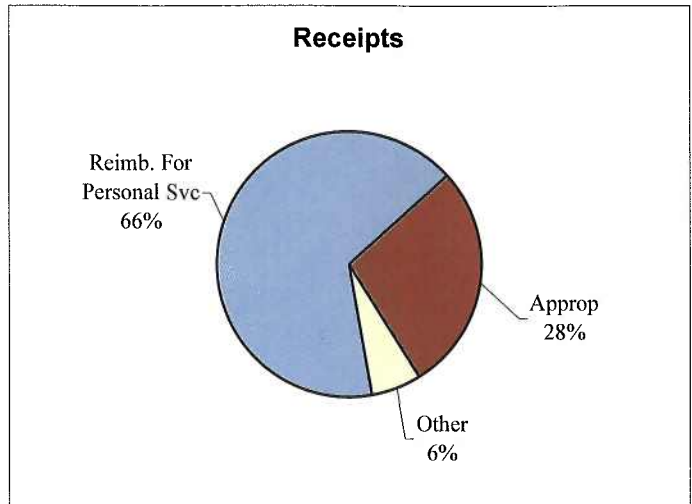
June 1, 2005

## J.D. McCarty Center

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

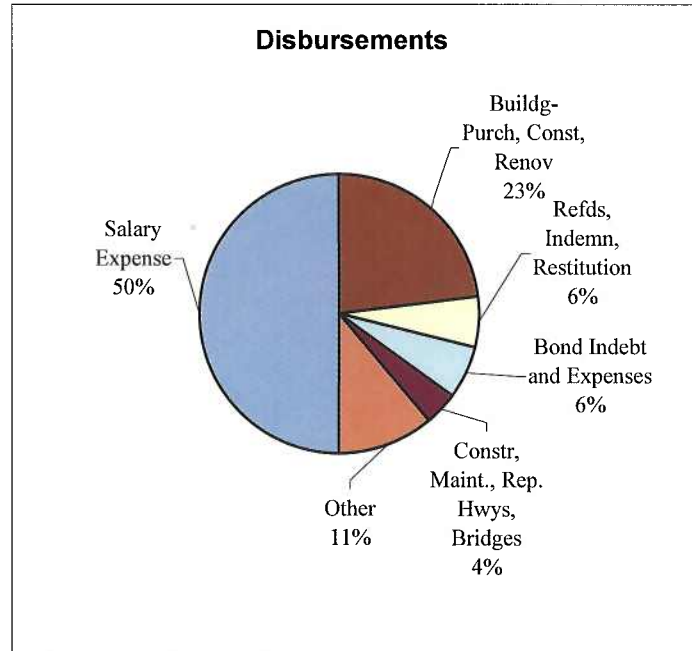
**RECEIPTS:**

Reimb. For Personal Services	6,720,909
Appropriations	2,791,563
Out Patient Health Services & Sales	475,402
Private Grants & Donations	64,735
Hospital Services	44,512
Other	28,264
Total Receipts	10,125,385



**DISBURSEMENTS:**

Salary Expense	5,696,586
Buildings-Purch., Const., Renov.	2,651,259
Refunds, Indemnities, Restitution	695,316
Bond Indebtedness and Expenses	652,145
Constr. Maint., Rep. Hwys, Bridges	448,875
Specialized Sup. & Mat. Expense	256,222
Professional Services	236,180
Misc. Administrative Expenses	208,667
Payments-Local Gov't, Non-Profits	186,543
Office Furniture and Equipment	139,078
Maintenace & Repair Expense	56,486
Travel	49,956
Rent	45,031
General Operating Expenses	20,929
Production, Safety, Security Expense	20,474
Other	9,800
Total Disbursements	11,373,547



**RECEIPTS OVER (UNDER)**

DISBURSEMENTS (1,248,162)

CASH - Beginning of year 4,932,671

CASH - End of year 3,684,509

## Findings/Recommendations

### Finding #1

During our review of internal controls over cash receipts, the agency indicated that they make deposits approximately six times per month regardless of the amount of money received each day. We noted that daily receipts could equal more than one hundred dollars. Receipts are stored in a locked safe until the next deposit is made. However, 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's Response:** The Finance Office has revised its internal procedures to prepare a deposit daily in accordance with the above statute. Mail will be obtained from the Post Office Box each morning and delivered to the center. A specific time has been set aside to prepare the deposit and a specific time has been designated for it to be taken to the bank daily when receipts equal or exceed \$100.

### Finding #2

During our review of capital assets, we found a copier listed on the asset schedule which had been traded-in for a new copier and a security system which had been sold as surplus. Additionally, we noted telemedicine conferencing equipment listed on the asset schedule that did not have an identification tag. Oklahoma Administrative Code 580: 65-5-1(c) states: An agency which is approved to dispose of state property shall be responsible for the removal of such property from the agency's official inventory records and submitting notification to the Risk Management Division of the Department, whenever applicable. 580: 70-5-1(a) states: An agency shall affix a unique identifier as an inventory tag to all tangible assets. To ensure compliance with the Oklahoma Administrative Code, reliability of the asset schedule, and safekeeping of assets, we recommend the agency adjust its records for the copier and security system and place an identification tag on the telemedicine conferencing equipment.

**Management's Response:** The copier that was traded in was removed from the books as of this notification. The telemedicine conferencing equipment has been tagged.



## **Other Information**

### ***Clearing Account***

The J.D. McCarty Center maintains a clearing account to deposit revenues collected on a daily basis. All items deposited into the clearing account are held there until such items have been honored by the paying entity. Once these items have been honored, the revenues are transferred for deposit into the agency's operating fund(s). The agency's clearing account had a cash balance of \$0 at June 30, 2004. As of this date, this amount had not yet been deposited into the agency's operating fund(s) and is not considered to be available to fund the agency's general operations. As a result, the clearing account's cash balance, revenues, and disbursements are not included in the accompanying Schedule of Receipts, Disbursements, and Changes in Cash Balance.

### ***Capital Assets***

In accordance with state statute 74 O.S. § 110.1 and § 110.2, all state agencies, board, and commissions are to keep an inventory of capital assets costing in excess of \$500. Capital assets include buildings and equipment owned by the agency. As of June 30, 2004, J.D. McCarty Center had approximately \$1,285,000 in capital assets including vehicles, furniture and fixtures, computer equipment and medical equipment.



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