



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

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**DEPARTMENT OF**  
**HUMAN**  
**SERVICES**

**AGENCY SPECIAL ACCOUNTS**  
*JULY 1, 2004 THROUGH JUNE 30, 2005*



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

Department of Human Services  
Report on Agency Special Accounts  
For the Period  
July 1, 2004 through June 30, 2005

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This publication is printed and issued by the State Auditor and Inspector, as required by 74 O.S. §226. Pursuant to 74 O.S. §3105, 15 copies have been prepared and distributed at a cost of \$30.30. 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

July 11, 2006

**TO THE HONORABLE BRAD HENRY  
GOVERNOR OF THE STATE OF OKLAHOMA**

Transmitted herewith is the report for the Department of Human Services' Agency Special Accounts for the period of July 1, 2004 through June 30, 2005. The procedures we performed were conducted pursuant to 74 O.S. §226.

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



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**

We have performed the procedures enumerated below, which were agreed to by management of the Department of Human Services, solely to assist you in evaluating your internal controls over the receipt and disbursement process, and in determining whether selected receipts and disbursements are supported by underlying records for the period of July 1, 2004 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.

**All Agency Special Accounts**

1. We compared the department's internal controls over receipts and disbursements for Agency Special Accounts 1830A, 1830E, 1830H, 1830L, 1830U, and 1830G with the following criteria:
  - Accounting functions were properly segregated;
  - Deposit slips and advice cards were submitted to DHS by the institutions and/or local offices;
  - Receipts not deposited daily were safeguarded by the DHS Office of Finance;
  - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
  - Disbursements were supported by appropriate documentation such as an original invoice;

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

2. We randomly selected 20 deposits from each Agency Special Account and:
  - Compared OST deposit date to agency deposit slip date to determine if dates were within one working day;
  - Examined receipts to determine if they were properly posted to the agency's accounting records;
  - Compared the nature of the receipt to the ASA purpose to determine consistency;

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

3. We randomly selected 60 vouchers from each Agency Special Account and:
  - Determined that the ASA voucher were supported by an original invoice;
  - Agreed the ASA voucher amount and payee to invoice amount and payee;
  - Compared the nature of the purchase to the ASA purpose to determine consistency.

In testing disbursements for Fund 725 (Agency Special Account 1830U), we noted eight (8) instances in which the voucher was not supported by an invoice. No supporting documentation was present with the Special Account Transaction Sheet for these transactions because the county did not send supporting documentation to the DHS Office of Finance. We recommend the department require all counties to submit supporting documentation for Fund 725 disbursements.

**Management Response:**

We currently have written policies and procedures concerning Fund 725 and the correct dissemination of supporting documentation for warrant issuance. We will contact the county offices and convey to them the importance of documentation transmission to the State Office, Finance Division. We will then follow up with the procedures necessary to ensure that the policies are adhered to.

We also noted a Fund 725 disbursement where the DHS data amount differed from the invoice and voucher supporting documentation. Warrant # 099900320 was paid for \$229.27. However, the amount on the supporting documentation for this transaction was \$229.97. Based on discussion with management, the warrant was written for an incorrect amount; however, the vendor failed to notice the \$0.70 difference and accepted the payment. We recommend the department document any differences between the warrant and invoice amount explaining the variance. Make any adjustments if determined necessary.

**Management Response:**

The warrants for Fund 725 are written at local offices. We do not have available carbon warrants so in order for the local offices to maintain a copy and forward a copy to the State Office, a copy of the blank warrant is made prior to making the purchase. Once the invoice is returned to the office the copy of the blank warrant is completed.

Warrant #99900320 was originally keyed to the system for \$229.97 which was the correct amount of the invoice and the copy of the warrant was completed using the same amount, so when the State Office audit was performed there were no discrepancies. However the original warrant was written at Wal-Mart for \$229.27. When the warrant was presented for payment at the State Treasurer there was a warrant exception noted due to the difference in the amount of the issue record and the actual warrant and Finance was notified. We changed our records to reflect the actual amount of the warrant.

We will establish procedures to insure this does not re-occur.

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

4. We examined Agency Special Account 1830F (Investments) and:
  - Determined that the investments for each month were properly documented by observing the DHS-CSED Detail Report;
  - Examined the DHS-CSED Detail Report to determine each month's interest was properly posted to Account 1830F;
  - Recalculated the interest earned and agree to the result to the amount paid.

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

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 Oklahoma Department of Human Services internal control or any part thereof. Accordingly, we do not express such opinions.



JEFF A. McMAHAN  
State Auditor and Inspector

June 14, 2006



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