



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

**OKLAHOMA COMMISSION FOR  
TEACHER PREPARATION**

*REPORT ON AGREED-UPON PROCEDURES  
JULY 1, 2004 TO DECEMBER 31, 2005*

A  
G  
R  
E  
E  
D  
  
U  
P  
O  
N  
  
P  
R  
O  
C  
E  
D  
U  
R  
E  
S  
  
E  
N  
G  
A  
G  
E  
M  
E  
N  
T



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

**Oklahoma Commission for Teacher Preparation**

**Agreed-Upon Procedures Report**

**For the Period**

**July 1, 2004 – December 31, 2005**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

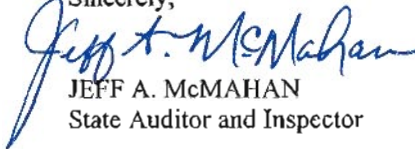
August 28, 2006

**To the Oklahoma Commission for Teacher Preparation:**

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Commission for Teacher Preparation. 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,

  
JEFF A. McMAHAN  
State Auditor and Inspector

## Table of Contents

Mission Statement, Board Members, and Key Staff.....	iii
Accountant’s Report on Applying Agreed-upon Procedures.....	1
Other Information	
Schedule of Receipts, Disbursements, and Changes in Cash, FY2005.....	7

## **Mission Statement**

The Oklahoma Commission for Teacher Preparation was formed for the express purpose of developing and implementing a new competency-based teacher preparation, candidate assessment, and professional development system.

## **Board Members**

Ms. Linda Sholar .....	Chair
Dr. Deborah Blue.....	Vice-Chair
Barry Beauchamp .....	Member
Julia Carpenter .....	Member
Judith Chalmers .....	Member
Deborah Chalmers .....	Member
Wheldon Davis .....	Member
Carrie DeMuth .....	Member
Dr. Leah Engelhardt.....	Member
Patricia Ferguson .....	Member
John Kennedy .....	Member
John Massey.....	Member
Gayle Miles-Scott .....	Member
William Stewart Price.....	Member
Dr. Peter Sherwood.....	Member
Anna-Mary Suggs .....	Member
Dr. Barbara Ware.....	Member
Leahna West .....	Member

## **Key Staff**

Ted Gillispie .....	Executive Director
Barbara Taft .....	Manager of Administrative Services



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 Oklahoma Commission for Teacher Preparation, solely to assist you in evaluating your internal controls over the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2004 through December 31, 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 compared the Oklahoma Commission for Teacher Preparation internal controls over receipts and disbursements with the following criteria.
  - 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 were deposited to the State's General Revenue Fund;
  - 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 inspection of internal controls over receipts and disbursements, we noted the reconciliation for cash and revenues (agency end of month to the OST Clearinghouse account) was properly prepared but found no proof of approval from the approving authority. The agency has procedures in place for the reconciliation to be approved by an approving authority. However, if not followed duties will not be adequately segregated, errors and irregularities may occur and not be detected in a timely manner. To prevent this from occurring, we recommend an approving authority review and approve agency reconciliations for cash and revenues. Also, we noted the individual responsible for posting disbursements also performs the reconciliation with OSF records. 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 duties of posting disbursements and performing reconciliations be segregated.

***Management's Response:***

Recommendations will be followed: The Executive Director (approving authority) will review and approve agency reconciliations for cash and revenues. Also, the Business Manager will be responsible for posting disbursements and the Executive Secretary will perform reconciliations with OSF.

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

2. We compared the Oklahoma Commission for Teacher Preparation internal controls over the safeguarding of capital assets with the following criteria:
  - Inventory records were maintained for capital assets costing \$500 or more;
  - Packing slips were compared to the purchase order when capital assets are received;
  - Inventory records were adjusted promptly when capital assets are acquired, retired, sold, or transferred;
  - Obsolete or unusable assets were disposed of through the Department of Central Services' Surplus Property Division;
  - Physical inventories were performed;
  - Differences between physical inventory counts and inventory records were resolved;

During our inspection of internal controls over capital assets, we noted that the physical inventory list is stored electronically on the agency public drive and all employees have complete access to change the inventory records. Without limited access to these files by the appropriate personnel, the inventory records are in danger of misuse or corruption. To prevent this from occurring, we recommend electronically stored physical inventory listing be limited to only authorized personnel. We also noted, that the physical inventory list does not contain a cost, date of purchase or serial number on most of the items. Without a current updated inventory listing, inventory items could have been retired and not deleted from the inventory listing. We recommend the department identify all assets and include the cost, date of purchase, serial number, and description of the item on the inventory listed.

***Management's Response:***

Recommendations will be followed, electronically stored physical inventory listing will be removed from the agencies public drive and stored on disk maintained in the business office limited to only authorized personnel. Also, the Commission will continue to identify all assets and include the cost, date of purchase, serial number, and description of the item on the inventory listed. The Commission will properly identify with an assigned identification number as the property of the "State of Oklahoma."

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

3. We randomly selected 20 deposits and:
  - Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day.
  - Examined receipts to determine if they were pre-numbered and issued in numerical order.
  - Agreed cash/check composition of deposits to the receipts issued.
  - Agreed the total receipts issued to the deposit slip.
  - Inspected agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received.
  - Inspected agency receipts to determine whether receipts of less than \$100 were deposited on the next business day when accumulated receipts equaled \$100 or after five business days, whichever occurred first.
  - Inspected agency receipts to determine whether receipts were safeguarded.
  - Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
  - Compared the nature of the deposit to the account code description to determine consistency.



During our procedures over deposits, we noted:

- Seventeen deposits with receipts totaling over \$100 were not deposited on the same banking day as received;
- Five deposits were made with no receipt(s) to support the deposit slip and;
- One deposit in which no deposit slip nor supporting receipts could be obtained.

Receipts totaling \$100 or more must be deposited on the same banking day as received. Receipts of less than \$100 must be deposited on the next business day when accumulated receipts equaled \$100 or after five business days, whichever occurred first. Also, deposits must be supported with the appropriate receipt(s), or any other documentation needed to verify that all incoming funds are properly recorded. We recommend the Commission implement policies/procedures requiring all funds be deposited within one business day of being received.

***Management's Response:***

Recommendations will be followed; the Commission will implement policies and procedures requiring all funds be deposited within one business day of being received.

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

4. We randomly selected 60 vouchers and:

- Compared the voucher amount and payee to the invoice amount and payee;
- Compared the voucher amount and payee to the CORE system;
- Compared the fund type to which the disbursement was charged in CORE to the CAFR fund type listing for consistency;
- Compared the nature of the purchase to the account code description to determine consistency.

During our procedures over disbursement claims, we noted:

- Two claims with no invoice attached to the claim jacket and;
- One claim with no documentation supporting the transaction.

Without the invoice we could not determine if amount and payee were agreeable to OSF records. Without documentation to support the transaction, we could not determine if the amount and payee were agreeable to OSF records, agree voucher amount and payee to the CORE system, compare the fund type charged in CORE to the CAFR fund type listing or compare the nature of the purchase to the account code description for consistency. We recommend all transactions be supported with the appropriate supporting documentation.

***Management's Response:***

Recommendations will be followed; the Commission will require all transactions to have appropriate supporting documentation.

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

5. We compared salaries set by statute, if any, to the actual salary paid to determine the statutory limit was not exceeded.

There were no findings as a result of applying the procedures

6. We randomly selected 10% of the employees who appeared on the June 2005 payroll but not on the June 2004 payroll and observed the initial "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.



There were no findings as a result of applying the procedures

7. We randomly selected 10% of the employees who appeared on the June 2004 payroll but not on the June 2005 payroll and:
  - Observed the final “Request for Personnel Action” (OPM-14) or equivalent form to determine it was signed by the appointing authority.
  - Observed the main payroll funding sheet for the month subsequent to termination to determine employee no longer appeared.

There were no findings as a result of applying the procedures

8. We randomly selected 10% of the employees whose gross salary at June 2005 had increased since June 2004 (excluding legislative pay raises) and observed the “Request for Personnel Action” (OPM-14) or equivalent form to determine it was signed by the appointing authority.

There were no findings as a result of applying the procedures

9. We randomly selected 10% (but no more than 20) of the employees from the June 2005 payroll and agreed the amount paid to the “Request for Personnel Action” (OPM-14) or equivalent form that was in effect for June 2005.

There were no findings as a result of applying the procedures

10. We selected 10 assets from the capital asset listing and:
  - Visually inspected each asset to ensure its existence and that it was identified as property of the State of Oklahoma;
  - Compared the identification number on the listing to that shown on the asset.

There were no findings as a result of applying the procedures

11. We selected 10 assets from the floor and:
  - Traced them to the capital asset listing;
  - Compared the identification number on the asset to that shown on the listing;
  - Inspected the asset to determine it was properly identified as property of the State of Oklahoma.

During our procedures over capital assets, we noted one LP Laser Jet 1300 Printer could not be identified on the inventory list, because an inventory number could not be located on the inventory item.

We also recommend the Commission properly identify all inventory with an assigned identification number as the property of the State of Oklahoma.

***Management’s Response:***

The Commission will properly identify with an assigned identification number as the property of the “State of Oklahoma.” The inventory tag is: TPO274 for the Dell Laser Jet 1300. The tag was placed on the printer 8/22/2006.

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

12. We compared the Oklahoma Commission for Teacher Preparation internal controls over purchase cards with the following criteria:
  - Purchase card policies and procedures were incorporated into the Commission for Teacher Preparation policies and procedures;
  - Purchase card Administrator, designated back-up Administrator, and Approving Official were established;

- Purchase card Administrator, designated back-up Administrator, Approving Official(s), and purchase cardholders completed the training prescribed by the State Purchasing Director and signed the State of Oklahoma Purchase Card Employee Agreement form;
- Cardholders submitted monthly transaction logs with supporting documentation which were reviewed and approved by the appropriate personnel;
- Mandatory categories of controls and limits were established for each purchase card, i.e. credit limit, single purchase limit, and Merchant Category Code Group;
- Controls were established to ensure that purchase cards are not used for prohibited purchases, i.e. travel, cash advances, motor fuel, etc....;
- Duties, control responsibilities, and the appropriate channels of communication were established and communicated to purchase cardholders to report suspected improprieties regarding purchase card usage.

There were no findings as a result of applying the procedures

13. We identified employees that are purchase card holders and determined the Oklahoma Commission for Teacher Preparation retained the original employee signed copy of the State of Oklahoma Purchase Card Employee Agreement.

There were no findings as a result of applying the procedures

14. We examined all purchase card transactions to determine:
  - A credit limit (dollar amount per cycle) was established for each cardholder;
  - The dollar amount of each transaction did not exceed the single purchase limit of \$2,500;
  - Each purchase card was assigned an approved Merchant Category Code Group;
  - Any purchases from the same vendor on the same date for the same item, and whether in the aggregate, the card purchase limit was exceeded (i.e. split purchasing).

There were no findings as a result of applying the procedures

15. We randomly selected 60 of the Oklahoma Commission for Teacher Preparation purchase card transactions and:
  - Determined transactions were **not** for prohibited purchases:
    - Travel including, but not limited to, transportation, entertainment, food and beverages, travel agencies, and lodging.
    - Cash, cash advances, automatic teller machines (ATM).
    - Any transaction or series of transactions, which exceed the limits established on the individual purchase card.
    - Motor fuel or fluids.
    - Gift certificates.
  - Inspected transaction logs to determine they were supported by receipts and/or other supporting documentation and the cardholder and approving official reconciled the supporting documentation to the monthly memo statement;
  - Reviewed transaction receipts to determine if the use of the purchase card was limited to the employee whose name is embossed on the card;
  - Examined transaction logs to determine the log was reviewed and approved (signed) by the cardholder and the approving official;
  - Reviewed receipts and/or other supporting documentation to determine they were annotated "Received", signed, and dated by the receiving employee;
  - Examined the receipt and/or supporting documentation to determine state sales tax was **not** charged during the transaction;
  - Verified with the Department of Central Service that the Purchase card Administrators, back-up Administrators, Authorized Signers, Approving Officials, and Cardholders have successfully

- completed the Purchase Card Training conducted by the Department of Central Services prior to being issued purchase cards;
- Inspected transactions to determine if merchant preference was used by the Commission for Teacher Preparation for certain merchants or types of contracts, i.e. statewide contracts;
- Determined documents were retained in accordance with the Commission for Teacher Preparation procedures;
- Compared the nature of the purchase to the commission's mission for consistency.

During our procedures over purchase card transactions, we noted:

- One purchase was not supported by any receipt(s) or documentation;
- Fifteen statements were not signed and dated by the Approving Official;
- Three transactions were not supported by a statement;
  - Fifty-three receipts were not annotated "Received", signed, and dated by the receiving employee;
- One transaction included sales tax;
- Sixteen transactions where merchant preference was not used.

According to the State of Oklahoma Purchase Card Procedures, the cardholder must sign and date the transaction log(s) and after June 9, 2005 the cardholder must sign and date the statements. The Approving Official(s) must sign and date the statements. The receiving employee must annotate "Received", sign, and date the receipt and/or other supporting documentation. State entities shall make purchases from mandatory statewide contracts regardless of the purchase price unless the State Purchasing Division has issued a waiver to the entity. We recommend the Agency ensure that Cardholder and Entity approving official(s) responsibilities are performed and the receiving employee annotate "Received", sign and date all receipts and/or other supporting documentation. Also, any purchase for an item on the mandatory statewide contract must be made to the appropriate vendor or receive a waiver from the State Purchasing Director when making purchases for such items.

***Management's Response:***

Recommendations will be followed; Agency will ensure that Cardholder and Entity approving official responsibilities are performed and the receiving employee annotate "Received", sign and date all receipts and/or other supporting documentation. Also, any purchase for an item on the mandatory statewide contract must be made to the appropriate vendor or receive a waiver from the State Purchasing Director when making purchases for such items.

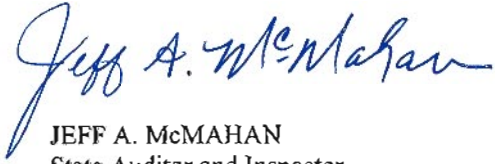
With respect to the other procedures applied, there were no findings.

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, disbursements, and capital assets 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 schedule, compiled for fiscal year 2005 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, has 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 Schedule of Receipts, Disbursements and Changes in Cash, and accordingly, do not express an opinion or any other form of assurance on it.

This report is intended solely for the information and use of management of the Oklahoma Commission for Teacher Preparation 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.

A handwritten signature in blue ink that reads "Jeff A. McMahar". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

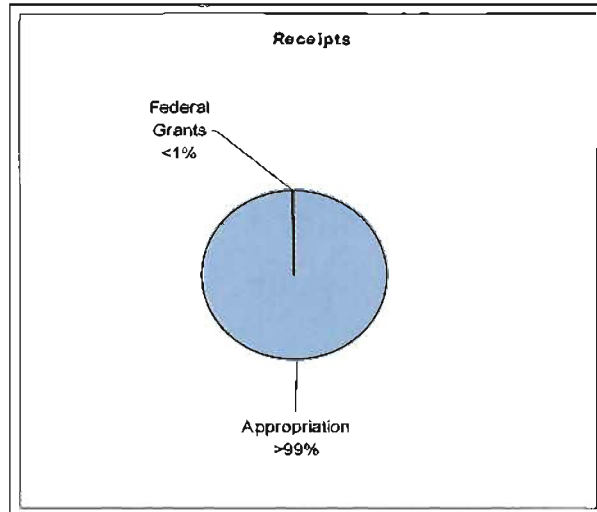
JEFF A. McMAHAN  
State Auditor and Inspector

July 18, 2006

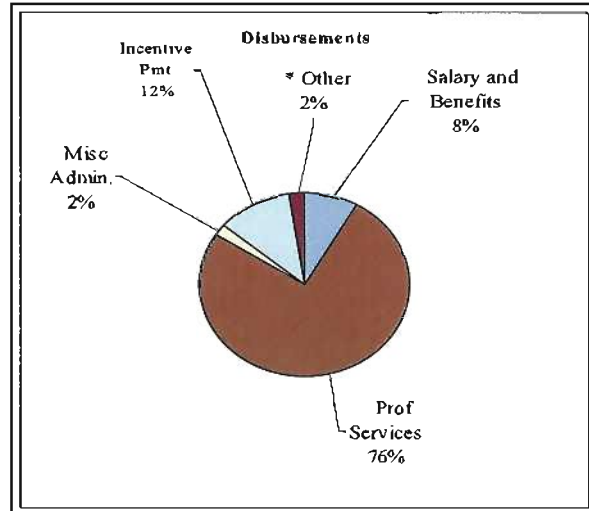
## **Other Information**

**Oklahoma Commission for Teacher Preparation  
Schedule of Receipts, Disbursements, and Changes in Cash  
For the Fiscal Year Ending June 30, 2005  
UNAUDITED**

<b>RECEIPTS:</b>	
Appropriations	\$5,543,085
Federal Grants	<u>13,860</u>
Total Receipts	<u>5,556,945</u>



<b>DISBURSEMENTS:</b>	
Salary and Benefits	570,539
Professional Services	5,251,514
Misc. Admin.	117,730
Scholar., Tuition, Incentive Pmt	812,232
* Other	<u>156,526</u>
Total Disbursements	<u>6,908,542</u>



RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,351,597)
CASH--Beginning of Year	<u>4,233,903</u>
CASH--End of Year	<u><u>\$2,882,306</u></u>

* Rent	39,668
* General Operating	24,237
* Maintenance & Repair Expense	24,853
* Furniture and Equipment	21,613
* Travel	38,090
* Spec Sup & Mat exp	2,015
* Library Equip	749
* Program Reimb	915
* Pmts-Loc Gov't	60
AFP Encumbrance	2,950
Account Payable	<u>1,376</u>
Total	<u>156,526</u>

SEE ACCOUNTANT'S REPORT

This schedule is presented solely for the information and use by the management of the Office of the Commission for Teacher Preparation and not intended to be and should not be used by any other party.



## Office of the State Auditor and Inspector

2300 North Lincoln Boulevard, Room 100  
Oklahoma City, Oklahoma 73105-4896  
(405) 521-3495

[www.sai.state.ok.us](http://www.sai.state.ok.us)