

---

# OKLAHOMA FUNERAL BOARD

*REPORT ON AGREED-UPON PROCEDURES*

*JULY 1, 2004 THROUGH 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 Funeral Board**

**Agreed-upon Procedures Report**

**For the Period**  
**July 1, 2004 through December 31, 2005**

---

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, 24 copies have been prepared and distributed at a cost of \$60.95. 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 18, 2006

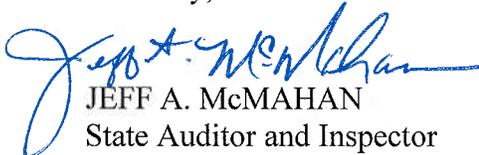
**TO THE OKLAHOMA FUNERAL BOARD:**

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Funeral Board. The procedures we performed were conducted pursuant to 74 O.S., §212.

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

Independent Accountant’s Report on Applying Agreed-upon Procedures ..... 1

Other Information

    Schedule of Receipts, Disbursements, and Changes in Cash, FY 06-30-05 ..... 5

**Mission Statement**

The mission of the Oklahoma Funeral Board is to act in the public interest and for the public protection and advancement of the profession with the powers vested in the Board by the Legislature of the State of Oklahoma entirely without appropriated funds. The Board shall examine and issue licenses to all that qualify and serve as an information resource on funeral service to the general public and members of the funeral profession.

**Board Members**

John Temple..... President  
Richard Dugger II ..... Vice-President  
Dr. Charles Brown ..... Member  
Andy Walding..... Member  
Joe Harris ..... Member  
Tom Pickard..... Member  
Jim Parks..... Member

**Key Staff**

Terry McEnany..... Agency Executive Director



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 Funeral Board, 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 7-1-04 through 12-31-05. 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 Funeral Board's 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;
  - 10% of the gross fees charged, collected and received 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.

Finding

Financial accounting functions have been outsourced to Oklahoma Used Motor Vehicle and Parts Commission. The outsource assistant has excessive and incompatible roles within the CORE PeopleSoft system. Segregation of duties is a basic control that prevents or detects errors, irregularities, and fraud. For this reason, separate performance of critical tasks is imperative.

We recommend that management review the access rights/PeopleSoft roles to ensure that personnel are performing only those duties stipulated for their respective jobs/positions and incompatible roles have not been assigned. Management should ensure that system access is given to staff on a need-to-know basis.

#### Management Response

This agency has three full-time employees. Because of the training required for the financial accounting functions of processing claims, entering deposits, transferring funds and purchasing on the CORE PeopleSoft system, it was better use of very limited personnel to outsource these functions to another agency. However, as of July 1, 2006, we have hired a part-time employee to perform these functions. As the agency's Director, I will have direct supervision of these activities, and have complete access to the PeopleSoft System, thus addressing this finding.

#### Finding

The Executive Director of the agency does not approve the monthly reconciliation (Monthly Financial Statement). If the reconciliation is not approved, errors and irregularities could occur and not be detected in a timely manner.

We recommend the Executive Director approve the reconciliation.

#### Management Response

As all financial accounting functions will now be performed by agency personnel, I will be approving and signing the monthly reconciliations.

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

2. 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.

### Finding

For 18 of the 20 deposits tested, we noted the Office of State Treasurer post date varied considerably from the dates the deposits were posted in the CORE system. The deposit information is not posted to CORE until it is delivered to the outsource assistant. Although the deposit has been made at OST, the cash is not available to spend until the deposit journal entry has been made and added to the agency's cash balance in CORE.

We recommend deposit information be faxed daily to the outsource assistant for timely posting to CORE.

### Management Response

As previously stated, since all financial accounting functions will now be handled by agency staff, there should be little delay between the actual deposit date and posting to the CORE system.

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

3. We recalculated the required percentage/amount to be deposited to the State's General Revenue Fund and agreed it to the amount transferred to the General Revenue Fund.

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

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.

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

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% (at least 1) of the employees who appeared on the June 2004 payroll but not on the December 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.

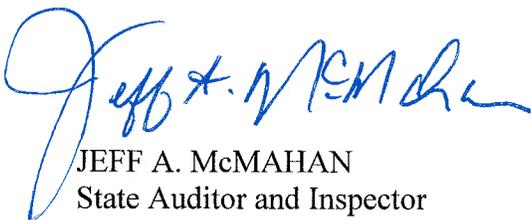
7. We randomly selected 10% (but no more than 20) of the employees from the December 2005 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for December 2005.

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

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 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 Funeral 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

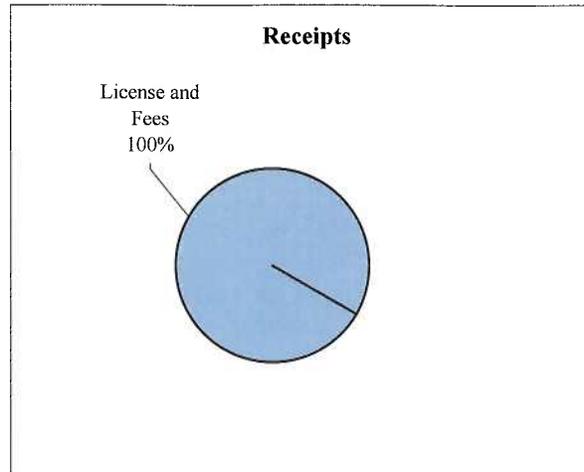
July 11, 2006

## **Other Information**

**Oklahoma Funeral Board**  
**Schedule of Receipts, Disbursements, and Changes in Cash**  
**For the Fiscal Year Ending June 30, 2005**  
**(Unaudited)**

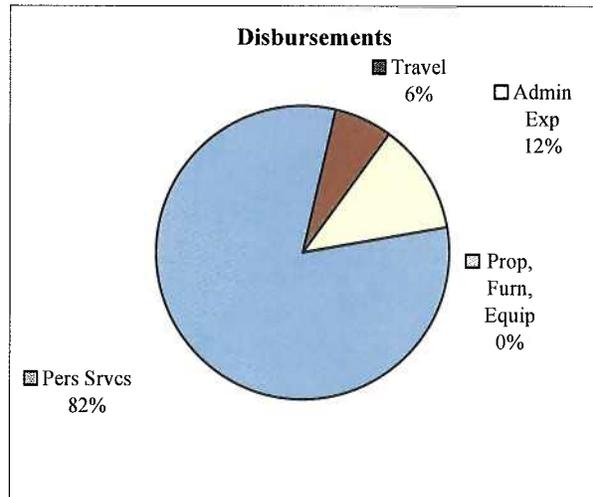
**RECEIPTS:**

License and Fees	<u>\$ 312,735</u>
Total Receipts	<u>312,735</u>



**DISBURSEMENTS:**

Pers Svcs	212,635
Travel	16,777
Admin Exp	31,798
Prop, Furn, Equip	<u>192</u>
Total Disbursements	<u>261,402</u>



RECEIPTS OVER (UNDER) DISBURSEMENTS	51,333
CASH--Beginning of Year	<u>135,200</u>
CASH--End of Year	<u>\$ 186,533</u>

This schedule is solely for the information and use by the management of the Oklahoma Funeral Board and not intended to be and should not be used by any other party. See Accountant's Report.



## 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)