



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**OFFICE OF HANDICAPPED
CONCERNS**

REPORT ON AGREED-UPON PROCEDURES

JULY 1, 2004 THROUGH DECEMBER 31, 2005



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Office of Handicapped Concerns
Agreed-upon Procedures Report
For the Period
July 1, 2004 through December 31, 2005

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

May 1, 2006

TO THE ADVISORY COMMITTEE OF THE OFFICE OF HANDICAPPED CONCERNS

Transmitted herewith is the agreed-upon procedures report for the Office of Handicapped Concerns. 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

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Background

The mission of the Office of Handicapped Concerns is to provide accurate and timely information, technical assistance, referral, and advocacy. The Office acts as an intermediary for persons with disabilities and provides services to those with disabilities.

Advisory Committee

Per 74 O.S. § 9.26, "The Governor's Advisory Committee to the Office of Handicapped Concerns shall be composed of forty (40) members who shall be appointed by the Governor. Such members shall serve at the pleasure of the Governor. Twenty of such members shall be people with disabilities or the parents of people with disabilities..."

Key Staff

STEVEN STOKES DIRECTOR
DALENE BARTON OFFICE MANAGER

Advisory Committee Officers

Mary Lou Masopust-----Chairman
Charlie Jones-----Vice Chairman
Charles Tiessen-----Secretary
Alton Spradlin-----Past Chairman



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by management of the Office of Handicapped Concerns, solely to assist you in evaluating the effectiveness of 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 Office of Handicapped Concerns internal controls over 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;
 - 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;

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

2. 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.

3. 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 procedure.

4. We identified any employees who appeared on the December 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.

5. We identified any 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.

6. 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 June 2005.

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

7. We compared the Office of Handicapped Concerns internal controls over purchase cards with the following criteria:
 - o Purchase card policies and procedures as required by the *State Purchase Card Procedures* and the *Oklahoma Central Purchasing Act* were incorporated into the Office of Handicapped Concerns policies and procedures, (1.6. *Conditions of participation*)
 - o Purchase card Administrator, designated back-up Administrator, and Approving Official were established, (3.5. *State Entity P/Card Administrator* and 3.6. *State Entity Approving Officials*).
 - o 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, (3.9. *Training* and 3.10. *Purchase Card Employee Agreement*).
 - o Cardholders submitted monthly transaction logs with supporting documentation which were reviewed and approved by the appropriate personnel, (6.4. *Transaction logs*, 6.5. *Receipts for purchase*, 6.9.1. *Cardholder responsibility* and 6.9.2. *Entity approving official(s) responsibility*).
 - o Mandatory categories of controls and limits were established for each purchase card, i.e. credit limit, single purchase limit, and Merchant Category Code Group, (6.1.5.1. *Card controls and limits*).
 - o Controls were established to ensure that purchase cards are not used for prohibited purchases, i.e. travel, cash advances, motor fuel, etc...., (6.2.3. *Other prohibited purchases*).
 - o 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.

8. We identified employees that are purchase card holders and determined the Office of Handicapped Concerns retained the original employee signed copy of the State of Oklahoma Purchase Card Employee Agreement, (6.1.3. *Employee p/card agreement*).

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

9. We examined all purchase card transactions to determine they were in compliance with the mandatory categories as specified in 6.1.3. *Employee p/card agreement*, 6.1.5. *Card controls and limits* and 6.2.2. *Split purchases* of the *State of Oklahoma Purchase Card Procedures* issued by the Department of Central Services:
 - o A credit limit (dollar amount per cycle) was established for each cardholder;
 - o The dollar amount of each transaction did not exceed the single purchase limit of \$2,500;
 - o Each purchase card was assigned an approved Merchant Category Code Group;
 - o We compared purchases from the same vendor on the same date to determine whether the purchase was 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.

10. We randomly selected 2 of the 8 Office of Handicapped Concerns purchase card transactions and:
 - o Determined transactions were **not** for prohibited purchases as stated in 6.2.3. *Other prohibited purchases* of the *State of Oklahoma Purchase Card Procedures*. These prohibited purchases include:

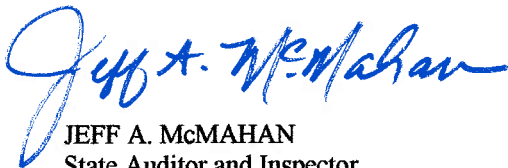
- Travel including, but not limited to, transportation, entertainment, food and beverages, travel agencies, and lodging.
 - Cash, cash advances, automatic teller machines (ATM).
 - Any transaction or series of transactions, which exceed the limits established on the individual purchase card.
 - Motor 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, (6.4. *Transaction logs*, 6.5. *Receipts for purchase*, 6.9.1. *Cardholder responsibility*, and 6.9.2 *Entity approving official(s) responsibility*).
 - Reviewed transaction receipts to determine if the use of the purchase card was limited to the employee whose name is embossed on the card; (6.10. *Card security*).
 - Examined transaction logs to determine the log was reviewed and approved (signed) by the cardholder and the approving official, (6.9.1. *Cardholder responsibility* and 6.9.2 *Entity approving official(s) responsibility*);
 - Reviewed receipts and/or other supporting documentation to determine they were annotated “Received”, signed, and dated by the receiving employee, (6.7. *Receiving goods and services*).
 - Examined the receipt and/or supporting documentation to determine state sales tax was **not** charged during the transaction, (6.6. *State sales tax*)
 - Reviewed transactions to determine they were in compliance with other requirements documented in the *State of Oklahoma Purchase Card Procedures* and the *Oklahoma Central Purchasing Act*:
 - 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, (3.9. *Training*).
 - Inspected transactions to determine if merchant preference was used by the Office of Handicapped Concerns for certain merchants or types of contracts, i.e. statewide contractions, (6.2.5 *Merchant preference*).
 - Determined documents were retained in accordance with the Office of Handicapped Concerns procedures (6.9.3. *Entity retention of statements*).
 - Compared the nature of the purchase to the commission’s mission for consistency.

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

We also prepared 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. This schedule has been included for informational purposes only.

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.

This report is intended solely for the information and use of management of the Office of Handicapped Concerns 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 1, 2006

Other Information

Office of Handicapped Concerns
Schedule of Receipts, Disbursements, and Changes in Cash
For the Fiscal Year Ending June 30, 2005

RECEIPTS:

Appropriation	\$ 362,128
Federal Grants	112,527
Other	28

Total Receipts	<u>474,683</u>
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DISBURSEMENTS:

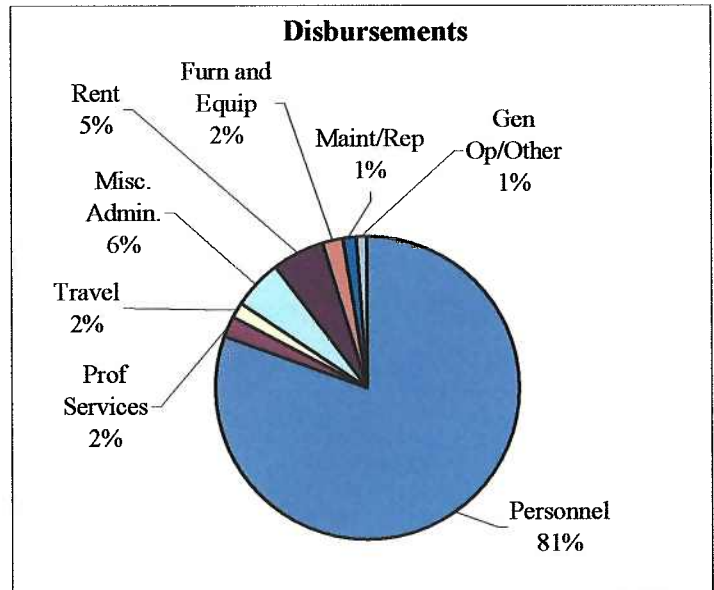
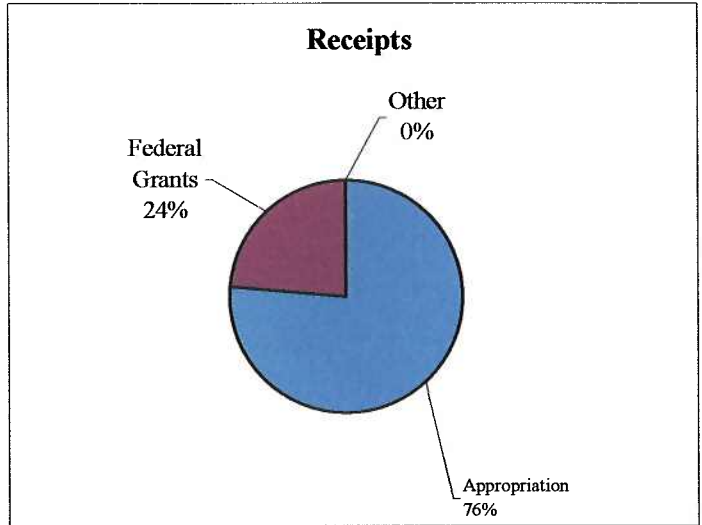
Personnel	
Prof Services	394,198
Travel	10,840
Misc. Admin.	8,691
Rent	25,772
Furn and Equip	26,570
Maint/Repair	11,803
Gen Op/Other	6,112
	<u>5,827</u>

Total Disbursements	<u>489,813</u>
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RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,130)
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CASH--Beginning of Year	<u>25,742</u>
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CASH--End of Year	<u><u>\$ 10,612</u></u>
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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