



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

DEPARTMENT OF LABOR
TURNOVER PROCEDURES REPORT
JULY 1, 2005 THROUGH NOVEMBER 30, 2006



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Department of Labor
Turnover Procedures Report
For the Period
July 1, 2005 through November 30, 2006



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

December 19, 2006

Brenda Reneau
Commissioner of Labor
4001 North Lincoln
Oklahoma City, Oklahoma 73105-5212

Dear Commissioner Reneau:

Per your request dated November 13, 2006, we have performed the turnover procedures listed below for the Department of Labor for the period July 1, 2005 through November 30, 2006.

The procedures for the turnover report included the following:

1. Randomly select 15 deposits and:
 - Compare OST deposit date to agency deposit slip date to determine if dates are within one working day.
 - Examine receipts to determine if they are pre-numbered and issued in numerical order.
 - Agree cash/check composition of deposits to the receipts issued.
 - Agree the total receipts issued to the deposit slip.
 - Inspect agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received.
 - Inspect 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.
 - Inspect agency receipts to determine whether receipts were safeguarded.

SCOPE AND METHODOLOGY

We obtained from the statewide accounting system (CORE) a listing of all deposits made by the Department during the engagement period. This listing contained 399 deposits. We used a random number generator to randomly select 15 deposits. The Department provided us with the 15 deposits selected and we reviewed the supporting documentation to test for the above procedures.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

2. Randomly select 40 vouchers and:
 - Determine an original invoice accompanies the voucher;
 - Compare voucher amount and payee to invoice amount and payee.

SCOPE AND METHODOLOGY

We obtained from the statewide accounting system (CORE) a listing of all disbursements made by the Department during the engagement period. This listing contained 2,696 vouchers paid. We used a random number generator to randomly select 40 vouchers. The Department provided us with the 40 vouchers selected and we reviewed the supporting documentation to test for the above procedures.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

3. Randomly select 15 employees from the November 2006 payroll. Agree amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form in effect for November 2006.

SCOPE AND METHODOLOGY

We obtained from the statewide accounting system (CORE) the November 2006 payroll for the Department. We randomly select 15 employees from the payroll. The Department provided us with original copies of the OPM-14 forms for the employees selected and we agreed the gross pay amounts on the OPM-14 to the payroll.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

4. Randomly select 20 assets (10 from the Oklahoma City office and 10 from the Tulsa office) from the capital asset listing and:
 - Visually inspect the asset to ensure its existence and that the asset is identified as property of the State of Oklahoma;
 - Compare the identification number on the listing to that shown on the asset.
5. Randomly select 20 assets (10 from the Oklahoma City office and 10 from the Tulsa office) from the floor and:
 - Trace to the listing;
 - Compare the identification number on the asset to that shown on the listing.
 - Inspect the asset to determine it is properly identified as property of the State of Oklahoma.

SCOPE AND METHODOLOGY

We obtained from the Department an Access database containing the capital asset listing for the Department. Before selecting our sample, we first excluded disposed items from our test population. Disposed items were evidenced by a date listed in the "Disposal Date" field of the database. We next separated the listing based on location; Oklahoma City or Tulsa. Once the listing was separated, we used a random number generator to randomly select 10 items for our list-to-floor procedures (item #4). We repeated this process twice, once for items located in the Department's Oklahoma City office and once for items located in the Department's Tulsa office. For our 20 sample items, we performed the procedures in item #4 above.

To test for the procedures in item #5, we randomly selected 10 items from the floor while touring both the Oklahoma City and Tulsa locations.

FINDING AND RECOMMENDATION

During performance of our list-to-floor procedures (item #4) , we noted that two items for the Oklahoma City office had been transferred to other governmental entities; however, the items were still shown as assets of the Department. In addition, two items selected in the Tulsa office for our floor-to-list procedures (item #5) were located on the listing; however, the listing showed the items as being located in the Oklahoma City office.

We recommend the Department ensure its capital asset listing is routinely updated to account for items transferred to another governmental entity or to another office of the Department.

6. Inspect personnel files for the Department's unclassified employees and compare payroll records to identify pay increases between July 1, 2006 and November 30, 2006.

SCOPE AND METHODOLOGY

We obtained the personnel files for the Departments six unclassified positions (the Department has two additional unclassified positions; however, these positions are vacant). We reviewed the employee's OPM-14's in effect at July 2006 and any subsequent OPM-14's. We also obtained the July 2006 payroll and the November 2006 payroll to compare the gross salary of the six employees.

FINDINGS AND RECOMMENDATIONS

Our procedures did not identify any pay raises to the six unclassified employees during the period July 1, 2006 through November 30, 2006 with the exception of the 5% legislative pay raise granted to all state employees effective October 2006.

Because the procedures performed do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Oklahoma Department of Labor for the period July 1, 2005 through November 30, 2006. Further, due to the test nature and other inherent limitations of a turnover engagement, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain uncovered. This report relates only to the sampled items specified above and do not extend to any financial statements of the Oklahoma Department of Labor taken as a whole.

This report is intended for the information and use of the management of the Oklahoma Department of Labor. However, this report is a matter of public record and its distribution is not limited.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of this engagement. The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool. Our goal is to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector



Office of the State Auditor & Inspector

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