



# COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING

## Operational Audit

For the Period July 1, 2016 through June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

**Audit Report of the  
Council on Law Enforcement Education and Training**

**For the Period  
July 1, 2016 through June 30, 2020**



Cindy Byrd, CPA | State Auditor & Inspector

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March 30, 2021

**TO THE COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING**

We present the audit report of the Council on Law Enforcement Education and Training for the period July 1, 2016 through June 30, 2020. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



# Council on Law Enforcement Education and Training Operational Audit

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## Background

The Council on Law Enforcement Education and Training (the Agency or CLEET) is a state agency established in 1963. The Agency supports Oklahoma law enforcement in serving its communities, including enhancing public safety by providing education and training which promotes professionalism and enhances competency within the ranks of Oklahoma law enforcement.

Oversight is provided by a thirteen-member Council (the Council) serving three-year terms.

Council members as of February 2021 are:

Michael Robinson.....	Chairman
Ricky Adams.....	Vice-Chairman
Donnie Anderson.....	Member
Brandon Berryhill.....	Member
Kyle Bruce.....	Member
John Christian.....	Member
Russ Higbie.....	Member
Katherine Lang.....	Member
Shannon Smith.....	Member
John Scully.....	Member
Don Sweger.....	Member
Randy Wesley.....	Member
Chris West.....	Member

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2019 and 2020 (July 1, 2018 through June 30, 2020).

**Sources and Uses of Funds for FY 2019 and FY 2020**

	<b>2019</b>	<b>2020</b>
<b>Sources:</b>		
Appropriations	\$ 2,818,141	\$ 3,512,840
CLEET Penalty Assessment Fee	1,782,090	1,627,583
Other Non-Revenue Receipts	579,605	235,075
Priv Invest/Sec Guard License	395,241	322,155
Repayment of Loans, Refunds, Reimb, Surplus Sales	289,134	251,382
Other Sources	-	2,422
<b>Total Sources</b>	<b>\$ 5,864,211</b>	<b>\$ 5,951,457</b>
<b>Uses:</b>		
Personnel Services	\$ 2,700,914	\$ 2,838,588
Property, Furniture, Equipment	1,656,299	1,576,303
Administrative Expenses	1,177,187	1,157,271
Professional Services	275,849	251,283
Travel	10,847	29,534
Assistance, Payments to Local Govn'ts	-	235
<b>Total Uses</b>	<b>\$ 5,821,096</b>	<b>\$ 5,853,214</b>

*Source: Oklahoma statewide accounting system (unaudited, for informational purposes only)*

**Scope and  
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period July 1, 2016 through June 30, 2020. Our audit procedures included inquiries of appropriate personnel, data analysis, and inspections of documents and records of Agency operations. Further details regarding our methodology are included in Appendix A.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

***Internal Control Considerations***

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*<sup>1</sup> outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and control activities. Each of these components includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*<sup>2</sup>, we have identified the aspects of internal control significant to each audit objective in this engagement and our assessments are detailed in Appendix B.

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<sup>1</sup> *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

<sup>2</sup> *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

**OBJECTIVE I** Determine whether key aspects of the Agency’s control environment are operating effectively as defined by *GAO Standards for Internal Control*.

**Conclusion** Key aspects of the Agency’s control environment are operating effectively as defined by *GAO Standards for Internal Control*.

**Objective Methodology** To accomplish our objective, we performed the following:

- Identified the following control environment principles as key for assessment given the information gathered during our planning process (see more information on principles in Appendix B):
  - The oversight body and management should demonstrate a commitment to integrity and ethical values.
  - Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
- Obtained an internal control self-assessment completed by management and assessed the relevant results, along with further discussions and review of documentation to verify and confirm as necessary. We also reviewed the Agency’s internal controls manual and written policies and procedures, and performed other analysis as outlined in Appendix A.
- Used this information to document our understanding of the significant control environment principles identified above and assessed them as operating effectively at the Agency.

No findings were identified as a result of these procedures.

**OBJECTIVE II** Determine whether employee leave and compensatory time are accurately tracked, accrued, and used, in compliance with 74 O.S. § 840-2.15 and 2.20, OK Admin Code 260:25-15-10, and CLEET directive 224 on “Time, Leave and Overtime.”

**Conclusion** We did not identify any specific instances of non-compliance with 74 O.S. § 840-2.15 and 2.20, OK Admin Code 260:25-15-10, or CLEET directive 224 on “Time, Leave and Overtime.”

However, as discussed in the finding below, the Agency’s timekeeping records may not be reliable.

Our detailed methodology is outlined in Appendix A to this report.

**FINDINGS AND RECOMMENDATIONS**

**Leave and Comp Time Records Manually Maintained by One Individual Without Management Review**

We did not identify any specific instances of non-compliance with the criteria outlined in our objective. However, the Agency’s timekeeping records are manually maintained in Excel by one employee and are not formally reviewed for accuracy by management. As a result, the records of leave and compensatory time that were available for our procedures may not be reliable.

While the executive secretary responsible for tracking leave and comp time balances seems well versed in the applicable rules and the records show that she is making diligent efforts in her duties, this process requires extensive data entry by one employee, heightening the risk of error. Without an adequate review of records and periodic evaluation of the calculations used within the data, errors could go undetected.

The GAO *Standards for Internal Control* state that management is responsible for designing control activities to achieve objectives and respond to risks. This includes segregating incompatible duties, and where such segregation is not practical, developing alternative control activities such as documented reviews. The *Standards* also state that management should include a balance of ongoing monitoring and stand-alone evaluations.

**Recommendation**

We recommend management implement an independent review to ensure the Agency’s timekeeping records are accurate and complete. These reviews should be performed by someone with adequate authority and knowledge of Agency payroll details and personnel actions, could be performed on a regular or random basis, and should be documented.

Management should also consider consulting with the Office of Management and Enterprise Services (OMES) to determine whether CLEET would benefit from using current or future iterations of the PeopleSoft HCM system for electronic timekeeping.

#### **Views of Responsible Officials**

CLEET's timekeeping records are formally reviewed by management on two separate occasions. All timesheets are reviewed and approved in writing by each employee's respective supervisor prior to submission to the executive secretary. Once the executive secretary has reviewed the submissions and made any necessary corrections, a summary document of the employee's time and leave record for the current calendar year is sent to both the employee and the employee's supervisor for review.

Since this audit was conducted, CLEET has hired a human resource specialist (start date of March 29, 2021). These timekeeping functions will revert to the human resource specialist. The executive secretary will serve as backup to the human resource specialist for this function. The human resource specialist will be tasked with evaluating PeopleSoft's timekeeping system and determining if it will satisfy CLEET's needs in this area. Additionally, the human resource specialist will evaluate the need for review of timesheets in addition to those already in place.

#### **Auditor's Response**

We would like to clarify and reiterate that we are recommending an occasional, independent review of the data and calculations within the timekeeping system due to two main risks:

- Manual entry of this data by one person greatly increases the risk of error due to the complexity of accrual rates and deadlines involved; independent review would mitigate this risk
- While it's helpful that employees receive information about their balances, they may not have the expertise to ensure accrual rates and deadlines have been accurately calculated, and they have less incentive to report an error in their favor

**OBJECTIVE III** Determine whether prior audit recommendations related to inventory controls have been implemented, and as needed provide further guidance from *GAO Standards for Internal Control* and the *Statewide Accounting Manual*.

**Conclusion** Prior audit recommendations related to inventory controls have not been implemented. See details and related guidance in the following finding.  
  
Our detailed methodology is outlined in Appendix A to this report.

<b>FINDINGS AND RECOMMENDATIONS</b>
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**No Independent Inventory Count Performed** Our previous audit report dated November 2016 reported that key inventory responsibilities had not been properly segregated, and inventory counts were not independently reviewed during the audit period. Our related recommendations to improve the inventory process have not been implemented. In addition, the agency does not currently have reliable inventory software to maintain and track items.

**Records Maintenance in Question**

*Repeat Finding*

During the audit period the materials management specialist was responsible for maintaining the inventory listing, adding and deleting inventory items, and performing annual inventory counts. (He has since left the Agency.)

- The Agency's inventory software recently crashed and therefore the agency currently does not have a reliable inventory database. IT staff onsite are currently writing a new inventory tracking software, but that software is not yet ready for testing or implementation.
- Due to software issues and personnel turnover, the agency had a difficult time locating the entire list of inventory items that are under the reporting threshold, including weapons, for this audit.

The deficiencies noted above create the opportunity for the materials management specialist to take items or make errors without detection. Without a reliable and independent inventory count, the listings may be inaccurate and lost or stolen items are less likely to be identified.

Management reported they are currently evaluating their inventory controls and will likely segregate responsibilities between multiple employees.

The *GAO Standards for Internal Control* state that:

- Assets should be periodically counted and compared to control records.

- Management must design an internal control system to provide reasonable assurance of prevention or detection of unauthorized acquisition, use, or disposition of assets.
- Overall, management is responsible for designing control activities to respond to risks, and for taking adequate and timely actions to correct deficiencies reported by external auditors.

In addition, the OMES Statewide Accounting Manual states, “Internal controls should ensure individuals responsible for monitoring inventories should not have the authority to authorize withdrawals of items maintained in inventory, and individuals performing physical inventory counts should not be involved in maintaining inventory records.”

### **Recommendation**

We recommend:

- Management should ensure a comprehensive annual physical inventory count is performed and documented to ensure the records are complete and accurate. The employees responsible for performing the count should not have access to modify inventory records.
- After a full inventory count has been performed to confirm the current records are accurate and complete, regular counts should be conducted as appropriate based on the agency’s own assessment of the inventory risks. The results of each inventory count, and any resulting modifications to inventory records, should be reviewed and approved by management, and documentation of the review should be maintained. The reviewer should also ensure that any significant purchases are reflected in the records and that any items removed are supported by approved surplus documentation.
- Management should prioritize getting access to or rebuilding the inventory records. We suggest the Agency pay special attention to tracking weapons due to the increased risk related to them.

### **Views of Responsible Officials**

Management recognizes the weaknesses of the controls available in the current inventory tracking software program utilized by the agency. Management further recognizes the need to segregate the duties related to (a) purchasing goods, (b) receiving goods, (c) recording qualifying items into the inventory database, and (d) physically verifying (counting) these items.

Management is currently evaluating PeopleSoft’s fixed asset module. It is our current understanding that it will be within budgetary constraints and will address many of the segregation of duties concerns because it

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integrates directly with the purchasing module. Additionally, PeopleSoft will not allow agency personnel to remove items from inventory.

CLEET's management has imposed a deadline of August 31, 2021, to have a new inventory software implemented. The various responsibilities will be assigned to different employees based on the capabilities and needs of the chosen system. Additionally, the physical count of inventory will be completed and verified annually by an employee not responsible for the maintenance of inventory records.

## **APPENDIX A: Detailed Methodology**

In gaining an understanding of the agency and developing our detailed objectives, in addition to routine discussions, surveys, analysis, research, and prior audit follow-up, we performed the following:

- Reviewed revenue, expenditure, and asset-related data from the statewide accounting system and gathered information from Agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewed the Agency's written policies and procedures relevant in gaining an understanding of agency operations and in developing our objectives and procedures.
- Discussed management's process for review and approval of detailed expenditure reports and reviewed several claims in the statewide accounting system from the fluctuations we noted in different account codes in the CTB report.
- Reviewed the Agency's HR All Actions Report from the statewide accounting system to assess the changes that had a financial impact during the audit period.
- Estimated the percentage of revenues transferred to the state's general revenue fund, the CLEET Fund, and the CLEET Training Center Fund as required by 20 O.S. § 1313.2, and reviewed the timing of those transfers, for the audit period. Transfers appeared reasonable in amount and timing.

**To accomplish our objectives, in additional to methodology outlined in the body of the report, we performed the following:**

- We documented our understanding of the agency-wide components and underlying principles of internal controls significant to each of our objectives, as outlined further in Appendix B. In doing so, we obtained an internal control self-assessment completed by management and assessed the results, along with further discussions and review of documentation to verify and confirm as necessary. We analyzed the design and operating effectiveness of the significant principles and determined there is room for improvement relating to control activities, as addressed in our findings.

*For Objective II:*

- Documented our understanding of the timekeeping processes through discussion with management and staff.
  - Reviewed leave records and various employees' timesheets to verify our understanding of how timekeeping is internally tracked and approved.

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- Identified key internal control activities within the process and assessed that they are not properly designed and implemented, negatively impacting the reliability of Agency records. See discussion in the report.
- Tested key leave reports relied upon by management and related timekeeping documents to ensure, to the extent possible, that the Agency complied with leave and comp time rules outlined in:
  - 74 O.S. § 840-2.20 and OK Admin Code 260:25-15-10, which set annual leave accumulation limits: employees with less than five years' service cannot accrue more than 240 hours, and employees with more than five years' service can accrue up to 480 hours. Admin Code 260:25-15-10 also states that employees shall accrue annual and sick leave only when an employee is working. This was consistently the case in the records we reviewed.
  - 74 O.S. § 840-2.15, which states that compensatory time should be used within 180 days of accrual, and CLEET Directive 224 on "Time, Leave and Overtime," which reiterates this and further requires holiday and administrative time be used within 180 days.

*For Objective III:*

- Documented our understanding of the inventory process through discussions with staff and review of relevant records.
- Compared this information to our prior recommendations and applicable guidance from the GAO *Standards* and the Statewide Accounting Manual, as detailed in our finding.
- Evaluated management's design of inventory control activities to achieve objectives and respond to risks.

**APPENDIX B: Internal Control Components and Principles**

The table below outlines the components and principles of internal control considered significant to our specific objectives in this engagement, and notes whether those principles were found to be operating effectively. For those *not* operating effectively, further discussion and related recommendations are included in the report.

Internal Control Component/Principle	Significant to Obj. I	Operating Effectively?	Significant to Obj. II	Operating Effectively?	Significant to Obj. III	Operating Effectively?
<b>Control Environment Component</b> – Foundation that provides processes and structure to help an entity set expectations and achieve its objectives.						
1. The oversight body and management should demonstrate a commitment to integrity and ethical values.	✓	Yes				
2. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	✓	Yes				
<b>Control Activities Component</b> – Actions management establishes through policies and procedures to protect against risks.						
3. Management should design control activities to achieve objectives and respond to risks.			✓	No	✓	No
<b>Monitoring Component</b> – Activities to assess the quality of performance and promptly correct any deficiencies.						
4. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.			✓	No	✓	No
5. Management should remediate identified internal control deficiencies on a timely basis.					✓	No

The GAO emphasizes that each of the five components of internal control must be effectively designed, implemented, and operating; for an internal control system to be effective, the components must operate together in an integrated manner. They further stress that documentation is a necessary part of an effective internal control system. The level and nature of documentation vary based on the size of the entity and the complexity of the operational processes the entity performs. Documentation is required to demonstrate the design, implementation, and operating effectiveness of an entity’s internal control system.

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