

PERFORMANCE AUDIT

COUNCIL ON FIREFIGHTER TRAINING

For the period July 1, 2012 through June 30, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Council on Firefighter Training**

**For the Period
July 1, 2012 through June 30, 2015**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 17, 2016

TO GOVERNOR MARY FALLIN:

This is the audit report of the Council on Firefighter Training for the period July 1, 2012 through June 30, 2015. 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.

In summary, our audit procedures provide evidence that the Council on Firefighter Training operations were not effective or efficient overall and, in many cases, appeared to be unreasonable and inconsistent with their statutory responsibilities. We also noted several instances where Council on Firefighter Training activities appear to be duplicative of other state government entities that are potentially better qualified to perform those same duties. The underlying causes of the issues we observed appear to be insufficient direction from the legislature regarding the organizational status of the Council on Firefighter Training and grossly inadequate monitoring of operations and expenditures.

It is our overall opinion that the original legislative intent behind the establishment of the Council on Firefighter Training could be met more efficiently and effectively, and with significantly improved accountability, by consolidating the Council on Firefighter Training with an established component of state government such as the Oklahoma State University Division of Fire Service Training.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Council on Firefighter Training Performance Audit

Background

The Council on Firefighter Training (COFT) was established by the Legislature in 2004 with the following responsibilities¹:

1. Identifying firefighter training needs and setting the firefighter training goals for the State of Oklahoma;
2. Interacting with the Homeland Security Department's Preparedness and Awareness Division on firefighter training and grants;
3. Administering and maintaining the incentive and recognition programs established for Oklahoma firefighters; and
4. Ensuring that the state has consistent basic and continuing education programs that include steps for all ranks or positions of career and volunteer firefighters, by setting minimum standards for career, recommended levels for volunteer, identifying training programs and courses required for fire service members to achieve those levels.

In 2012, COFT was also given the responsibilities of approving training and prescribing a reporting form (in conjunction with the State Fire Marshal's Office) for the Volunteer Firefighter Tax Credit.² This had previously been the responsibility of the Oklahoma State University Fire Service Training Program (for career service firefighters) and the State Fire Marshal (for volunteer firefighters).

COFT is primarily funded by pass-through state funds from the Office of the State Fire Marshal. Although there were no direct line-item appropriations from the legislature for COFT during our audit period, the entity received the following amounts from the Office of the State Fire Marshal during our audit period:

Fiscal Year 2013 - \$332,127

Fiscal Year 2014 - \$332,127

Fiscal Year 2015 - \$323,160

In our efforts to determine the organizational nature of COFT, we reviewed relevant statutes and conducted interviews of COFT personnel. There is no specific language in [74 O.S. §325.1](#) identifying COFT as a state agency, pass through entity, or as having any other stand-alone organizational structure. In addition, COFT management indicated that they have not been able to get a clear answer regarding their status from anyone at the state level including the legislators who authored their original establishing legislation. An example of "identity confusion" was related to the purchase of their vehicle. Although the vehicle was purchased using a statewide contract (SW 035) and tagged as a state vehicle, COFT does not appear to follow other statutes regarding state vehicles. The vehicle is insured commercially rather than through the Office of Management and Enterprise Services (OMES) Risk Management

¹ HB 2372 (2004), effective July 1, 2004; codified at 74 O.S. § 325.1

² HB 1835 (2012), effective November 1, 2012; codified at 68 O.S. § 2358.7

Council on Firefighter Training Performance Audit

Division and COFT does not use the State of Oklahoma Fleet card for fuel and maintenance. According to COFT management, they were denied participation in that program by the OMES Fleet Management Division.

Because of the ambiguity in COFT's enabling statute, and lack of definitive information as well as confusion from other sources, it is currently not possible to conclusively determine the organizational nature of the Council on Firefighter Training. We are therefore unable to determine whether COFT is subject to statutory requirements for state agencies such as state purchasing laws or other requirements.

Oversight of the Council is provided by ten council members (Council), three of whom are ex officio and non-voting. Each council member serves a term of three years.

Council members as of April 2016 are:

Richard Kelley Chairman
Team Leader of OK-TF1, appointed by the Professional Firefighters of Oklahoma

Matt Lay Member
Appointed by the Oklahoma State Firefighters Association

Mike Karlin Member
Appointed by the Oklahoma Fire Chiefs Association

James Suddath Member
Broken Arrow Fire Dept., appointed by the State Fire Marshal

Bobby Johnson Member
Chandler Fire Dept., appointed by the Rural Fire Coordinators

Jack Ellington Vice Chairman
Appointed by the Emergency Medical Services Division at the Oklahoma State Department of Health

Mike Bower Member
Emergency Manager, Midwest City, OK, appointed by the Oklahoma Department of Homeland Security

Ex-Officio Members:

- The Director of Oklahoma State University Fire Service Training or designee
- The Director of the International Fire Service Training Association or designee
- The Director of Economic Development from the Oklahoma Department of Career Technology or designee

Council on Firefighter Training Performance Audit

Scope and Methodology

Our audit was conducted in response to Governor Fallin's request in accordance with 74 O.S. § 212.C and 213.2.B.

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 four specific objectives for the period July 1, 2012 through June 30, 2015. To include an evaluation of the current office location, we expanded our audit period to December 31, 2015. Each of the objectives was developed based on Governor Fallin's request.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Council on Firefighter Training's operations. We utilized sampling of transactions, where appropriate, to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

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.

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.

OBJECTIVE I

Determine whether current COFT operations are effective.

Observations

There are essentially two statutory references that provide direction for the COFT operations, as discussed in the Background section. The following are COFT's responsibilities according to those statutes, accompanied by our analysis on the effectiveness and efficiency of current COFT operations in meeting these responsibilities.

74 O.S. § 325.1(G), Oklahoma Council on Firefighter Training

1. *Identifying firefighter training needs and setting the firefighter training goals for the State of Oklahoma*

Information we obtained through our interactions with COFT personnel and others outside the entity, and observations of additional evidence such as COFT's website and expenditure data indicate COFT may not be performing this function in the most effective and efficient manner.

For example, COFT spent \$119,104 on travel and vehicle expenditures (11.6% of total expenditures) during the period of FY 13 - FY 15. We were informed by COFT personnel that one of the best ways for them to identify firefighter training needs was to "be in the field," attend firefighter conferences, and so forth. However, upon reviewing the expenditures, we noted that COFT often sent large delegations of staff to in-state firefighting conferences which required paying for mileage, per diem, hotels, etc. for all of those who attended. (These expenses are discussed in more detail under Objective III.) To an independent observer, this may seem excessive and not the most effective and efficient use of resources as the activity of "being in the field" to identify training needs could arguably be performed by fewer people.

In addition, their efforts related to this statutory requirement appear to duplicate the efforts of other, potentially better qualified organizations such as the Oklahoma State University Division of Fire Service Training (OSU-FST).

Although COFT has developed a *5 Level of Fire Fighter* certification program, this duplicates in many ways firefighter certification already available from OSU-FST. Additionally, the certifications available from OSU-FST have received international and national accreditation. The following excerpt is from OSU-FST's website³:

The OSU Fire Service Training Certification Section has achieved International Fire Service Accreditation Congress (IFSAC) and National Board of Fire Service Professional

³ OSU Fire Service Training, <http://www.osufst.org/about-certification>

Council on Firefighter Training Performance Audit

Qualifications (NPQS) accreditation in eleven technical levels. IFSAC and NPQS accredited certification gives reasonable assurance of the content and quality of the testing program offered by OSU Fire Service Training. The OSU Fire Service Training Certification System is designed to meet or exceed IFSAC and NPQS criteria.

2. *Interacting with the Homeland Security Department's Preparedness and Awareness Division on firefighter training and grants*

COFT's interaction with this division consists entirely of having a representative of the Homeland Security Department on the Council. This position is currently held by Mike Bower, Midwest City Emergency Manager, appointed by the Oklahoma Office of Homeland Security. COFT's website and Council meeting minutes confirm Mr. Bower's appointment and participation. It appears that COFT is at least somewhat effective in meeting this requirement.

3. *Administering and maintaining the incentive and recognition programs established for Oklahoma firefighters*

During our procedures, COFT personnel discussed the entity's use of patches (for uniforms), certificates, and gold tokens to recognize firefighters. However, based on the information on their website, it appears that their recognition program may not be completely developed. In addition, our review of their expenditures for FY 13 - FY 15 indicates that COFT spent only \$2,614 (0.3% of total expenditures) on incentive and recognition activities. In contrast, they spent \$2,934 on food for meetings and events during that same time period.

COFT also maintains and administers the Volunteer Firefighter Tax Incentive for training. This consists of COFT approving training obtained and reported by volunteer firefighters to meet the tax credit requirements. As discussed earlier, COFT often sent large delegations of staff to in-state firefighting conferences and other events which required paying for mileage, per diem, hotels, and related travel costs for all of those who attended.

Part of the justification for this expense was to promote the Volunteer Firefighter Tax Incentive. To an independent observer, this may seem excessive and not the most effective and efficient use of resources to meet this statutory requirement.

It appears COFT is not effectively meeting this statutory requirement.

4. *Ensuring that the state has consistent basic and continuing education programs that include steps for all ranks or positions of career and volunteer firefighters, by setting minimum standards for career, recommended levels*

for volunteer, identifying training programs and courses required for fire service members to achieve those levels

While COFT has made efforts to address this statutory requirement, as discussed under “Identifying firefighter training needs and setting firefighter training goals,” those efforts appear to be duplicative in nature and may not have been performed in the most effective and efficient manner.

68 O.S. § 2358.7, Volunteer Firefighter Tax Credit

1. Approve training required for tax credit eligibility

COFT is performing this function, as confirmed by our discussions and detailed testwork. However, in many cases COFT personnel are required to obtain confirmation from OSU-FST regarding training as OSU-FST maintains training records for firefighters. This appears to be an inefficient and ineffective approach to approving training required for the tax credit eligibility, essentially employing COFT as an extra layer in an approval process that OSU-FST could perform more efficiently.

2. Prescribe, in conjunction with the State Fire Marshal, a reporting form for use by volunteer fire departments and volunteer firefighters in order to provide required certifications

Our discussions with COFT personnel and review of the forms indicate they have effectively performed this function.

3. Upon request, provide copies of reporting forms documenting training history to the Oklahoma Tax Commission to verify tax credit eligibility

COFT has the information to perform this function, as confirmed by our procedures. However, as discussed in relation to approving training required for tax credit eligibility, this could potentially be done more efficiently and effectively by OSU-FST, where training records are already maintained.

Mission Creep

In addition to the issues noted above, it appears COFT has experienced significant “mission creep” by spending resources on activities that, although in some cases may arguably be beneficial, do not appear to be consistent with COFT’s statutorily defined responsibilities. We were made aware of multiple examples of this through our interviews with COFT personnel and others outside the entity and review of annual reports, as well as testwork of expenditures.

Examples of “mission creep” include (but are not limited to):

Council on Firefighter Training Performance Audit

- Firefighter health projects (such as skin cancer awareness and heart disease awareness);
- Providing and paying for training activities including contracts with multiple Regional Training Advisors who provide training in the field;
- Contracting with Oklahoma Pipeline Awareness Liaison to provide administrative and other support activities;
- Utilizing entity resources and vehicles to participate in Incident Management activities;
- Utilizing entity resources and vehicles to “assist citizens” during inclement weather.

Conclusion

It is our overall opinion that the Council on Firefighter Training is not effectively meeting the statutory requirements discussed under this objective. We further believe that the costs of meeting these requirements could be significantly decreased by eliminating duplicative functions and responsibilities through consolidation of the Council on Firefighter Training with an established component of state government such as the Oklahoma State University Division of Fire Service Training.

Council on Firefighter Training Performance Audit

OBJECTIVE II Determine whether expenditures were reasonable, consistent with the entity’s responsibilities as defined by 74 O.S. §325.1(G), and comply with other state statutes and regulations as appropriate.

Criteria Because the organizational status of the entity is unclear, we did not evaluate expenditures against the same criteria applicable to state agencies. We determined that in our analysis of expenditures we would use the Government Auditing Standards (GAO 6.33) definition of abuse, in conjunction with a comparison to 74 O.S. §325.1, as our objective metric for determining whether expenditures appear reasonable and operations appear to be effective in meeting statutory requirements.

As defined by Government Auditing Standards:

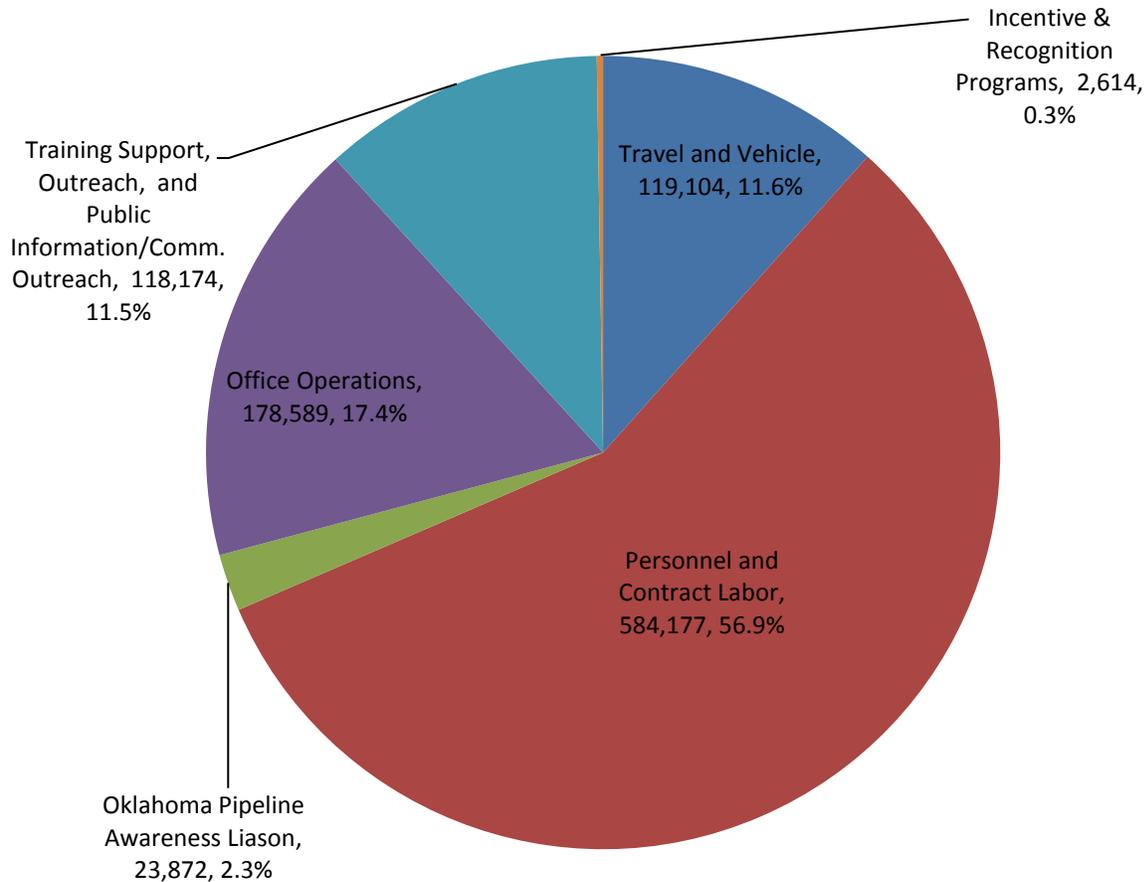
Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements.

Observations We have summarized COFT’s audit period financial transactions below, followed by a chart highlighting the percentages spent in each category for the time period July 1, 2012 through June 30, 2015⁴:

	Travel and Vehicle Expense	119,104
	Personnel and Contract Labor Expense	584,177
	Oklahoma Pipeline Awareness Liaison Expense	23,872
	Office Operations Expense	178,589
Training Support, Outreach, & Public Info/Community Outreach Expense		118,174
	Incentive & Recognition Programs Expense	2,614
	Total Expenses	<u><u>\$1,026,530</u></u>

⁴ We noted inconsistencies in COFT’s method of classifying expenditures within their financial records. This summary is based on their classification.

Expenses for
July 1, 2012 through June 30, 2015



We reviewed the detailed transaction data and noted the following examples (not an exhaustive list) of expenditures that appear questionable based on the criteria established:

Travel and Vehicle Expenses

- *Fire Department Instructor's Conference:* It appears that COFT paid for Council members, Regional Training Advisors (contractors), and COFT staff to attend this conference. Expenses appear to be typical for this type of out-of-state trip and included air fare, hotels, parking, transportation, and per diem. While this appears to be a reputable training conference, the number of people sent and the amount spent seem questionable and inconsistent with the statutory responsibilities of COFT. Following are the total amounts spent on this conference per COFT records:

Council on Firefighter Training Performance Audit

- FY 2013 - \$8,740
- FY 2014 - \$8,798
- FY 2015 - \$4,969
- *State Fire Marshal Ambassador Trips to Washington, D.C.:* Based on the data we were provided, it appears that COFT paid for Council members and COFT staff to travel to Washington D.C. with State Fire Marshal Robert Doke's Oklahoma State Fire Marshal Ambassador group. Expenses again appear to be typical for this type of out-of-state trip, including air fare, hotels, parking, transportation, and per diem. This appears to be an annual lobbying trip to visit with federal government representatives and members of Congress to lobby for federal funding and to inform elected officials about challenges faced by emergency responders in Oklahoma. The amounts spent on this out-of-state trip seem questionable and are not consistent with the statutory responsibilities of COFT. Per their records, COFT spent the following amounts on this conference:
 - FY 2013 - \$5,500
 - FY 2014 - \$3,062
 - FY 2015 - \$5,385
- *Poteau Balloon Festival:* According to their financial records, COFT paid for staff to attend this festival. The Poteau Balloon Fest is an annual hot air balloon festival featuring hot air balloons, tethered balloon rides and glows, a mud pit race, carriage rides, arts and crafts booths, games, food, carnival rides, and related attractions. The amounts spent seem questionable and inconsistent with the statutory responsibilities of COFT. Below are the total amounts COFT records indicate they spent on this activity:
 - FY 2013 - \$698
 - FY 2014 - \$985
 - FY 2015 - \$236

Oklahoma Pipeline Awareness Liaison (OPAL) Expenses

Based on our review of the contract between COFT and OPAL, we determined that COFT agreed to perform the following services, which do not appear to be consistent with their statutory responsibilities:

- Provision of administrative support for OPAL field programs.
- Provision of administrative and technical support as requested by the chair of OPAL including attendance and reporting at OPAL board meetings, providing trainers approved by OPAL, and providing general administrative services.
- Purchasing office supplies, hand outs, and give away items that are used solely for OPAL events, programs, and meetings. (The

contract allows COFT to seek reimbursement from OPAL for these purchases.)

Although we question the total amount of \$23,872 in expenses related to the OPAL contract, a couple of transactions stood out and do not appear to be consistent with the statutory responsibilities of COFT:

- FY 2013 – \$500 paid to Bridgecreek Fire Department Auxiliary to assist with rehab trailer purchase;
- FY 2015 – \$759 to purchase a laptop for Chris Neal (COFT contract employee at the time and current COFT interim director).

Training Support

- *Blue Card Program:* Based on information presented in COFT’s annual reports, the Blue Card Program is a command certification program that teaches firefighters how to standardize local incident operations across their organizations. While this program may be legitimately beneficial to firefighters, subsidizing their participation in the program does not seem consistent with the statutory responsibilities of COFT. We noted the following expenditures related to the Blue Card Program by COFT:
 - FY 2013 – \$2,772
 - FY 2015 – \$7,414
- *Oklahoma Fire Chiefs Association (OFCA) Conference:* It appears COFT paid airfare and speaker fees for the OFCA Conference. While this conference may be legitimately beneficial to firefighters, subsidizing part of the cost of the conference does not seem consistent with the statutory responsibilities of COFT. Below are the amounts spent on this conference per COFT records:
 - FY 2013 – \$5,640
 - FY 2015 – \$658

Food purchases

We noted \$2,934 spent on the purchase of food for different events. It should be noted that COFT spent more on food purchases during our audit period than they did on incentives and recognition activities (\$2,614 according to their expenditure classification), which is one of their statutory responsibilities.

Clothing purchases

We noted \$4,634 spent on clothing purchases that appeared to be for COFT staff, contracted Regional Training Advisors, or Council members. While there were other clothing purchases that appeared to have possibly been for incentive activities, this portion of the expenditures seem

questionable and is not consistent with the statutory responsibilities of COFT.

Office Lease

In October of 2015, COFT relocated their offices to 212 N. Odor St. in Arcadia, OK from their previous location at the Oklahoma Firefighter’s Museum at 2716 N.E. 50th in Oklahoma City, OK. COFT was obligated to find new office space as their previous office lease was not renewed due to remodeling and repurposing of their space within the Oklahoma Firefighter Museum.

Based on the “unusual” location of their new offices (there are no other state offices in Arcadia), we performed an expanded analysis of their office lease, examining both cost and location.

While we were unable to conclusively determine whether COFT is a state agency and therefore subject to state law regarding matters such as office leases, many of the rules promulgated by the Real Estate & Leasing Services (REALS) unit of the Oklahoma Office of Management and Enterprise Services (OMES) appear to be appropriate criteria against which to evaluate COFT’s office lease in terms of what a “prudent person would consider reasonable and necessary given the facts and circumstances” (GAO 6.33).

Cost

The rental ceiling is defined by OMES/REALS as the maximum rental consideration to be made for non-state owned facilities, in the form of a maximum annual rate per square foot. It is based on the following⁵:

Full Service Lease (includes all utilities and 5 day per week janitorial services):

The rate shall not exceed \$9.00 per net useable square foot per year. The \$9.00 ceiling will be reduced by 25 cents per day for each day that the janitorial services are below 5 days per week (maximum deduction of \$1.25/SF per year).

Net Lease (excludes utilities and/or janitorial services 5 days per week): The total cost to the agency for rent, utilities, and janitorial shall not exceed \$9.00 per net useable square foot per year. The cost for utilities to be provided by the agency, and/or the cost for janitorial services, must be added to the base rental rate in order to determine the total annual per square foot rate. Further, the \$9.00 ceiling will also be reduced by 25 cents per day for each day that janitorial services are below the 5 day per week standard. If the total cost exceeds the rental ceiling, the base rental rate must be decreased accordingly.

Exceptions to the above rental ceiling are considered on a case-by-case basis.

⁵ http://ok.gov/DCS/Real_Estate_&_Leasing_Services/FAQs.html

Council on Firefighter Training Performance Audit

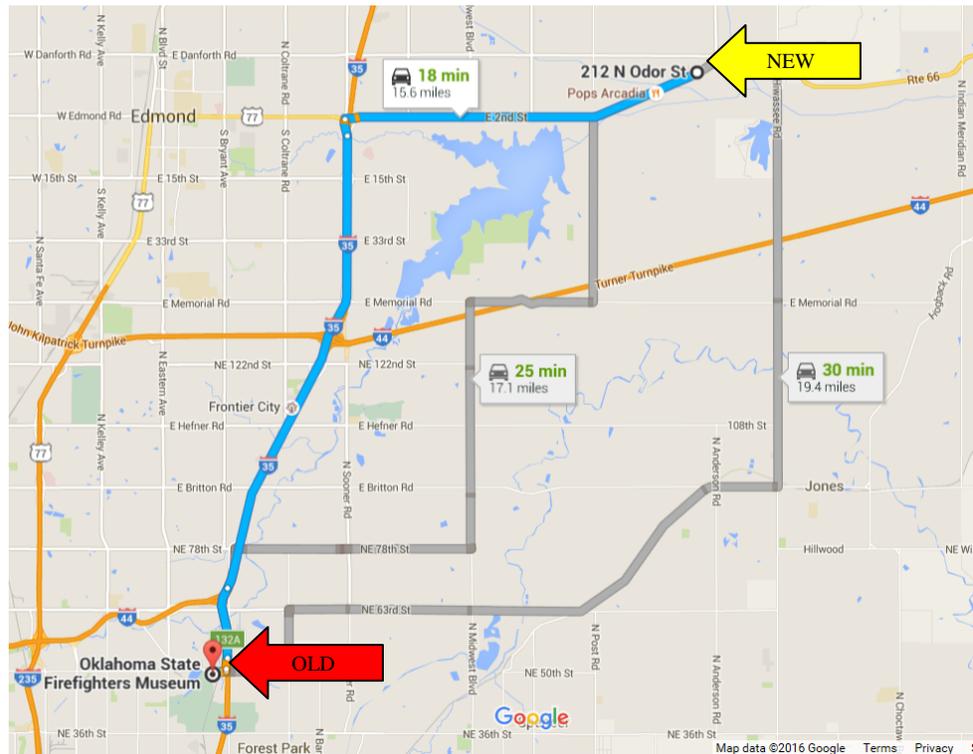
Lease costs are shown below for both the previous and current leases:

	Sq. Ft.	Annual Lease	Base Cost per Sq. Ft.	Annual Cleaning Costs	Annual Utilities Cost ⁶	Total Cost	Total Cost per Sq. Ft.
Previous Lease: Ok. State Firefighter's Assoc., OKC	800	\$9,600	\$12/sq. ft	?	?	\$9,600	\$12/sq. ft
Current Lease: Windmill Shops, Arcadia	1,200	\$10,320	\$8.60/sq. ft	?	\$1,858.32	\$12,178	\$10.14/sq. ft

The lease cost for the previous lease (OKC) is \$3 per square foot over the rental ceiling before including janitorial and utilities expenses. The current lease cost (Arcadia) is \$0.40 per square foot under the rental ceiling before including janitorial and utilities expenses. However, after including estimated annual utilities cost (cleaning costs were not available at the time of this analysis), the lease cost is \$1.14 per square foot over the rental ceiling.

Location

This map shows both the old (OKC) and new (Arcadia) office locations:



⁶ Utilities costs were estimated based on information on the partial November and December Transaction Report provided to us by the COFT Customer Service Manager at our initial meeting on February 3, 2016. We were unable to determine the actual utilities costs for either the current or previous leases from the expenditure information provided by COFT.

Council on Firefighter Training Performance Audit

When asked what the justification was for moving the COFT offices to Arcadia, COFT personnel stated that when they lost their office space at the Firefighter's museum, the space they found in Arcadia was about the same cost and had a lot more space. They did not feel it was any less convenient for most of the firefighters they work with to stop by their office in Arcadia rather than going to an office in Oklahoma City.

COFT's justification for their new office location does not seem to meet the "prudent person" criteria described above. It would seem more reasonable to locate the office in a centralized location with close interstate access rather than a less-traveled area such as Arcadia. It would also seem more reasonable to locate the office in the vicinity of other state government offices that a firefighter might be likely to visit such as the Oklahoma Firefighters Pensions and Retirement System, Department of Agriculture Forestry Services, or even their state representatives.

Conclusion

The examples above highlight questionable, and therefore potentially unreasonable, expenditures in comparison to the Government Auditing Standards definition of abuse (GAO 6.33) and COFT's responsibilities outlined at 74 O.S. §325.1.

Although not specifically listed here, we noted additional expenditures of the entity that may not meet the reasonableness criteria, such as potentially excessive travel costs for COFT staff and contractors and training activities by COFT that we believe do not fall under their statutory authority.

The underlying causes of the unreasonable expenditures appear to be insufficient direction from the legislature regarding the organizational status of the entity and grossly inadequate monitoring of entity expenditures.

Although COFT receives state funds through the Office of the State Fire Marshal, that agency is not performing any detailed monitoring of COFT expenditures. COFT receives an annual financial statement audit; however, that audit is not required by statute and does not provide the level of assurance that detailed program expenditure monitoring should.

OBJECTIVE III

Determine whether internal controls provide reasonable assurance that confidential information related to the Volunteer Firefighter Tax Credit, authorized by 68 O.S. §2358.7, is adequately safeguarded.

Conclusion

COFT's internal controls provide reasonable assurance that confidential information related to the Volunteer Firefighter Tax Credit is adequately safeguarded.

Methodology

In order to reach this conclusion, we performed the following:

- Obtained an understanding of internal controls related to safeguarding confidential information through discussions with entity personnel, observation, and review of documents.
- Tested those controls to ensure they were properly designed and implemented and operating effectively.

No exceptions were noted as a result of our procedures.

OBJECTIVE IV

Determine the sufficiency of and need for an independent annual audit.

Observations

COFT obtains an independent annual audit, providing a financial statement audit report of its modified cash basis financial statements. According to the annual reports, the independent auditor's consideration of internal controls has been limited to gaining an understanding of those controls relevant to the entity's preparation and presentation of the financial statements to aid them in designing audit procedures. The auditors did not express an opinion on the effectiveness of the entity's internal control.

We did not find any statutory requirements for an annual financial statement audit or provision for the audit report to be submitted to decision makers outside of the Council such as the governor or legislature. The only documented requirement for an annual independent audit of COFT is Oklahoma Administrative Code 268:1-4-4, which states:

An independent audit shall be performed at the end of each fiscal year and its outcome reported to the Council.

Although we verified during our review of Council meeting minutes that the Council appears to be reviewing and approving expenditures, they review financial reports provided by COFT staff from the internal accounting system, not those presented in the independent annual audit report. Additionally, the level of assurance provided by the Council's review and approval of expenditures seems diminished based on the fact that Council members were the personal recipients of expenditures we

Council on Firefighter Training Performance Audit

determined to be questionable and inconsistent with COFT's statutory responsibilities.

Based on our observations, discussions with COFT personnel, and meetings with the State Fire Marshal, external oversight of COFT has been essentially non-existent. For example, although the State Fire Marshal has been the state agency responsible for passing through state appropriations to COFT, they have not been monitoring COFT expenditures.

Conclusion

An independent annual audit is not required and is not sufficient to support decision making by the Council, or others outside the entity, regarding the efficiency and effectiveness of COFT management, programs, and operations. It appears that the benefit of the financial statement audit doesn't outweigh the cost and a more appropriate approach of ensuring accurate accounting records would include implementing checks and balances such as a reconciliation of internal records to bank statements. This reconciliation should be performed by someone who is independent of maintaining those records.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV