



# OKLAHOMA DEPARTMENT OF CAREER AND TECHNOLOGY EDUCATION

## Operational Audit

For the period July 1, 2018 through June 30, 2021

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

**Audit Report of the  
Oklahoma Department of Career and Technology Education**

**For the Period  
July 1, 2018 through June 30, 2021**



November 7, 2022

**TO THE OKLAHOMA DEPARTMENT OF CAREER AND TECHNOLOGY EDUCATION**

We present the audit report of the Oklahoma Department of Career and Technology Education for the period July 1, 2018 through June 30, 2021. 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

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**Background**

The Oklahoma Department of Career and Technology Education (Career Tech or the Agency) provides leadership and resources to ensure standards of excellence throughout the statewide system. The system offers its programs and services throughout nearly 400 public school districts, twenty-nine technology centers with fifty-eight campus sites, thirteen skills centers located in correctional facilities, and thirty adult basic education sites.

Each technology center works closely with advisers from local industry to ensure that students learn the skills needed to be valued members of the workforce. The department partners with many other state and private agencies and organizations to develop services to advance Oklahoma’s workforce and economic development.

Two main divisions are relevant to our objective:

- **Business Industry Services Division**  
The Agency’s Business & Industry Services Division works closely with the Business & Industry Services Divisions of each Technology Center. Each Technology Center is responsible for tracking course data for their technology center and submitting their course information to the Information Services Division for review.
- **Information Services Division**  
The Information Services Division is responsible for reviewing course data that is submitted by the Business Industry Services Divisions to ensure the information is accurate and complete.

Oversight is provided by nine board members appointed by the governor and confirmed by the State Senate.

Board members as of October 2022:

Joy Hofmeister.....	Chairperson
Brian Bobek.....	Member
Estela Hernandez.....	Member
Shaelynn Haning.....	Member
Peter Dillingham.....	Member
Michael Brown.....	Member
Randy Gilbert.....	Member
Edward Hilliary, Jr. ....	Member
Vacant.....	Member

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The following table summarizes the Agency's sources and uses of funds for fiscal years 2020 and 2021 (July 1, 2019 through June 30, 2021).

**Sources and Uses of Funds for FY 2020 and FY 2021**

	2020	2021
<b>Sources:</b>		
Appropriations	\$ 142,958,228	\$ 138,665,770
Federal Grants and Reimbursements	25,927,497	28,187,766
Charges and Fees	3,702,449	3,539,191
Sales and Contributions	675,995	727,962
Other Revenues	15,850	5,203
<b>Total Sources</b>	<b>\$ 173,280,019</b>	<b>\$ 171,125,892</b>
<b>Uses:</b>		
Assistance, Payments to Local Govn'ts	\$ 145,722,401	\$ 140,505,614
Personnel Services	20,564,010	19,872,453
Administrative Expenses	4,350,424	3,849,605
Professional Services	3,303,601	2,848,284
Transfers and Other Disbursements	666,821	724,377
Travel	533,083	223,747
Property, Furniture, Equipment	155,036	621,070
<b>Total Uses</b>	<b>\$ 175,295,376</b>	<b>\$ 168,645,150</b>

*Source: Oklahoma Statewide Accounting System (unaudited, for informational purposes only)*

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**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, 2018 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management, distributed surveys to Agency personnel, and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the statewide accounting system and information gathered from Agency personnel to assess the related financial processes and trends for any notable risk.
- Analyzing top vendors and expenditures by dollar amount and reviewing a selection of miscellaneous expenditures in detail.
- Reviewing inventory listings and discussing the inventory count process with staff.
- Reviewing Board meeting minutes and pertinent statutes and regulations and assessing related risks.
- Reviewing payroll reports provided by the agency and a selection of payroll approval documentation.

One objective related to enrollment data was developed, as discussed in the next section. No other significant risks or findings were identified as a result of these procedures.

We utilized sampling of transactions to achieve our objective. 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.

### 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 detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

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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>.

**OBJECTIVE** Determine whether technology centers are reporting enrollment data in accordance with *Business and Services Industry Guidelines* to ensure the centers are receiving proper funding.

**Conclusion** Our testwork reflected that technology centers are reporting enrollment data in accordance with *Business and Services Industry Guidelines* to ensure the centers are receiving proper funding. However, we recommend the Agency formalize and document their key reviews of the relevant data.

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

- Documented our understanding of the processes related to course enrollment and oversight and how data reporting occurs and relates to funding, through discussion with staff and review of documentation.
- Evaluated those processes, confirmed they addressed key aspects of the *Business and Services Industry Guidelines*, and identified significant internal controls related to our objective.
- Analyzed the class listings to determine the number of classes during the audit period and per year, how many classes were reimbursable, how many classes fell in each program type, and how many students and clock hours were reported per Tech Center. No concerns were noted as a result of this analysis.
- Reviewed examples of Tech Center reports including course and student files; course syllabi; Information Management Division reports; and the Customized & Safety Training funding formula and supporting reports.
- Performed detailed testing procedures for a random sample of audit period reimbursable classes, as detailed below, including ensuring the courses reviewed were appropriately classified by program type and met the *Business and Services Industry Guidelines* for reimbursement.

OBSERVATIONS AND RECOMMENDATIONS

**Enrollment Data  
Tested Complied  
with Agency  
Guidelines**

Technology Centers around the state of Oklahoma upload their enrollment, program, and contact hours data into the Career Tech Information Management System (CTIMS). This information is used in the funding formula that impacts the dollars the Technology Centers receive.

**Improved  
Documentation  
Needed for Key  
Reviews**

**Testwork reflected appropriate reporting of enrollment data**

We gained a detailed understanding of the data reporting and review process for Technology Center classes and confirmed that the review process incorporates key aspects of the Agency's *Business Services Industry Guidelines*. We reviewed a random sample of 76 of 98,208 course contracts from the Technology Centers for comparison to the class listing maintained by the Information Management Division (IMD) that is used for funding purposes. We tested for accuracy and compliance with *Business Services Industry Guidelines*, which entailed verification of the course name, student enrollment, course hours, and the program type.

**Key reviews require formal documentation**

Quarterly the Technology Centers provide IMD with reports that contain the course information. IMD is responsible for reviewing the information that has been entered in to the CTIMS system and the quarterly reports for accuracy. As part of this process IMD runs discrepancy reports to detect inconsistencies between CTIMS and the supporting reports. However, there is no formal documentation of the review of these discrepancy reports.

The Financial Operations Administrator, who prepares the funding formula, and the Workforce and Economic Development Manager then meet to review the funding formula calculation and details prior to sharing the information with the schools. While this review has not been formally documented in the past, management noted during our discussions that they plan to formalize this process going forward.

These two reviews are key in detecting errors and ensuring the Technology Centers receive appropriate funding.

According to GAO *Standards for Internal Control*:

- Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.

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- Management should use quality information to achieve the entity's objectives and should monitor the internal control system and evaluate the results.

**Recommendation**

We recommend management formally document their reviews of the discrepancy reports and the overall funding formula approval. Documentation of these reviews should be retained for management review and audit purposes.

**Views of Responsible Officials**

Agency concurs with the recommendation. The Information Management Division will maintain a discrepancy report log indicating date report is run, communication to schools of issues, and resolution of issues. Agency's Financial Operations Administrator will document via email the review and approval of the Customized & Safety Training funding formula by the agency's Business & Industry Services Manager.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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