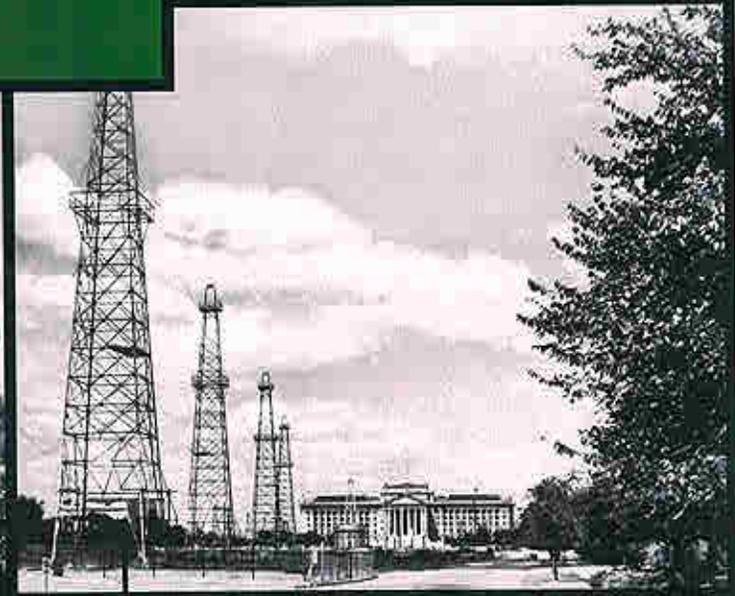


Agreed-Upon Procedures Report

COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING

JULY 1, 2005 Through DECEMBER 31, 2006



Office of the Oklahoma State Auditor and Inspector
Jeff A. McMahan, CFE

Council on Law Enforcement Education and Training

Agreed-upon Procedures Report

**For the Period
July 1, 2005 through December 31, 2006**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

July 9, 2007

TO THE COUNCIL ON LAW ENFORCEMENT EDUCATION AND TRAINING

Transmitted herewith is the agreed-upon procedures report for the Council on Law Enforcement Education and Training. 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

Mission Statement

Enhance public safety by providing education and training which promotes professionalism and enhances competency within the ranks of Oklahoma law enforcement; manage and regulate the licensing and training of private security.

Board Members

Chief Clayton Johnson..... Chair
DeWade Langley Director
Ron Bartmier Member
Chief Dave Been..... Member
Sheriff DeWayne Beggs Member
Chief Norman McNickle Member
Sheriff Bob Wilder Member
Lt. Colonel Larry Alexander..... Member
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Jeanie Nelson..... Executive Director
Jason Harjo Comptroller



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

We have performed the procedures enumerated below, which were agreed to by management of the Council on Law Enforcement Education and Training, solely to assist you in evaluating 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, 2005 through December 31, 2006. 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 Council on Law Enforcement Education and Training's internal controls over receipts and 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;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - 10% of the gross fees charged, collected and received were deposited to the State's General Revenue Fund;
 - Receipts and 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.

We noted that receipt books for collections in Private Security are not reconciled to daily deposits. During our walk-through, we noted that copies of hand-written receipts for checks received from walk-in collections and copies of hand-written receipts for walk-in cash collections are reconciled to the daily deposit. However, the actual receipts retained in the receipt books are not reconciled to the daily deposits to ensure all the receipts issued for the day were deposited and that the receipts were issued in numerical order. We recommend the actual receipt books for Private Security collections be reconciled to the daily deposits.

Management Response: We agree with the auditor's recommendation. The agency's existing process was established July 21, 2000, requiring the cashier to total the receipts written daily until the cut-off time and compare the receipts to the deposit report.

Apparently with the change in personnel (4 changes since 2000) this procedure had been overlooked. The cashier was advised on April 11, 2007, to bring the receipt books with the daily monies received to the Accountant for reconciliation when the deposit is prepared. This procedure has been incorporated from the process manual into our fiscal procedures manual and has been reissued to staff members.

With respect to the other procedures applied, there were no findings.

2. We compared the Council on Law Enforcement Education and Training's internal control over the safeguarding of capital assets with the following criteria:
 - Inventory records were maintained for capital assets costing \$500 or more;
 - Packing slips were compared to the purchase order when capital assets were received;
 - Inventory records were adjusted promptly when capital assets were acquired, retired, sold, or transferred;
 - Obsolete or unusable assets were disposed of through the Department of Central Services' Surplus Property Division;
 - Physical inventories were performed;
 - Differences between physical inventory counts and inventory records were resolved.

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

3. We randomly selected 20 deposits and:
 - Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day;
 - Examined receipts to determine if they were pre-numbered and issued in numerical order;
 - Agreed cash/check composition of deposits to the receipts issued;
 - Agreed the total receipts issued to the deposit slip;
 - Inspected agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received;
 - Inspected 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;
 - Inspected agency receipts to determine whether receipts were safeguarded;
 - Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
 - Compared the nature of the deposit to the account code description to determine consistency.

We noted the following during our deposit testwork:

- We could not determine the receipts were issued in numerical order for one of the deposits selected for testing;
- Total receipts issued for the day did not agree with one of the deposits selected for testing;
- Four deposits were not deposited on the same banking day as received (62 O.S. 2001§ 7.1.c).

Not issuing receipts in numerical order and not depositing receipts on the same banking day as received may allow errors or improprieties to go undetected. We recommend all checks be recorded and deposited on the same day as received.

Management Response: We concur with the auditor's findings.

Numerical order of receipts: The receipts for the dates listed were examined. The cashier issued receipts from two different receipt books for the same day: One receipt book was used for walk-in customers and one for monies received in the mail. We agree this practice may be confusing and have directed the cashier to use only one receipt book daily to reduce the confusion. In the event that two people are needed to write receipts, a cross reference will be made in the receipt books to establish an audit trail for the daily activity. The fiscal procedure has been reissued to require comparison of the receipt book to the daily deposit when the monies are delivered to the Accountant, and requiring a cross reference notation if more than one receipt book is used.

Same day deposits: Monies are received at the agency during normal business hours (8:00 a.m. to 5:00 p.m.). Some of the monies deposited the following date of receipt were the result of monies received after the cut-off time for the daily deposit. Procedure establishes a cut-off time for collections to allow time to

prepare and reconcile the monies for deposit. However, it appears that some of the data entry was not completed until the next day for monies received before the cut-off time on one of the days (9/26/2005) due to heavy activity. As a small agency the cashier also answers telephone calls, and establishes the master record and payment record. Tracking of the payment information is done through the payment data entry screen which reflects the date the payment is received and the deposit date to account for the monies.

Corrective action: A directive has been issued to the licensing staff and Accountant reminding them that all monies collected up to the cut-off time of the deposit are to be deposited on the same day received. Since December, 2006, the cashier has been given relief time from the telephones to allow time to complete the deposits on the same day. The Accountant will notify the Business Manager and Comptroller if the monies are not processed according to policy for corrective action.

With respect to the other procedures applied, there were no findings.

4. We recalculated the required percentage/amount to be deposited to the State's General Revenue Fund and agreed it to the amount transferred to the General Revenue Fund.

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

5. 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.

We noted that for three of the sixty vouchers selected for testing the nature of the purchase was not consistent with the account code recorded.

- Voucher #3448 was for a desktop organizer and was coded as "expendable office supplies" (536140) but should have been coded as "non-expendable office supplies" (536130).
- A portion of voucher #2402 was for pencil lead and replacement erasers and was coded as "non-expendable offices supplies" (536130) but should have been coded as "expendable office supplies" (536140).
- Voucher #3752 contained both expendable and non-expendable office supplies; \$50.33 was charged as "non-expendable office supplies (536130) and \$144.40 was charged as "expendable office supplies (536140), but \$96.82 should have been charged as "non-expendable office supplies" (536130) and \$97.91 should have been charged as "expendable office supplies" (536140).

We recommend that account codes be reviewed to ensure the nature of the disbursement is consistent with the account code prior to approving vouchers for payment.

Management Response: We concur with the auditor's findings. It is the agency's policy to review the nature of the disbursement to ensure the disbursement is consistent with the account code prior to approving the vouchers for payment. A careful review of the usage of account codes "expendable office supplies" (536140) and "non-expendable office supplies" (536130) will be executed on a more consistent basis.

With respect to the other procedures applied, there were no findings.

6. 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 procedures.

7. We randomly selected 10% (at least 1) of the employees who appeared on the December 2006 payroll but not on the July 2005 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.

8. We randomly selected 10% (at least 1) of the employees who appeared on the July 2005 payroll but not on the December 2006 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.

9. We randomly selected 10% (at least 1) of the employees whose gross salary at December 2006 had increased since July 2005 (excluding legislative pay raises) and observed the "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.

10. We randomly selected 10% (but no more than 20) of the employees from the December 2006 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for December 2006.

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

11. We selected 10 assets from the capital asset listing and:
- Visually inspected each asset to ensure its existence and that it was identified as property of the State of Oklahoma;
 - Compared the identification number on the listing to that shown on the asset.

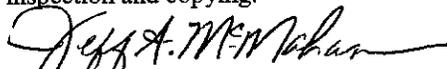
There were no findings as a result of applying the procedures.

12. We selected 10 assets from the floor and:
- Traced them to the capital asset listing;
 - Compared the identification number on the asset to that shown on the listing;
 - Inspected the asset to determine it was properly identified as property of the State of Oklahoma.

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

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 Council on Law Enforcement Education and Training 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
July 9, 2007