

**DEPARTMENT OF
HUMAN SERVICES**

**AGENCY SPECIAL
ACCOUNTS**

JULY 1, 2005 THROUGH
JUNE 30, 2006

AGREED-UPON PROCEDURES REPORT



Jeff A. McMahan

Oklahoma State Auditor
& Inspector

**Department of Human Services
Agency Special Accounts**

Agreed-upon Procedures Report

**For the Period
July 1, 2005 through June 30, 2006**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

May 5, 2008

TO THE OKLAHOMA COMMISSION FOR HUMAN SERVICES

Transmitted herewith is the agreed-upon procedures report for DHS Agency Special Accounts. 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,

A handwritten signature in blue ink that reads "Michelle R. Day".

Michelle R. Day, Esq.
Deputy State Auditor and Inspector



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 Department of Human Services, solely to assist you in evaluating your internal controls over the receipt and disbursement process, and in determining whether selected receipts and disbursements are supported by underlying records for the period of July 1, 2005 through June 30, 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 Department's internal controls over receipts and disbursements for Agency Special Accounts 1830A, 1830E, 1830H, 1830L, 1830U, and 1830G with the following criteria:
 - Accounting functions were properly segregated;
 - Deposit slips and advice cards were submitted to DHS by the institutions and/or local offices;
 - Receipts not deposited daily were safeguarded by the DHS Office of Finance;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by appropriate documentation such as an original invoice.

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

2. We randomly selected 20 deposits from each Agency Special Account and:
 - Compared OST deposit date to agency deposit slip date to determine if dates were within one working day;
 - Examined receipts to determine if they were properly posted to the agency's accounting records;
 - Compared the nature of the receipt to the ASA purpose to determine consistency.

Agency Special Account 1830E

We noted twenty Fund 710 (Agency Special Account 1830E) deposits where the nature of the deposit was not allowable according to the specific purpose of the ASA. The Agency Special Account Application for Fund 710 (Agency Special Account 1830E) states, "This account will be for the purpose of providing funds for food stamp related investigations as set forth in S.B. 576 § 24."

These funds were used as emergency monies paid out to volunteers for travel to the gulf area. Volunteers were sent to assist with social services relief efforts resulting from Hurricane Katrina. The fund was then reimbursed by the volunteers from travel claim(s) related to this deployment.

If the nature of the deposit is inconsistent with the specific purpose of the ASA, it could result in improper usage of funds. We recommend that the nature of all deposits be consistent with the purpose set forth in the OSF Agency Special Account Applications.

MANAGEMENT RESPONSE: Concur. This activity occurred due to unique circumstances. It is not our normal operating procedure.

Agency Special Account 1830G

We noted five Fund 730 (Agency Special Account 1830G) deposit slips were not within one working day of the Office of the State Treasurer's deposit slip date.

To ensure deposits are made into the account in a timely manner, we recommend each deposit be made within one working day of the day it is received. Also, it is important to keep the agency deposit slip along with any other documentation needed to verify that all incoming funds are properly recorded. We recommend agency deposit slips be maintained with all pertinent accounting documentation.

MANAGEMENT RESPONSE: Concur. It is our policy to make deposits within one business day of receipt. The importance of this policy has been re-emphasized. Additionally, plans will be put in place for filing agency deposit slips with all pertinent accounting documentation. Anticipated completion date is June 30, 2008.

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

3. We randomly selected 60 vouchers from each Agency Special Account and:
 - Compared each ASA voucher to an original invoice to determine agreement;
 - Agreed the ASA voucher amount and payee to invoice amount and payee;
 - Compared the nature of the purpose to the ASA purpose to determine consistency;

Agency Special Account 1830U

We noted seven instances in which the voucher had no supporting documentation (i.e., original receipt).

To ensure the department is expending the correct amount, we recommend the department require all counties to submit supporting documentation for Fund 725 disbursements.

MANAGEMENT RESPONSE: Concur. Effective July 1, 2007 procedures were put in place to ensure supporting documentation is obtained. We now track vouchers without supporting documentation and request the information monthly. Additionally, for the seven items noted in the audit, we plan to continue seeking the supporting documentation.

Agency Special Account 1830G

We noted nineteen voucher account codes did not match the account codes listed on the Agency Special Account Application for Fund 730 (Agency Special Account 1830G).

If disbursements are not properly coded, it could result in inaccurate accounting records and improper usage of funds. We recommend that all disbursements be coded based on the accounting codes set forth in the OSF ASA applications.

MANAGEMENT RESPONSE: Concur. Agency Special Account application(s) will be revised to include expenditure code 6118. Anticipated completion date is July 31, 2008.

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

4. We examined Agency Special Account 1830F (Investments) and:
 - Observed the DHS-CSED Detail Report to determine that the investments for each month were properly documented;
 - Examined the DHS-CSED Detail Report to determine each month's interest was properly posted to Account 1830F;
 - Recalculated the interest earned and agreed to the result to the amount paid.

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, and disbursements for the Agency Special Accounts. 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 Department of Human Services 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.



Michelle R. Day, Esq.
Deputy State Auditor and Inspector

April 21, 2008



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