



DEPARTMENT OF LABOR

Turnover Procedures Report

For the period of January 1, 2018 through January 11, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**Turnover Procedures Report of the
Department of Labor**

**For the Period
January 1, 2018 through January 11, 2019**

April 30, 2019

Leslie Osborn
State Labor Commissioner
Oklahoma Department of Labor
3017 N. Stiles, Suite 100
Oklahoma City, OK 73105

Dear Commissioner Osborn,

Per your request, we have performed the turnover procedures listed below for the period of January 1, 2018 through January 11, 2019.

The procedures for this turnover report included the following:

1. We selected three months of deposits and determined if revenues were transferred into the proper funds.

SCOPE AND METHODOLOGY

We discussed the revenue process with relevant personnel and then randomly selected three months from the audit period and determined if revenues deposited by the agency were transferred into the appropriate funds for those months.

FINDINGS AND RECOMMENDATIONS

Deposits were transferred to the appropriate fund for two of the three months tested. For September 2018, we noted an exception where the agency did not make a transfer of \$2,500 in deposits to the appropriate fund. The transfer has now been made after the issue was discovered during testwork.

However, the deposit was not transferred to the proper fund in a timely manner. 62 O.S. § 34.57 states that "at least once a month each state agency shall transfer monies deposited in agency clearing accounts to the various funds or accounts, subdivisions of the state, or functions as may be provided by statute." We recommend the agency comply with 62 O.S. §34.57 by ensuring all fund transfers are completed monthly and that the amounts are verified during monthly financial reviews for accuracy and reconciliation purposes.



VIEW OF RESPONSIBLE OFFICIALS

We have worked with all parties in the agency to ensure the process of refund and request is completed in a timelier manner, to not allow this same error to occur again.

2. We obtained a selection of expenditure claims and reviewed to ensure they were adequately supported, mathematically accurate, properly approved, and reasonable given the Agency's mission.

SCOPE AND METHODOLOGY

We gained an understanding of the expenditure process through discussion with personnel and review of relevant documentation. We then randomly selected 30 non-payroll expenditure claims from the audit period (a population of 767 claims). We reviewed the supporting documentation for each of the claims to ensure the attributes listed above were present.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

3. We reviewed documentation of payroll changes to ensure they were properly approved.

SCOPE AND METHODOLOGY

We discussed payroll changes with personnel to determine how they are documented and approved. From the audit period changes with a financial impact (including hires, terminations, and pay rate changes), we judgmentally selected 19 pay rate changes from the audit period. We excluded agency-wide legislative and market-based adjustments. We then included changes made from November 1, 2018 through January 11, 2019, changes of 10% or more from the remainder of the audit period, and any changes pertaining to administrative staff.

We reviewed the supporting documentation for the resulting 19 changes to ensure they were properly approved. Where explicit approval was not required (such as with terminations), we ensured appropriate documentation was provided and agreed to the Human Capital Management (HCM) system where such changes are applied.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

4. We selected a random sample of three months' clearing account reconciliations and tested to ensure they were mathematically accurate, agreed to supporting documentation, and reconciling items appeared reasonable.

SCOPE AND METHODOLOGY

We gained an understanding of the reconciliation process through discussions with personnel and review of relevant documentation. We obtained the reconciliation forms and supporting documentation for the three randomly selected audit period months, and examined them to ensure the attributes listed above were met.

FINDINGS AND RECOMMENDATIONS

No findings were noted for two of the months tested. For the September 2018 reconciliation, the form was mathematically accurate and reconciling items appeared reasonable; however, the monthly reconciliation did not agree to supporting documentation due to the neglected transfer discussed under procedure #1.

We recommend management's detailed review of the OMES Form 11 clearing account reconciliation ensures the form ties to appropriate supporting documents, including the official reports outlined in the State Accounting Manual, and includes a review of the accuracy and timing of fund transfers.

VIEW OF RESPONSIBLE OFFICIALS

Additional management review of the OMES Form 11 clearing account reconciliation has been implemented to ensure the form ties to appropriate supporting documents and includes a review of the accuracy and timing of fund transfers.

5. We judgmentally selected 12 inventory items representative of the Agency's inventory listing and inspected to ensure the item existed at the Agency, was marked as Property of the State of Oklahoma, and the details in the inventory listing were accurate.

SCOPE AND METHODOLOGY

We discussed the inventory process with relevant personnel and obtained the listing of the Agency's IT and Non-IT assets. We judgmentally selected 12 items from the inventory listing and visually inspected them to ensure the attributes listed in our procedures were met.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

6. We physically selected ten items present in the Oklahoma City office, and requested remote verification of four field equipment items, to ensure the assets were included in the inventory listing, identified as Property of the State of Oklahoma, and that the details in the inventory listing were accurate.

SCOPE AND METHODOLOGY

We haphazardly selected 10 items from the Agency office. Then, when contacting field agents for procedure #5, we also inquired about other property in the field agent's

possession and requested the agent provide us with the details, including photographs, of four additional assets in the field. For all 14 items, we ensured the asset met the attributes listed above.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

Because the procedures performed do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Department of Labor for the period of January 1, 2018 through January 11, 2019. This report relates only to the selected items specified above. Further, due to the test nature and other inherent limitations of a turnover engagement, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undetected.

This report is intended for the information and use of management of the Department of Labor. However, this report is a matter of public record and its distribution is not limited.

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

Sincerely,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR AND INSPECTOR

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



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov