

# OFFICE OF DISABILITY CONCERNS

JANUARY 1, 2006 THROUGH  
DECEMBER 31, 2007

# OPERATIONAL AUDIT



Jeff A. McMahan

Oklahoma State Auditor  
& Inspector

**Audit Report of the  
Office of Disability Concerns**

**For the Period  
January 1, 2006 through December 31, 2007**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Jeff A. McMahan  
State Auditor and Inspector

May 22, 2008

**TO THE EXECUTIVE DIRECTOR OF THE OFFICE  
OF DISABILITY CONCERNS**

Pursuant to 74 O.S. § 212, transmitted herewith is the audit report for the Office of Disability Concerns for the period January 1, 2006 through December 31, 2007. 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

## **Mission Statement**

The Office of Disability Concerns (ODC) provides accurate and timely information, referral and advocacy. They act as an intermediary to persons with disabilities and provide services for those with disabilities.

## **Governor's Advisory Committee Officers**

### **July 2005 to June 2006**

Mary Lou Masopust.....	Chairman
Charlie Jones .....	Vice-Chairman
Charles Tiessen.....	Secretary
Alton Spradlin .....	Past Chairman

### **July 2006 to June 2007**

Charles Jones .....	Chairman
Charles Tiessen.....	Vice-Chairman
Willa Love .....	Secretary
Mary Lou Masopust.....	Past Chairman

### **July 2007 to June 2008**

Charles Tiessen.....	Chairman
Willa Love .....	Vice-Chairman
Carolyn Dubie .....	Secretary
Charlie Jones .....	Past Chairman

## **Key Staff**

J. Steven Stokes .....	Director
Dalene Barton .....	Office Manager



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

**TO THE OFFICE OF DISABILITY CONCERNS**

We have audited the Office of Disability Concerns for the period January 1, 2006 through December 31, 2007. The objectives of this audit were to:

- Determine whether the agency's internal controls provide reasonable assurance that revenues, expenditures, and inventory were accurately reported in the accounting records, and whether financial operations complied with applicable finance-related laws and regulations.
- Determine compliance with certain laws and regulations.

As part of our audit, we obtained an understanding of internal controls significant to the audit objectives and considered whether the specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of the design and operation of the controls. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of the laws and regulations significant to the audit objectives and assessed the risk that illegal acts, including fraud, violation of contracts, grant agreements, or other legal provisions could occur. Based on this risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the laws and regulations. However, providing an opinion on compliance with these laws and regulations was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

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.

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

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

April 23, 2008

## **Background**

The Office of Disability Concerns has the following powers and duties to identify the needs of people with disabilities on a continuing basis and to attempt to meet those needs. The Office serves as a referral and information source for people with disabilities. The Office provides referral assistance, continuing needs assessment and advises and assists private and public agencies in statewide policy development concerning people with disabilities. The Office generates community awareness and support of programs for people with disabilities. The Office advises and assists the Governor and the Legislature in developing policies to meet the needs of people with disabilities. The Office of Disability Concerns assists agencies in meeting the requirements of Public Law 93-112, and subsequent amendments thereto, as such pertain to people with disabilities.

Table 1 summarizes the agency's sources and uses of funds for state fiscal years 2006 and 2007.

**Table 1-Sources and Uses of Funds for SFY 2006 and SFY 2007**

<b>Sources:</b>	<b>2006</b>	<b>2007</b>
Federal Grants-In-Aid	\$113,945	\$125,957
Refunded Money Previous Disbursements – Goods and Services	1,186	0
Other Grants, Refunds & Reimbursements	6	11
Appropriations	<u>372,702</u>	<u>381,812</u>
Total Sources	<u>\$487,839</u>	<u>\$507,780</u>
<b>Uses:</b>		
Salary Expense	\$311,415	\$316,961
Insurance Premium-Health-Life, etc.	36,171	41,598
FICA-Retirement Contribution	59,848	64,628
Professional Services	3,925	5,254
Inter/Intra Agency Payment – Professional Services	273	164
Travel- Reimbursements	4,522	5,885
Travel- Agency Direct Payments	300	4,931
Miscellaneous Administrative	28,337	41,582
Rent Expense	24,582	24,442
Maintenance and Repair Expense	3,530	1,458
Specialized Supply and Maintenance Expense	49	0
General Operating Expenses	3,898	3,943
Office Furniture & Equipment	17,260	6,701
Library Equipment – Resources	<u>0</u>	<u>15</u>
Total Uses	<u>\$494,380</u>	<u>\$517,562</u>

Source: Oklahoma CORE Accounting System

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**Objective 1** – Determine the Board's internal controls provide reasonable assurance that revenues, expenditures, and inventory were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations.

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## **Conclusion**

The Board's internal controls related to revenues, expenditures, and inventory appear to provide reasonable assurance that these items were accurately reported in the accounting records, and financial operations complied with applicable finance-related laws and regulations.



## **Methodology**

To accomplish our objective, we:

- Reviewed 62 O.S. § 7.1 “Agency Clearing Accounts – Deposits – Transfers – Exemptions”;
- Documented internal controls related to the revenue, expenditure, and inventory processes;
- Tested controls which included:
  - Determining if checks were endorsed upon receipt;
  - Reviewing 20 deposits from the period to ensure the deposit slip was initialed by the reviewer and was supported with the appropriate receipt log;
  - Determining if receipts were stored in a secure location prior to deposit;
  - Reviewing 20 deposits from the period to ensure the bank deposit date was within one day of the deposit slip date when the amount was more than \$100; or within five (5) working days when the amount was less than \$100;
  - Reviewing 17 expenditure claims to ensure they were properly authorized. This included ensuring the invoice supported the payment, the invoice was mathematically accurate, and the correct account code was used;
  - Determining if the employee responsible for receiving warrants from OSF was independent of the expenditure posting and approval process;
  - Determining policy and procedures were followed for inventory and a sign-out sheet was maintained.

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**Objective 2** – Determine the Board complied with certain laws and regulations.

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## **Conclusion**

It appears the Board is in compliance with 2005 O.S.L. 329, SB 133 and 2006 O.S.L. 20, HB 1085. The Office is in compliance with DCS Purchase Card Procedures; however, we noted three exceptions.

## **Methodology**

To accomplish our objective, we:

- Reviewed DCS’ Purchase Card Procedures;
- Tested all (8) agency Purchase Card transactions for compliance by determining:
  - A credit limit (dollar amount per cycle) has been established;
  - The dollar amount of the transaction did not exceed the single purchase limit of \$2,500;
  - The transactions were not for split purchases;
  - The transactions were not for prohibited purchases;
  - The transactions appeared to be supported by receipts and/or other supporting documentation and reconciled to the supporting monthly memos;
  - The transactions were limited to purchases made by only the employee whose name is embossed on the card;
  - The transaction logs were reviewed and approved (signed and dated) by the cardholder;
  - The memo statements were approved (signed and dated) by the cardholder, and by the approving official;
  - The receipts and /or other supporting documentation were annotated "Received", signed, and dated by the receiving employee;
  - The transactions did not include state sales tax;
  - The Department used merchant preference (Statewide contracts) before making a transaction;
  - Documents were retained in accordance with the Department's procedures.
- Tested transactions to determine they were consistent with the nature of the Department's mission;
- Reviewed 2005 O.S.L. 329, SB 133 and 2006 O.S.L. 20, HB 1085 and performed procedures to determine if the executive director’s salary was in compliance with the law.

## **Observations**

### **Compliance Issues with DCS's Purchase Card Procedures**

Section 6.2.5.3 of DCS's Purchase Card Procedures states, "State entities shall make purchases from mandatory statewide contracts regardless of the purchase price unless the State Purchasing Director has issued a waiver to the entity."

Section 6.8.1.2 of DCS's Purchase Card Procedures states in part, "...To indicate concurrence with the reconciled statement, the State Entity Approving Official shall sign and date the memo statement..."

The nature of the purchase should be consistent with the account code recorded.

One purchase had an incorrect account code recorded, did not include the cardholder statement approved by the cardholder and the approving official, and was purchased outside the mandatory statewide contract. Another purchase was made outside the mandatory statewide contract. A third purchase had an incorrect account code recorded and was made outside the mandatory statewide contract.

**Recommendation:** We recommend the agency use account codes which are consistent with purchases and abide by DCS Card procedures.

#### **Views of Responsible Officials:**

1. Claim 772:

- a. The agency acknowledges that this claim was paid with the wrong account code and that the statement was not signed, only the invoice.
- b. If the flex view binders and slide lock covers were available on the mandatory state contract, the agency was unaware of it and will make every attempt to ensure that the contract is used in the future.
- c. The CD-R purchase was an emergency purchase to accommodate someone who needed our HRDS class contents in accessible format. The agency acknowledges that an exemption should have been obtained from the Department of Central Services, Purchasing Division for this.

2 & 3. Claims 888 and 938:

- a. The agency will ensure in the future that all purchases for CD-R disks are made through Work Activity Center, Inc.

We appreciate the auditor bringing these items to our attention. We have noted the deficiencies and have taken corrective action.





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