

OPERATIONAL AUDIT

# OKLAHOMA INDIAN AFFAIRS COMMISSION

For the period January 1, 2008 through June 30, 2011



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary Jones, CPA, CFE

**Audit Report of the  
Oklahoma Indian Affairs Commission**

**For the Period  
January 1, 2008 through June 30, 2011**



# Oklahoma State Auditor & Inspector

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August 9, 2011

## **TO THE OKLAHOMA INDIAN AFFAIRS COMMISSION**

This is the audit report of the Oklahoma Indian Affairs Commission for the period January 1, 2008 through June 30, 2011. 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 "Gary A. Jones". The signature is fluid and cursive, with a long horizontal line extending from the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Indian Affairs Commission  
Operational Audit**

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**Background**

The Oklahoma Indian Affairs Commission (OIAC) is charged with the mission of serving as the liaison between Oklahoma’s tribal population and governments and the Oklahoma State government. The OIAC accomplishes this mission by maintaining consistent involvement in the areas of legislation development and tracking policy concerns, legal issues, economic development and education.

Oversight is provided by nine commissioners appointed by the governor. Each commissioner serves a term of three (3) years.

Commissioners are:

Bill Follis ..... Chairman  
 Dan Jones..... Vice-Chairman  
 John A. Barrett.....Commissioner  
 Ken Blanchard .....Commissioner  
 Mary Flute-Cooksey .....Commissioner  
 Jefferson Keel. ....Commissioner  
 Ron Sparkman. ....Commissioner  
 Charles Locust .....Commissioner  
 Wanda Stone .....Commissioner

House Bill 2172 was passed in the 2011 legislative session. This bill transfers all powers, duties, function and responsibilities of the OIAC to the Oklahoma Native American Liaison (ONAL). The ONAL will be appointed by the Governor, no later than December 1, 2011 and will be budgeted through the governor’s office as a separate line item.

Table 1 summarizes the OIAC’s sources and uses of funds for state fiscal years 2011 and 2010 (July 1, 2009 through June 30, 2011).

**Table 1 - Sources and Uses of Funds for SFY 2011 and SFY 2010**

	2011	2010
Sources:		
State Appropriations	\$ 206,641	\$ 222,655
Other	31	29
Total Sources	<u>\$ 206,672</u>	<u>\$ 222,684</u>
Uses:		
Personnel Services	\$ 131,617	\$ 137,140
Professional Services	33,306	29,355
Rent Expense	18,339	19,132
Misc. Administrative Expense	14,316	31,581
Travel	8,487	11,975
General Operating Expense	3,028	1,451
Other	1,652	1,108
Total Uses	<u>\$ 210,745</u>	<u>\$ 231,742</u>

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

**Purpose, Scope, and Sample Methodology**

This 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.

The audit period covered was January 1, 2008 through June 30, 2011.

Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

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. 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.

**Objective – Determine whether the OIAC’s internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records.**

**Conclusion**

*January 1, 2008 through May 31, 2009 (expenditures – non-payroll)*

During the audit period, the Oklahoma Office of State Finance – Shared Services (OSF) was contracted with the OIAC to process expenditure claims. After a recommendation was made by OSF, the OIAC implemented a dual approval process on all expenditure claims. As a result of this procedural change, controls were only reviewed once the new procedure had been implemented (June 1, 2009 to June 30, 2011).

*June 1, 2009 through June 30, 2011 (expenditures – non-payroll)*

The OIAC’s internal controls provide reasonable assurance that expenditures were accurately reported in the accounting records.

*January 1, 2008 through June 30, 2011 (payroll)*

The OIAC’s internal controls provide reasonable assurance that payroll expenditures were accurately reported in the accounting records.

**Methodology**

To accomplish our objective, we performed the following:

- Documented internal controls related to the expenditure and payroll processes through discussions with OIAC and OSF personnel, observation, and review of documents;
- Tested controls which included:
  - Discussing with personnel to determine whether the OIAC’s duties were properly segregated;
  - Reviewing a random sample of sixty claims paid from June 2009 through June 2011 to determine whether payments were properly and independently approved;
  - Reviewing a random sample of 11 months’ payroll claims to ensure they were reviewed and properly approved;

- Reviewing payroll changes that occurred during our audit period to ensure they were properly approved.

There were no exceptions noted as a result of these procedures.

## Other Items Noted

Although not considered significant to the audit objective, we feel the following should be communicated to management.

### Observation

#### Cell Phone Usage

AT&T Wireless was the OIAC 8<sup>th</sup> highest paid vendor during our audit period, receiving \$10,053.16.

OIAC policy states in part:

“...cellular telephones used by the staff of the OIAC are to be used for the conducting of agency business. Any calls that result in incurred charges to the agency will require reimbursement to the agency.”

The previous two audit reports<sup>1</sup> have contained comments relating to the OIAC personnel’s use of cell phones. In response to those comments, management has increased the cell phone plan to include texting and internet usage. We reviewed four randomly selected cell phone bills (all after January 1, 2009, which was after our previous audit report was issued); however, only three had occurred after the plan was increased. For the three that occurred after the plan was increased charges related to texting and internet usage were not noted. However, \$30.82 in charges related to the use of directory assistance was noted on the claims.

In addition, the previous report discussed the usage of the phones after working hours. We reviewed the four randomly selected claims and noted that, on average, 25% of the phone calls made are occurring on the plans’ “nights and weekends” hours. The bills also included, on average, 333 incoming texts, 374 outgoing texts, and 33 picture texts.

Although it appears management did take some corrective action to reduce the amount of overage fees paid for cell phones, usage patterns continue to be indicative of personal use.

### Recommendation

We recommend the Commission enforce their policies and procedures concerning state-owned cell phones to ensure such devices are used solely for OIAC business and to ensure that overages do not consistently occur. Each cell phone bill should have an itemized statement of all incoming and outgoing calls and any other use of the phone should be documented so that staff can be held accountable for their phone use. An alternative to directory assistance includes internet use, a feature that is covered by the OIAC’s cellular contract and therefore poses no additional charges.

### Views of OSF<sup>2</sup>

The OIAC has turned off all cell phones and notified the provider to send the last bill. Additionally all powers and duties of the OIAC have been transferred to the governor’s office.

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<sup>1</sup> The reports can be found at [www.sai.ok.gov](http://www.sai.ok.gov).

<sup>2</sup> As discussed in the background section of this report, the agency is currently undergoing restructuring. At the time the audit report was issued, the governor had not appointed an ONAL. OSF is responsible for ensuring all of the agency’s final bills are paid. As a result, they responded in place of management.



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