TO THE HONORABLE BRAD HENRY, GOVERNOR
OF THE STATE OF OKLAHOMA AND MEMBERS
OF THE LEGISLATURE OF THE STATE OF OKLAHOMA

Transmitted herewith is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 2008. The audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996 and the provisions of the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office by various state officials and employees during the course of the audit.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

Steve Burrage, CPA
State Auditor and Inspector
# Table of Contents

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Opinion on the Supplementary Schedule of Expenditures of Federal Awards .................................................................................. 1

Schedule of Expenditures of Federal Awards by Federal Grantor ........................................................................... 5

Notes to the Schedule of Expenditures of Federal Awards ......................................................................................... 13

Schedule of Findings and Question Costs
  Summary of Auditor’s Results ........................................................................................................................................ 17
  Federal Award Findings and Questioned Costs .................................................................................................................... 20

Summary Schedule of Prior Findings ............................................................................................................................... 59

Schedule of Federal Programs by State Agency .............................................................................................................. 71

Selected Activities for Internal Service Type Funds .......................................................................................................... 79
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and Opinion on the Supplementary Schedule of Expenditures of Federal Award
To the Honorable Brad Henry, Governor
and Members of the Legislature of the
State of Oklahoma

Compliance

We have audited the compliance of the State of Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. We did not audit compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Wildlife Conservation, Insurance Department, or the Department of Environmental Quality, all of which were audited in accordance with the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those programs represent 1.66% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. These entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to compliance with the compliance requirements for the above-mentioned entities, is based solely upon the reports of the other auditors.

The State of Oklahoma’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Oklahoma’s management. Our responsibility is to express an opinion on the State of Oklahoma’s compliance based on our audit and the reports of the other auditors.

The State of Oklahoma’s basic financial statements include the operations of component units, some of which received federal awards. Those component units are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2008. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Oklahoma’s compliance with those requirements.

In our opinion, the State of Oklahoma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:
Internal Control Over Compliance

The management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Oklahoma’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of State of Oklahoma’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see list below) to be significant deficiencies:

08-025-001 08-265-001 08-290-001 08-340-001 08-345-001
08-452-001IT 08-452-002 08-452-002IT 08-452-003IT 08-805-001
08-805-002 08-805-003 08-805-004 08-807-003 08-807-004
08-807-005 08-807-006 08-807-008 08-807-009 08-807-010
08-807-011 08-830-002 08-830-003 08-830-005 08-830-006
08-830-007 08-830-011 08-830-012 08-830-013 08-830-015
08-830-016 08-830-017 08-830-020

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned cost, we consider items 08-265-001 and 08-340-001 to be a material weaknesses.

The State of Oklahoma’s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Oklahoma’s response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Oklahoma as of and for the year ended June 30, 2008, and have issued our report thereon dated December 30, 2008, which included an emphasis paragraph on the unfunded actuarial accrued liability of the Teachers’ Retirement System and identification of financial statements audited by other auditors. Our audit was performed for the purpose of forming
opinions on the financial statements that collectively comprise the State of Oklahoma’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Selected Activities for Internal Service Type Funds section listed in the table of contents has not been audited by us, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the State of Oklahoma and federal awarding agencies 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.

Steve Burrage, CPA
State Auditor and Inspector

March 20, 2009 except as to the Schedule of Expenditures of Federal Awards, for which the date is December 30, 2008
Schedule of Expenditures of Federal Awards
By Federal Grantor
### U.S. Department of Agriculture

#### Direct Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.025</td>
<td>Department of Agriculture</td>
<td>1,436,290</td>
</tr>
<tr>
<td>10.028</td>
<td>Department of Wildlife Conservation</td>
<td>56,738</td>
</tr>
<tr>
<td>10.069</td>
<td>Department of Agriculture</td>
<td>8,455</td>
</tr>
<tr>
<td>10.163</td>
<td>Department of Agriculture</td>
<td>73,124</td>
</tr>
<tr>
<td>10.475</td>
<td>Department of Agriculture</td>
<td>1,843,012</td>
</tr>
<tr>
<td>10.550</td>
<td>Department of Human Services</td>
<td>12,207,047</td>
</tr>
<tr>
<td>10.551</td>
<td>Department of Human Services</td>
<td>483,067,507</td>
</tr>
<tr>
<td>10.553</td>
<td>Department of Education</td>
<td>40,385,399</td>
</tr>
<tr>
<td>10.555</td>
<td>Department of Human Services</td>
<td>115,320,834</td>
</tr>
<tr>
<td>10.556</td>
<td>Department of Education</td>
<td>29,899</td>
</tr>
<tr>
<td>10.557</td>
<td>State Department of Health</td>
<td>88,830,008</td>
</tr>
<tr>
<td>10.558</td>
<td>Department of Education</td>
<td>51,990,736</td>
</tr>
<tr>
<td>10.559</td>
<td>Department of Education</td>
<td>2,938,211</td>
</tr>
<tr>
<td>10.560</td>
<td>Department of Education</td>
<td>2,428,210</td>
</tr>
<tr>
<td>10.561</td>
<td>Department of Human Services</td>
<td>2,816,666</td>
</tr>
<tr>
<td>10.566</td>
<td>Department of Human Services</td>
<td>388,456</td>
</tr>
<tr>
<td>10.574</td>
<td>Department of Education</td>
<td>14,178</td>
</tr>
<tr>
<td>10.664</td>
<td>Department of Agriculture</td>
<td>1,958,017</td>
</tr>
<tr>
<td>10.902</td>
<td>Conservation Commission</td>
<td>3,626,188</td>
</tr>
<tr>
<td>10.902</td>
<td>Department of Wildlife Conservation</td>
<td>3,835,259</td>
</tr>
<tr>
<td>10.502</td>
<td>Department of Wildlife Conservation</td>
<td>450,000</td>
</tr>
</tbody>
</table>

#### State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.562</td>
<td>Department of Human Services</td>
<td>38,292,825</td>
</tr>
</tbody>
</table>

#### Emergency Food Assistance Program

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.568</td>
<td>Department of Human Services</td>
<td>478,743</td>
</tr>
<tr>
<td>10.574</td>
<td>Department of Education</td>
<td>14,178</td>
</tr>
<tr>
<td>10.664</td>
<td>Department of Agriculture</td>
<td>1,958,017</td>
</tr>
<tr>
<td>10.902</td>
<td>Conservation Commission</td>
<td>3,626,188</td>
</tr>
<tr>
<td>10.902</td>
<td>Department of Wildlife Conservation</td>
<td>3,835,259</td>
</tr>
<tr>
<td>10.502</td>
<td>Department of Wildlife Conservation</td>
<td>450,000</td>
</tr>
</tbody>
</table>

### U.S. Department of Defense

#### Direct Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.002</td>
<td>Department of Career &amp; Technology Education</td>
<td>538,285</td>
</tr>
<tr>
<td>12.113</td>
<td>Department of Environmental Quality</td>
<td>7,044,195</td>
</tr>
<tr>
<td>12.113</td>
<td>Department of Environmental Quality</td>
<td>7,044,195</td>
</tr>
<tr>
<td>12.113</td>
<td>Department of Environmental Quality</td>
<td>7,044,195</td>
</tr>
<tr>
<td>12.400</td>
<td>Oklahoma Military Department</td>
<td>2,724,779</td>
</tr>
<tr>
<td>12.401</td>
<td>Oklahoma Military Department</td>
<td>19,295,415</td>
</tr>
<tr>
<td>12.404</td>
<td>Oklahoma Military Department</td>
<td>2,606,759</td>
</tr>
<tr>
<td>12.404</td>
<td>Department of Education</td>
<td>157,079</td>
</tr>
</tbody>
</table>

#### Subtotal

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>846,103,935</td>
</tr>
</tbody>
</table>

### U.S. Drug Enforcement Administration

#### Direct Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>297,362</td>
</tr>
</tbody>
</table>

#### Subtotal

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>297,362</td>
</tr>
</tbody>
</table>

### U.S. Department of Housing and Urban Development

#### Direct Programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.218</td>
<td>Department of Environmental Quality</td>
<td>7,176</td>
</tr>
<tr>
<td>14.228</td>
<td>Department of Commerce</td>
<td>16,978,306</td>
</tr>
<tr>
<td>14.231</td>
<td>Department of Commerce</td>
<td>159,675</td>
</tr>
<tr>
<td>14.238</td>
<td>Department of Commerce</td>
<td>1,929,491</td>
</tr>
<tr>
<td>14.238</td>
<td>Mental Health and Substance Abuse Service</td>
<td>59,015</td>
</tr>
<tr>
<td>14.246</td>
<td>Department of Commerce</td>
<td>217,800</td>
</tr>
<tr>
<td>14.401</td>
<td>Human Rights Commission</td>
<td>54,052</td>
</tr>
</tbody>
</table>

#### Subtotal

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>19,405,515</td>
</tr>
</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
<table>
<thead>
<tr>
<th>U.S. Department of the Interior</th>
<th>Direct Programs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation of Underground Coal Mining</td>
<td></td>
</tr>
<tr>
<td>Abandoned Mine Land Reclamation (AML) Program</td>
<td></td>
</tr>
<tr>
<td>Federal Oil and Gas Royalty Management</td>
<td></td>
</tr>
<tr>
<td>Water Reclamation and Reuse Program</td>
<td></td>
</tr>
<tr>
<td>Water Desalination Research and Development Program</td>
<td></td>
</tr>
<tr>
<td>Sport Fish Restoration</td>
<td></td>
</tr>
<tr>
<td>Wildlife Restoration</td>
<td></td>
</tr>
<tr>
<td>Cooperative Endangered Species Conservation Fund</td>
<td></td>
</tr>
<tr>
<td>Clean Vessel Act</td>
<td></td>
</tr>
<tr>
<td>Sportfishing and Boating Safety Act</td>
<td></td>
</tr>
<tr>
<td>Hunter Education and Safety Program</td>
<td></td>
</tr>
<tr>
<td>Landowner Incentive Program</td>
<td></td>
</tr>
<tr>
<td>State Wildlife Grants</td>
<td></td>
</tr>
<tr>
<td>U.S. Geological Survey-Research &amp; Data Collection</td>
<td></td>
</tr>
<tr>
<td>Historic Preservation Fund Grants-In-Aid</td>
<td></td>
</tr>
<tr>
<td>Outdoor Recreation - Acquisition, Development and Planning</td>
<td></td>
</tr>
<tr>
<td>Cost Reimbursement Contracts:</td>
<td></td>
</tr>
<tr>
<td>McGee Creek Project</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>U.S. Department of Justice</th>
<th>Direct Programs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Local Preparedness Equipment Support Program</td>
<td></td>
</tr>
<tr>
<td>Prisoner Reentry Initiative Demonstration (Offender Reentry)</td>
<td></td>
</tr>
<tr>
<td>Juvenile Accountability Block Grants</td>
<td></td>
</tr>
<tr>
<td>Juvenile Justice and Delinquency Prevention - Allocation to States</td>
<td></td>
</tr>
<tr>
<td>Missing Children's Assistance</td>
<td></td>
</tr>
<tr>
<td>Title V - Delinquency Prevention Program</td>
<td></td>
</tr>
<tr>
<td>State Justice Statistics Program for Statistical Analysis Centers</td>
<td></td>
</tr>
<tr>
<td>National Criminal History Improvement Program (NCHIP)</td>
<td></td>
</tr>
<tr>
<td>National Institute of Justice Research, Evaluation and Development Project Grants</td>
<td></td>
</tr>
<tr>
<td>No Suspect Casework DNA Backlog Reduction</td>
<td></td>
</tr>
<tr>
<td>Crime Victim Assistance</td>
<td></td>
</tr>
<tr>
<td>Crime Victim Compensation</td>
<td></td>
</tr>
<tr>
<td>Edward Byrne Memorial Formula Grant Program</td>
<td></td>
</tr>
<tr>
<td>Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program</td>
<td></td>
</tr>
<tr>
<td>Drug Court Discretionary Grant Program</td>
<td></td>
</tr>
<tr>
<td>Violence Against Women Formula Grants</td>
<td></td>
</tr>
<tr>
<td>Grants to Encourage Arrest Policies and Enforcement of Protection Orders</td>
<td></td>
</tr>
<tr>
<td>Local Law Enforcement Block Grant Program</td>
<td></td>
</tr>
<tr>
<td>Residential Substance Abuse Treatment for State Prisoners</td>
<td></td>
</tr>
<tr>
<td>State Criminal Alien Assistance Program</td>
<td></td>
</tr>
<tr>
<td>Community Prosecution and Project Safe Neighborhoods</td>
<td></td>
</tr>
<tr>
<td>Public Safety Partnership and Community Policing Grants</td>
<td></td>
</tr>
<tr>
<td>Enforcement Underage Drinking Laws Program</td>
<td></td>
</tr>
<tr>
<td>Edward Byrne Memorial Justice Assistance Grant Program</td>
<td></td>
</tr>
<tr>
<td>Statewide Automated Victim Information Notification (SAVIN) Program</td>
<td></td>
</tr>
<tr>
<td>Forensic DNA Backlog Reduction Program</td>
<td></td>
</tr>
<tr>
<td>Forensic Casework DNA Backlog Reduction</td>
<td></td>
</tr>
<tr>
<td>Convicted Offender and/or Arrestee DNA Backlog Reduction Program</td>
<td></td>
</tr>
<tr>
<td>Anti-Gang Initiative</td>
<td></td>
</tr>
<tr>
<td>Cost Reimbursement Contract: High Intensity Drug Trafficking Area</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Mines</td>
<td>15.250</td>
<td>Department of Mines</td>
<td>956,409</td>
</tr>
<tr>
<td>Conservation Commission</td>
<td>15.252</td>
<td>Conservation Commission</td>
<td>1,731,265</td>
</tr>
<tr>
<td>State Auditor and Inspector</td>
<td>15.427</td>
<td>State Auditor and Inspector</td>
<td>306,398</td>
</tr>
<tr>
<td>Water Resources Board</td>
<td>15.504</td>
<td>Water Resources Board</td>
<td>350,555</td>
</tr>
<tr>
<td>Water Resources Board</td>
<td>15.506</td>
<td>Water Resources Board</td>
<td>13,555</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.611</td>
<td>Department of Wildlife Conservation</td>
<td>5,186,546</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.615</td>
<td>Department of Wildlife Conservation</td>
<td>427,313</td>
</tr>
<tr>
<td>Environmental Quality</td>
<td>15.616</td>
<td>Environmental Quality</td>
<td>17,707</td>
</tr>
<tr>
<td>Department of Tourism and Recreation</td>
<td>15.622</td>
<td>Department of Tourism and Recreation</td>
<td>106,999</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.626</td>
<td>Department of Wildlife Conservation</td>
<td>140,090</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.633</td>
<td>Department of Wildlife Conservation</td>
<td>63,651</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.634</td>
<td>Department of Wildlife Conservation</td>
<td>2,239,254</td>
</tr>
<tr>
<td>Conservation Commission</td>
<td>15.808</td>
<td>Conservation Commission</td>
<td>2,981</td>
</tr>
<tr>
<td>Historical Society</td>
<td>15.904</td>
<td>Historical Society</td>
<td>652,246</td>
</tr>
<tr>
<td>Tourism and Recreation</td>
<td>15.916</td>
<td>Tourism and Recreation</td>
<td>1,004,877</td>
</tr>
<tr>
<td>Department of Wildlife Conservation</td>
<td>15.916</td>
<td>Department of Wildlife Conservation</td>
<td>91,619</td>
</tr>
<tr>
<td>Department of Public Safety</td>
<td>16.007</td>
<td>Department of Public Safety</td>
<td>3,745,505</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>16.020</td>
<td>Department of Corrections</td>
<td>10,147</td>
</tr>
<tr>
<td>Office of Juvenile Affairs</td>
<td>16.023</td>
<td>Office of Juvenile Affairs</td>
<td>879,478</td>
</tr>
<tr>
<td>Office of Juvenile Affairs</td>
<td>16.540</td>
<td>Office of Juvenile Affairs</td>
<td>796,715</td>
</tr>
<tr>
<td>State Bureau of Investigation</td>
<td>16.543</td>
<td>State Bureau of Investigation</td>
<td>119,221</td>
</tr>
<tr>
<td>Office of Juvenile Affairs</td>
<td>16.548</td>
<td>Office of Juvenile Affairs</td>
<td>84,048</td>
</tr>
<tr>
<td>Legislative Service Bureau</td>
<td>16.550</td>
<td>Legislative Service Bureau</td>
<td>44,839</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.554</td>
<td>District Attorneys Council</td>
<td>132,441</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.560</td>
<td>District Attorneys Council</td>
<td>228,345</td>
</tr>
<tr>
<td>State Bureau of Investigation</td>
<td>16.560</td>
<td>State Bureau of Investigation</td>
<td>47,394</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>16.564</td>
<td>Department of Corrections</td>
<td>173,793</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.575</td>
<td>District Attorneys Council</td>
<td>4,594,952</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.576</td>
<td>District Attorneys Council</td>
<td>1,589,539</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.579</td>
<td>District Attorneys Council</td>
<td>124,195</td>
</tr>
<tr>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>16.580</td>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>344,996</td>
</tr>
<tr>
<td>Mental Health and Substance Abuse Services</td>
<td>16.585</td>
<td>Mental Health and Substance Abuse Services</td>
<td>41,297</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.588</td>
<td>District Attorneys Council</td>
<td>1,648,323</td>
</tr>
<tr>
<td>Attorney General</td>
<td>16.590</td>
<td>Attorney General</td>
<td>296,344</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.590</td>
<td>District Attorneys Council</td>
<td>111,263</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.592</td>
<td>District Attorneys Council</td>
<td>407,607</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.593</td>
<td>District Attorneys Council</td>
<td>407,607</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.606</td>
<td>District Attorneys Council</td>
<td>908,162</td>
</tr>
<tr>
<td>District Attorneys Council</td>
<td>16.609</td>
<td>District Attorneys Council</td>
<td>341,266</td>
</tr>
<tr>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>16.710</td>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>1,430,313</td>
</tr>
<tr>
<td>Department of Public Safety</td>
<td>16.710</td>
<td>Department of Public Safety</td>
<td>1,430,313</td>
</tr>
<tr>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>16.727</td>
<td>Bureau of Narcotics &amp; Dangerous Drugs Control</td>
<td>2,376,470</td>
</tr>
</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
### U.S. Department of Labor

**Direct Programs:**
- Compensation and Working Conditions  17.005  Department of Labor  96,741
- Employment Service/Wagner-Peyser Funded Activities  17.207  Employment Security Commission  14,694,818
- Unemployment Insurance  17.225  Employment Security Commission  195,525,582
- Senior Community Service Employment Program  17.235  Employment Security Commission  1,434,248
- Trade Adjustment Assistance  17.245  Employment Security Commission  13,478,416
- WIA Adult Program  17.258  Department of Commerce  6,516,439
- WIA Youth Activities  17.259  Department of Commerce  9,517,490
- WIA Dislocated Workers  17.260  Employment Security Commission  659,985
- WIA Pilots, Demonstrations, and Research Projects  17.261  Department of Career & Technology Education  1,517,647
- Work Incentive  17.266  Employment Security Commission  1,543,413
- Incentive Grants - WIA Section 503  17.267  Department of Commerce  475,792
- H-1B Job Training Grants  17.268  Department of Commerce  476,460
- Work Opportunity Tax Credit Program (WOTC)  17.271  Department of Labor  207,642
- Consultation Agreements  17.504  Department of Labor  1,126,466
- Mine Health and Safety Grants  17.600  Department of Mines  111,595
- Disabled Veterans’ Outreach Program (DVOP)  17.801  Employment Security Commission  418,023
- Local Veterans’ Employment Representative Program  17.804  Employment Security Commission  1,553,478

**Subtotal:** 238,765,246

### U.S. Department of Transportation

**Direct Programs:**
- Airport Improvement Program  20.106  Oklahoma Aeronautics Commission  1,003,322
- Highway Planning and Construction  20.205  Department of Transportation  623,567,696
- National Motor Carrier Safety  20.218  Department of Transportation  5,135,673
- Recreational Trails Program  20.219  Department of Tourism and Recreation  780,528
- Commercial Drivers License State Programs  20.232  Department of Public Safety  648,846
- Formula Grants for Other Than Urbanized Areas  20.509  Department of Transportation  14,300,825
- Capital Assistance Program for Elderly Persons and Persons with Disabilities  20.513  Department of Human Services  1,238,991
- State and Community Highway Safety  20.600  Department of Public Safety  3,363,796
- Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grants  20.601  Department of Public Safety  1,598,542
- Safety Belt Performance Grant  20.609  Department of Public Safety  847,961
- State Traffic Safety Information System Improvement Grants  20.610  Department of Public Safety  374,245
- Cost Reimbursement Contract - Pipeline Safety Program Base Grants  20.700  Corporation Commission  569,203

**Subtotal:** 633,906,415

**Equal Employment Opportunity Commission**

**Direct Programs:**

**Subtotal:** 253,990

**General Services Administration**

**Direct Programs:**
- Donation of Federal Surplus Personal Property  39.003  Department of Central Services  3,214,020
- Election Reform Payments  39.011  State Election Board  418,566

**Subtotal:** 3,632,586

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
### National Aeronautics and Space Administration

**Direct Programs:**
- Aerospace Education Services Program
  - CFDA Number: 43.001
  - Agency: Oklahoma Space Industry Development Authority
  - Expenditures/Expenses: 142,898

**Subtotal:** 142,898

### National Foundation on the Arts and the Humanities

**Direct Programs:**
- Promotion of the Arts - Partnership Agreements
  - CFDA Number: 45.025
  - Agency: State Arts Council
  - Expenditures/Expenses: 610,800
- Grants to States
  - CFDA Number: 45.310
  - Agency: Department of Libraries
  - Expenditures/Expenses: 1,662,033
- National Leadership Grants
  - CFDA Number: 45.312
  - Agency: Department of Libraries
  - Expenditures/Expenses: 1,009

**Subtotal:** 2,273,842

### U.S. Department of Veterans Affairs

**Direct Programs:**
- Veterans State Nursing Home Care
  - CFDA Number: 64.015
  - Agency: Department of Veterans Affairs
  - Expenditures/Expenses: 36,963,650
- All-Volunteer Force Educational Assistance
  - CFDA Number: 64.124
  - Agency: Department of Veterans Affairs
  - Expenditures/Expenses: 351,820
- Cost Reimbursement Contract - Grants to States for Construction of State Home Facilities
  - CFDA Number: 64.005
  - Agency: Department of Veterans Affairs
  - Expenditures/Expenses: 494,074

**Subtotal:** 37,809,544

### U.S. Environmental Protection Agency

**Direct Programs:**
- Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
  - CFDA Number: 66.034
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 486,895
- Congressionally Mandated Projects
  - CFDA Number: 66.202
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 2,953,000
- Water Pollution Control State, Interstate, and Tribal Program Support
  - CFDA Number: 66.419
  - Agency: Water Resources Board
  - Expenditures/Expenses: 2,769,665
- State Underground Water Source Protection
  - CFDA Number: 66.433
  - Agency: Corporation Commission
  - Expenditures/Expenses: 496,548
- Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act
  - CFDA Number: 66.436
  - Agency: Water Resources Board
  - Expenditures/Expenses: 106,978
- Water Quality Management Planning
  - CFDA Number: 66.454
  - Agency: Water Resources Board
  - Expenditures/Expenses: 160,370
- Nonpoint Source Implementation Grants
  - CFDA Number: 66.460
  - Agency: Water Resources Board
  - Expenditures/Expenses: 6,047,992
- Regional Wetland Program - Development Grants
  - CFDA Number: 66.461
  - Agency: Water Resources Board
  - Expenditures/Expenses: 327,845
- Water Quality Cooperative Agreements
  - CFDA Number: 66.463
  - Agency: Water Resources Board
  - Expenditures/Expenses: 243,554
- Capitalization Grants for Drinking Water State Revolving Fund
  - CFDA Number: 66.468
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 2,999,536
- State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs
  - CFDA Number: 66.471
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 392,760
- Water Protection Grants to the States
  - CFDA Number: 66.474
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 80,326
- Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects
  - CFDA Number: 66.512
  - Agency: Water Resources Board
  - Expenditures/Expenses: 226,127
- Performance Partnership Grants
  - CFDA Number: 66.605
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 4,080,925
- Surveys, Studies, Investigations and Special Purpose Grants
  - CFDA Number: 66.606
  - Agency: Water Resources Board
  - Expenditures/Expenses: 774,359
- Environmental Information Exchange Network Grant Program and Related Assistance
  - CFDA Number: 66.608
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 6,000
- Consolidated Pesticide Enforcement
  - CFDA Number: 66.608
  - Agency: Department of Agriculture
  - Expenditures/Expenses: 78,136
- Cooperative Agreements
  - CFDA Number: 66.700
  - Agency: Department of Agriculture
  - Expenditures/Expenses: 657,665
- Toxic Substances Compliance Monitoring Cooperative Agreements
  - CFDA Number: 66.701
  - Agency: Department of Labor
  - Expenditures/Expenses: 285,363
- Pollution Prevention Grants Program
  - CFDA Number: 66.708
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 34,826
- Multi-Media Capacity Building Grants for States and Tribes
  - CFDA Number: 66.709
  - Agency: Water Resources Board
  - Expenditures/Expenses: 69,238
- Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies
  - CFDA Number: 66.716
  - Agency: State Department of Health
  - Expenditures/Expenses: 19,625
- Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
  - CFDA Number: 66.802
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 4,681,379
- State and Tribal Underground Storage Tanks Program
  - CFDA Number: 66.804
  - Agency: Corporation Commission
  - Expenditures/Expenses: 543,447
- Leaking Underground Storage Tank Trust Fund Program
  - CFDA Number: 66.805
  - Agency: Corporation Commission
  - Expenditures/Expenses: 1,163,670
- Brownfields Pilots Cooperative Agreements
  - CFDA Number: 66.811
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 898
- State and Tribal Response Program Grants
  - CFDA Number: 66.817
  - Agency: Department of Environmental Quality
  - Expenditures/Expenses: 154,763

**Subtotal:** 319,889

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Energy Program</td>
<td>81.041</td>
<td>Department of Commerce</td>
<td>1,250,290</td>
</tr>
<tr>
<td>Weatherization Assistance for Low-Income Persons</td>
<td>81.042</td>
<td>Department of Commerce</td>
<td>2,674,839</td>
</tr>
<tr>
<td>Energy Efficiency and Renewable Energy Information</td>
<td>81.117</td>
<td>Department of Commerce</td>
<td>22,603</td>
</tr>
<tr>
<td>Dissemination, Outreach, Training and Technical Analysis/Assistance</td>
<td>81.117</td>
<td>Department of Commerce</td>
<td>22,603</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>3,947,732</td>
</tr>
<tr>
<td><strong>U.S. Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult Education - Basic Grants to States</td>
<td>84.002</td>
<td>Department of Education</td>
<td>6,462,351</td>
</tr>
<tr>
<td>Title I Grants to Local Educational Agencies</td>
<td>84.010</td>
<td>Department of Education</td>
<td>138,629,974</td>
</tr>
<tr>
<td>Migrant Education - State Grant Program</td>
<td>84.011</td>
<td>Department of Education</td>
<td>1,013,917</td>
</tr>
<tr>
<td>Title I Program for Neglected and Delinquent Children</td>
<td>84.013</td>
<td>Department of Education</td>
<td>274,293</td>
</tr>
<tr>
<td>Special Education - Grants to States</td>
<td>84.027</td>
<td>Department of Education</td>
<td>150,515,748</td>
</tr>
<tr>
<td>Career and Technical Education - Basic Grants to States</td>
<td>84.048</td>
<td>Department of Career &amp; Technology Education</td>
<td>13,657,674</td>
</tr>
<tr>
<td>Rehabilitation Services - Vocational</td>
<td>84.126</td>
<td>Department of Rehabilitation Services</td>
<td>40,429,383</td>
</tr>
<tr>
<td>Rehabilitation Services - Client Assistance Program</td>
<td>84.161</td>
<td>Office of Handicapped Concerns</td>
<td>131,705</td>
</tr>
<tr>
<td>Independent Living - State Grants</td>
<td>84.169</td>
<td>Department of Rehabilitation Services</td>
<td>142,456</td>
</tr>
<tr>
<td>Special Education - Preschool Grants</td>
<td>84.173</td>
<td>Department of Education</td>
<td>4,071,215</td>
</tr>
<tr>
<td>Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind</td>
<td>84.177</td>
<td>Department of Rehabilitation Services</td>
<td>364,896</td>
</tr>
<tr>
<td>Safe and Drug-Free Schools and Communities - State Grants</td>
<td>84.186</td>
<td>Department of Education</td>
<td>3,749,121</td>
</tr>
<tr>
<td>Supported Employment Services for Individuals</td>
<td>84.187</td>
<td>Department of Rehabilitation Services</td>
<td>300,373</td>
</tr>
<tr>
<td>with Significant Disabilities</td>
<td>84.196</td>
<td>Department of Education</td>
<td>793,192</td>
</tr>
<tr>
<td>Education for Homeless Children and Youth</td>
<td>84.213</td>
<td>Department of Education</td>
<td>6,304,605</td>
</tr>
<tr>
<td>Even Start - State Educational Agencies</td>
<td>84.215</td>
<td>Department of Education</td>
<td>42,066</td>
</tr>
<tr>
<td>Fund for the Improvement of Education</td>
<td>84.243</td>
<td>Department of Education</td>
<td>1,540,837</td>
</tr>
<tr>
<td>Byrd Honors Scholarships</td>
<td>84.255</td>
<td>Department of Corrections</td>
<td>17,284</td>
</tr>
<tr>
<td>Rehabilitation Training - State Vocational</td>
<td>84.265</td>
<td>Department of Rehabilitation Services</td>
<td>102,021</td>
</tr>
<tr>
<td>Twenty-First Century Community Learning Centers</td>
<td>84.287</td>
<td>Department of Education</td>
<td>10,998,749</td>
</tr>
<tr>
<td>State Grants for Innovative Programs</td>
<td>84.298</td>
<td>Department of Education</td>
<td>2,271,553</td>
</tr>
<tr>
<td>Education Technology State Grants</td>
<td>84.318</td>
<td>Department of Education</td>
<td>2,850,812</td>
</tr>
<tr>
<td>Special Education - State Personnel Development</td>
<td>84.323</td>
<td>Department of Education</td>
<td>796,337</td>
</tr>
<tr>
<td>Grants to States for Incarcerated Youth Offenders</td>
<td>84.331</td>
<td>Department of Corrections</td>
<td>380,813</td>
</tr>
<tr>
<td>Comprehensive School Reform Demonstration</td>
<td>84.332</td>
<td>Department of Education</td>
<td>461,226</td>
</tr>
<tr>
<td>Reading First State Grants</td>
<td>84.357</td>
<td>Department of Education</td>
<td>13,350,579</td>
</tr>
<tr>
<td>Rural Education</td>
<td>84.358</td>
<td>Department of Education</td>
<td>4,653,640</td>
</tr>
<tr>
<td>English Language Acquisition Grants</td>
<td>84.365</td>
<td>Department of Education</td>
<td>4,841,510</td>
</tr>
<tr>
<td>Mathematics and Science Partnerships</td>
<td>84.366</td>
<td>Department of Education</td>
<td>2,492,514</td>
</tr>
<tr>
<td>Improving Teacher Quality State Grants</td>
<td>84.367</td>
<td>Department of Education</td>
<td>29,317,278</td>
</tr>
<tr>
<td>Grants for State Assessments and Related Activities</td>
<td>84.369</td>
<td>Department of Education</td>
<td>7,147,753</td>
</tr>
<tr>
<td>School Improvement Grants</td>
<td>84.377</td>
<td>Department of Education</td>
<td>35,348</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>449,748,518</td>
</tr>
<tr>
<td><strong>National Archives and Records Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Historical Publications and Records Grants</td>
<td>89.003</td>
<td>Department of Libraries</td>
<td>44,007</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>44,007</td>
</tr>
<tr>
<td><strong>U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help America Vote Act Requirements Payments</td>
<td>90.401</td>
<td>State Election Board</td>
<td>168,174</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>168,174</td>
</tr>
</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</td>
<td>93.044</td>
<td>Department of Human Services</td>
<td>4,370,569</td>
</tr>
<tr>
<td>Special Programs for the Aging - Title III, Part C - Nutrition Services</td>
<td>93.045</td>
<td>Department of Human Services</td>
<td>7,542,264</td>
</tr>
<tr>
<td>Special Programs for the Aging - Title IV and Title II Discretionary Projects</td>
<td>93.048</td>
<td>Insurance Department</td>
<td>233,736</td>
</tr>
<tr>
<td>National Family Caregiver Support, Title III, Part E</td>
<td>93.052</td>
<td>Department of Human Services</td>
<td>189,603</td>
</tr>
<tr>
<td>Nutrition Services Incentive Program</td>
<td>93.053</td>
<td>Department of Human Services</td>
<td>1,974,377</td>
</tr>
<tr>
<td>Public Health Emergency Preparedness</td>
<td>93.069</td>
<td>State Department of Health</td>
<td>2,416,140</td>
</tr>
<tr>
<td>Healthy Marriage Promotion and Responsible Fatherhood Grants</td>
<td>93.086</td>
<td>Department of Human Services</td>
<td>929,106</td>
</tr>
<tr>
<td>Methamphetamine or Other Substance Abuse</td>
<td>93.087</td>
<td>Mental Health and Substance Abuse Services</td>
<td>27,455</td>
</tr>
<tr>
<td>Food and Drug Administration Research</td>
<td>93.103</td>
<td>Department of Agriculture</td>
<td>76,615</td>
</tr>
<tr>
<td>Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances</td>
<td>93.104</td>
<td>Mental Health and Substance Abuse Services</td>
<td>1,212,325</td>
</tr>
<tr>
<td>Maternal and Child Health Federal Consolidated Programs Project Grants and Cooperative Agreements for Tuberculosis Control Programs</td>
<td>93.110</td>
<td>State Department of Health</td>
<td>334,011</td>
</tr>
<tr>
<td>Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices</td>
<td>93.130</td>
<td>State Department of Health</td>
<td>132,904</td>
</tr>
<tr>
<td>Injury Prevention and Control Research and State and Community Based Programs</td>
<td>93.136</td>
<td>State Department of Health</td>
<td>1,048,429</td>
</tr>
<tr>
<td>Homelessness (PATH)</td>
<td>93.150</td>
<td>State Department of Health</td>
<td>367,043</td>
</tr>
<tr>
<td>Health Programs for Toxic Substances and Disease Registry</td>
<td>93.161</td>
<td>State Department of Health</td>
<td>176,410</td>
</tr>
<tr>
<td>Grants to States for Loan Repayment Program</td>
<td>93.165</td>
<td>Physician Manpower Training Commission</td>
<td>12,500</td>
</tr>
<tr>
<td>Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children</td>
<td>93.197</td>
<td>State Department of Health</td>
<td>202,605</td>
</tr>
<tr>
<td>Family Planning Services</td>
<td>93.217</td>
<td>State Department of Health</td>
<td>4,341,037</td>
</tr>
<tr>
<td>Traumatic Brain Injury State Demonstration Grant Program</td>
<td>93.234</td>
<td>State Department of Health</td>
<td>94,910</td>
</tr>
<tr>
<td>Abstinence Education</td>
<td>93.235</td>
<td>State Department of Health</td>
<td>466,943</td>
</tr>
<tr>
<td>Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement</td>
<td>93.238</td>
<td>State Department of Health</td>
<td>145,438</td>
</tr>
<tr>
<td>Mental Health Research Grants</td>
<td>93.242</td>
<td>Mental Health and Substance Abuse Services</td>
<td>261,224</td>
</tr>
<tr>
<td>Substance Abuse and Mental Health Services - Projects of Regional and National Significance</td>
<td>93.243</td>
<td>Mental Health and Substance Abuse Services</td>
<td>3,636,206</td>
</tr>
<tr>
<td>Universal Newborn Hearing Screening</td>
<td>93.251</td>
<td>State Department of Health</td>
<td>229,657</td>
</tr>
<tr>
<td>Occupational Safety &amp; Health</td>
<td>93.262</td>
<td>State Department of Health</td>
<td>127,767</td>
</tr>
<tr>
<td>Immunization Grants</td>
<td>93.268</td>
<td>State Department of Health</td>
<td>46,073,084</td>
</tr>
<tr>
<td>Substance Abuse and Mental Health Services - Access to Recovery</td>
<td>93.275</td>
<td>Mental Health and Substance Abuse Services</td>
<td>431,820</td>
</tr>
<tr>
<td>Centers for Disease Control and Prevention - Investigations and Technical Assistance</td>
<td>93.283</td>
<td>State Department of Health</td>
<td>6,255,426</td>
</tr>
<tr>
<td>State Partnership Grant to Improve Minority Health</td>
<td>93.296</td>
<td>State Department of Health</td>
<td>103,038</td>
</tr>
<tr>
<td>Promoting Safe and Stable Families</td>
<td>93.356</td>
<td>Department of Human Services</td>
<td>6,955,643</td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.558</td>
<td>Department of Human Services</td>
<td>117,026,727</td>
</tr>
<tr>
<td>Child Support Enforcement</td>
<td>93.563</td>
<td>Department of Human Services</td>
<td>28,561,636</td>
</tr>
<tr>
<td>Refugee and Entrant Assistance - State Administered Programs</td>
<td>93.566</td>
<td>Department of Human Services</td>
<td>536,593</td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance</td>
<td>93.568</td>
<td>Department of Human Services</td>
<td>14,877,876</td>
</tr>
<tr>
<td>Community Services Block Grant</td>
<td>93.569</td>
<td>Department of Commerce</td>
<td>7,230,438</td>
</tr>
<tr>
<td>Child Care and Development Block Grant</td>
<td>93.575</td>
<td>Department of Human Services</td>
<td>58,935,766</td>
</tr>
<tr>
<td>Refugee and Entrant Assistance - Discretionary Grants</td>
<td>93.576</td>
<td>Department of Human Services</td>
<td>24,193</td>
</tr>
<tr>
<td>State Court Improvement Program</td>
<td>93.586</td>
<td>Supreme Court</td>
<td>425,048</td>
</tr>
<tr>
<td>Community-Based Child Abuse Prevention Grants</td>
<td>93.590</td>
<td>State Department of Health</td>
<td>1,056,553</td>
</tr>
<tr>
<td>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</td>
<td>93.596</td>
<td>Department of Human Services</td>
<td>44,935,766</td>
</tr>
<tr>
<td>Grants to States for Access and Visitation Programs</td>
<td>93.597</td>
<td>Department of Human Services</td>
<td>81,977</td>
</tr>
<tr>
<td>Chafee Education and Training Vouchers Program</td>
<td>93.599</td>
<td>Department of Human Services</td>
<td>577,525</td>
</tr>
<tr>
<td>Head Start</td>
<td>93.600</td>
<td>Department of Commerce</td>
<td>266,292</td>
</tr>
<tr>
<td>Voter Access for Individuals with Disabilities Developmental Disabilities Basic Support and Advocacy Grants</td>
<td>93.617</td>
<td>State Election board</td>
<td>10,201</td>
</tr>
<tr>
<td>Children's Justice Grants to States</td>
<td>93.630</td>
<td>Department of Human Services</td>
<td>664,678</td>
</tr>
<tr>
<td>Child Welfare Services - State Grants</td>
<td>93.645</td>
<td>Department of Human Services</td>
<td>176,314</td>
</tr>
</tbody>
</table>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
<th>State</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Services Research and Demonstration</td>
<td>93.647</td>
<td>Department of Human Services</td>
<td>18,535</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adoption Opportunities</td>
<td>93.652</td>
<td>Department of Human Services</td>
<td>126,197</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foster Care - Title IV-E</td>
<td>93.658</td>
<td>Department of Human Services</td>
<td>42,676,571</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adoption Assistance</td>
<td>93.659</td>
<td>Department of Human Services</td>
<td>25,661,510</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>93.667</td>
<td>Department of Human Services</td>
<td>34,888,501</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child Abuse and Neglect State Grants</td>
<td>93.669</td>
<td>Department of Human Services</td>
<td>385,106</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Violence Prevention and Services - Grants for Battered Women's Shelters - Grants to States and Indian Tribes</td>
<td>93.671</td>
<td>Attorney General</td>
<td>1,180,842</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chafee Foster Care Independence Program</td>
<td>93.674</td>
<td>Department of Human Services</td>
<td>2,929,530</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Children's Insurance Program</td>
<td>93.767</td>
<td>Health Care Authority</td>
<td>95,927,657</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare - Hospital Insurance</td>
<td>93.773</td>
<td>State Department of Health</td>
<td>7,014,846</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Medicaid Fraud Control Units</td>
<td>93.775</td>
<td>Attorney General</td>
<td>1,190,611</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Survey and Certification of Health Care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Providers and Suppliers</td>
<td>93.777</td>
<td>Health Care Authority</td>
<td>6,761,456</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Assistance Program</td>
<td>93.778</td>
<td>Health Care Authority</td>
<td>2,442,416,244</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMS Research, Demonstrations and Evaluations</td>
<td>93.779</td>
<td>Department of Human Services</td>
<td>59,047,883</td>
<td></td>
<td></td>
<td>2,501,464,127</td>
<td></td>
</tr>
<tr>
<td>Money Follows the Person Rebalancing Demonstration</td>
<td>93.791</td>
<td>Health Care Authority</td>
<td>306,214</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid Transformation Grant</td>
<td>93.793</td>
<td>Health Care Authority</td>
<td>170,747</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Bioterorism Hospital Preparedness Program</td>
<td>93.889</td>
<td>State Department of Health</td>
<td>6,315,369</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIV Care Formula Grants</td>
<td>93.917</td>
<td>State Department of Health</td>
<td>9,473,333</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems</td>
<td>93.938</td>
<td>Department of Education</td>
<td>222,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HIV Prevention Activities - Health Department Based Human Immunodeficiency Virus (HIV) - Acquired</td>
<td>93.940</td>
<td>State Department of Health</td>
<td>2,459,497</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immunodeficiency Virus Syndrome (AIDS) Surveillance Assistance Programs for Chronic Disease Prevention and Control</td>
<td>93.944</td>
<td>State Department of Health</td>
<td>464,695</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Block Grants for Community Mental Health Services</td>
<td>93.958</td>
<td>Mental Health and Substance Abuse Services</td>
<td>4,343,179</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>93.959</td>
<td>Mental Health and Substance Abuse Services</td>
<td>18,542,770</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventive Health Services - Sexually Transmitted Diseases Control Grants</td>
<td>93.977</td>
<td>State Department of Health</td>
<td>1,145,829</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems</td>
<td>93.988</td>
<td>State Department of Health</td>
<td>207,450</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preventive Health and Health Services Block Grant</td>
<td>93.991</td>
<td>State Department of Health</td>
<td>994,308</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternal and Child Health Services Block Grant</td>
<td>93.994</td>
<td>State Department of Health</td>
<td>4,873,496</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant to the States</td>
<td>93.994</td>
<td>Department of Human Services</td>
<td>2,430,197</td>
<td></td>
<td></td>
<td>7,303,693</td>
<td></td>
</tr>
<tr>
<td>Other Federal Assistance - X-Ray Inspections</td>
<td>-</td>
<td>State Department of Health</td>
<td>42,579</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Federal Assistance - Clinical Laboratory Improvement Amendments</td>
<td>-</td>
<td>State Department of Health</td>
<td>263,445</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Reimbursement Contracts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Alcohol Drug Data Collection</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>43,922</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Level Projects</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>6,086</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSAP Prevention Fellowship</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>37,448</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Outcome Measurement &amp; Management System</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>29,526</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Epidemiological Outcomes Workgroup</td>
<td>-</td>
<td>Mental Health and Substance Abuse Services</td>
<td>66,871</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td></td>
<td>3,154,292,484</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Corporation for National and Community Service**

**Direct Programs:**
- Learn and Serve America - Higher Education: 94.005 Department of Education 207,556
- AmeriCorps: 94.006 Bureau of Narcotics & Dangerous Drugs Control 25,334
- Foster Grandparent Program: 94.011 Department of Human Services 391,857
- Volunteers in Service to America: 94.013 Department of Education 34,366
- Subtotal: 659,113

**Social Security Administration**

**Direct Programs:**
- Social Security - Disability Insurance: 96.001 Department of Rehabilitation Services 22,522,065
- Subtotal: 22,522,065
## OKLAHOMA

**Schedule of Expenditures of Federal Awards By Federal Grantor for the Fiscal Year Ending June 30, 2008**

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Agency</th>
<th>Expenditures/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Homeland Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Programs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Domestic Preparedness Equipment Support Program</td>
<td>97.004</td>
<td>Department of Public Safety</td>
<td>5,364,182</td>
</tr>
<tr>
<td>Boating Safety Financial Assistance</td>
<td>97.012</td>
<td>Department of Public Safety</td>
<td>2,101,409</td>
</tr>
<tr>
<td>Community Assistance Program State Support Services Element (CAP-SSSE)</td>
<td>97.023</td>
<td>Department of Emergency Management</td>
<td>143,059</td>
</tr>
<tr>
<td>Crisis Counseling</td>
<td>97.032</td>
<td>Department of Emergency Management</td>
<td>105,419</td>
</tr>
<tr>
<td>Disaster Grants-Public Assistance(Presidentially Declared Disasters)</td>
<td>97.036</td>
<td>Department of Emergency Management</td>
<td>131,802,252</td>
</tr>
<tr>
<td>Hazard Mitigation Grant</td>
<td>97.039</td>
<td>Department of Emergency Management</td>
<td>2,098,493</td>
</tr>
<tr>
<td>National Dam Safety Program</td>
<td>97.041</td>
<td>Water Resources Board</td>
<td>271,199</td>
</tr>
<tr>
<td>Emergency Management Performance Grants</td>
<td>97.042</td>
<td>Department of Emergency Management</td>
<td>3,012,261</td>
</tr>
<tr>
<td>Fire Management Assistance Grant</td>
<td>97.046</td>
<td>Department of Emergency Management</td>
<td>15,921</td>
</tr>
<tr>
<td>Pre-Disaster Mitigation</td>
<td>97.047</td>
<td>Department of Emergency Management</td>
<td>323,281</td>
</tr>
<tr>
<td>Emergency Operations Center</td>
<td>97.052</td>
<td>Department of Emergency Management</td>
<td>1,959,294</td>
</tr>
<tr>
<td>Citizens Corp</td>
<td>97.053</td>
<td>Department of Emergency Management</td>
<td>74,744</td>
</tr>
<tr>
<td>Homeland Security Grant</td>
<td>97.067</td>
<td>Department of Public Safety</td>
<td>20,043,324</td>
</tr>
<tr>
<td>Map Modernization Management Support</td>
<td>97.070</td>
<td>Department of Emergency Management</td>
<td>81,653</td>
</tr>
<tr>
<td>Buffer Zone Protection Program</td>
<td>97.078</td>
<td>Department of Public Safety</td>
<td>8,534</td>
</tr>
<tr>
<td>Repetitive Food Claims</td>
<td>97.092</td>
<td>Department of Emergency Management</td>
<td>268,814</td>
</tr>
</tbody>
</table>

**Total Federal Assistance**

$\text{\textdollar} \ 5,729,765,251

- **Noncash Assistance**
- **Partially Noncash Assistance**
- **Tested as a major program as defined by OMB Circular A-133**
- **Program audited as a major program by independent auditor of entity within the State**

See Accompanying Notes to the Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2008

Note 1. Summary of Significant Accounting Policies


A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity includes the primary government of the State of Oklahoma as presented in the Comprehensive Annual Financial Report (CAFR). Component units included in the CAFR prepare individual financial statements that meet the requirements of OMB Circular A-133, and have not been included in the Schedule. OMB Circular A-133 allows non-Federal entities to meet the audit requirements of the Circular through a series of audits that cover the reporting entity.

B. Basis of Presentation

The Schedule presents expenditures and expenses for the fiscal year ended June 30, 2008. The Schedule reports total federal award expenditures and expenses for each federal program as identified in the Catalog of Federal Domestic Assistance (CFDA). Federal awards without identified CFDA numbers have been identified as “Other Federal Assistance”.

Federal financial awards include federal financial assistance and federal cost-reimbursement contracts. Federal financial assistance may be defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, food commodities, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals. Non-monetary federal assistance including surplus property, food stamps and food commodities is reported in the Schedule. Solicited contracts between the State and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Food and commodity distributions on the accompanying Schedule are valued using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The food stamp issuance amount included in the accompanying Schedule is stated at the value of food stamps redeemed. Donated federal surplus property is included in the Schedule at a percentage of the federal government acquisition cost.

The scope of the Schedule includes expenditures and expenses of federal assistance directly received by state primary recipients. With reference to the primary government, the primary recipient expenditures are not adjusted for sub-recipient state agency expenditures. State agency expenditures and expenses of federal assistance received indirectly from non-state sources are reported as “passed through” those non-state sources.

Major programs are defined by levels of expenditures and expenses and risk assessments established in the OMB Circular A-133.
Notes to the Schedule of
Expenditures of Federal Awards

C. Basis of Accounting

The accompanying Schedule, in general, reports expenditures of the primary government in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that governmental funds report revenue and expenditures using the modified accrual basis of accounting as described in the Comprehensive Annual Financial Report. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Department of Environmental Quality (CFDA 66.468) a primary government enterprise fund, and the Wildlife Conservation Commission, a governmental fund, use the accrual basis of accounting that recognizes expenditures when incurred.

Note 2. Petroleum Violation Escrow Funds

Petroleum Violation Escrow (PVE) funds received by the State as restitution relative to litigation involving violations of federal price controls are not federal funds and therefore are not included in the Schedule. However, certain PVE funds were made subject to OMB Circular A-133 by the terms of federal legislation, or by court orders. Those PVE funds subject to OMB Circular A-133, and included within the scope of our audit, were utilized in the following programs during fiscal year 2008:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Program Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>81.041</td>
<td>State Energy Program</td>
</tr>
<tr>
<td>81.042</td>
<td>Weatherization Assistance for Low Income Persons</td>
</tr>
</tbody>
</table>

Note 3. State Unemployment Insurance Fund

Expenditures for unemployment insurance (CFDA 17.225) include state unemployment insurance (UI) funds as well as federal UI funds. The state portion of UI funds amounted to $165,010,204. The federal portion of UI funds amounted to $30,515,378.

Note 4. Federally Funded Loan Programs

The Water Resources Board (WRB) administers the Oklahoma Clean Water Facility Construction Revolving Loan Account Program. The program had loans outstanding of $194,594,129 at June 30, 2008. A federal grant from the U.S. Environmental Protection Agency provides approximately 80% of the program’s loan funding, with State funds matching the remaining 20%.

The Oklahoma Department of Environmental Quality (ODEQ) administers the Oklahoma Drinking Water State Revolving Fund Program. The program had loans outstanding of $217,338,885 at June 30, 2008. The Oklahoma Drinking Water State Revolving Fund Program utilizes Federal Capitalization grants, from the U.S. Environmental Protection Agency under CFDA 66.468, required State matching funds equal to 20% of federal funds received, and interest income for drinking water loan assistance. Included in the schedule of federal expenditures are funds withdrawn for loans, state matching funds used for loans and program operating costs. During fiscal year 2008, the ODEQ withdrew federal funds in the amount of $6,470,203. Of these funds, no funds were used for disbursements on loans originated.

Note 5. Cost Recovery of Federal Program Expenditures

During fiscal year 2008, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of $23,248,680 on sales of formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (CFDA No. 10.557). The rebate contracts are authorized by 7 CFR 46.26(m) as a cost containment measure. The cash rebates were treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation has incurred significant expenditures on construction projects that have exceeded the contract amounts approved by the federal grantor. These project expenditures are
Notes to the Schedule of
Expenditures of Federal Awards

held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling $4,277,000 were in suspense at June 30, 2008, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 85 percent will be considered available.

Note 6. Audits Provided by Auditors Other Than Principal Auditor

Audits provided by auditors other than the principal auditor include:

- Oklahoma Department of Commerce
- Oklahoma Department of Wildlife
- Oklahoma Department of Environmental Quality
- Oklahoma Insurance Department

Several programs were identified as major and audited as such in the separate single audits of these entities. The schedule separately identifies programs that were audited as major programs by independent auditors of entities within the State.

Note 7. Department of Education Grant Transfers

The Department of Education made the following transfers between programs for the fiscal year 2008:

<table>
<thead>
<tr>
<th>Transferred From:</th>
<th>Transferred To:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Title I Grants to LEAs (CFDA #84.010)</td>
</tr>
<tr>
<td></td>
<td>$1,252,041.82</td>
</tr>
<tr>
<td></td>
<td>Education Technology State Grants (CFDA #84.318)</td>
</tr>
<tr>
<td></td>
<td>Safe and Drug-Free Schools and Communities State Grants (CFDA #84.186)</td>
</tr>
<tr>
<td></td>
<td>State Grants for Innovative Programs (CFDA #84.298)</td>
</tr>
<tr>
<td>Totals:</td>
<td>$2,384,858.33</td>
</tr>
</tbody>
</table>

Note 8. Department of Transportation Federal Soft Match Provision

Beginning in the year 1992, the Oklahoma Department of Transportation began using the “soft match” provision of the Inter-modal Surface Transportation Efficiency Act, which allows the maintenance and construction cost of toll facilities that serve interstate commerce to be used in lieu of state matching funds. Annually, dollars spent for major maintenance (reconstruction) of turnpikes or new construction may be added to the amount of soft match credit available for use as state match. The state’s share of expenditures is deducted from the available soft match amount. Federal money would then fund 100 percent of the project from the amount that had previously been apportioned for Oklahoma’s highway projects.
The Department utilized approximately $87,635,647 of the soft match provision for projects billed during fiscal year 2008. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration (FHWA) for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to FHWA.
Schedule of Findings and Questioned Costs
Financial Statements

Type of auditor’s report issued: .............................................................................................................. unqualified

Internal control over financial reporting:

  Material weakness(es) identified? ........................................................................................................ yes

  Significant deficiencies identified that are not considered to be material weakness(es)? ........................... no

Noncompliance material to financial statements noted? ........................................................................... no


Federal Awards

Internal control over major programs:

  Material weakness(es) identified? ........................................................................................................ yes

  Significant deficiencies identified that are not considered to be material weakness(es)? ........................ yes

Type of auditor’s report issued on compliance for major programs: .......................................................... unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ......................................................................................................................... yes

Dollar threshold used to distinguish between type A and type B programs: ............................................ $17,180,297

Auditee qualified as low-risk auditee? ........................................................................................................ no

Identification of Major Programs:

<table>
<thead>
<tr>
<th>Program and CFDA Number</th>
<th>State Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.553 School Breakfast Program</td>
<td>Department of Education</td>
</tr>
<tr>
<td>10.555 National School Lunch Program</td>
<td>Department of Education</td>
</tr>
<tr>
<td>10.556 Special Milk Program for Children</td>
<td>Department of Education</td>
</tr>
<tr>
<td>10.559 Summer Food Service Program for Children</td>
<td>Department of Education</td>
</tr>
<tr>
<td>10.558 Child and Adult Care Food Program</td>
<td>Department of Education</td>
</tr>
<tr>
<td>12.401 National Guard Military Operations and Maintenance (O&amp;M) Projects</td>
<td>Military Department</td>
</tr>
<tr>
<td>14.228 Community Development Block Grants – State’s Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>Program and CFDA Number</td>
<td>State Agency</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>14.231 Emergency Shelter Grant Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>15.605 Sport Fish Restoration</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>15.611 Wildlife Restoration</td>
<td>Wildlife Conservation Commission</td>
</tr>
<tr>
<td>15.634 State Wildlife Grants</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>17.207 Employment Service/Wagner-Peyser Funded Activities</td>
<td>Employment Security Commission</td>
</tr>
<tr>
<td>17.801 Disabled Veterans’ Outreach Program (DVOP)</td>
<td>Employment Security Commission</td>
</tr>
<tr>
<td>17.804 Local Veterans Employment Representative Program</td>
<td>Employment Security Commission</td>
</tr>
<tr>
<td>17.225 Unemployment Insurance</td>
<td>Employment Security Commission</td>
</tr>
<tr>
<td>17.258 WIA Adult Program</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>17.259 WIA Youth Activities</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>17.260 WIA Dislocated Workers</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>20.205 Highway Planning and Construction</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>66.468 Capitalization Grants for Drinking Water State Revolving Fund</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States</td>
<td>Department of Rehabilitation Services</td>
</tr>
<tr>
<td>84.357 Reading First State Grants</td>
<td>Department of Education</td>
</tr>
<tr>
<td>93.069 Public Health Emergency Preparedness</td>
<td>Department of Health</td>
</tr>
<tr>
<td>93.558 Temporary Assistance for Needy Families</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.563 Child Support Enforcement</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.568 Low Income Home Energy Assistance</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.575 Child Care and Development Block Grant</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.658 Foster Care – Title IV-E</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>93.767 State Children’s Insurance Program</td>
<td>Health Care Authority</td>
</tr>
</tbody>
</table>

Schedule of Findings
Summary of Auditor’s Results
<table>
<thead>
<tr>
<th>Program and CFDA Number</th>
<th>State Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Cluster</td>
<td></td>
</tr>
<tr>
<td>93.775 State Medicaid Fraud Control Units</td>
<td>Attorney General</td>
</tr>
<tr>
<td>93.777 State Survey and Certification of Health Care Providers and Suppliers</td>
<td>Health Care Authority</td>
</tr>
<tr>
<td>93.778 Medical Assistance Program</td>
<td>Health Care Authority</td>
</tr>
<tr>
<td>93.779 Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations</td>
<td>Insurance Department</td>
</tr>
<tr>
<td>93.959 Block Grants for Prevention and Treatment of Substance Abuse</td>
<td>Department of Mental Health and Substance Abuse Services</td>
</tr>
<tr>
<td>96.001 Social Security – Disability Insurance</td>
<td>Rehabilitation Services</td>
</tr>
</tbody>
</table>
Schedule of Findings
Federal Award Findings
And Questioned Costs

Note: Findings are presented alphabetically by state agency.

Department of Education

FINDING NO:  08-265-001
STATE AGENCY:  Oklahoma State Department of Education
FEDERAL AGENCY:  United States Department of Education
CFDA NO:  84.357
FEDERAL PROGRAM NAME:  Reading First Grants to States
FEDERAL AWARD NUMBER:  S357A050037A
FEDERAL AWARD YEAR:  FY 2008
CONTROL CATEGORY:  Period of Availability
QUESTIONED COSTS:  $642,052

Criteria:  34 CFR Section 80.23 – Period of availability of funds states:

a)  General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

b)  Liquidation of obligations. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The federal agency may extend this deadline at the request of the grantee.

Condition:  During our testwork for the period of availability requirement, we reviewed 44 administration expenditures and 11 claim adjustments recorded to the 2006 grant award and noted the following:

-  Four claims were not obligated within the period of availability or paid by the liquidation date of December 31, 2007.

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Month</th>
<th>Day</th>
<th>Year</th>
<th>Description</th>
<th>Obj Code</th>
<th>Prog Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C007735</td>
<td>1</td>
<td>23</td>
<td>8</td>
<td>VOYAGERS EXPANDED LEARNING</td>
<td>515460</td>
<td>3446253</td>
<td>$1,100.00</td>
</tr>
<tr>
<td>C011559</td>
<td>6</td>
<td>4</td>
<td>8</td>
<td>SMITH, MARTHA K</td>
<td>515460</td>
<td>3446253</td>
<td>$2,497.01</td>
</tr>
<tr>
<td>C007191</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>WHEELER, ANDREA</td>
<td>521110</td>
<td>3446253</td>
<td>$561.53</td>
</tr>
<tr>
<td>C007178</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>FOSTER, D RANEE</td>
<td>521110</td>
<td>3446253</td>
<td>$217.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$4,376.16</strong></td>
</tr>
</tbody>
</table>
Eleven claims were not paid by the liquidation date of December 31, 2007.

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Month</th>
<th>Day</th>
<th>Year</th>
<th>Description</th>
<th>Obj Code</th>
<th>Prog Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C008062</td>
<td>2</td>
<td>1</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$2,094.59</td>
</tr>
<tr>
<td>C008405</td>
<td>2</td>
<td>13</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$8,100.76</td>
</tr>
<tr>
<td>C010793</td>
<td>5</td>
<td>5</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$5,595.23</td>
</tr>
<tr>
<td>C011331</td>
<td>5</td>
<td>23</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$7,364.85</td>
</tr>
<tr>
<td>C008067</td>
<td>2</td>
<td>1</td>
<td>8</td>
<td>WIRELESS GENERATION</td>
<td>515460</td>
<td>3446143</td>
<td>$410,608.93</td>
</tr>
<tr>
<td>C010368</td>
<td>4</td>
<td>21</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$5,154.10</td>
</tr>
<tr>
<td>C009340</td>
<td>3</td>
<td>19</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$7,486.80</td>
</tr>
<tr>
<td>C009793</td>
<td>4</td>
<td>3</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$7,433.90</td>
</tr>
<tr>
<td>C007715</td>
<td>1</td>
<td>22</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$5,077.14</td>
</tr>
<tr>
<td>C008843</td>
<td>3</td>
<td>3</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>515460</td>
<td>3446253</td>
<td>$4,230.66</td>
</tr>
<tr>
<td>C008399</td>
<td>2</td>
<td>13</td>
<td>8</td>
<td>DYNAMIC MEASUREMENT GROUP</td>
<td>536190</td>
<td>3446253</td>
<td>$8,528.75</td>
</tr>
</tbody>
</table>

Total: $471,675.71

Five claims were not obligated within the period of availability.

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Month</th>
<th>Day</th>
<th>Year</th>
<th>Description</th>
<th>Obj Code</th>
<th>Prog Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C006375</td>
<td>11</td>
<td>26</td>
<td>8</td>
<td>EMPLOYEES BENEFITS COUNCIL</td>
<td>519130</td>
<td>3446113</td>
<td>$28.06</td>
</tr>
<tr>
<td>C006955</td>
<td>12</td>
<td>18</td>
<td>8</td>
<td>FOSTER, D RANEE</td>
<td>521110</td>
<td>3446253</td>
<td>$800.19</td>
</tr>
<tr>
<td>C006959</td>
<td>12</td>
<td>18</td>
<td>8</td>
<td>WHEELER, ANDREA</td>
<td>521110</td>
<td>3446253</td>
<td>$408.00</td>
</tr>
<tr>
<td>C007096</td>
<td>12</td>
<td>21</td>
<td>8</td>
<td>BRYAN, JANICE</td>
<td>521120</td>
<td>3446113</td>
<td>$144.87</td>
</tr>
<tr>
<td>C007109</td>
<td>12</td>
<td>21</td>
<td>8</td>
<td>WHEELER, ANDREA</td>
<td>521210</td>
<td>3446253</td>
<td>$130.08</td>
</tr>
</tbody>
</table>

Total: $1,511.20
Two adjustments were added to the 2006 grant with underlying claims that were not paid by the liquidation date of December 31, 2007.

<table>
<thead>
<tr>
<th>Claim Number</th>
<th>Month</th>
<th>Day</th>
<th>Year</th>
<th>Description</th>
<th>Obj Code</th>
<th>Prog Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E008067</td>
<td>6</td>
<td>27</td>
<td>8</td>
<td>WIRELESS GENERATION</td>
<td>515460</td>
<td>3446143</td>
<td>$155,408.26</td>
</tr>
<tr>
<td>G008067</td>
<td>6</td>
<td>30</td>
<td>8</td>
<td>WIRELESS GENERATION</td>
<td>532170</td>
<td>3446253</td>
<td>$9,081.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$164,489.55</strong></td>
</tr>
</tbody>
</table>

**Effect:** Obligating funds after the period of availability and/or payment of claims after the liquidation date could result in loss of Federal funds.

**Recommendation:** We recommend the Department implement policies and procedures to ensure all claims are obligated within the period of availability and obligations are liquidated by the corresponding liquidation date unless proper extensions are requested and approved.

**Views of Responsible Official(s)**

*Contact Person:* Vonna Anderson, Administrator-Federal Accounting and Reporting
*Anticipated Completion Date:* January 2009
*Corrective Action Planned:*

**Wireless Generation** - The agency should have requested permission from the USDE program office to pay this invoice from 2006 grant funds after the liquidation period ended.

Correcting entries have been made for the identified claims paid after the period of availability or liquidation period ended; claims are now charged to a later grant year which charges them to the proper period of availability.

Period of availability dates have been incorporated into the agency program code listing used for charging expenditures to federal programs. The listing is being reviewed with personnel to ensure that the dates are understood. Once December business is closed, encumbrances coded to the grant that just closed will either be cancelled or changed to a more current eligible year of funding. A list of program codes that are closed will be added to the agency program code listing.

**Auditor Response:** Although entries were made in Tandem to correct the claims totaling $66,947.88 incorrectly charged to the 2005/2006 grant year period of availability by moving them from the 2005/2006 grant year to the 2006/2007 grant year and thus, into the proper period of availability; and to move claims totaling approximately that same amount from to the 2006/2007 grant year period of availability to the 2005/2006 grant year period of availability, an internal control deficiency exists in that OSDE does not have an effective system in place to ensure expenditures charged to the Reading First Program are obligated within the period of availability and paid by the corresponding liquidation date.
Employment Security Commission

FINDING NO: 08-290-001
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: Department of Labor
CFDA NO: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER:
FEDERAL AWARD YEAR:
QUESTIONED COSTS: Undeterminable

Criteria: Oklahoma’s Unemployment Insurance contribution rates are determined by the Employer Experience Rating system as described in 40 O.S. §3-109. This statute states, “The contribution rate for each employer for each calendar quarter after December 31, 1983, to be applied to his current payroll shall be in accordance with the following table based upon the state experience factor and his benefit wage ratio.” (Due to the size of the table, it has not been included in this finding).

In addition, according to 40 O.S. § 4-307, “Whenever the Commission believes that a change in contribution or benefit rates will become necessary to protect the solvency of the fund, it shall promptly so inform the Governor, who may make to the Legislature recommendations with respect thereto.”

Condition: The Oklahoma Employment Security Commission (Commission) uses a computer system to apply the rates based on the employer’s benefit wage ratio and the State Experience Factor. During testwork we discovered the table programmed into the system varied from the table provided by 40 O.S. §3-109.

Cause: Based on discussions with management, it appears that adjustments were made to the Employer Experience Rating table in approximately fiscal year 2003. The rate changes were never brought to the attention of the Governor and were therefore never approved by the Legislature.

Effect: The agency is charging employers based on an unapproved rate table. Employers may be charged rates different than those required by state statute.

Recommendation: We recommend the Commission notify the Governor of the changes to the rate table so that the Legislature can determine if the rates currently in use are appropriate, and if so, approve the rate table currently in use by the Commission.

Views of Responsible Official(s)
Contact Person: Barbara Ramsey, Assistant Director UI Tax
Anticipated Completion Date:
Corrective Action Planned: In 2004 the agency validated the Rate Table Schedule using an excel spreadsheet. This validation resulted in very minimal changes to the tax table. Based on the agency’s preliminary review of the employers’ accounts that fell within the corrections of the rate table, it was determined the correction in the table did not appear to have an adverse effect on the employers’ rates or charged the employers a higher rate than the rate table posted in official statues would have given the employers. In addition, it does not appear from this review that this amendment would have had an adverse effect on the UTF balance.

It is the agency’s position that 40 O.S. Section 4-307 is not applicable to the change referenced in this finding since it was not made in order to protect the solvency of the UTF. The tax rate table was
amended due to the discovery of a .01 per cent rounding error. Oklahoma’s UTF has never had a
deficit or faced insolvency.

The following is the agency’s plan to address this issue:

- The UI Tax Division will conduct a comprehensive review to ensure no employer was
  adversely affected;
- Although we believe the tax table being utilized is accurate, the UI Tax Division will work
  with an actuary to revalidate that table;
- After the actuary’s validation is completed, the UI Tax Division will review the actuary’s
  findings; and
- Propose the necessary statutory amendments to the Governor and Legislature for adoption.

Thank you for bringing this to our attention. We appreciate the professionalism displayed by the audit
staff during this audit.

**Department of Health**

**FINDING NO:** 08-340-001 *(Repeat Finding)*  
**STATE AGENCY:** Oklahoma State Department of Health  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.069  
**FEDERAL PROGRAM NAME:** Public Health Emergency Preparedness  
**FEDERAL AWARD NUMBER:** U90/CCU616982-06, U90/CCU616982-07, and 5U90TP616982-08  
**FEDERAL AWARD YEAR:** 2008  
**CONTROL CATEGORY:** Equipment and Real Property Management  
**QUESTIONED COSTS:** $-0-

**Criteria:** A critical aspect of effective inventory management is the maintenance of accurate inventory
records. The A-102 Common Rule requires that equipment records shall be maintained, and a physical
inventory of equipment shall be taken at least once every two years and reconciled to the equipment records
for equipment purchased with Federal awards.

OMB Circular A-87 Attachment A, C. states: “To be allowable under Federal awards, costs must meet the
following general criteria…. e. Be consistent with policies, regulations, and procedures that apply
uniformly to both Federal awards and other activities of the governmental unit.” and “g. Except as
otherwise provided for in this Circular, be determined in accordance with generally accepted accounting
principles.”

74 O.S., § 110.1, states, in part:

A. The Director of Central Services shall have the authority to promulgate
   rules to implement the provisions of this section.
B. For entities included in subsection A of this section, the Director of
   Central Services shall specify a tangible asset reporting threshold for each
   entity….

OAC 580: 70-1-3 (a) General threshold, states, “Unless the Director specifies otherwise (Reference (b) of
this Section), the threshold for tangible asset inventory reports is $500.00.”
OAC 580: 70-3-1 (a) Report due date, states, “All agencies must submit an annual report of current inventory of tangible assets owned by the agency as of June 30 of the preceding fiscal year to the Department by August 15. The report shall include all tangible assets based upon the threshold stated in 580:70-1-3(a).”

**Condition:** During our follow-up of prior year finding over equipment, we noted the following:

- Purchase order amounts are used to record equipment in the Department’s records rather than the actual costs of the items. Purchase order amounts may not include ancillary charges that are directly attributable to the acquisition such as freight and site preparation costs.
- There appears to be no formal policy in place regarding the valuation of equipment at the time of disposition. The current software used for inventory defaults salvage value of all assets to 10% of the original purchase price.
- Policies to communicate applicable requirements and guidelines for equipment to program managers and to discourage misuse of Federal assets have not been finalized.

**Effect:** Without accurate inventory records, and official policies and procedures, the Department may be unable to demonstrate proper accountability over equipment purchased with Federal awards.

**Recommendation:** We recommend the Department continue in its efforts the development of policies and procedures. We also recommend the department use the actual cost of the purchased equipment and develop a policy for the valuation of equipment at the time of disposition.

**Views of Responsible Official(s)**

**Contact Person:** Tamela Gibson-Agahnia  
**Anticipated Completion Date:** June 30, 2009  
**Corrective Action Planned:** The 2009 physical inventory account cycle for FY-09 will be completed in accordance with current policy and the conversion to another software application will also be completed in this timeframe. In an effort to better record asset costs accurately, a manual review of the claim amounts has been added to the task list as time allows. The new application should enable us to build a more accurate depreciation base that should be functional in calendar year 2010. OSDH is also participating in the Phase II CORE Asset Management workgroups to begin preparation for a seamless system that will record assets at cost, depreciate based on commodity code and report more effectively in a uniform manner. Policy revisions are in draft status and will be submitted to the policy review committee during this fiscal year in an effort to more effectively communicate responsibilities to program managers.

**Health Care Authority**

**FINDING NO:** 08-807-003  
**STATE AGENCY:** Oklahoma Health Care Authority  
**FEDERAL AGENCY:** U.S. Department of Health and Human Services  
**CFDA NO:** 93.778, 93.767  
**FEDERAL PROGRAM NAME:** Medical Assistance Program and State Children’s Insurance Program  
**FEDERAL AWARD NUMBER:** 50705OK5028, 50805OK5028 and 0705OK5021, 0805OK5021  
**FEDERAL AWARD YEAR:** 2007 and 2008  
**CONTROL CATEGORY:** Cash Management  
**QUESTIONED COSTS:** Medical Assistance Program $128,948

**Criteria:** A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.
The FY 2008 Treasury-State Agreement 6.2.1 states:

“Actual Clearance, ZBA – ACH
The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the State’s account on the settlement date. This funding technique is interest neutral.”

Condition: We noted two program draw and one administrative draw amounts were calculated incorrectly. One miscalculation occurred when making a reduction to a Title XXI (CFDA 93.767) program draw. Another program draw and one administrative draw were miscalculated when totaling the expenditures for Title XIX (CFDA 93.778).

Effect: The Authority could be overdrawing funds.

Recommendation: We recommend that an appropriate level of supervision and review of the draw preparation be performed to help ensure that draws made by the Authority are accurate and reliable.

Views of Responsible Official(s)
Contact Person: Marianne Lingle
Anticipated Completion Date: 3/31/09
Corrective Action Planned: OHCA currently has appropriate procedures in place assuring federal funds are not overdrawn. Federal funds for program expenditures are drawn at the current FMAP so OHCA is always owed federal funds because of enhanced funding. Administrative draws are calculated using the same procedures. Because we reconcile our federal draws and expenditures at the end of each quarter, if errors have occurred they are corrected during the reconciliation process.

FINDING NO: 08-807-004
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: U.S. Department of Health and Human Services
CFDA NO: 93.778 and 93.767
FEDERAL PROGRAM NAME: Medical Assistance Program and State Children’s Insurance Program
FEDERAL AWARD NUMBER: 50705OK5028, 50805OK5028 and 0705OK5021, 0805OK5021
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Allowable Costs/Cost Principles
QUESTIONED COSTS: State Children’s Insurance Program $7,249

Criteria: The Oklahoma Health Care Authority Cost Allocation Plan provides for the allocation of department wide costs in the following manner:

“Payroll, Benefits and Travel – Expenses of each employee will be charged to the cost center where the employee is assigned on a monthly basis.
Rent/Lease – When space is leased, rent will be charged to each cost center based on the number of FTE.
Equipment purchases, repairs, depreciation and expensing – Expenses will be charged to the cost center where equipment is utilized.

The allocation of department wide costs from cost pool 529 shall be allocated based on time and/or effort reports.
The allocation of department wide costs from cost pool 702 shall be based on the proportionate share of salary and benefit previously distributed from pools 552 and 529 to each cost objective.”

Additionally, a component objective of an adequate internal control system is to provide accurate and reliable information.

**Condition:** We reviewed allocated costs for the quarter ending 03/31/2008; it appears the following cost objectives were calculated incorrectly:

<table>
<thead>
<tr>
<th>OHCA Calculation</th>
<th>SA&amp;I Calculation</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A8 Title XIX - General Administration</td>
<td>$16,769,867.52</td>
<td>$16,647,786.09</td>
</tr>
<tr>
<td>A13 Title XIX - Family Planning (90%)</td>
<td>$24,166.81</td>
<td>$25,018.08</td>
</tr>
<tr>
<td>A53 Title XIX - PASARR</td>
<td>$127,809.72</td>
<td>$127,191.06</td>
</tr>
<tr>
<td>A77 Title XIX - Drug Utilization Revie</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>A83 Title XIX - MMIS 90%</td>
<td>$303,548.09</td>
<td>$327,761.58</td>
</tr>
<tr>
<td>534 Title XIX - MMIS 75%</td>
<td>$1,345,292.86</td>
<td>$1,507,925.84</td>
</tr>
<tr>
<td>Title XIX - SPMP</td>
<td>$1,265,378.67</td>
<td>$1,265,506.75</td>
</tr>
<tr>
<td><strong>TOTAL TITLE XIX</strong></td>
<td><strong>$19,836,063.67</strong></td>
<td><strong>$19,901,189.40</strong></td>
</tr>
<tr>
<td>A14 Title XXI - Medicaid Expansion</td>
<td>$792,554.39</td>
<td>$785,305.18</td>
</tr>
<tr>
<td><strong>TOTAL TITLE XXI</strong></td>
<td><strong>$792,554.39</strong></td>
<td><strong>$785,305.18</strong></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>$20,628,618.06</strong></td>
<td><strong>$20,686,494.58</strong></td>
</tr>
</tbody>
</table>

**Cause:** Based on testwork performed, it appears cost pools were incorrectly calculated, causing the cost objectives to be incorrectly reported. We traced the cost allocation spreadsheet to the Fund 200 Expenditure spreadsheet, which was then traced to supporting documentation. Based on the testwork performed, it appears Workers Comp was calculated incorrectly due to human error, Travel and Training costs were distributed incorrectly amongst the cost pools, the Miscellaneous Admin and Furniture and Equipment was misstated due to not including a department or including the wrong amount. Random moment time studies were incorrect due to a report query that was incorrectly included. We also noted the remaining three quarters of the random moment time study for State Fiscal Year 2008 were incorrectly calculated.

**Effect:** The Authority may be incorrectly charging administrative costs against federal grants.

**Recommendation:** We recommend the authority review the entire cost allocation process and design procedures to ensure all necessary amounts are included correctly in the cost allocation calculations.

**Views of Responsible Official(s)**
- **Contact Person:** Marianne Lingle
- **Anticipated Completion Date:** 3/31/2009
- **Corrective Action Planned:**
  - Workers Compensation: We concur with the auditor’s finding. There was a correction made on a worker’s compensation billing and the formula was not changed in the following months until May of 2008. This correction is calculated into the prior period adjustment for QE 03-31-08 and will be made on the CMS 64 for QE 03-31-09.
  - Travel and Training: We concur with the auditor’s finding that there were some items that were not broken out as Travel and Training but were included in Miscellaneous. This, however, made no difference in the allocation between cost pools as miscellaneous and Travel and Training were allocated the same.
  - Postage: We do not agree with the auditors findings as the $11,075.71 in question was postage for Fund 245 (OEPIC) and not Fund 200. This amount is entered directly to OEPIC and not allocated. This was not figured in to the proposed adjustment; therefore no additional adjustment is necessary.
Rent: We agree with the auditors finding that $1,794.62 in rent was incorrectly coded to miscellaneous, however, this resulted in no change in allocation between the pools.

Furniture and Equipment: We agree with the auditors finding that some items such as books were incorrectly coded to miscellaneous rather than equipment, however, this did not result in any change to the allocation to the cost pools.

Miscellaneous Expenditures: As mentioned previously the items that were not broken out separately were included in miscellaneous. As long as they were on the same line the overall allocation between the pools should not be affected.

Random Moment Time Studies: We have received the corrected RMTS from IS and will be using these corrected figures to reallocate the Administrative Expenses for the periods involved. These corrections will appear as prior period adjustments on the CMS 64 for QE 03-31-09.

FINDING NO: 08-807-005
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: U.S. Department of Health and Human Services
CFDA NO: 93.778 and 93.767
FEDERAL PROGRAM NAME: Medical Assistance Program and State Children’s Insurance Program
FEDERAL AWARD NUMBER: 50705OK5028, 50805OK5028 and 0705OK5021, 0805OK5021
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Activities Allowed or Unallowed
QUESTIONED COSTS: Medical Assistance Program $291 and State Children’s Insurance Program $39

Criteria: According to OMB A-133, Compliance Supplement (March 2007): To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) for an allowable service rendered (including supported by medical records or other evidence indicating that the service was actually provided and consistent with the medical diagnosis); (3) properly coded; and (4) paid at the rate allowed by the State plan.

According to OAC 317:30-3-1. Creation and implementation of rules; applicability states:
(d) Payment to practitioners on behalf of Medicaid eligible individuals is made only for services that are medically necessary and essential to the diagnosis and treatment of the patient’s presenting problem. Well patient examinations and diagnostic testing are not covered for adults unless specifically set out in coverage guidelines.

(f) Services provided within the scope of the Oklahoma Medicaid Program shall meet medical necessity criteria. Requests by medical services providers for services in and of itself shall not constitute medical necessity. The Oklahoma Health Care Authority shall serve as the final authority pertaining to all determinations of medical necessity. Medical necessity is established through consideration of the following standards:
(1) Services must be medical in nature and must be consistent with accepted health care practice standards and guidelines for the prevention, diagnosis or treatment of symptoms of illness, disease or disability;
(2) Documentation submitted in order to request services or substantiate previously provided services must demonstrate through adequate objective medical records, evidence sufficient to justify the client’s need for the service;
(6) Services must be appropriate for the client’s age and health status and developed for the client to achieve, maintain or promote functional capacity.
317:30-5-3. Documentation of services
Records in a physician’s office or a medical institution (hospital, nursing home or other medical facility), must contain adequate documentation of services rendered….
**Schedule of Findings**  
**Federal Award Findings**  
**And Questioned Costs**

**Condition:** Based on a medical professional’s review of medical records to support thirty physician services claims, we noted:

- Three claims where the services provided were not supported by medical records or other evidence indicating the service was actually provided. (Medical Assistance Program Questioned Costs $69, SCHIP Questioned Costs $39)
- Three claims were paid at a rate other than that allowed by the State Plan. (Medical Assistance Questioned Costs $222)

**Effect:** The Authority may be paying for services that are not being performed or are improperly coded based on the recipient’s medical diagnosis.

**Recommendation:** We recommend the Authority investigate the items identified. If considered necessary, recoup any funds paid to providers for services that were not supported by medical records.

**Views of Responsible Official(s)**

**Contact Person:** Justin Etchieson  
**Anticipated Completion Date:** Within 60-Days  
**Corrective Action Planned:** The OHCA has reviewed the services billed and will recoup any inappropriately billed services.

**FINDING NO:** 08-807-006  
**STATE AGENCY:** Oklahoma Health Care Authority  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.778, 93.767  
**FEDERAL PROGRAM NAME:** Medical Assistance Program, State Children’s Insurance Program  
**FEDERAL AWARD NUMBER:** 50705OK5028, 50805OK2058 and 0705OK5021, 0805OK5021  
**FEDERAL AWARD YEAR:** 2007 and 2008  
**CONTROL CATEGORY:** Activities Allowed or Unallowed  
**QUESTIONED COSTS:** Medical Assistance Program $7,683 and State Children’s Insurance Program $1,581

**Criteria:** According to OMB A-133, Compliance Supplement: To be allowable, Medicaid costs for medical services must be: (3) properly coded.

**Condition:** While performing analytical procedures on 83,174 MAP and 3,095 SCHIP physician service claims, we noted 82 MAP claims and 3 SCHIP claims that had an age specific procedure code and the recipient did not meet the age requirement. (MAP Questioned Costs $7,683) (SCHIP Questioned Costs $1,581)

**Cause:** The MMIS system is failing to deny claims which are not properly coded.

**Effect:** OHCA paid claims that were improperly coded according to the recipient’s age.

**Recommendation:** We recommend the Authority perform the necessary procedures to ensure edits are in place and operating so that age requirements are met for age specific procedure codes. We further recommend the Authority review the above-mentioned claims and perform the necessary procedures to recoup those funds if necessary.

**Views of Responsible Official(s)**

**Contact Person:** Justin Etchieson  
**Anticipated Completion Date:** Within 60-Days  
**Corrective Action Planned:** The OHCA has reviewed the services billed and will recoup any inappropriately billed services.
## Schedule of Findings
### Federal Award Findings
#### And Question Costs

<table>
<thead>
<tr>
<th>FINDING NO:</th>
<th>08-807-008</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE AGENCY:</td>
<td>Oklahoma Health Care Authority</td>
</tr>
<tr>
<td>FEDERAL AGENCY:</td>
<td>Department of Health and Human Services</td>
</tr>
<tr>
<td>CFDA NO:</td>
<td>93.778</td>
</tr>
<tr>
<td>FEDERAL PROGRAM NAME:</td>
<td>Medical Assistance Program</td>
</tr>
<tr>
<td>FEDERAL AWARD NUMBER:</td>
<td>50705OK5028 and 50805OK2058</td>
</tr>
<tr>
<td>FEDERAL AWARD YEAR:</td>
<td>2007 and 2008</td>
</tr>
<tr>
<td>CONTROL CATEGORY:</td>
<td>Activities Allowed or Unallowed</td>
</tr>
<tr>
<td>QUESTIONED COSTS:</td>
<td>Medical Assistance Program $56,908</td>
</tr>
</tbody>
</table>

**Criteria:** According to OMB A-133, Compliance Supplement: To be allowable, Medicaid costs for medical services must be: (3) properly coded.

**Condition:** While performing analytical procedures on 45,317 home and community based waiver claims; we noted 246 claims that appear to have been improperly coded. These claims were coded with an age specific procedure code and the recipient did not meet the required age.

**Cause:** The MMIS system is failing to deny claims which are not properly coded.

**Effect:** OHCA paid claims that were improperly coded according to the recipient’s age.

**Recommendation:** We recommend the Authority perform the necessary procedures to ensure edits are in place and operating so that age and gender requirements are met for age or gender specific procedure codes. We further recommend the Authority review the above-mentioned claims and perform the necessary procedures to recoup those funds if necessary.

### Views of Responsible Official(s)

**Contact Person:** Justin Etchieson  
**Anticipated Completion Date:** Within 60-Days  
**Corrective Action Planned:** In response to procedure code S5136, OAC 317:40-5-1. Purpose of Agency Companion gives authority to serve children in Agency Companion. Specifically, it says “(b) Persons under the age of 18 years may be served with approval from the Developmental Disabilities Services Division (DDSD) director or designee.” In accordance with this policy, all of the children identified in the audit were approved to receive Agency Companion Services by the DDSD director or designee. Additionally, all of these children were approved to receive the pervasive rate of agency companion services. We believe that the services in question were allowable and appropriately paid, however in the future we will determine if a different procedure code could be used to describe the service provided that reflects the ages of all members served.

For the additional codes in question, we will recoup any inappropriately billed service.

<table>
<thead>
<tr>
<th>FINDING NO:</th>
<th>08-807-009</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE AGENCY:</td>
<td>Oklahoma Health Care Authority</td>
</tr>
<tr>
<td>FEDERAL AGENCY:</td>
<td>U.S. Department of Health and Human Services</td>
</tr>
<tr>
<td>CFDA NO:</td>
<td>93.778</td>
</tr>
<tr>
<td>FEDERAL PROGRAM NAME:</td>
<td>Medical Assistance Program</td>
</tr>
<tr>
<td>FEDERAL AWARD NUMBER:</td>
<td>50705OK5028, 50805OK5028</td>
</tr>
<tr>
<td>FEDERAL AWARD YEAR:</td>
<td>2007 and 2008</td>
</tr>
<tr>
<td>CONTROL CATEGORY:</td>
<td>Activities Allowed or Unallowed</td>
</tr>
<tr>
<td>QUESTIONED COSTS:</td>
<td>Medical Assistance Program $61</td>
</tr>
</tbody>
</table>

**Criteria:** According to OMB A-133, Compliance Supplement (March 2007): To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) for an allowable service rendered (including supported by medical records or other evidence indicating that the
service was actually provided and consistent with the medical diagnosis); (3) properly coded; and (4) paid at the rate allowed by the State plan.

According to OAC 317:30-3-1. Creation and implementation of rules; applicability states:

(e) Payment to practitioners on behalf of Medicaid eligible individuals is made only for services that are medically necessary and essential to the diagnosis and treatment of the patient’s presenting problem. Well patient examinations and diagnostic testing are not covered for adults unless specifically set out in coverage guidelines.

(g) Services provided within the scope of the Oklahoma Medicaid Program shall meet medical necessity criteria. Requests by medical services providers for services in and of itself shall not constitute medical necessity. The Oklahoma Health Care Authority shall serve as the final authority pertaining to all determinations of medical necessity. Medical necessity is established through consideration of the following standards:

1. Services must be medical in nature and must be consistent with accepted health care practice standards and guidelines for the prevention, diagnosis or treatment of symptoms of illness, disease or disability;

2. Documentation submitted in order to request services or substantiate previously provided services must demonstrate through adequate objective medical records, evidence sufficient to justify the client’s need for the service;

7. Services must be appropriate for the client’s age and health status and developed for the client to achieve, maintain or promote functional capacity.

317:30-5-3. Documentation of services
Records in a physician’s office or a medical institution (hospital, nursing home or other medical facility), must contain adequate documentation of services rendered….

**Condition:** Based on a medical professional’s review of medical records to support thirty clinic services claims, we noted one claim where the medical records did not support the services provided.

**Effect:** The Authority may be paying for services that are not being performed or are improperly coded based on the recipient’s medical diagnosis.

**Recommendation:** We recommend the Authority investigate the items identified. If considered necessary, recoup any funds paid to providers for services that were not supported by medical records.

**Views of Responsible Official(s)**

Contact Person: Justin Etchieson

Anticipated Completion Date: Within 60-Days

Corrective Action Planned: The OHCA has reviewed the services billed and will recoup any inappropriately billed services.

**FINDING NO:** 08-807-010  
**STATE AGENCY:** Oklahoma Health Care Authority  
**FEDERAL AGENCY:** U.S. Department of Health and Human Services  
**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program  
**FEDERAL AWARD NUMBER:** 50705OK5028 and 50805OK5028  
**FEDERAL AWARD YEAR:** 2007 and 2008  
**CONTROL CATEGORY:** Allowable Costs/Cost Principles  
**QUESTIONED COSTS:** $0-

**Criteria:** According to the contract with OHCA, Section 3.3.22 Drug Rebate Processing; “Oklahoma requires the MMIS to provide automated support to carry out the federal mandates related to drug rebate processing.”
Also, according to EDS’ Drug Rebate Procedures Manual, Section 8: Quarterly Invoice Cycle Technical Procedures, the Overview states: “The Drug Rebate Invoice Cycle is initiated on receipt of the CMS Quarterly Rate Tape. This tape contains information used to create drug rebate invoices on a quarterly basis as well as several reports. It is typically received from CMS within 45 days after the end of the previous quarter. After receipt of the CMS tape 15 days are allowed to create and send out drug rebate invoices.”

**Condition:** Based on the procedures performed, it appears OHCA is not mailing invoices within 60 days from the end of the previous calendar quarter.

**Cause:** Based on the procedures performed, it appears invoices were mailed late due to issues with the receipt of data from EDS.

**Effect:** If invoices are mailed late, the labelers may not be given sufficient time to mail payments or disputes.

**Recommendation:** We recommend EDS work with the Drug Rebate Division to resolve the system issues and ensure invoices are mailed within 60 days after the previous quarter has ended.

**Views of Responsible Official(s)**
- **Contact Person:** Tom Simonson, Drug Rebate Program Manager
- **Anticipated Completion Date:** 08-26-2008
- **Corrective Action Planned:** Corrective action has been taken, and situation remedied. The last three quarterly invoices have been mailed earlier than their respective due dates:
  - Qtr 2-2008  Due 08-29-2008  Mailed 08-26-2008
  - Qtr 3-2008  Due 12-01-2008  Mailed 11-26-2008
  - Qtr 4-2008  Due 03-02-2009  Mailed 02-27-2009

**FINDING NO:** 08-807-011
**STATE AGENCY:** Oklahoma Health Care Authority
**FEDERAL AGENCY:** U.S. Department of Health and Human Services
**CFDA NO:** 93.767
**FEDERAL PROGRAM NAME:** State Children’s Insurance Program
**FEDERAL AWARD NUMBER:** 0705OK5021, 0805OK5021
**FEDERAL AWARD YEAR:** 2007 and 2008
**CONTROL CATEGORY:** Activities Allowed or Unallowed
**QUESTIONED COSTS:** $803

**Criteria:** According to OMB A-133, Compliance Supplement (March 2007): To be allowable, Medicaid costs for medical services must be: (1) covered by the State plan and waivers; (2) for an allowable service rendered (including supported by medical records or other evidence indicating that the service was actually provided and consistent with the medical diagnosis); (3) properly coded; and (4) paid at the rate allowed by the State plan.

According to OAC 317:30-3-1. Creation and implementation of rules; applicability states:

- (f) Payment to practitioners on behalf of Medicaid eligible individuals is made only for services that are medically necessary and essential to the diagnosis and treatment of the patient's presenting problem. Well patient examinations and diagnostic testing are not covered for adults unless specifically set out in coverage guidelines.
- (h) Services provided within the scope of the Oklahoma Medicaid Program shall meet medical necessity criteria. Requests by medical services providers for services in and of itself shall not constitute medical necessity. The Oklahoma Health Care Authority shall serve as the final authority pertaining to all determinations of
medical necessity. Medical necessity is established through consideration of the following standards:

(1) Services must be medical in nature and must be consistent with accepted health care practice standards and guidelines for the prevention, diagnosis or treatment of symptoms of illness, disease or disability;

(2) Documentation submitted in order to request services or substantiate previously provided services must demonstrate through adequate objective medical records, evidence sufficient to justify the client’s need for the service;

(8) Services must be appropriate for the client’s age and health status and developed for the client to achieve, maintain or promote functional capacity.

317:30-5-3. Documentation of services

Records in a physician's office or a medical institution (hospital, nursing home or other medical facility), must contain adequate documentation of services rendered.

**Condition:** Based on a medical professional’s review of medical records to support thirty dental services claims, we noted the following exceptions:

- Six claims where the services provided were not supported by medical records or other evidence indicating the service was actually provided. (Questioned Costs $558)
- Three claims where the services provided do not appear to be medically necessary. (Questioned Costs $232)
- Two claims where the services provided was not properly coded based on the recipient’s medical diagnosis. (Questioned Costs $13)

**Effect:** The Authority may be paying for services that are not being performed or are improperly coded based on the recipient’s medical diagnosis.

**Recommendation:** We recommend the Authority investigate the items identified. If considered necessary, recoup any funds paid to providers for services that were not supported by medical records.

**Views of Responsible Official(s)**

- **Contact Person:** Justin Etchieson
- **Anticipated Completion Date:** Within 60-Days
- **Corrective Action Planned:** The OHCA has reviewed the services billed and will recoup any inappropriately billed services.

---

**Department of Human Services**

**FINDING NO:** 08-830-002

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G0601OKTANF

**FEDERAL AWARD YEAR:** 2006

**CONTROL CATEGORY:** Period of Availability of Federal Funds

**QUESTIONED COSTS:** $0-

**Criteria:** OMB A-133 Compliance Supplement Part H 1.b. states, “Current Fiscal Year Federal Expenditures on Non-Assistance - The State must obligate by September 30 of the current fiscal year any funds for expenditures on non-assistance. Non-assistance expenditures are reported on Line 6 categories of
the ACF-196 TANF Financial Report. The State must liquidate these obligations by September 30 of the immediately succeeding Federal fiscal year for which the funds were awarded”.

**Condition:** During our testwork, we noted a transfer in the amount of $2,580,717.39 from FY06 TANF grant funds to FY06 TANF Administration on June 28, 2007. We also noted these funds were then drawn the same day. Based upon follow-up discussions with the TANF program accountant, we determined this transfer and subsequent draw was for FY07 TANF non-assistance expenditures.

**Cause:** The draw was made from the oldest open grant, which was the FY06 grant, even though the expenditures were for FY07 non-assistance.

**Effect:** It appears the Department is not in compliance with the period of availability of federal funds requirement since these funds were obligated during FY07 but drawn from the FY06 grant.

**Recommendation:** We recommend the Department establish and implement procedures to ensure non-assistance expenditures are obligated within the first year of the grant and that those obligations are liquidated by the end of the year following the grant award year.

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown, Finance Administrator

**Anticipated Completion Date:** May 30, 2008

**Corrective Action Planned:** Concur. We believe this to be an isolated incident. Our policy is to draw funds from the oldest grant and then adjust quarterly once reconciled. Procedures have been updated to ensure the grants are reconciled and adjusted quarterly.

**FINDING NO:** 08-830-003

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.558

**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G0801OKTANF

**FEDERAL AWARD YEAR:** 2008

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** $1,298

**Criteria:** 45 CFR Section 264.1(a) (1) states, “Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in § 260.31 of this chapter) to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive).”

45 CFR Section 264.1 (c) states, “States have the option to extend assistance paid for by Federal TANF funds beyond the five-year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, whichever the State elects. States are permitted to extend assistance to families only on the basis of: (1) Hardship, as defined by the State; or (2) The fact that the family includes someone who has been battered, or subject to extreme cruelty based on the fact that the individual has been subjected to: (i) Physical acts that resulted in, or threatened to result in, physical injury to the individual; (ii) Sexual abuse; (iii) Sexual activity involving a dependent child; (iv) Being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities; (v) Threats of, or attempts at, physical or sexual abuse; (vi) Mental abuse; or (vii) Neglect or deprivation of medical care.”

DHS Policy Instructions to Staff 340:10-3-56-4.b. (2) states, “(b) When the TANF benefit is active and the client is approaching the 60 month time limit, the system sends an automatic notice in the 57th month of
benefit receipt. The notice advises the client to contact the worker as benefits are ending soon. The worker's CWA Report 57 lists all cases where TANF clients are within 90 calendar days of the 60 month time limit. When a case appears on the worker's CWA, the worker makes a home visit or sends the client Form 08AD092E requesting a face-to-face interview to discuss whether the client wishes to request a hardship extension request. (2) When the client fails to respond to the interview request or marks on Form 08TW024E that an extension request is not requested, the worker closes the TANF benefit for the next effective date and follows the same procedures outlined in (a)(3) of this Instruction. If the client requests a fair hearing during the ten-day period following the issuance of the adverse notice, the benefit can remain open until a decision is made by the Appeals Unit. Refer to OAC 340:65-5-1.”

DHS Policy Instructions to Staff 340:10-3-56-4.d.(2) states, “(d) When the client's hardship extension approval time frame is completed, the worker makes a home visit or sends the client Form 08AD092E requesting a face-to-face interview to discuss whether the client wishes to request an additional hardship extension. (2) When the client fails to respond to the interview request or marks on Form 08TW025E that a continued extension request is not requested, the worker closes the TANF benefit for the next effective date using code 29C "receipt of 60 months of TANF. Extension time frame completed."

**Condition:** From the counties located in Areas 2 and 4, we identified 18 cases that received TANF benefits for more than 60 months. We tested all 18 cases and noted two cases where the client received benefits for more than 60 months without applying for a hardship extension or an additional hardship extension. One case did not contain documentation of an application for a hardship extension (Form TW-24) and one case did not contain documentation of a review for an additional hardship extension (Form TW-25).

**Cause:** The case was not closed in a timely matter. It appears that the action to close the case was not taken until after the client had received over 60 months of benefits.

**Effect:** The Department may not be in compliance with the above stated requirement, which may result in ineligible individuals receiving TANF benefits.

**Recommendation:** We recommend the Department follow the policy established to ensure a request for an extension of benefits (Form 08TW024E) and additional hardship extension of benefits (Form 08TW025E) are documented in the case files or that cases are closed in a timely manner to make certain that only 60 months of benefits are paid.

**Views of Responsible Official(s)**
- **Contact Person:** Linda Hughes
- **Anticipated Completion Date:** January 6, 2009
- **Corrective Action Planned:** Concur. The proper paperwork and documentation was not completed and the County Directors have been notified of the finding. Both cases were awaiting SSI decisions, and would have been approved for extension beyond the 60 month timeframe, had it been requested. Staff has been instructed to review the proper procedures for TANF hardship extensions. Policy and Instructions to Staff on this issue were updated August 1, 2008.

**FINDING NO:** 08-830-005
**STATE AGENCY:** Department of Human Services
**FEDERAL AGENCY:** Department of Health and Human Services
**CFDA NO:** 93.558
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families
**FEDERAL AWARD NUMBER:** G08010KTANF
**FEDERAL AWARD YEAR:** 2008
**CONTROL CATEGORY:** Reporting
**QUESTIONED COSTS:** $0-
Schedule of Findings
Federal Award Findings
And Question Costs

Criteria: The TANF Data Report Section One Instructions for Line #44, Number of Months Countable toward Federal Time Limit, state: “Enter the number of months countable toward the adult's (or minor child head-of-household’s) Federal five-year time limit based on the cumulative amount of time the individual has been either the head-of-household or the spouse of the head-of-household and has received Federal TANF assistance from both the State (Tribe) and other States or Tribes.”

Condition: We selected 45 cases from Section One of the quarter ended 6/30/08 TANF ACF-199 Data Report and traced the data included in the report to case file information for the critical line items as defined by the Compliance Supplement. We noted one case that was not exempt from federal time limit provisions and had 13 benefit payments recorded on Line #44 “Number of Months Countable toward Federal Time Limit” of the report for three consecutive months (April, May, and June 2008). The DHS Mainframe ‘BNMENU’ screen indicates the April 2008 payment was the 16th payment, the May 2008 payment was the 17th payment, and the June 2008 payment was the 18th payment.

Cause: The counts reflected on the DHS mainframe ‘BNMENU’ screen and the ACF-199 reports do not agree.

Effect: Inaccurate information may be reported in the TANF ACF-199 Data Report. Additionally, failure to count the months of TANF benefits could result in recipients receiving benefits for more than 60 months.

Recommendation: We recommend the Department implement procedures to ensure that the information included in the ACF-199 Data Report is accurate and reliable prior to submitting this report.

Views of Responsible Official(s)
Contact Person: James Conway
Anticipated Completion Date: March 31, 2009
Corrective Action Planned: Concur. This finding involves a case that received TANF benefits in another state(s). Since there is no national data base, the client must notify us of such benefits. The benefits are then manually entered into our BNMENU data base. The program that produces the ACF-199 is currently being rewritten due to new federal rules and interpretations. The “months of receipt” code for the new ACF-199 has already been rewritten and successfully tested against out-of-state cases. The revisions will be reflected on the ACF-199 report for the quarter ended December 31, 2008, which will be submitted in March.

FINDING NO: 08-830-006
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G0801OKTANF
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

QUESTIONED COSTS: $-0-

Criteria: 45 CFR Section 261.62(a) states, “To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP–MOE Data Report, each State must establish and employ procedures for determining whether its work activities may count for participation rate purposes; establish and employ procedures for determining how to count and verify reported hours of work; establish and employ procedures for identifying who is a work-eligible individual; establish and employ internal controls to ensure compliance with the procedures…”
**Condition:** During our testing of internal controls over the OKDHS Work Verification Plan, we noted a lack of documentation to validate work participation data and for the reviews performed on work participation data used in calculating work participation rates.

**Cause:** Internal control procedures established and employed to validate the work participation data used in calculating work participation rates is not being documented.

**Effect:** The work participation data used in calculating work participation rates could be inaccurate.

**Recommendation:** We recommend the Department document the procedures established and employed to validate the work participation data used in calculating work participation rates.

**Views of Responsible Official(s)**

**Contact Person:** James Conway  
**Anticipated Completion Date:** 01/30/2009  
**Corrective Action Planned:** Concur. As of 01/30/2009, procedures were established requiring the needed documentation to be retained.

**FINDING NO:** 08-830-007  
**STATE AGENCY:** Department of Human Services  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.558  
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families  
**FEDERAL AWARD NUMBER:** G0801OKTANF  
**FEDERAL AWARD YEAR:** 2008  
**CONTROL CATEGORY:** Eligibility  
**QUESTIONED COSTS:** $348

**Criteria:** OAC 340:65-3-1(a) states, “The determination of eligibility is a continuous process that begins with an application. It includes the final disposition of the application and all subsequent activities related to determining continuing eligibility.”

OAC 340:65-1-3 states, “…The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services Division (FSSD) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of assistance. The case record includes information in the local Oklahoma Department of Human Services (OKDHS) office, working and history records, and all electronically maintained data. OKDHS retains these records for legal requirements and audit purposes.”

OAC 340:65-3-8(d) (2) states, “The worker completes a review or recertification at 12-month intervals with a: (A) TANF recipient unless an earlier review date is warranted…”

OAC 340:65-3-8(d) (1) states “The worker completes a review at six month intervals with a:(A) TANF recipient due to:(i) pending required immunizations; (ii) payment standard reductions because of intentional program violations; (iii) hardship extension approvals; (iv) earned income; (v) a work-eligible person exempt from TANF Work activities because of incapacity; or (vi) a work-eligible person exempt from TANF Work activities to care for a disabled family member living in the household.”
Schedule of Findings
Federal Award Findings
And Question Costs

**Condition:** From the population of 4,774 cases from Areas 2 and 4, we selected 40 cases for testing and noted one case in which no TANF eligibility review or re-determination was found for the time period tested in the case file provided by the county office. (Questioned Costs $348)

**Cause:** TANF eligibility review or re-determination documentation is not being adequately maintained.

**Effect:** The Department may not be in compliance with the above stated internal policies, which may result in ineligible individuals receiving TANF benefits.

**Recommendation:** We recommend the Department follow policy and complete eligibility review or re-determinations for TANF recipients as required and also ensure that these reviews or re-determinations are maintained in the case records.

**Views of Responsible Official(s)**
**Contact Person:** Linda Hughes
**Anticipated Completion Date:** 03/31/09
**Corrective Action Planned:** Concur. The county director, field liaison, county supervisor and worker will be advised of the finding. They will be asked to review policy and procedures regarding applications and reviews for the TANF program. This appears to be an isolated incident.

**FINDING NO:** 08-830-011
**STATE AGENCY:** Department of Human Services
**FEDERAL AGENCY:** Department of Health and Human Services
**CFDA NO:** 93.558
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families
**FEDERAL AWARD NUMBER:** G0801OKTANF
**FEDERAL AWARD YEAR:** 2008
**CONTROL CATEGORY:** Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

**QUESTIONED COSTS:** $0-

**Criteria:** 45 CFR Section 261.62(a) states, “To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP–MOE Data Report, each State must establish and employ procedures for determining whether its work activities may count for participation rate purposes; establish and employ procedures for determining how to count and verify reported hours of work; establish and employ procedures for identifying who is a work-eligible individual; establish and employ internal controls to ensure compliance with the procedures…”

**Condition:** From the population of 9,522 cases from Areas 2 and 4, we selected 45 cases for testing the Penalty for Failure to Comply with Work Verification Plan requirement and noted two cases where the work participation hours recorded on the ACF-199 report did not agree with the average work participation hours per week that were documented in the case file.

**Cause:** The weekly average TANF work participation hours appear to be calculated inaccurately.

**Effect:** The Department may not be in compliance with the above stated regulations, which may result in ineligible individuals receiving TANF benefits as well as inaccurate reporting on the TANF Data Report.

**Recommendation:** We recommend the Department follow policy and procedures for determining how to count and verify reported hours of work to ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report.
Schedule of Findings
Federal Award Findings
And Questioned Costs

Views of Responsible Official(s)
Contact Person: James Conway/Linda Hughes
Anticipated Completion Date: April 30, 2009
Corrective Action Planned: Concur. These two cases are believed to be isolated incidents. The program that produces the ACF-199 is being rewritten due to new federal rules and interpretations. This includes revisions to the case data specifications. All FFY 2008 cases will be recalculated and reported based on the revised specifications. These changes are expected to result in work participation hours being counted and reported correctly.

FINDING NO: 08-830-012
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.568
FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program
FEDERAL AWARD NUMBER: G08B1OKLIEA
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $1,164

Criteria: OAC 340:20-1-10 (f) (2) states, “All households must not exceed the income and resource standards as shown on the Oklahoma Department of Human Services (OKDHS) Appendix C-7, Low Income Home Energy Assistance Program Income and Resource Level by Household Size. The income amounts are established at 110% of the applicable Federal Poverty Guidelines.”

OAC 340:65-1-3 states, “…The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition to Family Support Services Division (FSSD) official case records. The case record is an accumulation of material required to document a client’s eligibility for and receipt of assistance. The case record includes information in the county office, working and history records, as well as all electronically maintained data. OKDHS retains these records for legal requirements and audit purposes.

OAC 340:20-1-12 Instructions to Staff state “(3) A copy of the bill is filed in the case record, or verification from the energy supplier is recorded in the case record.”

According to the LIHEAP Checklist for Walk-In Applications, income must be verified for “N” cases using either the Department income verification screens or another method of income verification which also must be indicated on the checklist.

Condition: During analytical and substantive testing, we noted the following:

- 2 of the 38,581 heating cases that were not preauthorized appear to have an income greater than the income and resource standards shown on OKDHS Appendix C-7, Low Income Home Energy Assistance Program Income and Resource Level by Household Size. (Questioned Costs $170)
- For 1 of the 40 case files selected for testing from Area’s 2 and 4, we were unable to obtain the case file supporting the eligibility determination. (Questioned Costs $100)
- For 6 of the 40 case files selected for testing from Area’s 2 and 4, there was no LIHEAP application included to support the eligibility determination for the benefit selected for testing. (Questioned Costs $894)
- For 3 of the 40 case files selected for testing, we did not find a copy of the bill filed in the case record. (Questioned Costs $0)
- For 2 of the 4 “N” type cases for which we received case files, we did not find a completed LIHEAP Checklist for Walk-In Applications and noted no documentation supporting the verification of income. (Questioned costs $0)
Schedule of Findings
Federal Award Findings
And Question Costs

Cause: Case records were not adequately documented and maintained to ensure recipients were eligible.

Effect: The State may be paying ineligible recipients; therefore, not meeting program objectives.

Recommendation: We recommend the Department implement control procedures to ensure all recipients are eligible to receive assistance payments. Additionally, we recommend the Department ensure all eligibility documentation is maintained as required.

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: March 23, 2009 – Revise program instructions and instructions on use of checklists

June 30, 2009 – Review and enhance edits currently in place to prevent certification of households with income in excess of eligibility standards.

Prior to the start of next winter heating program – Revise training packets

Corrective Action Planned: Concur. The program instructions and annual training packets will be revised to emphasize that all LIHEAP documentation is to be maintained in the permanent case record. The program instructions will also include instructions on the proper use of checklists. Edits are currently in place that should have prevented certification of the two cases noted in the finding. A determination will be made on why the two cases received assistance and how to prevent such occurrences in the future.

FINDING NO: 08-830-013
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.568
FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program
FEDERAL AWARD NUMBER: G08B1OKLIEA
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Activities Allowed or Unallowed
QUESTIONED COSTS: $300

Criteria: Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, § .300 Auditee responsibilities states:

The auditee shall... (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs....

OAC 340:65-1-3 states, “…The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition to Family Support Services Division (FSSD) official case records. The case record is an accumulation of material required to document a client’s eligibility for and receipt of assistance. The case record includes information in the county office, working and history records, as well as all electronically maintained data. OKDHS retains these records for legal requirements and audit purposes.

Condition: We noted 581 cooling cases where the cooling benefit payment detail indicated no vendor or fuel type. After follow-up with agency personnel, we determined that these cooling benefit payments were
sent directly to clients to purchase fans, air conditioning, or make repairs to cooling equipment. After further analyzing the benefit payment detail, we determined that 338 of these 581 cooling benefit payments (58.2%) were authorized by the same county office (McCurtain County). We selected 10 of these cases for further review and noted the following:

- For 7 of the 10 case files selected from McCurtain County, we noted a completed application for cooling assistance with an indication of a desire to purchase fan/air conditioner equipment; however, there was no purchase documentation (receipt) indicating that the purchase of this equipment was made. (Questioned Costs $0)

- For 1 of the 10 case files selected from McCurtain County, we noted a completed application for cooling assistance with no indication of a desire to purchase fan/air conditioner equipment with the benefit funds and no purchase documentation (receipt) indicating that the purchase was made. (Questioned Costs $0)

- For 2 of the 10 case files selected from McCurtain County, we received the case file; however, there was no FY08 LIHEAP cooling application included to support the eligibility determination. (Questioned Costs $300)

- In addition to the above noted items, while looking in the selected case files, we also noted several instances where this type of benefit payment for the purchase of fan/air conditioner equipment was requested in different years by the same applicant. Although it is possible that the same person could need a replacement fan/air conditioner each year, this could also indicate that these direct payments to the client are being obtained and used for other purposes since purchase documentation is not required to obtain the benefit.

**Cause:** There is no written policy governing the Summer Cooling program. Additionally, there are no written procedures specifically addressing these types of cooling benefit payments issued directly to clients.

**Effect:** The State may be issuing cooling benefit payments directly to clients and those payments may not be going for the intended purpose; therefore, not meeting program objectives. Additionally, without written policy and procedures, there is no guidance for the county offices to use when issuing these types of payments which could lead to inconsistency among the various county offices.

**Recommendation:** We recommend the Department develop written policy and procedures governing the Summer Cooling program. Included in that, we recommend procedures be implemented for issuance of payments directly to clients. Additionally, we recommend the Department begin requiring purchase documentation to support these benefit payments to ensure these funds are being used for the intended purpose. One possible alternative for this would be to implement a voucher system similar to the FSSD Flexible Fund authorizations. If clients are determined eligible for benefits, a voucher would be issued for the benefit amount and the client would then take the voucher to an approved vendor to purchase the fan/air conditioning equipment. The vendor would then submit the voucher to the Department for payment. This could help to ensure that program funds are being used for the intended purpose.

**Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** June 30, 2009

**Corrective Action Planned:** Concur. Policy and procedures will be developed relating specifically to the summer cooling program. It will include instructions to staff regarding direct payments to clients for the purchase of fans or air conditioners. Further investigation will be made into the cases where payments were made directly to clients, particularly McCurtain County, to explore the possibility and necessity of implementing a voucher system.
Schedule of Findings
Federal Award Findings
And Question Costs

FINDING NO: 08-830-015
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G08010KTANF
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System
QUESTIONED COSTS: $0-

Criteria: Each State is required to participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual’s eligibility or level of assistance, benefits or services under the TANF program.

DHS Policy Instructions to Staff 340:65-3-4-14 states, “Data exchange information is routinely compared with OKDHS records. When discrepant information is detected, an automated system of notification posts discrepancy messages to IMS. These messages are accessible by using transactions G1DX, G3, and PY. All discrepancy messages must be cleared using the DXD transaction within 30 days of the error posting.”

Condition: We performed testwork on the SFY 2008 G1DX Exception Report. We noted the following:

<table>
<thead>
<tr>
<th>Error Type</th>
<th>G1DX TOTAL EXCEPTIONS</th>
<th>G1DX EXCEPTIONS OVER 30 DAYS</th>
<th>% OF EXCEPTIONS OVER 30 DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN</td>
<td>1,453</td>
<td>150</td>
<td>10.32%</td>
</tr>
<tr>
<td>IEVDX</td>
<td>688</td>
<td>156</td>
<td>22.67%</td>
</tr>
<tr>
<td>OWGD</td>
<td>3,205</td>
<td>671</td>
<td>20.94%</td>
</tr>
<tr>
<td>SDX</td>
<td>8,365</td>
<td>1,010</td>
<td>12.07%</td>
</tr>
<tr>
<td>SNH</td>
<td>7,247</td>
<td>1,310</td>
<td>18.08%</td>
</tr>
<tr>
<td>UIB</td>
<td>972</td>
<td>101</td>
<td>10.39%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,930</td>
<td>3,398</td>
<td>15.49%</td>
</tr>
</tbody>
</table>

Cause: The discrepancies were not cleared within the allowable 30 days per OKDHS policy.
Effect: The Department may not be in compliance with the above stated requirement, which may result in ineligible individuals receiving TANF benefits.
Recommendation: We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 30 days allowed under current OKDHS policy.

Views of Responsible Official(s)
Contact Person: James Conway
Anticipated Completion Date: June 30, 2009
Corrective Action Planned: Concur. Over the next 90 days a report that is more indicative of actual performance will be developed and will replace the current “snapshot” report. This will give field managers an accurate means of tracking staff performance.

OKDHS policy gives staff 30 days to clear a discrepancy although the federal standard is 45 days. The federal standard also makes allowances for obtaining collateral information from second parties, which
OKDHS policy does not. The policy team will conduct a review over the next 60 days. Whether to change the OKDHS standard from 30 days will be one item to consider.

Over the last year FSSD has identified a need for updated training on clearing case discrepancies. As a result, deployment of training is targeted for the summer of 2009.

FINDING NO: 08-830-016
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.558, 93.568, 93.563, 93.658, 93.575, 93.596
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families, Low Income Home Energy Assistance Program, Child Support Enforcement, Title IV-E Foster Care, CCDF Cluster
FEDERAL AWARD NUMBER: Multiple
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles
QUESTIONED COSTS: $0-

Criteria: Office of Management and Budget (OMB) Circular A-87 Attachment B, Section 23.b (4) states, “For debt arrangements over $1 million, unless the governmental unit makes an initial equity contribution to the asset purchase of 25 percent or more, the governmental unit shall reduce claims for interest cost by an amount equal to imputed interest earnings on excess cash flow, which is to be calculated as follows. Annually, non-Federal entities shall prepare a cumulative (from the inception of the project) report of monthly cash flows that includes inflows and outflows, regardless of the funding source. Inflows consist of depreciation expense, amortization of capitalized construction interest, and annual interest cost. For cash flow calculations, the annual inflow figures shall be divided by the number of months in the year (i.e., usually 12) that the building is in service for monthly amounts. Outflows consist of initial equity contributions, debt principal payments (less the pro rata share attributable to the unallowable costs of land) and interest payments. Where cumulative inflows exceed cumulative outflows, interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest cost. The rate of interest to be used to compute earnings on excess cash flows shall be the three-month Treasury bill closing rate as of the last business day of that month.”

Department of Human Services, Cost Allocation Plan (March 2008) Section 7.D. Interest on State/Department Owned Building states, “…In compliance with A-87, Attachment B, Section 23.b. (4), DHS shall prepare cumulative reports, describing each building exceeding $1,000,000 in costs, if any.”

Condition: During testing of capital lease expenditures, we were unable to determine that the entire amount of the interest expense associated with the capital lease bond indebtedness was allowable.

Effect: The Department is not in compliance with A-87 Attachment B, Section 23.b (4). Additionally, without preparing the cumulative report of monthly cash flows described above, the Department is unable to ensure that the entire interest expense associated with the bond indebtedness is actually an allowable expense.

Recommendation: We recommend the Department implement procedures to ensure that the cumulative report of monthly cash flows is prepared in order to determine the allowable amount of the interest expense associated with the bond indebtedness.

Views of Responsible Official(s)
Contact Person: Melissa Lange, Finance Administrator
Anticipated Completion Date: 06/30/09
Corrective Action Planned: A project is underway to develop a process on the Finance System that will capture this information monthly. Included in this project, as an outcome, is a cumulative report of monthly cash flows on depreciable property.

Criteria: Form ACF-196 Instructions state for Line 5b. Expenditures on Assistance - Child Care, “Enter in columns (A), (B), (C), and (D) the cumulative total expenditures for child care that meet the definition of assistance from October 1 of the Federal fiscal year for which the report is being submitted through the current quarter being reported. The amounts reported in this category do not include funds transferred to CCDF or SSBG programs. Include child care expenditures for families that are not employed, but need child care to participate in other work activities such as job search, community service, education or training, or for respite purposes…” Form ACF-196 Instructions state for Line 6b. Expenditures on Non-Assistance - Child Care, “Enter in columns (A), (B), (C), and (D) the cumulative total expenditures for child care that does not meet the definition of assistance from October 1 of the Federal fiscal year for which the report is being submitted through the current quarter being reported. Include child care provided to employed families and child care provided as nonrecurrent, short-term benefit.…”

The ACF Guide “Helping Families Achieve Self-Sufficiency – A Guide on Funding Services for Children and Families through the TANF Program”, indicates that assistance includes benefits directed at basic needs including child care for families that are not employed. Assistance excludes child care provided to families that are employed. Additionally, this guide states that “All State expenditures claimed under the MOE requirements must be made with respect to “eligible families.” The definition of “eligible families” is similar to that of “needy families”; eligible families are families that meet the income and resource standards in the State Plan. In addition, they must be either: (1) eligible for TANF; or (2) eligible for TANF, but for the five-year limit on federally funded assistance or the restriction on benefits to immigrants found in title IV of the 1996 welfare law.

The A-133 Compliance Supplement Part H 1.b. states, “Current Fiscal Year Federal Expenditures on Non-Assistance - The State must obligate by September 30 of the current fiscal year any funds for expenditures on non-assistance. Non-assistance expenditures are reported on Line 6 categories of the ACF-196 TANF Financial Report. The State must liquidate these obligations by September 30 of the immediately succeeding Federal fiscal year for which the funds were awarded”.

Condition: During our testing of the ACF-196 for Grant Year 2007 (QE 09/30/07) we noted the Department reported $23,873,660 in State MOE Child Care on Assistance and reported $0 Child Care on Non-Assistance. We were unable to obtain documentation supporting the amount reported as assistance to ensure this entire amount was in fact assistance.

Cause: The Department does not differentiate between the TANF Daycare Expenditures being paid for assistance or non-assistance.

Effect: The Department may not be in compliance with the above instructions, which may result in incorrect reporting. Due to the requirement that State expenditures claimed under the MOE requirement
must be made with respect to eligible families, it is possible that there could be MOE problems arise if the “assistance” payments do not meet the Matching Fund MOE for Daycare (currently $10,630,233). Additionally, since non-assistance expenditures must be obligated within the first year of the grant and be liquidated by the end of the year following the grant award year, it is possible that funds could be spent on non-assistance expenditures after the period of availability since the distinction between assistance and non-assistance is not being made.

Recommendation: We recommend the Department establish and implement procedures to differentiate between TANF Daycare assistance and non-assistance benefits in order to correctly report these expenditures.

Views of Responsible Official(s)
Contact Person: Deena Brown, Finance Administrator
Anticipated Completion Date: February 13, 2009
Corrective Action Planned: Concur. Procedures are now in place to correctly identify and report day care expenditures. The Federal Grant Year 2007 Daycare expenditures have been correctly identified and adjustments have been made on the December 2008 ACF-196 report.

FINDING NO: 08-830-020
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.767
FEDERAL PROGRAM NAME: State Children’s Insurance Program
FEDERAL AWARD NUMBER: 0705OK5021 and 0805OK5021
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $390 SCHIP

Criteria: 42 CFR 435.907(a), states: “The agency must require a written application from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.”

Additionally, 42 CFR 435.913(a), states: “The agency must include in each applicant's case record facts to support the agency's decision on his application.”

OAC 340:65-1-3 states, “…The case record is the means used by the Agency to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition to Family Support Services Division (FSSD) official case records. The case record is an accumulation of material required to document a client’s eligibility for and receipt of assistance. The case record includes information in the county office, working and history records, as well as all electronically maintained data. The Agency retains these records for legal requirements and audit purposes.

Condition: During testwork of 90 recipient case files (45 MAP and 45 SCHIP), we noted one case where the determination which covered the time period selected for testing was not found in the case file.

Cause: The documentation required to document program eligibility has either not been obtained from the recipient or has not been adequately maintained in the recipient case file.

Effect: Recipients receiving Medical Assistance benefits may not be eligible.
Schedule of Findings
Federal Award Findings
And Question Costs

Recommendation: We recommend the Department review established procedures to ensure they are adequate to facilitate compliance with obtaining written applications to ensure that individuals meet the financial and categorical requirements for the Medical Assistance Programs.

Views of Responsible Official(s)
Contact Person: Karen Hylton
Anticipated Completion Date: March 31, 2009
Corrective Action Planned: Concur. All field staff are trained on completing case reviews timely and properly. The case in question was transferred twice between March 2007 and January 2008. This oversight will be addressed with the three counties that were involved with the case. The case will also be examined to ensure a current review is in the files.

Department of Mental Health and Substance Abuse Services

FINDING NO: 08-452-002
STATE AGENCY: Oklahoma Department of Mental Health and Substance Abuse Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.959
FEDERAL PROGRAM NAME: Block Grants for Prevention and Treatment of Substance Abuse
FEDERAL AWARD NUMBER: 0B1OKSAPT
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $-0-

Criteria: 45 CFR 96.130 (d) states “(1) The State shall conduct annual, random, unannounced inspections of both over-the-counter and vending machine outlets. The random inspections shall cover a range of outlets (not preselected on the basis of prior violations) to measure overall levels of compliance as well as to identify violations. (2) Random, unannounced inspections shall be conducted annually to ensure compliance with the law and shall be conducted in such a way as to provide a probability sample of outlets. The sample must reflect the distribution of the population under age 18 throughout the State and the distribution of the outlets throughout the State accessible to youth.”

45 CFR 96.130 (e) states “As provided by Sec. 96.122(d), the State shall annually submit to the Secretary a report which shall include the following: (1) a detailed description of the State’s activities to enforce the law required in paragraph (b) of this section during the fiscal year preceding the fiscal year for which that State is seeking the grant; (2) a detailed description regarding the overall success the State has achieved during the previous fiscal year in reducing the availability of tobacco products to individuals under the age of 18, including the results of the unannounced inspections as provided by paragraph (d) of this section for which the results of over-the-counter and vending machine outlet inspections shall be reported separately.”

Also, the State of Oklahoma Administrative Plan states, “A component objective of an adequate internal control system is to provide accurate and reliable information.

Condition: During our testing of the FY 2008 Annual Synar Report, we noted the following:

- For 6 of the 55 sample stratums, the counts reported in the ‘Outlet Sample Size’, ‘Number of Eligible Outlets in Sample’, ‘Number of Sample Outlets Inspected’ and/or ‘Number of Sample Outlets in Violation’ columns do not trace to the supporting Synar Compliance Sample List.
- For 2 of the 38 inspections selected for testing, the supporting Synar Survey Inspection Form indicates that the outlet could not be inspected at the time of the visits. However, the outlets are reflected as having been inspected in the SSES Table 2 of the FY 2008 Annual Synar Report.
- The errors noted above caused the SSES Table 2 Totals and Retailer Violation Rates to be incorrect.
Schedule of Findings
Federal Award Findings
And Questioned Costs

**Cause:** The FY 2008 Annual Synar Report does not appear to have been thoroughly reviewed before submission.

**Effect:** The FY 2008 Annual Synar Report is inaccurate.

**Recommendation:** We recommend ODMHSAS implement procedures to ensure the information reported in the Annual Synar Report is accurate. Additionally, we recommend the FY 2008 Annual Synar Report be revised to correct the inaccuracies.

**Views of Responsible Official(s):**
- **Contact Person:** Richard Bowden
- **Anticipated Completion Date:** March 31, 2009
- **Corrective Action Planned:** ODMHSAS staff examined strata where the counts reported in the ‘Outlet Sample Size’, ‘Number of Eligible Outlets in Sample’, ‘Number of Sample Outlets Inspected’ and/or ‘Number of Sample Outlets in Violation’ columns do not trace to the supporting Synar Compliance Sample List. In fiscal year 2008 ODMHSAS oversampled by 20%, which is not federally required. Oversampling is preferred to address situations, such as this, that may arise. Had ODMHSAS utilized the minimum sample, the total number of inspections required would have been 291, and the strata samples would have been less. Therefore, the actual number of inspections in each stratum was sufficient to meet the federal requirement. Outlets are included in strata based on the geographic location reported by the Oklahoma Tax Commission. If an outlet is placed into a stratum outside the actual geographic location, inspection officers are required to visit that outlet regardless and keep the outlet in the predesignated stratum. In addition, ODMHSAS has instituted an additional staff review of inspection forms to ensure strata totals are accurate. According to Table 3 in the report, there were two outlets visited that were closed at the time of the visit and recorded as such. The two outlets identified in Table 2 may have been closed at the time of the first visit, but were inspected upon a second visit. If an outlet is closed at the time of the visit then open upon a revisit, a second form is completed by the inspection officer. It is possible that the second form was not properly attached to the original first form by the officer or a data entry error occurred, mistakenly recording the outlet as ineligible. ODMHSAS will advise the inspection officer to attach related outlet forms together to reduce errors. ODMHSAS will also require the ABLE Commission to utilize data entry forms prescribed by ODMHSAS to reduce clerical errors.

**REF NO:** 08-452-001T
**STATE AGENCY:** Oklahoma Department of Mental Health and Substance Abuse Services
**FEDERAL AGENCY:** Department of Health and Human Services
**CFDA NO:** 93.959
**FEDERAL PROGRAM NAME:** Block Grants for Prevention and Treatment of Substance Abuse
**CONTROL CATEGORY:** Information Systems
**QUESTIONED COSTS:** $0-

**Criteria:** According to the standards of the Information Systems Audit and Control Association (CobiT) Delivery and Support DS5, information services management should ensure that system’s security safeguard information against unauthorized use, disclosure or modification, damage or loss.

**Condition:** Procedures are not in place to monitor unauthorized access to data and/or programs for the ICIS/Fee For Service Applications. The ICIS system is used to collect and validate information about clients and the services provided to them. This information is used for evaluation, audit, and payment of services. Fee For Service uses information in ICIS and from contract services to determine the appropriate source of payment for services. It produces invoices and provides management reports based on ICIS data.

**Effect:** Unauthorized accesses and changes to the system may go unnoticed.
Schedule of Findings
Federal Award Findings
And Question Costs

Recommendation: We recommend the Department establish reports for security breaches, and formal resolution procedures. These reports should include:

- Unauthorized attempts to access system (sign on)
- Unauthorized attempts to access system resources.
- Unauthorized attempts to view or change security definitions and rules.
- Resource access privileges by user id.
- Authorized security definitions and rule changes.
- Authorized access to resources (selected by user and resource).
- Status change of the system security.
- Accesses to operation system security parameter tables.

View of Responsible Official(s):
Contact Person: Leo Fortelney, MIS Director
Anticipated Completion Date: July 1, 2005
Corrective Action Planned: The agency has changed the entry into the ICIS system, which now has an “access control” module restricting user access, based upon a business need. In addition the agency is logging access attempts and enforcing a HIPAA access control standard. However, the development of a monitoring report application is still being developed.

Auditor Response: 01/15/09, we observed the “access control” system in operation and found it to be an excellent application in controlling access to the ICIS system and the information that is contained in that system. The development and implementation of this application does mitigate a number of concerns in the original finding, however since the monitoring and reporting portion of this application is still under development we are rating this as partially corrected.

REF NO: 08-452-002IT
STATE AGENCY: Oklahoma Department of Mental Health and Substance Abuse Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.959
FEDERAL PROGRAM NAME: Block Grants for Prevention and Treatment of Substance Abuse
CONTROL CATEGORY: Information Systems
QUESTIONED COSTS: $0-

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT) Delivery and Support DS5, information services management should ensure systems security safeguard information against unauthorized use, disclosure, modification or damage/loss through logical access controls that restrict access to systems, data and programs.

Condition: Policies and procedures do not exist for the following areas:

- Developer and support services access rights and responsibilities
- Remote access assignment, control and monitoring

Effect: Risks have not been identified for each type of access and controls may not be adequate to prevent or detect unauthorized use of the system, disclosure of sensitive data and modification to programs.

There are several facilities that connect to the Tahlequah facility. These facilities do not have any servers or firewalls but have valid IP addresses connected to the internet.

Recommendation: The Department of Mental Health:

- Perform a risk assessment to identify critical and sensitive data
- Develop written policies and procedures
- Implement procedures to monitor effectiveness of controls
Views of Responsible Official(s):
Contact Person: Leo Fortelney, MIS Director
Anticipated Completion Date: July 1, 2005
Corrective Action Planned: Risk assessment of critical and sensitive data is in progress and will be completed by the ODMHSAS Security Officer. Policies and procedures will be developed to control developer and support staff access rights and responsibilities.

Auditor’s Response: As of 1/15/09, the agency has changed the developer access rights to the system and now only allows developers to have access rights to the development machines and the development environment. Remote access policies and procedures are still under development by IT and Security personnel. The development and implementation of an environment that is only available to the developers and removing the developer’s access rights from the production environment does mitigate a number of concerns in the original finding, however since remote access policies and procedures are still under development we are rating this as partially corrected.

REF NO: 08-452-003IT
STATE AGENCY: Oklahoma Department of Mental Health and Substance Abuse Services
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.959
FEDERAL PROGRAM NAME: Block Grants for Prevention and Treatment of Substance Abuse
CONTROL CATEGORY: Information Systems
QUESTIONED COSTS: $0-

Criteria: Quality Assurance:
According to CobiT Planning and Organization PO4.5, management should assign the responsibility of the quality assurance function to staff members of the IT function and ensure that appropriate quality assurance, systems, controls and communications expertise exists in the IT function’s quality assurance group. The organizational placement within the IT function and the responsibilities and the size of the quality assurance group should satisfy the requirements of the organization.

Condition: The agency does not have a quality assurance program to adequately review projects ensuring that they meet user requirements and agency standards.

Effect: The lack of a quality assurance program increases the potential that application development is not adequately tested and does not meet the project plans and specifications.

Recommendation: We recommend the OSDMH develop and implement a quality assurance unit within the IT function to provide oversight and review of system development and implementation.

Views of Responsible Official(s):
Contact Person: Leo Fortelney, MIS Director
Anticipated Completion Date: Ongoing
Corrective Action Planned: Develop and implement a quality assurance unit within the IT division to provide oversight for development and implementation of IT projects. A position description is being drafted to establish an IT Quality Assurance Analyst position to provide oversight for development and implementation of IT projects. ODMHSAS has contracted with Gartner, an IT technical assistance company, to review and assess IT infrastructure needs.

Auditor Response: As of 01/21/09, the IT Steering Committee has been discussing how to proceed on this issue, and has requested information to help them in planning for quality assurance.
Oklahoma Military Department

FINDING NO: 08-025-001
STATE AGENCY: Oklahoma Military Department
FEDERAL AGENCY: U.S. Department of Defense, National Guard Bureau
CFDA NO: 12.401
FEDERAL PROGRAM NAME: National Guard Military Operations & Maintenance (O&M) Projects
FEDERAL AWARD NUMBER: 57-3840-0-1-051
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Equipment and Real Property
QUESTIONED COSTS: $0

Criteria: According to Master Cooperative Agreement, 7-2 b. (5):
“State Military purchased equipment, unless otherwise prohibited by State law, will be accounted for as follows:
(A) Equipment property records will be maintained, and reported to the USPFO. Reports will include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
(B) A physical inventory of the property will be taken and the results reconciled with the USPFO property records at least once every two years.”

The A-102 Common Rule and OMB Circular A-110 require that equipment records shall be maintained, and a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records for equipment purchased with Federal awards.

Condition: Based on information provided by the Oklahoma Military Department, it appears the most recent Federal site audit was performed in July/August 2006 on the Youth Challenge program, which is not part of the O&M Projects. Based on testwork performed at the Oklahoma Military Department, it appears two items from the inventory listing could not be located.

Cause: The Oklahoma Military Department failed to perform the required inventory counts and reconciliations. Additionally, the inventory listing did not reflect the actual location of each item. The listing provided a location where the property was sent initially; however, the property was then redistributed and this information was not provided to the inventory officer. Two items may have been traded in as they had become obsolete and the inventory officer had not removed them from the books.

Effect: Equipment purchased with federal funds could be misplaced or stolen.

Recommendation: We recommend the Department ensure a physical inventory of property is taken at least once every two years as required. We also recommend the Department ensure items traded in are documented and removed from the inventory books.

Views of Responsible Official(s) We concur with this finding.
Contact Person: Lisa Smith, Acting Resource Manager
Anticipated Completion Date: 30 June 2009
Corrective Action Planned: A schedule has been made for all locations containing equipment bought through the Cooperative Agreement and a physical audit of all equipment will be completed by 30 June 2009.
Department of Rehabilitation Services

FINDING NO:  08-805-001 (Repeat Finding)
STATE AGENCY:  Department of Rehabilitation Services
FEDERAL AGENCY:  US Department of Education
CFDA NO:  84.126
FEDERAL PROGRAM NAME:  Vocational Rehabilitation Grants to States
FEDERAL AWARD NUMBER:  H126A-070053 and H126A-080053
FEDERAL AWARD YEAR:  2007 and 2008
CONTROL CATEGORY:  Cash Management
QUESTIONED COSTS:  $0-

Criteria:  The FY 2008 Treasury-State Agreement with the State of Oklahoma details the manner in which federal funds are to be drawn down:

Exhibit II lists the funding techniques to be used for the Department of Rehabilitation Services (DRS) for particular component expenditures of the grant. Draws for administrative, nonpayroll, and nonmedical client services must be made using Payment Schedule - Monthly - Variation #3. Draws for medical/pharmacy expenditures and maintenance and transportation expenditures must be made using Payment Schedule - Monthly - Variation #8. Draws for payroll expenditures must be made using the Average Clearance Technique.

The FY 2008 Treasury-State Agreement 6.2.4 states:

Payment Schedule – Monthly – Variation #3
The State shall request funds such that they are deposited in a State account on the fifteenth (or closest working day prior to the 15th) to fund the costs incurred during that period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be an estimate based on actual payments of the prior month and adjusted to actual on a quarterly basis.

Payment Schedule – Monthly – Variation #8
The State shall request funds such that they are deposited in a State account on the fifteenth (or closest working day prior to the 15th) to fund the costs incurred during that period. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be an estimate based on actual payments of the prior month and adjusted to actual on a monthly basis.

The FY 2008 Treasury-State Agreement 6.2.1 states:

Average Clearance
The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II (0 days). The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the exact amount of that disbursement.

Condition:  During our testwork for the cash management requirement, we reviewed 18 cash draws performed during SFY 2008 and noted the following:
Three draws which included requests for nonpayroll expenditures were deposited more than seven business days after the fifteenth of the month.

<table>
<thead>
<tr>
<th>Draw Number</th>
<th>Draw Date</th>
<th>Deposit Date</th>
<th>Draw Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw 316</td>
<td>12/27/07</td>
<td>12/28/07</td>
<td>$1,549,288.00</td>
</tr>
<tr>
<td>Draw 320</td>
<td>2/25/08</td>
<td>2/26/08</td>
<td>$4,351,239.00</td>
</tr>
<tr>
<td>Draw 322</td>
<td>3/27/08</td>
<td>3/28/08</td>
<td>$2,436,400.00</td>
</tr>
</tbody>
</table>

One payroll draw was deposited seven business days after disbursement.

<table>
<thead>
<tr>
<th>Draw Number</th>
<th>Draw Date</th>
<th>Deposit Date</th>
<th>Draw Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw 321</td>
<td>3/10/08</td>
<td>3/11/08</td>
<td>$728,378.00</td>
</tr>
</tbody>
</table>

Two draws did not have proper supporting documentation and were not based on the prior month’s actual payments.

<table>
<thead>
<tr>
<th>Draw Number</th>
<th>Draw Date</th>
<th>Deposit Date</th>
<th>Draw Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw 307</td>
<td>8/20/07</td>
<td>8/21/07</td>
<td>$1,119,339.00</td>
</tr>
<tr>
<td>Draw 308</td>
<td>8/20/07</td>
<td>8/21/07</td>
<td>$814,677.00</td>
</tr>
</tbody>
</table>

We also reviewed the Department’s reconciliation of cash draws to actual payments, and we determined that the Department is not performing reconciliations for medical/pharmacy and maintenance and transportation expenditures monthly as required by the FY 2008 Treasury-State Agreement.

**Effect:** The Department of Rehabilitation Services is in violation of the State of Oklahoma’s FY 2008 Treasury-State Agreement with the U.S. Treasurer.

**Recommendation:** We recommend the Department draw funds in accordance with the proper funding techniques specified in the Treasury-State Agreement regarding the timeliness of the draws and estimate-to-actual adjustments or request an amendment to the Treasury-State Agreement to implement Payment Schedule-Monthly-Variation #5 as the specified funding technique for all nonpayroll draws. In addition, we recommend the Department not draw payroll and nonpayroll expenditures on the same day because one will not be drawn in a timely manner consistent with the Treasury-State Agreement.

**Views of Responsible Official(s)**

**Contact Person:** Kevin Statham
**Anticipated Completion Date:** June 30, 2009
**Corrective Action Planned:** We concur with the finding in regards to timeliness of the draws. Due diligence will be given to correcting the timeliness of the draws. Issues highlighted by the audit point will be analyzed by staff and adjustments made either to internal business processes or changes as negotiated in the agreement to comply with the finding.

**FINDING NO:** 08-805-002 (Repeat Finding)
**STATE AGENCY:** Department of Rehabilitation Services
**FEDERAL AGENCY:** US Department of Education
**CFDA NO:** 84.126
**FEDERAL PROGRAM NAME:** Vocational Rehabilitation Grants to States
**FEDERAL AWARD NUMBER:** H126A-070053 and H126A-080053
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
QUESTIONED COSTS: $1,691

Criteria: OMB Circular A-133 Compliance Supplement Part B (a) (2) states, “To be allowable under Federal awards, costs must meet the following general criteria (A-87, Attachment A, Paragraph C.1): (j) Be adequately documented.”

OAC 612:10-7-110 states, “Medical examinations are provided only when necessary to determine eligibility, to achieve a goal in the IPE, or when related to an intercurrent illness.”

Condition: We reviewed sixty client case files to determine compliance with the activities allowed and allowable costs/cost principles requirement and we noted the following:

- Three out of sixty (or 5%) case files tested did not contain a copy of the specified claim/authorization number and supporting documentation. In addition, claim #504020 appeared to be for diagnosis and treatment of impairments and we were unable to locate an Individualized Plan for Employment (IPE) in the case file.

<table>
<thead>
<tr>
<th>Authorization Number</th>
<th>Claim Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>042105070203</td>
<td>$453.20</td>
</tr>
<tr>
<td>448205</td>
<td>$1,067.00</td>
</tr>
<tr>
<td>504020</td>
<td>$170.49</td>
</tr>
</tbody>
</table>

Cause: Adequate documentation was not appropriately maintained in the case file to support expenditures, and the Department did not follow its internal policies and procedures.

Effect: The Department is not in compliance with the above stated internal policies and federal regulations.

Recommendation: We recommend the Department of Rehabilitation Services implement policies and procedures to ensure adequate documentation is maintained in the case files to support expenditures and ensure that established policies and procedures are followed.

Views of Responsible Official(s)
Contact Person: Lori Estep
Anticipated Completion Date: March 30, 2009
Corrective Action Planned: All three cases have been reviewed by the Field Coordinator and the appropriate documentation has been added to the case files. The program manager has been briefed and the policy and process has been reviewed with the counselor and staff. Bi-annual case reviews are conducted to assure that DRS policy and procedures are followed with regards to case management practices. Special attention will given to the issues identified by this audit point.

FINDING NO: 08-805-003
STATE AGENCY: Department of Rehabilitation Services
FEDERAL AGENCY: US Department of Education
CFDA NO: 84.126
FEDERAL PROGRAM NAME: Vocational Rehabilitation Grants to States
FEDERAL AWARD NUMBER: H126A-070053 and H126A-080053
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $0-
Schedule of Findings
Federal Award Findings
And Question Costs

Criteria: OAC 612:10-7-87 states a supervisor’s approval is required for “all case closures in which an IPE was developed and services initiated.”

Condition: During our testwork for the eligibility requirement, we noted one out of twenty-one closed case files reviewed did not contain evidence of a supervisory review and/or approval. Case #54351 was closed on May 19, 2008, and the case closure document was not signed by the supervisor to indicate their review and approval.

Effect: The Department may not be in compliance with the above stated internal policy and procedure.

Recommendation: Train staff to ensure compliance with the Department’s internal policies and procedures.

Views of Responsible Official(s)
Contact Person: Lori Estep
Anticipated Completion Date: March 30, 2009
Corrective Action Planned: The necessary documentation has been reviewed by the Field Coordinator and the counselor. The narrative and supervisory approval have been added to the case file. The program manager has been briefed and the policy and process has been reviewed with the counselor and staff. Bi-annual case reviews are conducted to assure that DRS policy and procedures are followed with regards to case management practices. Special attention will given to the issues identified by this audit point.

FINDING NO: 08-805-004 (Repeat Finding)
STATE AGENCY: Department of Rehabilitation Services
FEDERAL AGENCY: US Department of Education
CFDA NO: 84.126
FEDERAL PROGRAM NAME: Vocational Rehabilitation Grants to States
FEDERAL AWARD NUMBER: H126A-070053 and H126A-080053
FEDERAL AWARD YEAR: 2007 and 2008
CONTROL CATEGORY: Allowable Costs/Cost Principles
QUESTIONED COSTS: $0-

Criteria: OMB Circular A-87 Attachment B 8.h.3 states, “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”

Condition: During testing of the direct payroll certifications, we noted the certifications for the period of January 1, 2008 through June 30, 2008 were not completed in a timely manner for 13 out of 60 direct employees selected for testing. In addition, these certifications were not approved by the employees’ direct supervisor.

Effect: Unallowable costs may be charged to the federal award.

Recommendation: We recommend the Department develop policies and procedures to ensure payroll certifications are completed in a timely manner and approved by the employees’ direct supervisor.

Views of Responsible Official(s)
Contact Person: Kevin Statham
Anticipated Completion Date: April 30, 2009
Corrective Action Planned: The Agency concurs with the audit finding. The Agency switched to an electronic reporting system in SFY-2007. Certifications will be corrected. The system and the
instructions have been modified to make it more user friendly and the instructions should clarify the process for the supervisors. The new instructions will be provided to reporting staff by March 30, 2009. Financial Staff will monitor the certifications for accuracy.

Department of Transportation

FINDING NO: 08-345-001
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: United States Department of Transportation
CFDA NO: 20.205
FEDERAL PROGRAM NAME: Highway Planning & Construction
FEDERAL AWARD NUMBER:
FEDERAL AWARD YEAR: 2008
CONTROL CATEGORY: Davis-Bacon Act
QUESTIONED COSTS: $0-

Criteria:
29 CFR § 3.3(b) states in part:
“Each contractor or subcontractor engaged in the construction, prosecution, completion, or repair of any public building or public work, or building or work financed in whole or in part by loans or grants from the United States, shall furnish each week a statement with respect to the wages paid each of its employees engaged on work covered by this part 3 and part 5 of this chapter during the preceding weekly payroll period.”

29 CFR § 3.4(a) states in part:
“Each weekly statement required under 3.3 shall be delivered by the contractor or subcontractor, within seven days after the regular payment date of the payroll period, to a representative of a Federal or State agency in charge at the site of the building or work, or, if there is no representative of a Federal or State agency at the site of the building or work, the statement shall be mailed by the contractor or subcontractor, within such time, to a Federal or State agency contracting for or financing the building or work.”

29 CFR § 5.5(a) states in part:
“Payrolls and basic records relating thereto shall be maintained by the contractor during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or under the United States Housing Act of 1937, or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b)(2)(B) of the Davis-Bacon Act), daily and weekly number of hours worked, deductions made and actual wages paid.”

And

“The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls…”

And

“Each payroll submitted shall be accompanied by a Statement of Compliance, signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under
Schedule of Findings
Federal Award Findings
And Question Costs

the contract and shall certify the following: (1) That the payroll for the payroll period contains the
information required to be maintained under 5.5(a)(3)(i) of Regulations, 29 CFR part 5 and that such
information is correct and complete; (2) That each laborer or mechanic (including each helper,
apprentice, and trainee) employed on the contract during the payroll period has been paid the full
weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been
made either directly or indirectly from the full wages earned, other than permissible deductions as set
forth in Regulations, 29 CFR part 3; (3) That each laborer or mechanic has been paid not less than the
applicable wage rates and fringe benefits or cash equivalents for the classification of work performed,
as specified in the applicable wage determination incorporated into the contract”

29 CFR § 5.6(a) states in part:
“Investigations shall be made of all contracts with such frequency as may be necessary to assure
compliance. Such investigations shall include interviews with employees…and examinations of
payroll data…”

To ensure compliance with these requirements, the Oklahoma Department of Transportation (ODOT) has
adopted and implemented Construction Control Directive 971114, which states in part:

Contractor Payrolls
The prime contractor and all approved subcontractors performing work on a Federally funded contract
are required to submit weekly payroll records to the Residency. All payroll records from the prime
contractor or subcontractor shall be received within two weeks of the end of the payroll reporting
period. Payrolls for periods of “no work in progress” will not be required. The Residency will be
required to stamp all payrolls indicating the date on which they were received.

The Residency must monitor the payroll records received weekly and should notify the prime
contractor in writing for any failure to submit the required payrolls or to submit a record with the
necessary information (as detailed below) within the two week period. The written notification to the
prime contractor may state actions that could be taken by the Residency, including holding future
progressive payments until the contractual requirement has been satisfied. Any such correspondence
must be stored in the project’s payroll files.

Wage Rate Interviews

The Residency employees shall conduct systematic spot interviews of the prime contractor’s and
approved subcontractor’s employees to identify whether the minimum wage and other labor standards
of the contract are being fully complied with and that there is no misclassification of an employee.
One employee of the prime contractor or subcontractor shall be interviewed each month during the
original duration of the original contract time. A minimum of two employees shall be interviewed on a
specific contract. The Residency should ensure that interviews of the subcontractors’ employees are
done as well as the prime contractor’s employees. An employee shall not be interviewed more than
once per contract…

Once the employee is interviewed, the results of the interview should be checked against the
information contained in the weekly payroll record for that date and the payroll record should be
reviewed for completeness. There is no mandatorily prescribed format for the contractor’s or
subcontractor’s payroll records; however, payroll records received by the Residency shall contain, at a
minimum, the following information:

1. Each employee’s full name, address, and social security number.
2. Each employee’s classification.
3. Each employee’s hourly rate and, where applicable, overtime hourly rate.
4. The daily and weekly hours worked in each of the employee’s classification, including actual
   overtime hours worked.
5. The itemized deductions made for each employee.
6. The net wages paid to each employee.

Condition:
Of the 144 construction projects awarded in the year ended June 30, 2008 subject to the Davis-Bacon Act, we selected 60 to test for compliance with the requirements of 29 CFR Parts 3 and 5 and ODOT’s internal controls as described in Construction Control Directive Number 971114 and by George Raymond, ODOT Construction Engineer. These sections of the Code of Federal Regulations were designed to aid in the enforcement of the minimum wage provisions of the Davis-Bacon Act. For the 60 projects selected, we requested the following:

- Contracts
- All weekly payrolls received for the weeks during state fiscal year 2008 (July 1, 2007 through June 30, 2008)
- All correspondence sent to the contractor to notify them of any deficiencies during that time
- All wage rate interviews and payroll reviews completed during that time

Each project file was reviewed to determine if the residency appeared to be monitoring the contractor and / or subcontractor to reasonably ensure the contractors or subcontractors were operating in compliance with the requirements of the Davis-Bacon Act and the related internal controls.

Based on testwork performed, we noted the following:

- Seventeen of the 60 projects tested had weekly payrolls that were not stamped on the date received.
- Thirty-seven of the 60 projects tested had payrolls received more than two weeks after the end of the payroll period, and no notice of the delinquency was sent to the contractor to correct the deficiency.
- One of the 60 projects tested had weekly payrolls that did not contain the daily hours worked, and no notice was sent to the contractor to correct the deficiency.
- Eight of the 60 projects tested had missing wage-rate interviews.
- Eight of the 60 projects tested had completed wage rate interviews that lacked the required payroll reviews. Four of the 60 projects had payroll reviews that were completed but not signed.
- For two of the 60 projects tested, the payroll records had gaps during which it was unclear whether work was performed.
- Eight of the 60 projects tested had payrolls that were not certified.

Cause:
Residencies are not consistently complying with the requirements of Construction Control Directive 971114.

Effect:
Construction projects subject to the Davis-Bacon Act are not in compliance with the provisions of the Act.

Recommendation:
We recommend the Department develop and implement additional internal controls, policies, and procedures as needed to ensure compliance with federal regulations and established internal control directives.

Views of Responsible Official(s)
Contact Person: George T. Raymond, State Construction Engineer
Anticipated Completion Date: Staged implementation beginning FY 2009.
Corrective Action Planned:
1. Continued emphasis and communication on the Davis-Bacon requirements, including:
Schedule of Findings
Federal Award Findings
And Question Costs

a. Distribution of the Finding results (once they are made available from SA&I) and the
   Department’s response to field personnel.

b. Discussion with management to continue emphasis with field personnel.

c. Discussion and emphasis to contractor associations.

2. The ODOT – Operations Review & Evaluation (OR&E) Division has recently completed an
   internal audit of each of the 25 residency office procedures and compliance with the Davis-Bacon
   requirements and CCD 971114. OR&E has conducted exit interviews with each of the 8 Field
   Division offices on the results in their Division.

3. Participation of ODOT in an AASHTO pool-funded project to develop software that can interface
   with SiteManager is currently underway. This new software will assist the agency in managing
   the submittal and verification of payrolls and the reporting required by the federal regulations. It
   is currently being tested by a couple of state DOT’s and should be available for ODOT for testing
   later this year.
Summary Schedule of Prior Findings
Summary Schedule of Prior Findings

Note: Schedule is presented alphabetically by state agency.

Department of Education

Finding No: 96-265-003  
CFDA: All Federal Programs  
Federal Agency: Department of Education  
Questioned Costs: $6,200,000  
Control Category: Allowable Costs/Cost Principles  
Finding Summary: Statistical data reports submitted to the Office of Education’s Statistics Center were audited by the Office of Inspector General. The years audited were 1982 through 1983, which determined the Department’s federal program allocations for 1985 and 1986. The audit indicated that Oklahoma received an over-allocation.  
Status: Does not warrant further action. The reasons are (1) two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse, (2) the federal agency or pass-through entity is not currently following up with the auditee on the audit finding, and (3) a management decision was not issued.

Department of Health

Finding No: 04-340-001, 05-340-006, 06-340-008, 07-340-007  
CFDA: 93.283  
Federal Agency: Department of Health and Human Services  
Questioned Costs: $12,831 for FY ’04 & $3,293 for FY ’05  
Control Category: Real Property and Equipment Management  
Finding Summary: Based on tests of individual equipment items purchased, we noted instances where equipment was not recorded accurately, timely, or for an intended purpose of the program. In addition, although the department performed a physical inventory count, the count had not been reconciled to the agency inventory records. Also, purchase order amounts are used to record equipment instead of actual costs and salvage value of all assets in the department’s inventory records were set at 10% of the items original value.  
Status: Partially Corrected. Current year finding number 08-340-001. The 2009 physical inventory account cycle for FY-09 will be completed in accordance with current policy and the conversion to another software application will also be completed in this timeframe. In an effort to better record asset costs accurately, a manual review of the claim amounts has been added to the task list as time allows. The new application should enable us to build a more accurate depreciation base that should be functional in calendar year 2010. OSDH is also participating in the Phase II CORE Asset Management workgroups to begin preparation for a seamless system that will record assets at cost, depreciate based on commodity code and report more effectively in a uniform manner. Policy revisions are in draft status and will be submitted to the policy review committee during this fiscal year in an effort to more effectively communicate responsibilities to program managers.

Oklahoma Health Care Authority

Finding No: 06-807-007, 07-807-001  
CFDA: 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Allowable Costs/Cost Principles  
Questioned Costs: $460,762  
Finding Summary: Based on testwork for Fund 200 Cost Allocation, we noted that no department-wide codes were allocated to cost objective A44 from cost pool 702. Also, the total allocated amounts from cost pool 702 do not match the total to be allocated from cost pool 702.
Summary Schedule of Prior Findings

Status: Corrected.

Finding No: 06-807-010
CFDA: 93.778, 93.767
Federal Agency: Department of Health and Human Services
Control Category: Allowable Costs/Cost Principles
Finding Summary: While determining the completeness of the data provided by the Drug Rebate Unit, we noted that the tape sent to CMS for the quarter ended March 31, 2006 did not contain HCPC rebates.
Status: Corrected.

REF No: 06-807-015, 07-807-008
CFDA: 93.778
Federal Agency: U.S. Department of Health and Human Services
Control Category: Activities Allowed or Unallowed
Questioned Costs: $811
Finding Summary: Based upon a medical professional’s review of medical records to support forty-five Case Management services, the following exceptions were noted:
- Service in which the medical records do not include sufficient documentation to support the procedure code billed.
- Services in which the medical records do not support the procedure billed; however, does support another procedure code.
- One service in which the medical record documentation indicated no direct contact with the member occurred during the billing period as required by Medicaid.
Status: Corrected.

REF No: 07-807-002
CFDA: 93.778, 93.767
Federal Agency: U.S. Department of Health and Human Services
Control Category: Allowable Costs/Cost Principles
Finding Summary: Based on internal control testing procedures, it appears OHCA is not mailing invoices within 60 days from the end of the quarter.
Status: Not corrected, see current year audit finding #08-807-010. Corrective action has been taken, and situation remedied. The last three quarterly invoices have been mailed earlier than their respective due dates:

<table>
<thead>
<tr>
<th>Qtr</th>
<th>Due Date</th>
<th>Mailed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-2008</td>
<td>08-29-2008</td>
<td>08-26-2008</td>
</tr>
<tr>
<td>3-2008</td>
<td>12-01-2008</td>
<td>11-26-2008</td>
</tr>
<tr>
<td>4-2008</td>
<td>03-02-2009</td>
<td>02-27-2009</td>
</tr>
</tbody>
</table>

REF No: 07-807-007
CFDA: 93.778, 93.767
Federal Agency: U.S. Department of Health and Human Services
Control Category: Activities Allowed or Unallowed
Finding Summary: Based on a review of fifty-five nursing facility recipients Pre-Admission Screening and Resident Reviews (PASRR), we noted thirteen Long Term Care Assessment forms (LTC-300R) were not submitted to LOCEU within 30 days after services began of which three appear to not have been submitted at all.
Status: Corrected.

Department of Human Services

Finding No: 01-830-023, 02-830-009, 03-830-021, 04-830-024, 05-830-0018, 06-830-007, 07-830-018
CFDA: 93.558
Federal Agency: Department of Health and Human Services
Control Category: Special Tests and Provisions – Child Support Non-Cooperation
Finding Summary: There were cases that appeared to have individuals who were not cooperating with the State in child support enforcement efforts; however, the TANF benefits did not appear to have been reduced or denied as required by federal regulations. Further, there were benefits that were reduced or denied, but not within a reasonable time frame (30 days).
Status: Corrected

Finding No: 03-830-018, 04-830-004, 05-830-010, 06-830-004, 07-830-004
CFDA: 93.558
Federal Agency: Department of Health and Human Services
Control Category: Eligibility
Finding Summary: During testing of cases that received both TANF and Diversion Assistance, we noted cases that received both types of assistance during the same month. In addition, we noted cases that received both types of assistance in the same year without documentation of approval from the county director and cases that received both TANF and Diversion Assistance during the same year that was approved by the County Director, however the TANF was issued within three months of the Diversion Assistance resulting in a duplication of benefits.
Status: Corrected

Finding No: 04-830-017, 05-830-004, 06-830-016, 07-830-007
CFDA: 93.558
Federal Agency: Department of Health and Human Services
Control Category: Reporting
Finding Summary: During our testwork we noted there is no distinction made as to whether TANF funds are paying for daycare expenditures that meet the definition of assistance or non-assistance.
Status: Partially corrected, current year finding #08-830-017. Procedures are now in place to correctly identify and report daycare expenditures. The Federal Grant Year 2007 Daycare expenditures have been correctly identified and adjustments have been made on the December 2008 ACF-196 report.

Finding No: 04-830-019, 05-830-011, 06-830-011, 07-830-003
CFDA: 93.568
Federal Agency: Department of Health and Human Services
Control Category: Eligibility
Questioned Costs: $1,640 for FY ’04, $142 for FY ’05, $545 for FY ’06, and $2,409 for FY ’07
Finding Summary: From review of Area case files, we noted the following: case files that did not contain an application for the time period in which the benefit was received; case files did not have a copy of the bill filed in the case record; case files did not have a completed checklist for walk-in applications; case files that could not be located; and case files where the individual was pre-authorized to receive LIHEAP benefits; however, no pre-authorization letter (37-K) was sent to the individual. Additionally, based on review of cases from the “Cases Selected to Receive LIHEAP 37-K” report, it appears no pre-authorization letters were sent to any of the individuals.
Status: Partially corrected, current year finding #08-830-012. The program instructions and annual training packets will be revised to emphasize that all LIHEAP documentation is to be maintained in the permanent case record. The program instructions will also include instructions on the proper use of checklists. Edits are currently in place that should have prevented certification of the two cases noted in the finding. We will be working with DSD staff to determine why the two cases received assistance and how to prevent it in the future.

Finding No: 04-830-032, 05-830-012, 06-830-010
CFDA: 93.568
Federal Agency: Department of Health and Human Services
Control Category: Eligibility/Activities Allowed or Unallowed/Reporting
Questioned Costs: $8,864 for FY ’04, $11,848 for FY ’05 and $400 for FY ’06
Finding Summary: During analytical procedure testing, we noted the following: cases that appeared to have received the incorrect payment amount or received benefits when their household income was greater than the allowable rate; cases that appeared to have received duplicate payments; cooling recipients
Summary Schedule of Prior Findings

appeared to have received payments for natural gas; and cooling recipients appeared to have received payments for firewood.

**Status:** Partially corrected, current year finding #08-830-012. The program instructions and annual training packets will be revised to emphasize that all LIHEAP documentation is to be maintained in the permanent case record. The program instructions will also include instructions on the proper use of checklists. Edits are currently in place that should have prevented certification of the two cases noted in the finding. We will be working with DSD staff to determine why the two cases received assistance and how to prevent it in the future.

**Finding No:** 06-830-012, 07-830-017
**CFDA:** 93.558

**Federal Agency:** Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** We selected cases from Section One of the TANF ACF-199 Data Report and traced the data included in the report to case file information for the critical line items as defined by the Compliance Supplement. We noted cases that were not exempt from federal time limit provisions; however, some of the monthly benefit payments were not counted toward the federal time limit.

**Status:** Not corrected, current year finding #08-830-005. This finding involves a case that had received TANF benefits in another state(s). Since there is no national data base, we have to be notified by the client of such benefits. We then gather evidence and manually enter the out-of-state benefit into our BNMENU data base. We are in the process of re-writing the ACF-199 report due to new federal rules and interpretations of the Deficit Reduction Act. We have rewritten the “months of receipt” code for the new ACF-199 report and have successfully tested it against out-of-state cases. The revisions will be reflected on the ACF-199 report for quarter ended December 31, 2008, which will be submitted in March.

**Finding No:** 07-830-001
**CFDA:** 93.558

**Federal Agency:** Department of Health and Human Services

**Control Category:** Cash Management

**Finding Summary:** During testing we noted that the TANF EBT draws were not made using the Cost Allocation-Daily – Variation #2 funding technique. Instead, the TANF EBT draws appear to be made using Actual Clearance, (ZBA) ZBA-ACH.

**Status:** Corrected

**Finding No:** 07-830-005
**CFDA:** 93.558

**Federal Agency:** Department of Health and Human Services

**Control Category:** Eligibility

**Questioned Costs:** $77

**Finding Summary:** During our testing of Diversion Assistance benefits allowed during SFY 2007, we noted one case received $2,027 in Diversion Assistance benefits during SFY 2007, which is greater than the $1,950 maximum allowable benefit.

**Status:** Corrected

**Finding No:** 07-830-008
**CFDA:** 93.558

**Federal Agency:** Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** During our testing of the ACF-204 Report we noted 5 exceptions. The exceptions noted were that on 4 of the 6 benefit types tested, the report indicates that the “Total Number of Families Serviced under the Program with MOE Funds” is a report on the total number served over the course of the year. However, the number reflected on the report agrees with the average monthly number of families being served over the course of the year as recorded on the DHS Statistical Bulletins report. In addition, on 1 of the 6 benefit types tested (Child Care Assistance); the report indicates that the “Total Number of Families Serviced under the Program with MOE Funds” is a report on the total number served over the
course of the year. However, we could not obtain supporting documentation for the number provided on the report.

**Status:** Corrected

**Finding No:** 07-830-009  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Eligibility  
**Questioned Costs:** $1,408

**Finding Summary:** From the counties located in Area 3, we identified 91 cases that received TANF benefits for more than 60 months. We sampled 23 cases for testing and noted two cases where the client received benefits for more than 60 months without applying for a hardship extension.

**Status:** Not corrected, current year finding #08-830-003. Concur. The proper paperwork and documentation was not completed and the County Directors have been notified of the finding. Both cases were awaiting SSI decisions, and would have been approved for extensions beyond the 60 month timeframe, had it been requested. The County Directors have been requested to see that their staff review the proper procedure for TANF hardship extensions beyond the 60 month timeframe. Policy and Instructions to Staff on this issue were updated August 1, 2008.

**Finding No:** 07-830-010  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Special Tests and Provisions – Child Under Six  
**Finding Summary:** We tested 45 of 2,850 occurrences in cases with children under six that were closed for failure to cooperate with TANF work requirements (closure code 52A or 29B). We noted one case that was closed for not meeting TANF work requirements; however, Department records (case notes) do not indicate there was a failure in meeting TANF work requirements; instead records indicate the client did not cooperate with child support enforcement. The case appears to have been closed using an incorrect case closure code.

**Status:** Corrected

**Finding No:** 07-830-011  
**CFDA:** 93.568  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Reporting  
**Finding Summary:** During testing of the FY 2007 LIHEAP Carryover and Reallotment Report we noted that this report was not completed and submitted by the Department until August 18, 2007. The deadline for submission was August 1, 2007.

**Status:** Corrected

**Finding No:** 07-830-012  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Allowable Costs/Cost Principles  
**Finding Summary:** During testing of the cost allocation report for the quarter ending 12/31/06 we noted that the percentage used to allocate the portion of Cost Pool 674 to the TANF program was 84.69%. Based on review we determined that this allocation is based on SFY04 activity. According to supporting documentation, we noted that the SFY06 allocation percentage was 91.55%.

**Status:** Corrected

**Finding No:** 07-830-013  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Eligibility  
**Questioned Costs:** $9,155
Summary Schedule of Prior Findings

**Finding Summary:** From the Area 3 population of 7,285 cases, we noted the following during eligibility testwork of 40 cases:

1. Three cases in which no case file was provided by the county office.
2. Four cases in which no TANF application or review was found for the time period tested in the case file provided by the county office.
3. One case in which no TANF re-determination was found for the time period tested in the case file provided by the county office.

**Status:** Partially corrected, current year finding #08-830-007. Concur. The county director, field liaison, county supervisor and worker will be advised of the finding. They will be asked to review policy and procedures regarding applications and reviews for the TANF program. This appears to be an isolated incident.

**Finding No:** 07-830-014  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Special Tests and Provisions – Income Eligibility and Verification Systems  
**Finding Summary:** We tested forty TANF cases to determine that income verification occurred and noted that two of the case files did not contain documentation that the data exchange verification had been performed for the application or review during SFY 07.

**Status:** Corrected

**Finding No:** 07-830-015  
**CFDA:** 93.558  
**Federal Agency:** Department of Health and Human Services  
**Control Category:** Special Tests and Provisions – Income Eligibility and Verification Systems  
**Finding Summary:** We performed testwork on the SFY 2007 G1DX Exception Report. We noted the following exceptions that were not cleared within the allowable 30 days per OKDHS policy:

<table>
<thead>
<tr>
<th>Error Type</th>
<th>G1DX TOTAL EXCEPTIONS</th>
<th>G1DX EXCEPTIONS OVER 30 DAYS</th>
<th>% OF EXCEPTIONS OVER 30 DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN</td>
<td>10,071</td>
<td>1,241</td>
<td>12.33%</td>
</tr>
<tr>
<td>IEVDX</td>
<td>20,425</td>
<td>1,889</td>
<td>9.25%</td>
</tr>
<tr>
<td>OWGD</td>
<td>12,466</td>
<td>1,809</td>
<td>14.51%</td>
</tr>
<tr>
<td>SDX</td>
<td>23,175</td>
<td>2,168</td>
<td>9.38%</td>
</tr>
<tr>
<td>SNH</td>
<td>34,179</td>
<td>4,103</td>
<td>12.00%</td>
</tr>
<tr>
<td>UIB01</td>
<td>3,127</td>
<td>332</td>
<td>10.62%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>103,443</strong></td>
<td><strong>11,542</strong></td>
<td><strong>11.16%</strong></td>
</tr>
</tbody>
</table>

**Status:** Not corrected, current year finding #08-830-015. Concur. Our goal is to build a better monitoring report, review the business process, analyze for needed policy changes and publish new online/interactive training material. The 12 monthly files that were audited are not all inclusive of reported data discrepancies. They are twelve points in time snapshots. When the discrepancy flag is removed the record is no longer visible. Therefore all of the timely clearances between snapshots are not reflected in the files. The timely clearances are underrepresented and the ratio from the file is not an accurate timeliness percentage.

FSSD acknowledges there is room for improvement in the GIDX process. Over the next 90 days a report that is more indicative of actual performance will be developed and will replace the current “snapshot” report. This will give field managers an accurate means of tracking staff performance.

OKDHS policy gives staff 30 days to clear a discrepancy although the federal standard is 45 days. The federal standard also makes allowances for obtaining collateral information from second parties, which
OKDHS policy does not. The policy team will conduct a review over the next 60 days. Whether to change OKDHS standard from 30 days will be one item to consider.

Over the last year FSSD has identified a need for updated training on clearing case discrepancies. As a result, deployment of training is targeted for the summer of 2009.

Finding No: 07-830-016  
CFDA: 93.767, 93.778  
Federal Agency: Department of Health and Human Services  
Control Category: Eligibility  
Questioned Costs: $12,967  
Finding Summary: During testwork of 90 recipient case files (45 MAP and 45 SCHIP), we noted the following instances of noncompliance:

- For 6 of the 90 recipient case files selected for testing from Area 3, we were unable to obtain the case file supporting the eligibility determination.
- For 5 of the 90 recipient case files selected for testing from Area 3, the case file was provided; however, the determination which covered the time period when the service selected for testing was provided was not found in the case file.
- For 1 of the 90 recipient case files selected we were unable to conclude from the recipient case file documentation that the recipient was eligible to receive program benefits.

Status: Partially corrected, current year finding #08-830-020. Concur. All field staff are trained on completing case reviews timely and properly. The case in question was transferred twice between March 2007 and January 2008. This oversight will be addressed with the three counties that were involved with the case. The case will also be examined to ensure a current review is in the files.

Department of Mental Health and Substance Abuse Services

Finding No: 03-452-001, 04-452-009IT, 05-452-005IT, 06-452-005IT (a), 06-452-005IT (b), 06-452-005IT (c), 07-452-003IT  
CFDA: 93.959  
Federal Agency: Department of Health and Human Services  
Control Category: Other  
Finding Summary: The Department does not have an IT strategic plan available for review. In addition, the Department does not have an IT steering committee to plan and direct the IT function or a quality assurance program to adequately review projects to ensure user requirements and agency standards are met.

Status: Corrected

Finding No: 02-452-009, 04-452-006IT, 05-452-002IT, 06-452-002IT, 07-452-001IT  
CFDA: 93.959  
Federal Agency: Department of Health and Human Services  
Control Category: Other  
Finding Summary: Procedures are not in place to monitor unauthorized access to data and/or programs for the ICIS/fee for Service Applications.

Status: Partially corrected, see current year finding #08-452-001IT. On 01/15/09, we observed the "access control" system in operation and found it to be an excellent application in controlling access to the ICIS system and the information that is contained in that system. The development and implementation of this application does mitigate a number of concerns in the original finding, however, since the monitoring and reporting portion of this application is still under development, we are rating this as partially corrected.

Finding No: 02-452-012, 04-452-007IT, 05-452-003IT, 06-452-003IT, 07-452-002IT  
CFDA: 93.959  
Federal Agency: Department of Health and Human Services  
Control Category: Other  
Finding Summary: Policies and procedures do not exist for the following areas:

- Developer and support services access rights and responsibilities
Remote access assignment, control and monitoring

Status: Partially corrected, see current year finding #08-452-002IT. As of 1/15/09, the agency has changed the developer access rights to the system and now only allows developers to have access rights to the development machines and the development environment. Remote access policies and procedures are still under development by IT and Security personnel. The development and implementation of an environment that is only available to the developers and removing the developer’s access rights from the production environment does mitigate a number of concerns in the original finding, however, since remote access policies and procedures are still under development, we are rating this as partially corrected.

Finding No: 06-452-001, 07-452-002
CFDA: 93.959
Federal Agency: Department of Health and Human Services
Control Category: Subrecipient Monitoring
Finding Summary: During our testwork of six A-133 audits submitted by subrecipients to ODMHSAS, we noted the following:
- One audit included findings and it appeared ODMHSAS had not followed-up on corrective action within six months of receipt of the audit.
- Three subrecipients submitted their audit reports after the five month due date which is required by ODMHSAS internal policy.

Status: Corrected

Finding No: 07-452-001
CFDA: 93.959
Federal Agency: Department of Health and Human Services
Control Category: Reporting
Finding Summary: During our testwork of the Annual SYNAR Report for FFY2007, we noted the following:
- For one outlet, the reported ‘Number of Sample Outlets Inspected’ in SSES Table 2, for the strata to which it belonged, was not supported by the Synar Compliance Sample List.
- For one outlet, a variance regarding eligibility status exists between the Oklahoma Synar Survey Inspection Form and the data reported in Synar Compliance Sample List and in SSES Table 2

Status: Not corrected, see current year finding #08-452-002. ODMHSAS staff examined strata where the counts reported in the ‘Outlet Sample Size’, ‘Number of Eligible Outlets in Sample’, ‘Number of Sample Outlets Inspected’ and/or ‘Number of Sample Outlets in Violation’ columns do not trace to the supporting Synar Compliance Sample List. In fiscal year 2008 ODMHSAS oversampled by 20%, which is not federally required. Oversampling is preferred to address situations, such as this, that may arise. Had ODMHSAS utilized the minimum sample, the total number of inspections required would have been 291, and the strata samples would have been less. Therefore, the actual number of inspections in each stratum was sufficient to meet the federal requirement. Outlets are included in strata based on the geographic location reported by the Oklahoma Tax Commission. If an outlet is placed into a stratum outside the actual geographic location, inspection officers are required to visit that outlet regardless and keep the outlet in the predesignated stratum. In addition, ODMHSAS has instituted an additional staff review of inspection forms to ensure strata totals are accurate. According to Table 3 in the report, there were two outlets visited that were closed at the time of the visit and recorded as such. The two outlets identified in Table 2 may have been closed at the time of the first visit, but were inspected upon a second visit. If an outlet is closed at the time of the visit then open upon a revisit, a second form is completed by the inspection officer. It is possible that the second form was not properly attached to the original first form by the officer or a data entry error occurred, mistakenly recording the outlet as ineligible. ODMHSAS will advise the inspection officer to attach related outlet forms together to reduce errors. ODMHSAS will also require the ABLE Commission to utilize data entry forms prescribed by ODMHSAS to reduce clerical errors

Finding No: 07-452-004IT
CFDA: 93.959
Federal Agency: Department of Health and Human Services
Control Category: Other
Summary Schedule of Prior Findings

Finding Summary: The agency does not have a quality assurance program to adequately review projects ensuring that they meet user requirements and agency standards.
Status: Partially corrected, see current year finding #08-452-003IT. As of 01/21/09, the IT Steering Committee has been discussing how to proceed on this issue, and has requested information to help them in planning for quality assurance.

Oklahoma Military Department

Finding No: 07-025-001
CFDA No: 12.401
Federal Agency: Department of Defense
Control Category: Allowable Costs/Cost Principles
Finding Summary: Based on payroll testwork performed and discussion with management, we noted the department did not perform a periodic certification for an employee expected to work solely on the National Guard Military Operations & Maintenance Projects program.
Status: Corrected

Finding No: 07-025-002
CFDA No: 12.401
Federal Agency: Department of Defense
Control Category: Allowable Costs/Cost Principles
Finding Summary: Based on payroll testwork performed and discussion with management, we noted that one timesheet was not in the employee’s file, three timesheets were not signed by the employee, and one timesheet was not signed by the supervisor.
Status: Corrected

Finding No: 07-025-003
CFDA No: 12.401
Federal Agency: Department of Defense, National Guard Bureau
Control Category: Equipment and Real Property
Finding Summary: Based on procedures performed, we noted the following:
- The Oklahoma Military Department is maintaining an inventory list; however, we were unable to determine that the inventory listing was complete.
- Supporting documentation of inventory purchases were not maintained in the inventory files.
- The agency is maintaining a list of surplus property disposed of by the Department; however, the list does not include where the property is maintained, purchase price, when sold or selling price, if transferred to which state agency or authorized entity, and if otherwise disposed of, what manner.
Status: Partially corrected. The Military Department has supporting documentation of inventory purchases with inventory files and has corrected the surplus property list to meet DCS Standards. However, the Department has not performed a physical inventory count within the specified amount of time and we were unable to located two items on the inventory listing. See current year audit finding # 08-025-001. A schedule has been made for all locations containing equipment bought through the Cooperative Agreement and a physical audit of all equipment will be completed by 30 June 2009.

Department Of Rehabilitation Services

Finding No's: 00-805-005, 01-805-001, 02-805-001, 03-805-001, 04-805-009, 05-805-002, 06-805-002, 07-805-001
CFDA: 84.126
Federal Agency: Department of Education
Control Category: Cash Management
Summary Schedule of Prior Findings

Finding Summary: During testing, we noted the Department did not have adequate documentation supporting their draws. In addition, the Department is not requesting funds on the fifteenth of the month (or the closest working day) or adjusting to actual on a quarterly basis as required by the CMIA agreement.

Status: Not corrected. Current year finding number 08-805-001. We concur with the finding in regards to timeliness of the draws. Due diligence will be given to correcting the timeliness of the draws. Issues highlighted by the audit point will be analyzed by staff and adjustments made either to internal business processes or changes as negotiated in the agreement to comply with the finding.

Finding No: 06-805-001, 07-805-002
CFDA: 84.126
Federal Agency: US Department of Education
Control Category: Activities Allowed, Allowable Costs, & Eligibility
Finding Summary: We noted direct services and medical maintenance and transportation client case files tested included clients that were receiving services (other than those listed in Title 612:10-3-4) and had no supporting information to verify the client’s financial status. Also, we noted a case file tested included a client for which eligibility was improperly awarded.

Status: Corrected.

Finding No: 07-805-003
CFDA: 84.126
Federal Agency: US Department of Education
Control Category: Allowable Costs/Cost Principles
Finding Summary: During testing of the direct payroll certifications, we noted the following:
- We were unable to obtain the payroll certifications for SFY07 for 4 of the 45 direct employees selected for testing.
- We were unable to obtain the payroll certifications for the 7/1/06-12/31/06 period for 11 of the 45 direct employees selected for testing.

Status: Not corrected. Current year finding number 08-805-003. The Agency concurs with the audit finding. The Agency switched to an electronic reporting system in SFY-2007. Certifications will be corrected. The system and the instructions have been modified to make it more user friendly and the instructions should clarify the process for the supervisors. The new instructions will be provided to reporting staff by March 30, 2009. Financial Staff will monitor the certifications for accuracy.

Finding No: 07-805-004
CFDA: 84.126
Federal Agency: US Department of Education
Questioned Costs: $21,986
Control Category: Eligibility and Activities Allowed or Unallowed
Finding Summary: Of the Vocational Rehabilitation/Visual Services case files tested, we noted the following:
- In four of the forty cases files selected for testing, the eligibility determination was not made within 60 days after the individual submitted the application for service. Additionally, in one of these four cases, an award letter was not obtained for the client receiving Social Security Disability benefits.
- In one of the forty cases selected for testing, an Individualized Plan for Employment was not prepared for the client and the client received services after the case was closed.
- In three of the forty cases selected for testing, the client did not provide a grade report at the end of the semester verifying a satisfactory passing grade in all courses paid by the Department.
- In two of the forty cases selected for testing, an award letter was not obtained for the client receiving Social Security Disability benefits and the VR Specialists did not verify the benefits were being received through their liaison to the Social Security Administration.
- In one of the forty cases selected for testing, the case file was not provided for testing by the Department.
Status: Partially corrected. Current year finding number 08-805-002. All three cases have been reviewed by the Field Coordinator and the appropriate documentation has been added to the case files. The program manager has been briefed and the policy and process has been reviewed with the counselor and staff. Biannual case reviews are conducted to assure that DRS policy and procedures are followed with regards to case management practices. Special attention will given to the issues identified by this audit point.

Department Of Transportation

Finding No: 03-345-018, 04-345-010IT, 05-345-005IT, 06-345-001IT, 07-345-001IT
CFDA: 20.205
Federal Agency: Department of Transportation
Control Category: Other
Finding Summary: There is no documented, approved, and tested disaster recovery plan or alternative processing procedures to ensure the continuance of state business in the event of a disaster.
Status: Does not warrant further action. The reasons are (1) two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse, (2) The federal agency or pass-through entity is not currently following up with the auditee on the audit finding, and (3) Although a management decision was issued, the Federal Highway Administration has since stated they do not expect to see this as a repeat finding for FY 2008.

Finding No: 03-345-017, 04-345-008IT, 05-345-006IT, 06-345-002IT, 07-345-002IT
CFDA: 20.205
Federal Agency: Department of Transportation
Control Category: Other
Finding Summary: Review of the process to transfer data from the Financial Management System to the Project Funding System and subsequent creation of the weekly billing to FHWA found the procedures inadequate in ensuring the transfer was complete. In addition, the data processing and tracking techniques used to calculate the weekly billing to the FHWA does not prove data processing continuity either in number or records or dollar amounts between the source information used to create the billing and the final amount billed to FHWA.
Status: Does not warrant further action. The reasons are (1) two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse, (2) The federal agency or pass-through entity is not currently following up with the auditee on the audit finding, and (3) Although a management decision was issued, the Federal Highway Administration has since stated they do not expect to see this as a repeat finding for FY 2008.

Finding No: 03-345-021, 04-345-012IT, 05-345-007IT, 06-345-003IT, 07-345-003IT
CFDA: 20.205
Federal Agency: Department of Transportation
Control Category: Other
Finding Summary: End users within the Comptroller Division have direct access to change/modify production reporting through TSO. This ability jeopardizes the integrity of financial information. Additionally, the financial reconciliation of the material ODOT accounts found in their statement of net assets (e.g., Infrastructure, Construction in Progress, Federal Receivable) are performed using Ad-Hoc queries rather than through standardized production reporting.
Status: This finding is rescinded. The original finding was based on a misunderstanding between the auditor and auditee of the terminology ad-hoc query vs. ad-hoc report.

Finding No: 05-345-011, 06-345-005, 07-345-001
CFDA: 20.205
Federal Agency: Department of Transportation
Control Category: Davis-Bacon Act

Finding Summary: For the projects tested, we noted instances where there were no payroll reports in the documentation provided by management for the weeks in which payroll reports were expected. There were also instances where the expected payroll reports were not received by the Department within two weeks of the end of the payroll reporting period. There was no evidence in the documentation provided that management had followed up with the contractors regarding the missing payroll reports in accordance with the Department’s control directive. We also observed payroll reports that did not indicate the date they were received by the Department. In addition, we noted inconsistencies between data reported in SiteManager and what was present in the actual project files.

Status: Partially corrected, current year finding #08-345-001. The agency continues to require documentation necessary for proper reporting. As this reporting improves the data will improve for the audit.
Schedule of Federal Programs by State Agency
Schedule of Federal Programs by State Agency

**Attorney General**
- 16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders
- 16.740 Statewide Automated Victim Information Notification (SAVIN) Program
- 93.671 Family Violence Prevention and Services - Grants for Battered Women's Shelters - Grants to States and Indian Tribes
- 93.775 State Medicaid Fraud Control Units

**Agriculture, Department of**
- 10.025 Plant and Animal Disease, Pest Control, and Animal Care
- 10.069 Conservation Reserve Program
- 10.163 Market Protection and Promotion
- 10.475 Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
- 10.664 Cooperative Forestry Assistance
- 66.608 Environmental Information Exchange Network Grant Program and Related Assistance
- 66.700 Consolidated Pesticide Enforcement Cooperative Agreements
- 93.103 Food and Drug Administration Research

**Boll Weevil Eradication**
- 10.025 Plant and Animal Disease, Pest Control, and Animal Care

**Career and Technology Education, Department of**
- 12.002 Procurement for Technical Assistance for Business Firms
- 17.261 WIA Pilots, Demonstrations, and Research Projects
- 84.048 Career and Technical Education - Basic Grants to States
- 84.243 Tech Prep Education

**Central Services, Department of**
- 39.003 Donation of Federal Surplus Personal Property

**Commerce, Department of**
- 14.228 Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawaii
- 14.231 Emergency Shelter Grant Program
- 14.238 Shelter Plus Care
- 14.246 Community Development Block Grants/Brownfields Economic Development Initiative
- 17.258 WIA Adult Program
- 17.259 WIA Youth Activities
- 17.260 WIA Dislocated Workers
- 17.261 WIA Pilots, Demonstrations, and Research Projects
- 17.267 Incentive Grants - WIA Section 503
- 17.268 H-1B Job Training Grants
- 81.041 State Energy Program
- 81.042 Weatherization Assistance for Low-Income Persons
- 81.117 Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance
- 93.569 Community Services Block Grant
- 93.600 Head Start

**Conservation Commission**
- 10.902 Soil and Water Conservation
- 15.252 Abandoned Mine Land Reclamation (AMLR) Program
- 15.808 U.S. Geological Survey - Research & Data Collection

**Corporation Commission**
- 20.700 Pipeline Safety Program Base Grants
- 66.433 State Underground Water Source Protection
- 66.804 State and Tribal Underground Storage Tanks Program
- 66.805 Leaking Underground Storage Tank Trust Fund Program
- 66.817 State and Tribal Response Program Grants

**Corrections, Department of**
- 16.202 Prisoner Reentry Initiative Demonstration (Offender Reentry)
- 16.606 State Criminal Alien Assistance
- 84.255 Literacy Programs for Prisoners
- 84.331 Grants to States for Incarcerated Youth Offenders
### Schedule of Federal Programs by State Agency

#### District Attorneys Council
- 16.554 National Criminal History Improvement Program (NCHIP)
- 16.560 National Institute of Justice Research, Evaluation, and Development Project Grants
- 16.575 Crime Victim Assistance
- 16.560 Crime Victim Compensation
- 16.576 Edward Byrne Memorial Formula Grant Program
- 16.588 Violence Against Women Formula Grants
- 16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders
- 16.592 Local Law Enforcement Block Grant Program
- 16.593 Residential Substance Abuse Treatment for State Prisoners
- 16.609 Community Prosecution and Project Safe Neighborhoods
- 16.738 Edward Byrne Memorial Justice Assistance Grant Program
- 16.744 Anti-Gang Initiative

#### Education, Department of
- 10.553 School Breakfast Program
- 10.555 National School Lunch Program
- 10.556 Special Milk Program for Children
- 10.558 Child and Adult Care Food Program
- 10.559 Summer Food Service Program for Children
- 10.560 State Administrative Expenses for Child Nutrition
- 10.574 Team Nutrition Grants
- 12.404 National Guard Civilian Youth Opportunities Program
- 84.002 Adult Education - Basic Grants to States
- 84.010 Title I Grants to Local Educational Agencies
- 84.011 Migrant Education-Basic State Grant Program
- 84.013 Title I Program for Neglected and Delinquent Children
- 84.027 Special Education-Grants to States
- 84.173 Special Education - Preschool Grants
- 84.181 Special Education-Grants for Infants and Families
- 84.185 Byrd Honors Scholarships
- 84.186 Safe and Drug-Free Schools and Communities - State Grants
- 84.196 Education for Homeless Children and Youth
- 84.213 Even Start - State Educational Agencies
- 84.215 Fund for the Improvement of Education
- 84.287 Twenty-First Century Community Learning Centers
- 84.298 State Grants for Innovative Programs
- 84.318 Education Technology State Grants
- 84.323 Special Education - State Personnel Development
- 84.332 Comprehensive School Reform Demonstration
- 84.357 Reading First State Grants
- 84.358 Rural Education
- 84.365 English Language Acquisition Grants
- 84.366 Mathematics and Science Partnerships
- 84.367 Improving Teacher Quality State Grants
- 84.369 Grants for State Assessments and Related Activities
- 84.377 School Improvement Grants
- 94.005 Learn and Serve America - Higher Education
- 94.013 Volunteers in Service to America

#### Election Board, State
- 39.011 Election Reform Payments
- 90.401 Help America Vote Act Requirement Payments
- 93.617 Voter Access for Individuals with Disabilities

#### Emergency Management, Department of
- 20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants
- 97.023 Community Assistance Program State Support Services Element (CAP-SSSE)
- 97.032 Crisis Counseling
- 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
- 97.039 Hazard Mitigation Grant
- 97.042 Emergency Management Performance Grants
- 97.046 Fire Management Assistance Grant
- 97.047 Pre-Disaster Mitigation
- 97.052 Emergency Operations Center
- 97.053 Citizens Corp
- 97.070 Map Modernization Management Support
- 97.092 Repetitive Food Claims
# Schedule of Federal Programs by State Agency

## Employment Security Commission
- 17.002 Labor Force Statistics
- 17.207 Employment Service/Wagner-Peyser Funded Activities
- 17.225 Unemployment Insurance
- 17.235 Senior Community Service Employment Program
- 17.245 Trade Adjustment Assistance
- 17.260 WIA Dislocated Workers
- 17.266 Work Incentive Grants
- 17.271 Work Opportunity Tax Credit Program (WOTC)
- 17.273 Temporary Labor Certification for Foreign Workers
- 17.801 Disabled Veterans' Outreach Program (DVOP)
- 17.804 Local Veterans' Employment Representative Program

## Environmental Quality, Department of
- 12.113 State Memorandum of Agreement Program for the Reimbursement of Technical Services
- 14.218 Community Development Block Grants/Entitlement Grants
- 15.616 Clean Vessel Act
- 66.034 Surveys, Studies, Research, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
- 66.202 Congressionally Mandated Projects
- 66.468 Capitalization Grants for Drinking Water State Revolving Fund
- 66.474 Water Protection Grants to the States
- 66.605 Performance Partnership Grants
- 66.606 Surveys, Studies, Investigations and Special Purpose Grants
- 66.608 Environmental Information Exchange Network Grant Program and Related Assistance
- 66.708 Pollution Prevention Grants Program
- 66.801 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
- 66.811 Brownfields Pilots Cooperative Agreements
- 66.817 State and Tribal Response Program Grants

## Health, Department of
- 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
- 66.716 Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies
- 93.069 Public Health Emergency Preparedness
- 93.110 Maternal and Child Health Federal Consolidated Programs
- 93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs
- 93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices
- 93.134 Injury Prevention and Control Research and Development
- 93.141 Health Programs for Toxic Substances and Disease Registry
- 93.149 Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead
- 93.217 Family Planning Services
- 93.234 Traumatic Brain Injury State Demonstration Grant Program
- 93.235 Abstinence Education Program
- 93.238 Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement
- 93.251 Universal Newborn Hearing Screening
- 93.262 Occupational Safety & Health Program
- 93.268 Immunization Grants
- 93.283 Centers for Disease Control and Prevention - Investigations and Technical Assistance
- 93.296 State Partnership Grant to Improve Minority Health
- 93.390 Community-Based Child Abuse Prevention Grants
- 93.773 Medicare - Hospital Insurance
- 93.889 National Bioterrorism Hospital Preparedness Program
- 93.917 HIV Care Formula Grants
- 93.940 HIV Prevention Activities - Health Department Based
- 93.944 Human Immunodeficiency Virus (HIV) - Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
- 93.945 Assistance Programs for Chronic Disease Prevention and Control
- 93.977 Preventive Health Services - Sexually Transmitted Diseases Control Grants
- 93.988 Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems
- 93.991 Preventive Health and Health Services Block Grant
- 93.994 Maternal and Child Health Services Block Grant to the States
  - X-Ray Inspections
  - Clinical Laboratory Improvement Amendments

## Historical Society
- 15.904 Historic Preservation Fund Grants-In-Aid

## Human Rights Commission
- 14.401 Fair Housing Assistance Program-State and Local
- 30.002 Employment Discrimination - State and Local Fair Employment Practices Agency Contracts
Schedule of Federal Programs by State Agency

**Human Services, Department of**
- 10.530 Food Donation
- 10.551 Supplemental Nutrition Assistance Program
- 10.555 National School Lunch Program
- 10.560 State Administrative Expenses for Child Nutrition
- 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
- 10.568 Emergency Food Assistance Program (Administrative Costs)
- 20.513 Capital Assistance Program for Elderly Persons and Persons with Disabilities
- 93.041 Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation
- 93.042 Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals
- 93.043 Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services
- 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
- 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services
- 93.048 Special Programs for the Aging - Title IV and Title II - Discretionary Projects
- 93.052 National Family Caregiver Support, Title III, Part E
- 93.053 Nutrition Services Incentive Program
- 93.086 Healthy Marriage Promotion and Responsible Fatherhood Grants
- 93.356 Promoting Safe and Stable Families
- 93.358 Temporary Assistance for Needy Families
- 93.363 Child Support Enforcement
- 93.366 Refugee and Entrant Assistance - State Administered Programs
- 93.368 Low-Income Home Energy Assistance
- 93.575 Child Care and Development Block Grant
- 93.576 Refugee and Entrant Assistance - Discretionary Grants
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.597 Grants to States for Access and Visitation Programs
- 93.599 Chafee Education and Training Vouchers Program
- 93.630 Developmental Disabilities Basic Support and Advocacy Grants
- 93.643 Children’s Justice Grants to States
- 93.645 Child Welfare Services - State Grants
- 93.647 Social Services Research and Demonstration
- 93.652 Adoption Opportunities
- 93.658 Foster Care - Title IV - E
- 93.659 Adoption Assistance
- 93.667 Social Services Block Grant
- 93.669 Child Abuse and Neglect State Grants
- 93.674 Chafee Foster Care Independence Program
- 93.778 Medical Assistance Program
- 93.994 Maternal and Child Health Services Block Grant to the States
- 94.011 Foster Grandparent Program

**Insurance Department**
- 93.048 Special Programs for the Aging - Title IV and Title II - Discretionary Projects
- 93.779 CMS Research, Demonstrations and Evaluations

**Labor, Department of**
- 17.005 Compensation and Working Conditions
- 17.504 Consultation Agreements
- 66.701 Toxic Substances Compliance Monitoring Cooperative Agreements

**Legislative Service Bureau**
- 16.550 State Justice Statistics Program for Statistical Analysis Centers

**Libraries, Department of**
- 45.310 Grants to States
- 45.312 National Leadership Grant
- 89.003 National Historical Publications and Records Grants
### Mental Health and Substance Abuse, Department of

- [14.238](#) Shelter Plus Care
- [16.585](#) Drug Court Discretionary Grant Program
- [84.186](#) Safe and Drug-Free Schools and Communities - State Grants
- [93.087](#) Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse
- [93.104](#) Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances
- [93.150](#) Projects for Assistance in Transition from Homelessness (PATH)
- [93.242](#) Mental Health Research Grants
- [93.243](#) Substance Abuse and Mental Health Services - Projects of Regional and National Significance
- [93.275](#) Substance Abuse and Mental Health Services - Access to Recovery
- [93.379](#) CMS Research, Demonstration and Evaluations
- [93.958](#) Block Grants for Community Mental Health Services
- [93.959](#) Block Grants for Prevention and Treatment of Substance Abuse
  - Implementation Alcohol Drug Data Collection
  - State Outcome Measurement & Management System
  - State Epidemiological Outcomes Workgroup
  - CSAP Prevention Fellowship
  - Client Level Projects

### Military Department

- [12.400](#) Military Construction, National Guard
- [12.401](#) National Guard Military Operations and Maintenance (O&M) Projects
- [12.404](#) National Guard Civilian Youth Opportunities Program

### Mines, Department of

- [15.250](#) Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining
- [17.600](#) Mine Health and Safety Grants

### Narcotics/Dangerous Drugs Control

- [16.580](#) Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
- [16.710](#) Public Safety Partnership and Community Policing Grants
- [94.006](#) AmeriCorps
  - High Intensity Drug Trafficking Area
  - Marijuana Eradication Suppression Program

### Office of Handicapped Concerns

- [84.161](#) Rehabilitation Services-Client Assistance Program

### Office of Juvenile Affairs

- [16.523](#) Juvenile Accountability Block Grants
- [16.540](#) Juvenile Justice and Delinquency Prevention - Allocation to States
- [16.548](#) Title V - Delinquency Prevention Program

### Oklahoma Aeronautics Commission

- [20.106](#) Airport Improvement Program

### Oklahoma Health Care Authority

- [93.767](#) State Children's Insurance Program
- [93.777](#) State Survey and Certification of Health Care Providers and Suppliers
- [93.778](#) Medical Assistance Program
- [93.791](#) Money Follows the Person Rebalancing Demonstration
- [97.793](#) Medicaid Transformation Grant

### Oklahoma Space Industry Development Authority

- [20.106](#) Airport Improvement Program
- [43.001](#) Aerospace Education Services Program

### Physician Manpower Training Commission

- [93.165](#) Grants to States for Loan Repayment Program
### Schedule of Federal Programs by State Agency

#### Public Safety, Department of
- 16.007 State and Local Domestic Preparedness Equipment Support Program
- 16.710 Public Safety Partnership and Community Policing Grants
- 16.727 Enforcing Underage Drinking Laws Program
- 20.218 National Motor Carrier Safety
- 20.232 Commercial Drivers License State Programs
- 20.600 State and Community Highway Safety
- 20.601 Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grants
- 20.609 Safety Belt Performance Grant
- 20.610 State Traffic Safety Information System Improvement Grants
- 20.612 Incentive Grant Program to Increase Motorcyclist Safety
- 97.004 State Domestic Preparedness Equipment Support Program
- 97.012 Boating Safety Financial Assistance
- 97.042 Emergency Management Performance Grants
- 97.067 Homeland Security Grant
- 97.078 Buffer Zone Protection Program

#### Rehabilitation Services, Department of
- 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
- 84.169 Independent Living - State Grants
- 84.177 Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind
- 84.187 Supported Employment Services for Individuals with Significant Disabilities
- 84.265 Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training
- 96.001 Social Security - Disability Insurance

#### State Arts Council
- 45.025 Promotion of the Arts-Partnership Agreements

#### State Auditor and Inspector
- 15.427 Federal Oil and Gas Royalty Management

#### State Bureau of Investigation
- 16.543 Missing Children's Assistance
- 16.560 National Institute of Justice Research, Evaluation, and Development Project Grants
- 16.564 No Suspect Casework DNA Backlog Reduction
- 16.741 Forensic DNA Backlog Reduction Program
- 16.743 Forensic Casework DNA Backlog Reduction
- 16.748 Convicted Offender and/or Arrestee DNA Backlog Reduction Program

#### State of Oklahoma
- 21.999 Jobs and Growth Tax Relief

#### Supreme Court
- 93.586 State Court Improvement Program

#### Tourism & Recreation, Department of
- 15.622 Sportfishing and Boating Safety Act
- 15.916 Outdoor Recreation-Acquisition, Development and Planning
- 20.219 Recreational Trails Program
- 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

#### Transportation, Department of
- 20.205 Highway Planning and Construction
- 20.309 Formula Grants for Other Than Urbanized Areas

#### Veterans Affairs, Department of
- 64.005 Grants to States for Construction of State Home Facilities
- 64.015 Veterans State Nursing Home Care
- 64.124 All-Volunteer Force Educational Assistance

#### Water Resources Board
- 15.504 Water Reclamation and Reuse Program
- 15.506 Water Desalination Research and Development Program
- 66.419 Water Pollution Control State, Interstate, and Tribal Program Support
- 66.436 Surveys, Studies, Investigations, Demonstration, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean W
- 66.454 Water Quality Management Planning
- 66.460 Nonpoint Source Implementation Grants
- 66.461 Regional Wetland Program - Development Grants
- 66.463 Water Quality Cooperative Agreements
- 66.512 Regional Environment Monitoring & Assessment Program (REMAP) Research Projects
- 66.606 Surveys, Studies, Investigations, and Special Purpose Grants
- 66.709 Multi-Media Capacity Building Grants for States and Tribes
- 97.041 National Dam Safety Program

---

76
<table>
<thead>
<tr>
<th>Program Code</th>
<th>Program Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.025</td>
<td>Plant and Animal Disease, Pest Control, and Animal Care</td>
</tr>
<tr>
<td>10.028</td>
<td>Wildlife Services</td>
</tr>
<tr>
<td>10.902</td>
<td>Soil and Water Conservation</td>
</tr>
<tr>
<td>15.605</td>
<td>Sport Fish Restoration</td>
</tr>
<tr>
<td>15.611</td>
<td>Wildlife Restoration</td>
</tr>
<tr>
<td>15.615</td>
<td>Cooperative Endangered Species Conservation Fund</td>
</tr>
<tr>
<td>15.626</td>
<td>Hunter Education and Safety Program</td>
</tr>
<tr>
<td>15.633</td>
<td>Landowner Incentive Program</td>
</tr>
<tr>
<td>15.634</td>
<td>State Wildlife Grants</td>
</tr>
<tr>
<td>-</td>
<td>McGee Creek Project</td>
</tr>
</tbody>
</table>
Selected Activities for Internal Service Type Funds
## Selected Activities for Internal Service Funds

### UNAUDITED

**Selected Activities for Internal Service Type Funds**

*For the Year Ended June 30, 2008*

<table>
<thead>
<tr>
<th>Department of Corrections -</th>
<th>Department of Finance</th>
<th>Office of State</th>
<th>Capitol Authority</th>
<th>Oklahoma Industries</th>
<th>Central Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$7,541,485</td>
<td>$143,248,377</td>
<td>$24,886,304</td>
<td>$51,693,664</td>
<td>$227,369,830</td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>7,473,315</td>
<td>226,944,763</td>
<td>25,059,214</td>
<td>48,623,628</td>
<td>308,100,920</td>
<td></td>
</tr>
<tr>
<td>Revenues Over (Under) Expenditures</td>
<td>68,170</td>
<td>(83,696,386)</td>
<td>(172,910)</td>
<td>3,070,036</td>
<td>(80,731,090)</td>
<td></td>
</tr>
</tbody>
</table>

**Other Financing Sources (Uses)**

| Operating Transfers In      | -                     | -               | -                | 2,515,420           | 2,515,420       |       |
| Operating Transfers Out     | -                     | (354,190)       | -                | -                   | (354,190)       |       |
| Bond Proceeds               | -                     | -               | -                | -                   | -               |       |
| Premium from Bond Issue     | -                     | -               | -                | -                   | -               |       |
| Discount on Bond Issue      | -                     | -               | -                | -                   | -               |       |

| Total Other Financing Sources (Uses) | -                     | (354,190)       | -                | 2,515,420           | 2,161,230       |       |

**Revenues and Other Sources Over (Under) Expenditures and Other Uses**

| Other Uses                  | 68,170                | (84,050,576)    | (172,910)        | 5,585,456           | (78,569,860)    |       |

**Fund Balances - Beginning of Year**

| 7,833,356                   | 736,725,592           | 9,837,390       | 59,618,161       | 814,014,499         |       |

**Fund Balances - End of Year**

| $7,901,526                  | $652,675,016           | $9,664,480      | $65,203,617      | $735,444,639        |       |
**Selected Activities for Internal Service Funds**

**UNAUDITED**

Selected Activities for Internal Service Type Funds  
For the Year Ended June 30, 2008

<table>
<thead>
<tr>
<th>Date</th>
<th>Office of State Finance</th>
<th>Capitol Improvement Authority</th>
<th>Department of Corrections - Oklahoma Correctional Industries</th>
<th>Department of Central Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2007</td>
<td>$7,862,784</td>
<td>736,725,592</td>
<td>9,331,754</td>
<td>57,238,062</td>
<td>811,158,192</td>
</tr>
<tr>
<td>July 1, 2007</td>
<td>7,833,356</td>
<td>736,725,592</td>
<td>9,837,390</td>
<td>59,618,161</td>
<td>814,014,499</td>
</tr>
</tbody>
</table>

**Cash Basis Data -**

<table>
<thead>
<tr>
<th>FY</th>
<th>Office of State Finance</th>
<th>Capitol Improvement Authority</th>
<th>Department of Corrections - Oklahoma Correctional Industries</th>
<th>Department of Central Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008 Revenues</td>
<td>$7,541,485</td>
<td>$143,248,377</td>
<td>$24,886,304</td>
<td>$51,693,664</td>
<td>$227,369,830</td>
</tr>
<tr>
<td>FY 2008 Expenditures</td>
<td>7,473,315</td>
<td>226,944,763</td>
<td>25,059,214</td>
<td>48,623,628</td>
<td>308,100,920</td>
</tr>
<tr>
<td>FY 2007 Revenues</td>
<td>$7,110,338</td>
<td>$169,458,810</td>
<td>$26,719,523</td>
<td>$40,221,164</td>
<td>$243,509,835</td>
</tr>
<tr>
<td>FY 2007 Expenditures</td>
<td>7,623,130</td>
<td>223,020,868</td>
<td>26,436,002</td>
<td>18,162,879</td>
<td>275,242,879</td>
</tr>
<tr>
<td>FY 2006 Revenues</td>
<td>$6,914,726</td>
<td>$149,239,048</td>
<td>$26,719,523</td>
<td>$40,108,467</td>
<td>$215,440,259</td>
</tr>
<tr>
<td>FY 2006 Expenditures</td>
<td>6,200,696</td>
<td>149,008,027</td>
<td>22,251,178</td>
<td>34,872,080</td>
<td>212,331,981</td>
</tr>
<tr>
<td>FY 2005 Revenues</td>
<td>$6,221,675</td>
<td>$48,867,359</td>
<td>$22,381,257</td>
<td>$39,420,518</td>
<td>$116,710,807</td>
</tr>
<tr>
<td>FY 2005 Expenditures</td>
<td>6,058,374</td>
<td>61,086,111</td>
<td>20,778,987</td>
<td>58,099,105</td>
<td>146,022,577</td>
</tr>
<tr>
<td>FY 2004 Revenues</td>
<td>$6,681,226</td>
<td>$34,888,139</td>
<td>$16,666,278</td>
<td>$43,158,953</td>
<td>$101,124,596</td>
</tr>
<tr>
<td>FY 2004 Expenditures</td>
<td>5,376,259</td>
<td>93,923,582</td>
<td>19,092,697</td>
<td>16,974,235</td>
<td>135,366,773</td>
</tr>
<tr>
<td>FY 2003 Revenues</td>
<td>$7,958,873</td>
<td>$105,418,792</td>
<td>$18,799,319</td>
<td>$33,638,353</td>
<td>$165,815,337</td>
</tr>
<tr>
<td>FY 2003 Expenditures</td>
<td>6,484,542</td>
<td>133,962,684</td>
<td>18,641,469</td>
<td>28,438,516</td>
<td>187,527,211</td>
</tr>
<tr>
<td>FY 2002 Revenues</td>
<td>$6,655,452</td>
<td>$100,839,257</td>
<td>$21,109,749</td>
<td>$31,227,073</td>
<td>$227,369,830</td>
</tr>
<tr>
<td>FY 2002 Expenditures</td>
<td>7,142,155</td>
<td>206,866,678</td>
<td>15,710,229</td>
<td>22,895,889</td>
<td>308,100,920</td>
</tr>
<tr>
<td>FY 2001 Revenues</td>
<td>$6,953,009</td>
<td>$385,493,871</td>
<td>$18,786,750</td>
<td>$26,727,356</td>
<td>$437,960,986</td>
</tr>
<tr>
<td>FY 2001 Expenditures</td>
<td>6,512,837</td>
<td>375,044,970</td>
<td>16,401,905</td>
<td>22,925,119</td>
<td>420,884,831</td>
</tr>
<tr>
<td>FY 2000 Revenues</td>
<td>$7,088,960</td>
<td>$413,990,357</td>
<td>$21,242,630</td>
<td>$24,635,015</td>
<td>$466,956,962</td>
</tr>
<tr>
<td>FY 2000 Expenditures</td>
<td>5,227,259</td>
<td>450,125,696</td>
<td>15,902,079</td>
<td>21,724,429</td>
<td>492,979,463</td>
</tr>
<tr>
<td>FY 1999 Revenues</td>
<td>$6,986,000</td>
<td>$645,717,311</td>
<td>$20,880,942</td>
<td>$22,996,273</td>
<td>$696,580,526</td>
</tr>
<tr>
<td>FY 1999 Expenditures</td>
<td>6,210,227</td>
<td>438,167,389</td>
<td>15,394,894</td>
<td>19,255,616</td>
<td>479,028,126</td>
</tr>
</tbody>
</table>
Selected Activities for Internal Service Funds

Trend Analysis

<table>
<thead>
<tr>
<th></th>
<th>Office of State Finance</th>
<th>Department of Corrections - Capitol Improvement Authority</th>
<th>Department of Oklahoma Correctional Industries</th>
<th>Department of Central Industries Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>106.06%</td>
<td>84.53%</td>
<td>93.14%</td>
<td>128.52%</td>
</tr>
<tr>
<td>FY06</td>
<td>109.06%</td>
<td>95.99%</td>
<td>129.76%</td>
<td>128.88%</td>
</tr>
<tr>
<td>FY05</td>
<td>121.21%</td>
<td>294.22%</td>
<td>111.19%</td>
<td>131.13%</td>
</tr>
<tr>
<td>FY04</td>
<td>112.88%</td>
<td>414.15%</td>
<td>149.05%</td>
<td>119.78%</td>
</tr>
<tr>
<td>FY03</td>
<td>94.76%</td>
<td>135.89%</td>
<td>132.38%</td>
<td>153.67%</td>
</tr>
</tbody>
</table>

Comparison of FY 2008 Revenue to Prior Years'

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY06</th>
<th>FY05</th>
<th>FY04</th>
<th>FY03</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>98.03%</td>
<td>120.52%</td>
<td>123.36%</td>
<td>139.01%</td>
<td>115.25%</td>
</tr>
<tr>
<td>FY06</td>
<td>101.76%</td>
<td>152.30%</td>
<td>371.52%</td>
<td>241.63%</td>
<td>169.41%</td>
</tr>
<tr>
<td>FY05</td>
<td>94.79%</td>
<td>112.62%</td>
<td>120.60%</td>
<td>131.25%</td>
<td>134.43%</td>
</tr>
<tr>
<td>FY04</td>
<td>267.71%</td>
<td>139.43%</td>
<td>83.69%</td>
<td>286.46%</td>
<td>170.98%</td>
</tr>
</tbody>
</table>

Comparison of FY 2008 Expenditures to Prior Years'

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY06</th>
<th>FY05</th>
<th>FY04</th>
<th>FY03</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>100.91%</td>
<td>93.27%</td>
<td>111.52%</td>
<td>102.70%</td>
<td>93.19%</td>
</tr>
<tr>
<td>FY06</td>
<td>63.12%</td>
<td>75.98%</td>
<td>100.16%</td>
<td>79.70%</td>
<td>48.75%</td>
</tr>
<tr>
<td>FY05</td>
<td>99.31%</td>
<td>101.07%</td>
<td>86.19%</td>
<td>87.45%</td>
<td>134.37%</td>
</tr>
<tr>
<td>FY04</td>
<td>106.31%</td>
<td>221.45%</td>
<td>115.02%</td>
<td>254.26%</td>
<td>136.39%</td>
</tr>
<tr>
<td>FY03</td>
<td>114.54%</td>
<td>116.59%</td>
<td>113.40%</td>
<td>119.43%</td>
<td>112.49%</td>
</tr>
</tbody>
</table>