OFFICE OF PERSONNEL MANAGEMENT

JULY 1, 2003 THROUGH JUNE 30, 2004

JEFF A. McMahan, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR
Office of Personnel Management
Statutory Examination Report
For the Period July 1, 2003 to June 30, 2004
June 20, 2005

TO THE ADMINISTRATOR OF THE OFFICE OF PERSONNEL MANAGEMENT

Transmitted herewith is the Statutory Examination Report for Office of Personnel Management. The procedures we performed were conducted pursuant to 74 O.S. § 212.

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

We wish to take this opportunity to express our appreciation to the agency’s staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

[Signature]

JEFF A. McMAHAN
State Auditor and Inspector
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Background

The mission of the Office of Personnel Management is to serve the people of Oklahoma by delivering reliable and innovative human resources services to our partner agencies to achieve their missions.

Key Staff

OSCAR B. JACKSON, JR., IPMA-CP .......................................................... CABINET SECRETARY - ADMINISTRATOR
Marilyn Capps .................................................................................. CFO
TO THE ADMINISTRATOR OF THE OFFICE OF PERSONNEL MANAGEMENT

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for the fiscal year 2004:

1. We reviewed internal controls over cash, receipts, and disbursements.

2. We tested a sample of deposits to determine they were properly posted to the financial records and had adequate supporting documentation.

3. We tested a sample of disbursements to determine they were properly posted to the financial records and had adequate supporting documentation.

4. We performed analytical procedures to test the reasonableness of payroll disbursements;

5. We performed procedures to ensure capital assets were present and properly recorded in the financial records;

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system. This schedule has been included for informational purposes only.

Our procedures were limited to those defined above and were less in scope than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the Office of Personnel Management’s internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed. There were no findings resulting from these procedures.

Sincerely,

JEFF A. McMahan
State Auditor and Inspector

May 23, 2005
OFFICE OF PERSONNEL MANAGEMENT

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:
State Appropriations 4,664,389
Reimb for Admin. Expenses 49,432
Refunded Money Prev Disb Gds & Svcs 9,661
Reimb for Personal Services 2,678

Total Receipts 4,726,160

DISBURSEMENTS:
Personnel Services 4,254,017
Misc. Administrative Expenses 204,507
Professional Services 138,971
Travel 50,486
Maintenance and Repair Expense 40,823
Office Furniture and Equipment 32,497
General Operating Expenses 18,685
Rent Expense 12,890
Other 8,224

Total Disbursements 4,761,100

RECEIPTS OVER (UNDER) DISBURSEMENTS (34,940)

CASH - Beginning of year 451,915
CASH - End of year 416,975
Other Information

Clearing Account

The Office of Personnel Management maintains a clearing account to deposit revenues collected on a daily basis. All items deposited into the clearing account are held there until such items have been honored by the paying entity. Once these items have been honored, the revenues are transferred for deposit into the agency’s operating fund(s). The agency’s clearing account had a cash balance of $43,489.34 at June 30, 2004. As of this date, this amount had not yet been deposited into the agency’s operating fund(s) and is not considered to be available to fund the agency’s general operations. As a result, the clearing account’s cash balance, revenues, and disbursements are not included in the accompanying Schedule of Receipts, Disbursements, and Changes in Cash Balance.

Capital Assets

In accordance with 74 O.S. § 110.1 and 110.2, all state agencies, board, and commissions are to keep an inventory of capital assets costing in excess of $500. Capital assets include buildings and equipment owned by the agency. As of June 30, 2004, The Office of Personnel Management had approximately $1,043,272 in capital assets as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and related equipment</td>
<td>$462,362</td>
</tr>
<tr>
<td>Furniture</td>
<td>298,967</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>281,943</td>
</tr>
</tbody>
</table>