



# SPACE INDUSTRY DEVELOPMENT AUTHORITY

Operational Audit

For the period July 1, 2021 through June 30, 2024

**Cindy Byrd, CPA**  
State Auditor & Inspector

**Audit Report of the  
Space Industry Development Authority**

**For the Period  
July 01, 2021 through June 30, 2024**



October 1, 2024

**TO THE SPACE INDUSTRY DEVELOPMENT AUTHORITY**

We present the audit report of the Space Industry Development Authority for the period July 01, 2021 through June 30, 2024. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**Background**

The mission of the Oklahoma Space Industry Development Authority (OSIDA or the Agency) is to be aggressive, deliberate, and forceful in the planning and development of spaceport facilities, launch systems, and projects, and to successfully promote and stimulate the creation of space commerce, education, and space-related industries in Oklahoma.

OSIDA is governed by seven board members (the Board) who are appointed by the Governor with the advice and consent of the Senate.

Board members as of September 2024 are:

Bailey Siegfried.....	Chair
Deirdre Gurry .....	Member
Brenda Rolls.....	Member
Michael Schulz .....	Member
Richard Henry D.D.S.....	Member
Robert Lyman.....	Member
Vacant.....	Member

**Space Industry Development Authority  
Operational Audit**

---

The following table summarizes the Agency's sources and uses of funds for fiscal years 2023 and 2024 (July 1, 2022 through June 30, 2024).

**Sources and Uses of Funds for FY 2023 and FY 2024**

	<b>2023</b>	<b>2024</b>
<b>Sources:</b>		
Appropriations	\$ 28,000,000	\$ 787,034
Licenses, Permits, Fees and Taxes	863,739	2,349,828
Income from Money and Property	517,944	589,034
Other Revenues	85,203	44,682
<b>Total Sources</b>	<b>\$ 29,466,886</b>	<b>\$ 3,770,578</b>
<b>Uses:</b>		
Personnel Services	\$ 480,721	\$ 649,503
Professional Services	756,062	442,233
Administrative Expenses	426,414	576,010
Property, Furniture, Equipment	78,716	908,445
Travel	18,242	18,964
<b>Total Uses</b>	<b>\$ 1,760,155</b>	<b>\$ 2,595,155</b>

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

The legislature allocated \$27.5 million to the Agency in 2023. According to the agency, these funds will be used for runway repairs, additional security on the facility and demolition of several old buildings in the future.

**Scope and  
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period of July 1, 2021 through June 30, 2024. In assessing risk and developing our audit objective, we held discussions with management, distributed surveys to Agency personnel, reviewed documentation, and performed data analysis. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the state accounting system and information gathered from Agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewing records of the Agency’s HR actions from the state accounting system and the Workday system to assess personnel changes with a financial impact during the audit period; and reviewing a selection of payroll approval documentation for such changes.
- Reviewing the Agency’s board meeting minutes and pertinent statutes and regulations and assessing related risks, including reviewing transfers to the general revenue fund required by statute.

One objective related to inventory was developed, as discussed in the next section. No other significant risks or findings were identified as a result of these procedures.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

**Internal Control Considerations**

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their

*Standards for Internal Control*<sup>1</sup> outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

---

<sup>1</sup> *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

**OBJECTIVE** Determine whether the Agency’s internal control system is operating effectively in line with Government Accountability Office *Standards for Internal Control* to ensure inventory counts are conducted and approved by personnel independent of maintaining inventory records.

**Conclusion** The Agency’s internal control system is not operating effectively in line with GAO *Standards for Internal Control* to ensure inventory counts are conducted and approved by personnel independent of maintaining inventory records.

**Scope & Methodology** To accomplish our objective, we performed the following:

- Documented our understanding of the inventory processes through discussion with management and staff and review of relevant documentation and reports.
- Evaluated those processes and identified and assessed significant internal controls related to our objective.

**FINDINGS AND RECOMMENDATIONS**

**Inventory Counts Require Formal, Independent Review** The Business Manager is responsible for maintaining inventory records and performing an inventory count for IT items. The Business Manager conducted this inventory count alone in FY 2022, and reportedly performed the count along with the Administrative Assistant in FY 2023 and FY 2024. However, we were unable to review any records of the count to confirm this. The Facility Manager performs the inventory count for non-IT Items.

No records are retained for either type of inventory count. There is also no independent review of the inventory count results by someone not involved in maintaining the records and performing the count. This creates the opportunity for the Business Manager to make an error or take an item without detection.

According to GAO *Standards for Internal Control*:

- Management should design control activities to achieve objectives and respond to risks.
- Management should remediate identified internal control deficiencies on a timely basis.



**Recommendation:**

We recommend someone separate from maintaining inventory records perform the IT inventory counts, or two individuals perform the count together.

We further recommend that someone independent from maintaining inventory records and performing the counts review the results of all inventory counts and any resulting changes to the inventory records. The reviewer should have knowledge of Agency inventory purchases and disposals, and formal documentation of both the inventory counts and the review should be retained.

**Views of Responsible Officials**

Two individuals did maintain the inventory count; however, the list was not retained in the file. In the future, all documentation will be retained, initialed, or signed and dated.

**Auditor Response**

We applaud management's plan to properly document inventory controls, and reiterate that the inventory counts and resulting changes should be formally reviewed by an independent party.

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



**Cindy Byrd, CPA | State Auditor & Inspector**

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)