



OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY

Operational Audit

For the period January 1, 2017 through June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

**For the Period
January 1, 2017 through June 30, 2021**



June 28, 2022

TO THE OKLAHOMA SPACE INDUSTRY DEVELOPMENT AUTHORITY

We present the audit report of the Oklahoma Space Industry Development Authority for the period of January 1, 2017 through June 30, 2021. 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

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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 May 2022 are:

Bailey Siegfried..... Chair
 Deirdre Gurry Member
 Brenda Rolls..... Member
 David Gillett Member
 Richard Henry D.D.S..... Member
 Vince Howie Member
 Michael Schulz Member

The following table summarizes the Agency’s sources and uses of funds for fiscal years 2020 and 2021 (July 1, 2019 through June 30, 2021).

Sources and Uses of Funds for FY 2020 and FY 2021

	2020	2021
Sources:		
Licenses, Permits & Fees	\$ 1,562,400	\$ 893,800
Net Appropriations	383,599	368,255
Income from Money and Property	248,005	301,343
Sales & Services	39,955	60,962
Grants, Refunds & Reimbursements	10,277	39,528
Non-Revenue Receipts	4,641	1,321
Total Sources	\$ 2,248,877	\$ 1,665,209
Uses:		
Professional Services	\$ 788,298	\$ 752,963
Personnel Services	451,233	447,309
Administrative Expenses	396,209	281,755
Property, Furniture, Equipment & Related Debt	98,100	480,722
Travel Expenses	8,900	7,680
Total Uses	\$ 1,742,740	\$ 1,970,429

Source: Oklahoma statewide accounting system (unaudited, for informational purposes only)

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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 January 1, 2017 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management, distributed surveys to Agency personnel, and performed data analysis and prior audit follow-up. These procedures included:

- Review of revenue, expenditure, and asset-related data from the statewide accounting system and information gathered from Agency personnel to assess the related financial processes and trends for any notable risks.
- Analyzing top vendors and expenditures by dollar amount and reviewing a selection of miscellaneous expenditures in detail. We also reviewed evidence that the Board reviews monthly detailed expenditure reports from the statewide accounting system.
- Reviewing IT and Non-IT inventory listings and discussing the inventory count process with staff.
- Reviewing the Agency's HR All Actions report from the statewide accounting system to assess changes that had a financial impact during the audit period.

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

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

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*¹ 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.

¹ *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>.

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OBJECTIVE Determine whether effective internal control activities are in place to ensure all funds physically received by the Agency are deposited, in line with Government Accountability Office *Standards for Internal Control*.

Conclusion We have determined that effective internal control activities are in place to ensure all funds physically received by the agency are deposited, in line with Government Accountability Office *Standards for Internal Control*.

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

- Documented our understanding of the revenue processes through discussion with staff and review of documentation.
- Evaluated those processes and identified significant internal controls related to our objective.
- Tested those controls by reviewing a sample of 14 monthly reconciliations from the audit period (approximately 25% of 54 months) with supporting reports and deposit documentation, to ensure they were reviewed and approved by the executive director.

No findings were identified as a result of these procedures.

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR



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