



**STATE OF OKLAHOMA**  
**OFFICE OF THE STATE AUDITOR & INSPECTOR**

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**OKLAHOMA SCHOOL OF  
SCIENCE AND MATHEMATICS**

*REPORT ON AGREED-UPON PROCEDURES  
JULY 1, 2005 THROUGH DECEMBER 31, 2005*



**JEFF A. McMAHAN, CFE**  
**OKLAHOMA STATE AUDITOR & INSPECTOR**

**Oklahoma School of Science and Mathematics**

**Agreed-upon Procedures Report**

**For the Period**

**July 1, 2005 through December 31, 2005**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

June 5, 2006

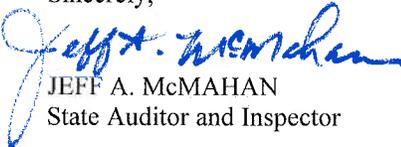
**TO THE PRESIDENT OF THE OKLAHOMA SCHOOL OF SCIENCE AND MATHEMATICS**

Transmitted herewith is the agreed-upon procedures report for the Oklahoma School of Science and Mathematics. The procedures we performed were conducted at the President's request and pursuant to 74 O.S., §212.

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

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

Sincerely,

  
JEFF A. McMAHAN  
State Auditor and Inspector

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## Mission Statement

1. To foster the educational development of Oklahoma high school students who are talented in science and mathematics and show promise of exceptional development through participation in a residential educational setting emphasizing instruction in science and mathematics.
2. To develop, evaluate and foster science and mathematics instructional programs.
3. To serve all schools and students of Oklahoma through research, teacher training and outreach activities.

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Karen Johnson.....	Controller



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by management of the Oklahoma School of Science and Mathematics (OSSM) solely to assist you in evaluating your compliance with Oklahoma Administrative Code 580:35-1-3, compliance with internal procedures for state vehicle use, compliance with the State Purchase Card procedures, and documentation maintained in personnel files for the period July 1, 2005 through December 31, 2005. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We performed procedures to determine if OSSM filed current fleet management policies and procedures with the Department of Central Services Fleet Management Division as required by Oklahoma Administrative Code 580:35-1-3.

According to the OAC 580:35-1-3- Vehicle management control, "(a) Agency fleet management policies and procedures - A state agency shall file a detailed written description of its current fleet management policies and procedures with the Division." During our assessment of internal controls, we noted OSSM had not filed a detailed written description of its fleet management policies and procedures with the Department of Central Services Fleet Management Division (DCS-FMD). OSSM is not in compliance with OAC 580:35-1-3 and we recommend they file a detailed written description of its current fleet management policies and procedures with DCS-FMD.

**Views of Responsible Officials** – A detailed written description of OSSM's fleet management policies and procedures will be filed with the Department of Central Services Fleet Management Division. This action will take place prior to the end of the fiscal year end.

2. We inspected all instances when an OSSM vehicle was used during the time period to determine whether:
  - o A vehicle requisition form was completed by the employee using the vehicle;
  - o The purpose identified on the form was for state business;
  - o The requisition was reviewed and approved.

OSSM's internal procedures for van requisition are as follows:

1. A Vehicle Requisition form is completed and submitted to the Financial Vice President for approval;
2. The requisition is approved and forwarded to the Administrative Assistant;
3. The Administrative Assistant enters the request into the Vehicle Requisition Calendar to document that the vehicle has been reserved for the specified date and documents the employee who reserved the vehicle. We noted the following during our procedures:
  - o There were two requisitions completed requesting a van for November 8, 2005 by the same employee. One was completed on October 24, 2005 and the second one was completed on November 2, 2005. Both were approved.
  - o A requisition was completed requesting a van on November 17, 2005; however, it was not properly approved.

OSSM did not follow their internal procedures relating to fleet management on the dates noted above. We recommend the Oklahoma School of Science and Mathematics adhere to their internal policies and procedures relating to fleet management.

**Views of Responsible Officials** – OSSM will follow its internal policies and procedures related to fleet management.

With respect to the other procedures performed, there were no findings.

3. We randomly selected 10 personnel files and determined each file contained:
  - A signed loyalty oath as required by 51 O.S., § 36.1;
  - The most recent performance management process (PMP) form;
  - An application for employment;
  - A resume`;
  - Documentation of supervisory training, if applicable;
  - Documentation related to annual and/or sick leave used under the Family and Medical Leave Act
  - A “request for personnel action” form (OPM-14) in which the identified salary agreed with the December 2005 payroll

According to the General Records Disposition Schedule 3-3 published by the Archives and Records Commission, personnel files should contain applications for employment and supporting documentation such as transcripts, resumes`, and letters of recommendation; notes and other records pertaining to employment applications and job interviews. These files should be retained until termination of employment, and then transferred to Personnel Records of Permanent State Employees (Inactive)-Retirement System Members and Nonretirement System Members (Series 3-1D). We noted during the procedures performed that OSSM did not have a copy of the President’s resume` in their personnel files. However, they were able to locate a copy in their board minutes when the applicant for the position was confirmed. We recommend OSSM exercise diligence to ensure personnel files contain relevant documentation as identified in the General Records Disposition Schedule 3-3.

**Views of Responsible Officials** – The agency has used a checklist for many years to insure that all the appropriate documents are in the personnel file. This control has and will eliminate subsequent and future personnel file documentation deficiencies.

With respect to the other procedures performed, there were no findings.

4. We compared OSSM’s internal controls over purchase cards with the following criteria:
  - Purchase card policies and procedures as required by the *State Purchase Card Procedures* and the *Oklahoma Central Purchasing Act* were incorporated into OSSM’s policies and procedures, (1.6. *Conditions of participation*)
  - Purchase card Administrator, designated back-up Administrator, and Approving Official were established, (3.5. *State Entity P/Card Administrator* and 3.6. *State Entity Approving Officials*).
  - Purchase card Administrator, designated back-up Administrator, Approving Official(s), and purchase cardholders completed the training prescribed by the State Purchasing Director and signed the State of Oklahoma Purchase Card Employee Agreement form, (3.9. *Training* and 3.10. *Purchase Card Employee Agreement*).
  - Cardholders submitted monthly transaction logs with supporting documentation which were reviewed and approved by the appropriate personnel, (6.4. *Transaction logs*, 6.5. *Receipts for purchase*, 6.9.1. *Cardholder responsibility* and 6.9.2. *Entity approving official(s) responsibility*).
  - Mandatory categories of controls and limits were established for each purchase card, i.e. credit limit, single purchase limit, and Merchant Category Code Group, (6.1.5.1. *Card controls and limits*).
  - Controls were established to ensure that purchase cards are not used for prohibited purchases, i.e. travel, cash advances, motor fuel, etc....., (6.2.3. *Other prohibited purchases*).
  - Duties, control responsibilities, and the appropriate channels of communication were established

and communicated to purchase cardholders to report suspected improprieties regarding purchase card usage.

According to the State of *Oklahoma Purchase Card Procedures 3.10. Purchase Card Employee Agreement*, “Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must sign the State of Oklahoma Purchase Card Employee Agreement form prior to assuming their duties and being issued p/cards.” During our assessment of internal controls, we noted that one of the approving officials had not signed a copy of the Purchase Card Employee Agreement. OSSM is not in compliance with 3.10. of the *State of Oklahoma Purchase Card Procedures*. We recommend OSSM ensure all Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders have signed a copy of the State of Oklahoma Purchase Card Employee Agreement. These signed copies should be maintained by the agency.

**Views of Responsible Officials** – A signed Purchase Card Employee Agreement has been executed.

According to the State of *Oklahoma Purchase Card Procedures 6.9.2 Entity approving official(s) responsibility*,

“...State Entity Approving Official(s) shall review the regular p/card,...holder’s reconciled memo statement and supporting documentation for accuracy, completeness, appropriateness of the purchase and whether the transactions were conducted according to State statutes, rules, these procedures, and sound business practice... To indicate concurrence with the reconciled statement, the State Entity Approving Official shall sign and date the memo statement and forward the memo statement and supporting documentation for payment as required by entity p/card procedures.”

In addition, the State of *Oklahoma Purchase Card Procedures 3.9. Training* states, “Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must successfully complete the training prescribed by the State Purchasing Director prior to assuming their duties and prior to being issued p/cards.” During our assessment of internal controls, we noted that one of the approving officials had not attended the required purchase card training and was not routinely signing the cardholder’s monthly memo statements. However, we did note that this official was approving purchases by email prior to the transactions occurring. OSSM is not in compliance with 6.9.2. and 3.9. of the *State of Oklahoma Purchase Card Procedures*. We recommend OSSM ensure each cardholder’s memo statements are properly signed and dated to indicate concurrence with the reconciled statement. We also recommend the approving official attend the required purchase card training.

**Views of Responsible Officials** – Last fall the controller took on the responsibility for insuring that the appropriate signatures are obtained. Since that time, there were no incidents of noncompliance related to proper approval and signatures. Improved procedures have been implemented that should eliminate future noncompliance. Also, the approving official will attend the required purchase card training this summer.

With respect to the other procedures performed, there were no findings.

5. We examined all purchase card transactions to determine they were in compliance with the mandatory categories as specified in 6.1.5. *Card controls and limits* and 6.2.2. *Split purchases* of the *State of Oklahoma Purchase Card Procedures* issued by the Department of Central Services:
  - A credit limit (dollar amount per cycle) was established for each cardholder;
  - The dollar amount of each transaction did not exceed the single purchase limit of \$2,500;
  - Each purchase card was assigned an approved Merchant Category Code Group;
  - We compared purchases from the same vendor on the same date to determine whether the purchase was for the same item and whether in the aggregate, the card purchase limit was exceeded (i.e. split purchasing).

There were no findings as a result of applying the procedures.

6. We randomly selected 32 of OSSM's purchase card transactions and:
- Determined transactions were **not** for prohibited purchases as stated in 6.2.3. *Other prohibited purchases* of the *State of Oklahoma Purchase Card Procedures*. These prohibited purchases include:
    - Travel including, but not limited to, transportation, entertainment, food and beverages, travel agencies, and lodging.
    - Cash, cash advances automatic teller machines (ATM).
    - Any transaction or series of transactions, which exceed the limits established on the individual purchase card.
    - Motor fuel or fluids.
    - Gift certificates.
  - Inspected transaction logs to determine they were supported by receipts and/or other supporting documentation and the cardholder and approving official reconciled the supporting documentation to the monthly memo statement, (6.4. *Transaction logs*, 6.5. *Receipts for purchase*, 6.9.1. *Cardholder responsibility*, and 6.9.2 *Entity approving official(s) responsibility*).
  - Reviewed transaction receipts to determine if the use of the purchase card was limited to the employee whose name is embossed on the card; (6.10. *Card security*).
  - Examined transaction logs to determine the log was reviewed and approved (signed) by the cardholder and the approving official, (6.9.1. *Cardholder responsibility* and 6.9.2 *Entity approving official(s) responsibility*);
  - Reviewed receipts and/or other supporting documentation to determine they were annotated "Received", signed, and dated by the receiving employee, (6.7. *Receiving goods and services*).
  - Examined the receipt and/or supporting documentation to determine state sales tax was **not** charged during the transaction, (6.6. *State sales tax*)
  - Reviewed transactions to determine they were in compliance with other requirements documented in the *State of Oklahoma Purchase Card Procedures* and the *Oklahoma Central Purchasing Act*:
    - Verified with the Department of Central Service that the Purchase card Administrators, back-up Administrators, Authorized Signers, Approving Officials, and Cardholders have successfully completed the Purchase Card Training conducted by the Department of Central Services prior to being issued purchase cards, (3.9. *Training*).
    - Inspected transactions to determine if merchant preference was used by the OSSM for certain merchants or types of contracts, i.e. statewide contractions, (6.2.5 *Merchant preference*).
    - Determined documents were retained in accordance with the OSSM's procedures (6.9.3. *Entity retention of statements*).

According to the *State of Oklahoma Purchase Card Procedures* **6.7. Receiving goods and services**,

**“6.7.1. Goods or services received at the time of purchase.** The receipt for purchase can also serve as the receiving document. The receiving document should be annotated “Received” and signed and dated by the receiving employee. The combination purchase receipt/receiving document shall be attached to the transaction log.”

**“6.7.2. Goods or services received subsequent to the time of purchase.** The document accompanying the goods or services (such as a packing slip or service order) serves as the receiving document and is processed as described in 6.7.1. above.”

Based on the procedures performed, we noted 21 of the 32 receipts inspected were not marked “Received”, signed or dated. OSSM is not in compliance with **6.7** of the *State of Oklahoma Purchase Card Procedures*. We recommend OSSM use diligence to ensure all receipts are marked “Received”, signed and dated in accordance with the *State of Oklahoma Purchase Card Procedures*.

**Views of Responsible Officials** – All purchase cardholders have been reminded of this procedure and emphasis has been stressed on following this procedure.

In addition, the State of *Oklahoma Purchase Card Procedures 6.9.2 Entity approving official(s) responsibility*,

“...State Entity Approving Official(s) shall review the regular p/card,...holder’s reconciled memo statement and supporting documentation for accuracy, completeness, appropriateness of the purchase and whether the transactions were conducted according to State statutes, rules, these procedures, and sound business practice...To indicate concurrence with the reconciled statement, the State Entity Approving Official shall sign and date the memo statement and forward the memo statement and supporting documentation for payment as required by entity p/card procedures.”

During our procedures performed, we noted two cardholders’ monthly memo statements were not signed and dated by an approving official. OSSM is not in compliance with 6.9.2 of the State of Oklahoma Purchase Card Procedures. We recommend OSSM ensure each cardholder’s memo statements are properly signed and dated to indicate concurrence with the reconciled statement.

**Views of Responsible Officials** – Last fall the controller took on the responsibility for insuring that the appropriate signatures are obtained. Since that time, there were no incidents of noncompliance related to proper approval and signatures. Improved procedures have been implemented that should eliminate future noncompliance.

With respect to the other procedures performed, there were no findings.

We were not engaged to, and did not; conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on your compliance with Oklahoma Administrative Code 580:35-1-3, compliance with internal procedures for state vehicle use, compliance with the State Purchase Card procedures and the documentation maintained in personnel files. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Board 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.



JEFF A. McMAHAN  
State Auditor and Inspector

May 23, 2006



## Office of the State Auditor and Inspector

2300 North Lincoln Boulevard, Room 100  
Oklahoma City, Oklahoma 73105-4896  
(405) 521-3495

[www.sai.state.ok.us](http://www.sai.state.ok.us)