

# OKLAHOMA COMMISSION FOR TEACHER PREPARATION

FOR THE PERIOD  
JANUARY 1, 2006 THROUGH  
JUNE 30, 2008



# OPERATIONAL AUDIT



Oklahoma State Auditor  
& Inspector

**Audit Report of the  
Oklahoma Commission  
for Teacher Preparation**

**For the Period  
January 1, 2006 through June 30, 2008**

# STATE AUDITOR AND INSPECTOR

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March 31, 2009

## TO THE OKLAHOMA COMMISSION FOR TEACHER PREPARATION

Pursuant to 74 O.S. § 212, transmitted herewith is the audit report for the Oklahoma Commission for Teacher Preparation for the period January 1, 2006 through June 30, 2008. 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,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

## Mission Statement

The Mission of the Oklahoma Commission for Teacher Preparation is to develop, implement and facilitate competency-based teacher preparation, candidate assessment, and professional development systems.

## Board Members

Ms. Linda Sholar .....	Chair
Dr. Deborah Blue.....	Vice-Chair
Dr. Barbara Ware.....	At-Large
Mr. Barry Beauchamp .....	Member
Ms. Julia Carpenter.....	Member
Ms. Judith Chalmers .....	Member
Ms. Tracy Dakil .....	Member
Mr. Weldon Davis .....	Member
Ms. Carrie DeMuth.....	Member
Dr. Sandy Johnson.....	Member
Mr. John Kennedy .....	Member
Mr. John Massey.....	Member
Ms. Gayle Miles-Scott.....	Member
Dr. Chris Ormsbee.....	Member
Mr. William Stuart Price .....	Member
Mr. Sonny Richards.....	Member
Dr. Peter Sherwood.....	Member
Ms. Teresa Gandara.....	Member
Mr. Reed Downy .....	Member
Ms. Leahna West .....	Member
Dr. Phil Berkenbile .....	Ex-Officio
Ms. Sandy Garrett.....	Ex-Officio
Dr. Glen Johnson .....	Ex-Officio
Vacant.....	Ex-Officio

## Key Staff

Ted Gillispie .....	Executive Director
Barbara Taft.....	Manager of Administration Services

# Oklahoma Commission for Teacher Preparation Operational Audit

## Background

The Oklahoma Commission for Teacher Preparation (the Commission) was created as an independent professional standards board. The Commission developed a competency-based teacher preparation system consisting of general education, professional education, and subject areas as well as a system of professional development to enhance their subject matter knowledge.

Oversight is provided by 24 Commission members. Operations are governed by 70 O.S. § 6-180 through 6-203 and Title 712 of the Oklahoma Administrative Code.

Table 1 summarizes the Commission's sources and uses of funds for fiscal years 2007 and 2008.

**Table 1-Sources and Uses of Funds for FY 2007 and FY 2008**

Sources:	2007	2008
State Appropriations	\$5,630,377	\$6,248,772
Federal Grants-In-Aid	<u>67,063</u>	<u>19,010</u>
Total Sources	<u>\$5,697,440</u>	<u>\$6,267,782</u>
Uses:		
Personnel Services	\$612,713	\$713,624
Professional Services	3,562,449	4,024,700
Miscellaneous Administrative	143,538	76,379
Travel	53,112	69,295
Rent Expense	42,696	43,986
Office Furniture and Equipment	17,011	16,187
Scholarships/Tuition Payments	54,266	122,230
Other	<u>49,042</u>	<u>258,517</u>
Total Uses	<u>\$4,534,827</u>	<u>\$5,324,918</u>

*Source: Oklahoma CORE Accounting System (unaudited - for informational purposes only)*

## Authority, Purpose, and Scope

This audit was conducted in response to 74 O.S. § 212, which requires the State Auditor's Office to audit the books and accounts of state officers 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. 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.

The audit period is January 1, 2006 through June 30, 2008.

## Oklahoma Commission for Teacher Preparation Operational Audit

**Objective 1 – Determine if the Commission’s internal controls provide reasonable assurance that expenditures and inventory were accurately reported in the accounting records and financial operations complied with 70 O.S. § 6-191, 70 O.S. § 6-204.3, and 70 O.S. § 6-204.5.**

**Conclusion** The Commission’s internal controls do not provide reasonable assurance that expenditures and inventory were accurately reported in the accounting records.

Financial operations did comply with 70 O.S. § 6-204.3 (assistance and scholarships for candidates seeking National Board certification) and 70 O.S. § 6-204.5 (professional development programs). However, financial operations did not comply with 70 O.S. § 6-191 (competency examination process).

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

- Documented internal controls related to the expenditure and inventory processes;
- To ensure compliance with 70 O.S. § 6-191, 70 O.S. § 6-204.3, and 70 O.S. § 6-204.5, we tested a sample of 40 expenditure claims (21 claims for fund 205, 9 claims for fund 215, and 10 claims for fund 220);
- Reviewed 14 timesheets from two part-time employees to ensure the Commission has a process in place to monitor hours worked by this type of employee.

We selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. Sample methodologies can vary and are selected based on the audit objective and whether the total population of data was available. Random sampling is the preferred method; however, we may also use haphazard sampling (a methodology that produces a representative selection for non-statistical sampling), or judgmental selection when data limitation prevents the use of the other two methods. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

**Observation**

### **Inadequate Segregation of Duties Related to Expenditure Process**

An effective internal control system provides for adequate segregation of duties. The business manager is responsible for the following:

- Purchasing certain items (computers);
- Posting disbursements into the PeopleSoft accounting system;
- Receiving warrants from OSF;
- Mailing warrants to vendors;
- Possesses a stamp of the executive director’s signature and has the authority to approve claims for him.

Additionally, the executive director’s review of expenditure claims appears cursory in nature.

Misappropriation of assets could occur and not be detected in a timely manner.

**Recommendation** We recommend:

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Operational Audit**

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- Someone other than the business manager receives the warrants from OSF, match them to the appropriate invoice/purchase order, and mail them to the vendors; and
- The executive director performs a detailed review of expenditure claims. This includes ensuring expenditures are properly supported, mathematically accurate, properly coded, and appear reasonable.

**Views of Responsible Officials**

The Commission is aware of this condition. We will train and designate someone other than the business manager to receive warrants, match them to appropriate vouchers, invoices/purchase order, and mail to the vendors. Monthly review of financial reports, successful voucher reports by the Executive Director and program directors ensure additional oversight of financial transactions entered by business manager.

**Observation**

**Timesheets for Part-time Employees Could not be Located**

An effective internal control system provides for proper documentation and authorization of time worked. We reviewed 14 timesheets for two part-time employees (11 for employee A and three for employee B). We noted the following:

- Six timesheets (four for employee A and two for employee B) were not signed by the employee or the employee’s supervisor;
- Five timesheets for employee A were not signed by the employee’s supervisor;
- Four timesheets for employee A could not be located.

Without documentation of time worked and adequate review of timesheets, misappropriations of funds could occur.

**Recommendation**

We recommend management ensure all timesheets are signed by the employee and the employee’s supervisor. These signed statements serve as evidence that both the employee and the supervisor agree the hours worked are accurate.

**Views of Responsible Officials**

Management will ensure that employee and respective supervisor will sign each and every timesheet.

**Observation**

**Questions Related to Use of Fund 220  
Due to Inadequate Supporting Documentation**

70 O.S. § 6-191 states in part, “...Expenditures from said fund shall be made to maintain the competency examination process set out in the Oklahoma Teacher Preparation Act...”

An effective internal control system provides for adequate review of expenditures which should include ensuring adequate supporting documentation is obtained and costs are allowable under state law.

We noted two of eleven claims in the population (\$1,507 – both from fund 220) did not have adequate supporting documentation to determine the nature of the expenditure.

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Management was unable to provide us with additional supporting documentation for these expenditures

As noted earlier in this report, lack of sufficient review could allow for errors or irregularities to occur and not be detected in a timely manner.

## Recommendation

We recommend the executive director perform a detailed review of expenditure claims. This includes ensuring expenditures are properly supported, mathematically accurate, properly coded, appear reasonable, and depending on the funding source, are allowable under state law.

## Views of Responsible Officials

In regard to claim #'s 3045 and 3047 to Central Purchasing from fund 220, I concur that we need to find a way to have Central Purchasing invoice us a little differently so as to clarify the specifics of the project. We do several mail outs to school administrators during the course of a year in regard to teacher testing, national board certification, and professional development institutes that we provide for schools.

## Additional Procedures Performed

### Methodology

As a result of the control deficiencies identified under objective 1 of this report, the following procedures were performed:

- Reviewed a selection of 31 expenditure claims to ensure the correct account code was used, the expenditure was properly supported and reasonable for the Commission's mission;
- Scanned a PeopleSoft expenditure report and extracted the claims with an account code 3138 (inter-governmental payments). Five of the claims were reviewed in detail;
- Agreed 16 high-appeal assets from the inventory listing to the floor to ensure they existed, were identified as property of the State, and the inventory tag numbers and serial numbers agreed to the listing.

### Observation

#### Absence of a Detailed Review Related to Expenditures - Repeat Finding

An effective internal control system provides for an adequate review of expenditures.

The following were noted:

- One claim with account code 3119 (exhibitions, shows, and special events) was for light refreshments (\$214.40). We were unable to determine what the appropriate code should be due to the lack of supporting documentation provided;
- Three claims (\$20,531) had inadequate supporting documentation to determine what goods and/or services were acquired;
- 35 claims with account code 3138 (inter-governmental payments) were for both cell phone and land line phone payments to AT&T (\$16,936). The appropriate code would appear to be 3113 (telecommunication services). Additionally, invoices related to five of these claims were reviewed in detail. Two had an approval date prior to the invoice date for which management did not have a reasonable explanation.



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Without ensuring expenditures are properly coded, the Commission's accounting records could be misleading of the Commission's actual activity. In addition, lack of sufficient review could allow for errors or irregularities to occur and not be detected in a timely manner.

**Recommendation**

We recommend the executive director perform a detailed review of expenditure claims. This includes ensuring expenditures are properly supported, mathematically accurate, properly coded, and appear reasonable.

**Views of Responsible Officials**

- Steps will be taken to instruct staff to enter comments for each voucher entered so as to adequately describe the expenditure. Executive Director will ensure proper invoice is attached to each voucher.
- Internal control process will be adopted to ensure proper account codes are selected while processing vouchers.
- Business manager and executive director will make sure the approval dates of vouchers are greater than the invoice date.

**Observation**

**Missing Electronic Equipment and Inaccurate  
Inventory Records – Repeat Finding**

An effective internal control system provides for accurate records and adequate segregation of duties. The following were noted:

- We were unable to locate nine (six palm pilots, an overhead projector, a digital camera, and a camcorder) of 16 high-appeal items selected from the Commission's inventory listing;
- A physical count of the Commission's inventory is not performed;
- The administrative programs officer is responsible for:
  - Maintaining the inventory listing;
  - Surplusing items no longer needed by completing the DCS Form 001; however, copies of the forms are not retained;
  - Deleting items from the inventory listing without the review of another employee;
- Multiple items on the inventory listing contained incomplete data (i.e. no serial number, no acquisition date).

Deficiencies such as these may lead to misappropriations of assets.

**Recommendation**

We recommend:

- Someone other than the administrative programs officer begin performing a physical inventory count. If discrepancies are noted, the executive director or designee, other than the personnel involved in the physical count, should investigate and resolve. The Commission should also retain documentation to support who performed the actual count, when the count was performed, and any discrepancies noted during the count;
- An employee without the authority to update inventory records should be responsible for completing the DCS Form 001. The administrative programs officer could review the form and update the records. A copy of the approved DCS Form 001 should be retained; and
- Management should locate the missing equipment.

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**Views of Responsible  
Officials**

Inventory control officer will be responsible for performing annual physical inventory, maintaining inventory records, adding inventory items as and when purchased with adequate information such as serial numbers, date purchased, price, etc. Inventory control officer will document inventory items missing and report to executive director immediately. Surplus inventory items to be transferred to DCS surplus will be documented on proper form by someone other than the inventory control officer.

We will make every effort to locate the missing inventory items and document our findings. We have already recovered the camcorder and overhead (both broken and need to be surplus). The palm pilots were discarded and had no value, but were not removed from the inventory as they should have been. The digital camera came up missing when our offices were at another location and was not removed from the inventory.



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