

OPERATIONAL AUDIT

OKLAHOMA TOURISM AND RECREATION DEPARTMENT

For the period July 1, 2010 through June 30, 2015



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Tourism and Recreation Department**

**For the Period
July 1, 2010 through June 30, 2015**



Oklahoma State Auditor & Inspector

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August 26, 2016

TO THE HONORABLE MARY FALLIN, GOVERNOR OF OKLAHOMA

This is the audit report of the Oklahoma Tourism and Recreation Department for the period July 1, 2010 through June 30, 2015. 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 "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma Tourism and Recreation Department Operational Audit

Background

The Oklahoma Tourism and Recreation Department (the Agency or OTRD) was created by the legislature in 1972. Their mission is to advance the exceptional quality of life in Oklahoma by preserving, managing, and promoting our natural assets and cultural amenities.

Oversight is provided by a commission (the Commission) including eight members appointed by the governor, each of whom serves a term of six years, and the lieutenant governor as an ex-officio voting member. Of the eight appointed members, one is selected from each congressional district in the state, and the remaining three are selected from the state at large.

Board members as of June 2016 are:

Todd Lamb, Lt. Governor.....	Chair
Xavier Neira (District 4).....	Vice Chair
Mike Wilt (District 1).....	Member
Robyn Batson (District 2).....	Member
Rick Henry (District 3).....	Member
Gean Atkinson (District 5).....	Member
Grant Humphreys (at large).....	Member
Chuck Perry (at large).....	Member
Rhonda Roush (at large).....	Member

The Department's operations are divided into four divisions:

Administration

This division coordinates the fiscal activities of the operating divisions and provides financial information, fiscal control, payroll processing, personnel, purchasing, and vendor payment services. It interprets policy and procedures promulgated by the Commission.

State Parks Division

This division is responsible for operating state parks, lodges, and golf courses under the jurisdiction and control of the Commission. It also contracts with firms to operate leased concessions such as marinas.

Travel Promotion

This division is responsible for the formulation of information, marketing plans, and programs designed to attract tourists to the state. It is also responsible for the dissemination of information concerning the state's public and private attractions, lodges, parks, and recreational

Oklahoma Tourism and Recreation Department Operational Audit

facilities. It also produces a magazine, Oklahoma Today, that covers the people, places, history, and culture of Oklahoma in a way designed to inform and educate Oklahomans and non-Oklahomans alike.

Oklahoma Film and Music Office

This division attracts film, television, video, and music industries to Oklahoma for the promotion and growth of these industries within the state.

The following information illustrates the Agency's revenues and expenditures for fiscal years 2014 and 2015.¹

	2015	2014
Revenues:		
Appropriations	\$ 18,103,276.98	\$ 21,800,170.69
Taxes	25,828,122.79	25,023,212.82
Rent & Royalties	244,676.94	246,680.57
Reimbursements	2,786,037.52	3,469,028.28
Interest	572,216.94	646,641.89
Refunded Money	651,830.97	593,782.71
Advertising Services	926,351.46	982,317.24
Sales	4,247,010.06	4,322,541.00
Use of Recreational facilities	7,561,359.96	8,002,343.44
Housing	7,245,434.87	7,146,810.87
Other	196,070.51	213,470.25
Total Revenues	\$ 68,362,389.00	\$ 72,446,999.76
Expenditures:		
Personnel Services	\$ 27,350,540.33	\$ 25,892,022.22
Professional Services	10,025,463.06	12,009,249.90
Travel	288,961.29	281,262.75
Administrative & Operating Expenses	12,864,910.01	12,861,666.90
Property, Furniture, Equipment	4,706,736.89	2,536,598.73
Land, ROW, CIP, Pass through Assets	3,509,062.48	2,696,247.27
Buildings-Purchase/Construction	13,078,931.95	8,292,060.90
Payments-Local Governments	2,354,090.22	2,586,586.71
Merchandise for resale	1,685,335.89	1,551,802.90
Other	149,171.67	1,551,804.34
Total Expenditures	\$ 76,013,203.79	\$ 70,259,302.62

¹ This information was obtained from the Oklahoma PeopleSoft accounting system. It is for informational purposes only and has not been audited.

Oklahoma Tourism and Recreation Department Operational Audit

Scope and Methodology

Our audit was conducted in response to Governor Fallin's request in accordance with 74 O.S. § 212.C and 213.2.B.

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 July 1, 2010 through June 30, 2015. Detailed audit procedures focused on the period of July 1, 2013 through June 30, 2015, addressing the most current financial processes and providing the most relevant and timely recommendations for management.

Inventory procedures were reviewed agency-wide. In addition, we judgmentally selected seven locations for which to perform detailed testing procedures with respect to internal controls over revenues, miscellaneous expenditures, and payroll:

- Lake Thunderbird State Park
- Beavers Bend State Park
- Lakeview Lodge
- Robbers Cave State
- Travel & Promotion Marketing
- Administrative Division
- Oklahoma Today

Our judgment was based on prior audit findings, survey responses, revenue received in the form of cash, high dollar amounts of payroll, expenditures, and revenues, as well as diversification of locations by division. We conducted site visits at four locations and performed extensive telephone interviews, supplemented by documents provided via e-mail, at the remaining three sites.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the Oklahoma Tourism and Recreation Department's operations. 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

Oklahoma Tourism and Recreation Department Operational Audit

to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

OBJECTIVE

Determine whether the Agency's internal controls provide reasonable assurance that revenue, expenditures (including payroll), and inventory were accurately reported in the accounting records.

Conclusion

The Agency's internal controls provide reasonable assurance that non-payroll expenditures were accurately reported in the accounting records. However, the Agency's internal controls do not provide reasonable assurance that revenues, payroll-related expenditures, or inventory were accurately reported in the accounting records.

Financial operations did not comply with the following statutes:

- 62 O.S. § 34.57 - Agency Clearing Accounts, Deposits, Transfers
- 74 O.S. § 2240 - Cost and Revenue Reporting System Audit

FINDINGS AND RECOMMENDATIONS

Control Environment and Communication Risks Are High

An effective internal control system has in place policies and procedures that reduce the risk of errors, fraud, and professional misconduct within the organization. Key factors in this system are the environment established by management, and effective information and communication to achieve the Agency's objectives. Management's ethics, integrity, attitude, and operating style become the foundation of all other internal control components. In addition, Agency management needs to assess relevant and reliable communication related to internal and external events.

As part of our control risk assessment, we evaluated survey responses from 111 employees and interviewed an additional 20 Agency employees. The following general concerns were expressed by 15-39% of survey respondents and additional employees interviewed:

- An atmosphere of mistrust and poor communication exists between employees and executive management;
- The importance of integrity and ethical values within the Agency was questioned;
- Employees are treated unfairly and favoritism exists;
- Channels for reporting improprieties are inadequate;
- Improprieties are not addressed in a timely and appropriate manner;
- Employees who report improprieties are subject to reprisal;

Oklahoma Tourism and Recreation Department Operational Audit

- Performance evaluations are not occurring on a consistent and timely basis; and
- Opportunities for professional development and growth are lacking.

Employees' concerns, whether factual or perceived, have a negative impact on the Agency's control environment. This increases the risk of errors and misappropriation of assets.

Recommendation

We recommend the Commission and the executive director recognize the risks associated with this type of environment and work towards evaluating and addressing the situation to ensure the mission of the Agency is accomplished in the most efficient and positive manner possible. In addition, we recommend management identify the Agency's information requirements and design an appropriate method to effectively communicate this information within the organization.

Views of Responsible Officials

OTRD believes the employee survey questionnaire utilized by the Auditor's office underscores the need for a more comprehensive study. Concerns have been raised about there being enough data to determine priorities or specific actions, so that efforts taken by the agency would provide the desired results. The Agency's Chief Human Resources Officer has made this a priority. A firm will be engaged and a survey will be fielded, before the end of the calendar year.

In the Interim, the Agency will:

- Work with OMES to setup an anonymous email account, so that employees will have a clear channel to report improprieties directly to the Agency's Human Resources Department.
- Review all forms of communication to employees for frequency and effectiveness.
- A review of the audit findings will be presented at the September 2016 Park Manager meeting. Additionally, a full review of Title 7 and the definition of a hostile work place will be addressed.

Auditor's Response

Survey results were the primary source of obtaining information about the agency's control environment. However, results were reaffirmed through numerous interviews conducted by the auditor and unsolicited phone calls received from OTRD staff members.

Oklahoma Tourism and Recreation Department Operational Audit

Policies and Procedures Are Out of Date and Incorrect

Repeat Observation

The United States Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (2014 Revision)² states, "Management is responsible for designing the policies and procedures to fit an entity's circumstances and building them in as an integral part of the entity's operations," and stresses the necessity that "management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately." Finally, GAO's *Government Auditing Standards* (2011 Revision)² states, "Controls over the safeguarding of assets and resources include policies and procedures that the audited entity has implemented to reasonably prevent or promptly detect unauthorized acquisition, use, or disposition of assets and resources."

The Agency has continually failed to update its extensive list of policies and procedures in a timely manner. The index for Agency Operating Procedures has not been updated since April 17, 2008 and the revision dates for a sample of 25 Operating Procedures, selected from the 70 Operating Procedures listed in the index, ranged from 1986 to 2007 (with an average revision date of 1999).

Written policies and procedures are necessary to inform employees about the Department's expectations and practices, to provide direction in the correct way of processing transactions, and to serve as reference material for new and existing employees. Although management has concurred with this same finding in three previous audits covering a time period of July 2005 through June 2011, no corrective action appears to have been taken. As a result, employees may not fully understand the procedures and have no current reference materials.

Recommendation

We recommend management make a concerted and prompt effort to update the Agency's Operating Procedures, which have been noted as inadequate in multiple audit reports over the last decade.

Views of Responsible Officials

This issue was raised in two previous audits, but the agency has yet to make any significant progress. However, in the fourth quarter of FY 2016, the agency added a permanent HR position with responsibility for

² Although this publication addresses controls in the federal government, this criterion can be treated as best practices. The theory of controls applies uniformly to federal or state government.

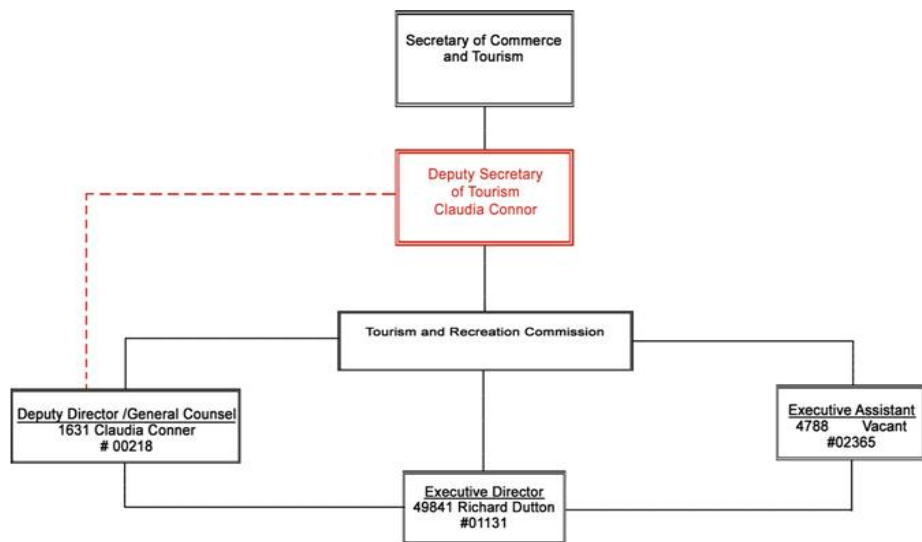
Oklahoma Tourism and Recreation Department Operational Audit

an ongoing and comprehensive review and revision of policies and procedures, as well as the development of training programs for staff located in all 48 locations across the state. The agency leadership is confident that it now has the structure and resources in place to update and maintain the Agency's policies and procedures. OTRD began the updating of its policies/procedures and the holding of training sessions in the third quarter of FY 2016. Deadline for completion is the end of FY 2017.

Organizational Structure Is Improper

The GAO *Standards* state, "Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. Management establishes the organizational structure necessary to enable the entity to plan, execute, control, and assess the organization in achieving its objectives. Management develops the overall responsibilities from the entity's objectives that enable the entity to achieve its objectives and address related risks."

The deputy director also serves as the Agency's general counsel and the deputy secretary for the Oklahoma Tourism and Recreation Department. As the deputy director, she would be expected to work for the executive director; however, as illustrated in the Agency's organizational chart, she supervises the director.



This organizational structure³ does not allow for a clear chain of command. It may effectively prevent the executive director from overriding decisions made by the deputy director because the deputy

³ Organizational chart provided by Agency; information in red added by auditor to emphasize that the Tourism and Recreation Department Deputy Director also holds the position of Deputy Secretary for the Tourism and Recreation Department.

Oklahoma Tourism and Recreation Department Operational Audit

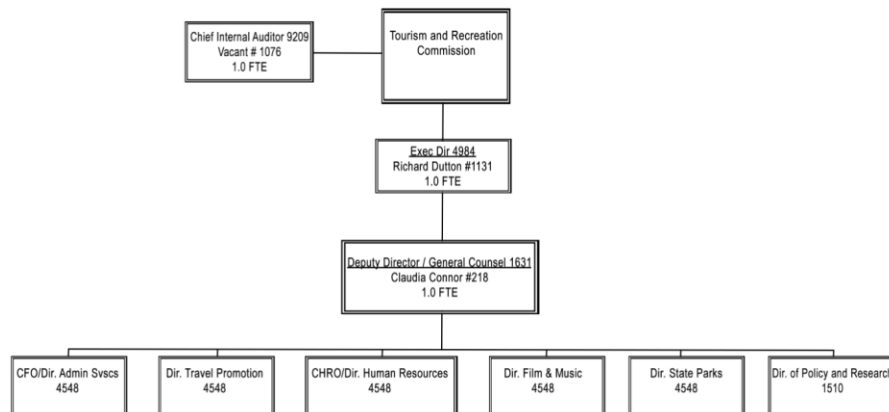
director is also the executive director's supervisor. In addition, Agency employees have voiced concerns that this organizational structure is detrimental to the Agency, that they don't know who is actually in charge of the Agency, and that the executive director has limited authority.

Recommendation

We recommend the Commission review the current organizational structure of the Agency to ensure it is appropriate and effective.

Views of Responsible Officials

The Agency disputes both the audit's assertions that: "The deputy director also serves as the Agency's general counsel and the deputy secretary for the Oklahoma Tourism and Recreation Department. As the deputy director, she would be expected to work for the executive director; however, as illustrated in the Agency's organizational chart, she supervises the director; this organizational structure does not allow for a clear chain of command. It may effectively prevent the executive director from overriding decisions made by the deputy director because the deputy director is also the executive director's supervisor." These assertions are incorrect because the organizational chart provided by the Agency to the Auditor was incorrect. An updated organizational chart has been distributed to all employees, placed in the FY2017 documentation, and will be posted on the Agency's public domains. The correct chart appears below:



Auditor's Response

The organizational chart included with management's response, was updated by an OTRD staff member at the direction of the deputy director during the exit conference with the auditors on July 13, 2016, as a result of the audit finding. The FY 2016 OTRD organizational charts

Oklahoma Tourism and Recreation Department Operational Audit

provided to the auditor during the audit were also those that were provided to OTRD employees. These charts were also included in the OTRD FY 2016 Budget Work Program.

In addition to the organizational chart, comments received as part of the survey expressed concern that there was confusion as to who was actually responsible for making decisions within the agency (the Executive Director or the Deputy Director); these concerns were also reiterated by several middle and senior level management staff members during audit interviews. Also, during meetings with OTRD Commissioners, more than one commissioner concurred with the assertion that there is an issue with the organizational structure.

Whether the organizational chart provided to the auditor was correct or incorrect is only part of the finding. The most critical piece of the finding is that there is the “perception,” that the deputy director is also the executive director’s supervisor and that the executive director is not always in charge.

Duties Related to Receipts Are Not Properly Segregated (Cash and Checks)

Repeat Observation

According to the GAO *Standards*, “Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.” Furthermore, to protect against possible errors or irregularities in an entity’s financial records, an effective internal control system should provide for accurate and reliable records and adequate review of supporting documentation.

Six of seven locations examined in detail collected and deposited revenues. With respect to those six locations, we determined that revenue duties were not properly arranged at five of the locations: Lake Thunderbird State Park, Beavers Bend State Park, Lakeview Lodge, Robbers Cave State Park, and Oklahoma Today.

In each location, the same individual is responsible for preparing the deposit and posting deposit information to the OTRD revenue system. Management does not perform an independent reconciliation of receipts issued to funds deposited. This creates the risk that the person performing the deposit could misappropriate a payment without being caught.

In addition, at most locations management does not review funds received before the deposit is made. At Robbers Cave State Park, a ranger who issues receipts is also responsible for maintaining control of unused UARCO (carbon copy) receipt books, increasing the chances of manipulation of receipting records.

Oklahoma Tourism and Recreation Department Operational Audit

It appears current management was not aware of the risks created by this arrangement of duties or the lack of appropriate reconciliation controls.

Recommendation

We recommend the duties of receipting funds, preparing the deposit, and entering the deposit into the OTRD Revenues System be accomplished by separate individuals. If this is not possible, or as needed to ensure all funds received are deposited, management independent of the receipting process should perform a detailed review of all funds deposited and retain evidence that this review was performed.

We also recommend that the agency develop and implement an Operating Procedure that specifically details how UARCO receipts are to be securely stored, issued, tracked, and reconciled to funds deposited.

Views of Responsible Officials

In addition to hiring an internal auditor who will report directly to the Tourism Commission, the Agency, pending Commission approval, will procure the services of an external accounting firm to make an assessment of the policies and processes utilized at all 48 locations and advise the Agency on ways to mitigate the risks associated with employing limited personnel in remote locations. The deadline to engage an accounting firm is November 1, 2016.

Revenue Deposits Are Not Timely

As per 62 O.S. § 34.57, the Oklahoma Tourism and Recreation Department and entities under its control are required to make deposit of receipts on a weekly basis, provided that such receipts must be deposited within seven calendar days from the date received or when such deposits equal or exceed \$500.00, whichever first occurs.

At three of five locations examined, Beavers Bend State Park, Lakeview Lodge, and Robbers Cave State Park, funds are not deposited on the day of receipt or the next business day when funds received equaled or exceeded \$500. Retaining funds at the agency for extended periods increases the risk of misappropriation and conflicts with statutory requirements.

Recommendation

We recommend management implement a process to deposit receipts within seven calendar days from the date received or when such

Oklahoma Tourism and Recreation Department Operational Audit

deposits equal or exceed \$500.00, whichever first occurs, to ensure compliance with 62 O.S. § 34.57 .

Views of Responsible Officials

In addition to hiring an internal auditor who will report directly to the Tourism Commission, the Agency, pending Commission approval, will procure the services of an external accounting firm to make an assessment of the policies and processes utilized at all 48 locations and advise the Agency on ways to mitigate the risks associated with employing limited personnel in remote locations. The deadline to engage an accounting firm is November 1, 2016.

Duties Related to Payroll Are Not Properly Segregated

According to the GAO *Standards*, "Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event."

Payroll duties are not properly segregated due to the following conditions:

- Three employees in the Human Resource (HR) division, including the HR Director, have access to make changes to employees' payroll data in the PeopleSoft Human Capital Management module (State of Oklahoma payroll system).
- No documented independent review of payroll changes against payroll change authorizations exists.

It appears management was not aware of the risks created by this arrangement of duties or the lack of independent review of payroll changes. Without an adequate review of payroll changes made in PeopleSoft to authorized payroll change forms, fictitious payroll payments or improper payroll changes could be processed without being detected.

Recommendation

Management should independently obtain and review appropriate detailed payroll data, including changes made to employees' records. This could be accomplished by management independently running an HR All Actions report on a monthly basis and comparing all payroll changes against corresponding payroll change forms OTRD-14 or HCM-92 (as applicable) to verify that changes are authorized and

Oklahoma Tourism and Recreation Department Operational Audit

accurate. This review should be annotated on the HR All Actions report and the report should be retained.

Views of Responsible Officials

In the third quarter of FY 2016, the Agency did a full review of payroll system access. It was determined that the employee with the primary responsibility for payroll would be moved from Human Resources to Financial Services. This employee's sole responsibility is the Agency's payroll and associated responsibilities. A second employee was cross-trained and given access to the payroll system to provide backup In case of an emergency. These two employees are the only personnel with access to the payroll system. Additionally, the Human Resource Department will complete a monthly review of forms OTRD-14 and HCM-92 to ensure any changes are authorized and accurate. The review will be documented and filed for retention.

PeopleSoft Access Privileges Are Not Terminated in a Timely Manner

The *State of Oklahoma Information Security Policy, Procedures, Guidelines* states, "The hosting State Agency will staff a security function whose responsibility will be operational control and timely implementation of access privileges. This will include access authorization, termination of access privileges, monitoring of usage and audit of incidents. The State Agencies that access the systems have the responsibility to protect the confidentiality of information which they use in the course of their assigned duties."

The Agency does not have a control in place to ensure timely removal of an employee's access to PeopleSoft (the state's accounting system) when separating from the Agency. As a result, three HR division employees, one of whom had the ability to make payroll changes, retained their PeopleSoft access for numerous months (22, 16, and 8 months respectively) following their departure from the Agency.

Without timely termination of PeopleSoft access, improper payroll changes could be processed without being detected.

Recommendation

Management should implement policies and procedures to ensure that PeopleSoft access is terminated in a timely manner after employees depart the Agency.

Views of Responsible Officials

This Issue was first addressed by OTRD in January 2016, as a result of the previously mentioned action of moving payroll responsibilities

Oklahoma Tourism and Recreation Department Operational Audit

from Human Resources to Financial Services. At the same time, the Agency's on-boarding and off-boarding procedures were reviewed, updated and communicated to Agency personnel. The Human Resources Department will undertake an additional review of these processes to ensure that, when someone is no longer employed by the Agency, all access is terminated.

Incomplete Inventory Records and Missing Assets

The GAO *Standards* state that in order to safeguard assets, "Such assets should be periodically counted and compared to control records." In order for control records to be successfully used for such a comparison, they should be complete, accurate, and up to date. The standards further state that, "Management must design an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets."

We analyzed information from the OTRD inventory Access database for the time period July 1, 2012 through June 30, 2015, to determine how often inventory counts were conducted at each of the Agency's locations. Of the 73 OTRD locations with inventory, 14 have conducted an annual inventory count, 15 conducted a count in two out of the three years, 10 conducted only one count in the three year period, and 34 did not conduct a count at any point in the three year period.

For locations that had only conducted one inventory count within the last three years, the following conditions were noted:

- From an inventory sample of 23 firearms:
 - Three could not be located, and
 - One was listed twice with separate bar codes.
- From an inventory sample of 61 non-firearm items:
 - Three could not be located,
 - Seven items were transferred (five without proper transfer documentation) but not removed from inventory,
 - Five items had incorrect bar codes or serial numbers in inventory records, and
 - Three items could not be positively identified due to lack of bar codes or incomplete inventory records.

In addition, we identified invoices over \$22,000 (for purchases made directly, not with a state purchase card) across the agency and reviewed a sample of 59 to determine whether the items purchased were properly reflected in inventory records. Ten invoices contained items that were not properly reflected in inventory records:

- Five items totaling \$79,504.07 were not listed in inventory records. Four of these items had been assigned bar codes, but were never entered into the inventory records.

Oklahoma Tourism and Recreation Department Operational Audit

- Three items had serial number errors and one item had the wrong purchase order number in inventory records; and
- Three identical items had bar code errors (one serial number was entered twice into inventory records with different bar codes, one serial number was entered with a bar code other than assigned, one serial number with an assigned barcode was not entered).

It appears management has chosen not to comply with GAO standards nor the designed policies and procedures (Appendix 1 of Operating Procedure P-229) requiring annual inventory counts. Without periodic inventory counts, improperly entered inventory information may not be identified and damaged or misappropriated assets – including sensitive items such as firearms – may go undetected. Inaccuracies in the Agency’s inventory records impact the staff’s ability to perform a proper count, result in inaccurate state asset reporting, and may impact insurance coverage.

Recommendation

We recommend management follow the Agency’s Operating Procedures to ensure that a comprehensive annual physical inventory count is performed and documented by someone independent from purchasing assets, maintaining inventory items or inventory records, and disposing of surplus assets.

The inventory listing should be updated following an inventory count and reconciled to ensure that items added and deleted are documented on the inventory listing. Management should also make every effort possible to ensure the items not able to be verified are located and accounted for.

Views of Responsible Officials

OTRD will immediately begin to take steps to correct this issue.

- Pending Commission approval, the Agency will engage the services of an external inventory provider, as needed, to assist in completing an annual inventory at the Agency's field locations that will include all firearms used by the Park Rangers.
- The position of Asset Manager will be created and filled as soon as possible. This employee will be responsible for maintaining a comprehensive database, surplus items as they are no longer needed and reviewing the Inventory database on a regular basis to ensure that new purchases and projects are added.
- An annual date will be set for all divisions to complete their respective inventories with assistance from the Asset Manager as needed.

Oklahoma Tourism and Recreation Department Operational Audit

Failure to Conduct Internal Audits

As per 74 O.S. § 2240, **Cost and Revenue Reporting System - Audit**, “The Oklahoma Tourism and Recreation Department shall establish a cost and revenue reporting system for all budget activities and subactivities of the Department.” In addition, section B paragraphs (3) and (4) state that, “The internal auditors of the Department shall conduct internal audits of Department facilities and programs pursuant to the provisions of Section 228 of Title 74 of the Oklahoma Statutes. The audits required by this section shall be completed on or before December 31 of each year and shall, upon distribution, become public record.”

The Agency’s internal auditor position was not filled at any time during the audit period. Therefore, no statutorily required internal audits were conducted. As a result, the Agency is not in compliance with 74 O.S § 2240.

As explained by the Institute of Internal Auditors⁴, the internal audit function serves to provide objective assurance and insight to the organization. This could include providing assurance on the organization’s governance, risk management, and control processes to help achieve strategic, operational, financial, and compliance objectives. Internal audit can also assist management in improving effectiveness and efficiency and enhancing integrity and accountability.

Recommendation

We recommend that the agency fill the vacant internal auditor position to assist management in improving the effectiveness and efficiency of the Agency while simultaneously enhancing integrity and accountability.

Views of Responsible Officials

Funding for an internal auditor position has already been approved and is included in the FY 2017 budget. October 1, 2016 has been established as the deadline for an internal auditor to be hired.

⁴ The IIA is the primary organization certifying internal auditors in the United States; see website at <http://theiia.org>.



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