

OPERATIONAL AUDIT

WILL ROGERS MEMORIAL COMMISSION

For the period January 1, 2009 through January 31, 2012



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**Audit Report of the
Will Rogers Memorial Commission**

**For the Period
January 1, 2009 through January 31, 2012**



Oklahoma State Auditor & Inspector

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November 13, 2012

TO THE WILL ROGERS MEMORIAL COMMISSION

This is the audit report of the Will Rogers Memorial Commission for the period January 1, 2009 through January 31, 2012. 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.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

Will Rogers Memorial Commission Operational Audit

Background

The mission of the Will Rogers Memorial Commission (the Agency) is to collect, preserve and share the life, wisdom and humor of Will Rogers for all generations.

Oversight is provided by seven commissioners appointed by the governor. Each commissioner serves a term of six years.

Board members are:

James L. Hartz. Chairman
 Steven W. Turnbo..... Vice-Chairman
 Paul H. Johnson. Commissioner
 Stephen R. Pazzo, Jr. Commissioner
 James K. Rogers. Commissioner
 D.R. Deacon Turner, II. Commissioner
 Cara Cowan Watts Commissioner

Table 1 summarizes the Agency’s sources and uses of funds for state fiscal years 2011 and 2012 (July 1, 2009 through June 30, 2011).

Table 1 - Sources and Uses of Funds for SFY 2011 and SFY 2010

	2011	2010
Sources:		
State Appropriations	\$ 744,984	\$ 804,348
Rent from Buildings	12,667	5,425
Private Grants & Donations	2,129	14,777
Livestock	4,280	1,697
Other	939	5,225
Total Sources	\$ 764,999	\$ 831,472
Uses:		
Personnel Services	\$ 520,926	\$ 556,021
Professional Services	17,503	12,039
Miscellaneous Administrative	108,688	113,781
Rent Expense	3,965	3,192
Maintenance & Repair Expenses	82,591	108,782
General Operating Expenses	4,505	2,384
Shop Expenses	3,780	3,555
Office Furniture & Equipment	1,441	170
Other	2,273	35,158
Total Uses	\$ 745,671	\$ 835,082

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

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Purpose, Scope, and Sample Methodology

This 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.

The audit period covered was January 1, 2009 through January 31, 2012.

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 selected our samples in such a way that whenever possible, the samples are representative of the populations and provide sufficient evidential matter. We identified specific attributes for testing each of the samples. When appropriate, we projected our results to that population.

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.

Objective 1 – Determine whether the Agency's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records.

Conclusion

The Agency's internal controls provide reasonable assurance that payroll expenditures were accurately reported in the accounting records; however, they do not provide reasonable assurance for miscellaneous expenditures¹.

Methodology

To accomplish our objective, we performed the following:

- Obtained an understanding of internal controls related to the expenditure (including payroll) process through discussions with Agency personnel, observation, and review of documents.
- Tested payroll controls using the following procedures:
 - Reviewing payroll documentation from six randomly selected months to determine whether payroll expenditures were approved and ensuring two judgmentally selected employees'

¹ We were unable to obtain a clear understanding of the miscellaneous expenditure process prior to September 2010 due to staff attrition. In addition, the Agency began using the Office of Management and Enterprise Services – Agency Business Services to assist with their expenditure process during this same month. Therefore, the conclusion on miscellaneous expenditures relates only to the period September 1, 2010 through January 31, 2012.

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salaries from each of the six months agreed to the PeopleSoft accounting system.

- Reviewing all 11 payroll changes from the audit period to ensure the changes were approved by the executive director and properly reflected in approved payroll expenditure documentation.

Observation

Inadequate Segregation of Duties Related to Miscellaneous Expenditures

The United States Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*² states in part, "Key duties and responsibilities need to be . . . segregated among different people to reduce the risk of error or fraud. . . . No one individual should control all key aspects of a transaction."

The business manager is responsible for requesting and approving purchase orders and providing significant expenditure approvals. In addition, he may also receive purchased goods.

This lack of adequate segregation of duties due to the Agency's small size could allow errors and improprieties to occur and not be detected in a timely manner.

Recommendation

Management should implement a control to reduce the risks associated with this segregation of duties deficiency. Examples include:

- Review of PeopleSoft's "six digit detail expenditure report" by the executive director to ensure the expenditures are appropriate given the mission of the Agency.
- Review of the printed warrants against approved invoices by the executive director.

If management decides not to implement either recommendation, other mitigating controls should be implemented.

Views of Responsible Officials

The agency's director will be responsible for reviewing the "six digit detail expenditure report" from the PeopleSoft system. The expenditures will be reviewed at the beginning of each month for the expenditures from the previous month. A signed and approved hard-copy of this report will be kept on file at the agency.

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



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