



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**OKLAHOMA HUMAN RIGHTS
COMMISSION**

*REPORT ON AGREED-UPON PROCEDURES
JULY 1, 2004 THROUGH DECEMBER 31, 2005*



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Oklahoma Human Rights Commission

Agreed-upon Procedures Report

For the Period
July 1, 2004 through December 31, 2005



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

JEFF A. McMAHAN
State Auditor and Inspector

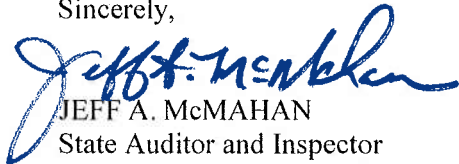
September 7, 2006

TO THE OKLAHOMA HUMAN RIGHTS COMMISSION

Transmitted herewith is the agreed-upon procedures report for the Oklahoma Human Rights Commission. 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

Mission Statement

Enforce Oklahoma's Anti-Discrimination Act which prohibits discrimination of employment, housing, and public accommodation; accept, serve and report on complaints of racial profiling, and promote unity and understanding through educational outreach for Oklahoma.

Board Members

Mark Ashton	Member
Ann Cong-Tang	Member
Stan Evans	Vice Chair
Elvia Hernandez	Member
Rita Maxwell	Member
Keith McArtor	Chair
Teresa Rendon	Member
Sammie Vasquez, Sr.	Member
Juanita Williams	Member

Key Staff

Kenneth Kendricks	Executive Director
Deborah Crawford	Administrative Assistant
Cynthia Booker	Executive Secretary



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 Human Rights Commission (Commission), solely to assist you in evaluating your internal controls over the receipt and disbursement process and in determining whether selected receipts and disbursements are supported by underlying records for the period July 1, 2004 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 compared the Commission's internal controls over receipts and disbursements with the following criteria:
 - Accounting duties were segregated by functions into those who initiate or authorize transactions; those who execute transactions; and those who have responsibility for the asset, liability, expenditure, or revenue resulting from the transaction;
 - Receipts were issued for cash and/or checks received;
 - Incoming checks were restrictively endorsed upon receipt;
 - Receipts not deposited daily were safeguarded;
 - Voided receipts were retained;
 - Receipts and disbursements were reconciled to Office of State Treasurer and Office of State Finance records;
 - Disbursements were supported by an original invoice;
 - Timesheets were prepared by employees and approved by supervisory personnel;

Reconciliation and approval of receipts and disbursements are integral components of effective internal controls. Based on conversation with management and inspection of documentation, it appears receipts received and disbursed are not properly reconciled and approved. Without a process in place for the monthly reconciliation of receipts and disbursements, errors and irregularities could occur and not be detected in a timely manner. We recommend the Commission reconcile their receipts and disbursements monthly with the Office of State Finance. Additionally, the reconciliations should be approved.

Views of Responsible Officials – The Commission has a well developed financial reconciliation process and has used it for many years. This process involves entering claims, depositing revenues and maintaining account balances on spreadsheets. These claims, deposits and account balances were reconciled monthly with the Office of State Finance. However, the State implemented a new system in 2004 called PeopleSoft.

PeopleSoft is Oklahoma State Government Centralized Purchasing, Financial, and Human Resource Management System. Implementing this system caused problems related to object code changes, data transfer, and tracking increase/decrease changes in account payables. These problems hindered the Commission and many other agencies from performing monthly reconciliations for a considerable period of time. However, these PeopleSoft problems have been resolved. Staff responsible for reconciliation has received adequate training in PeopleSoft. This reconciliation problem found by the Office of Auditor and Inspector has been corrected. The Commission now performs monthly reconciliations with the Office of State Finance. Claims, revenue receipts, deposits and account balances are entered into excel spreadsheets and will be reconciled monthly with the Office of State Finance.

Segregation of duties is a basic control that prevents or detects errors, improprieties, and fraud. For this reason, separate performance of critical tasks is imperative. Based on inspection of CORE financial and HR system security access settings, it appears the Commission's executive secretary and administrative assistant II have incompatible roles of employees with access within the CORE PeopleSoft system. Errors and improprieties could occur and not be detected in a timely manner. We recommend management review the access rights/PeopleSoft roles to ensure personnel are performing only those duties stipulated for their respective jobs/positions and incompatible roles have not been assigned. Management should ensure system access is given to staff on a need-to-know basis.

Views of Responsible Officials - Management reviewed the access rights/PeopleSoft roles to ensure personnel are performing only those duties stipulated for their respective jobs and that incompatible roles have not been assigned.

Upon review, we found the administrative assistant II has access to PeopleSoft purchasing, general ledger and Human resources Management Systems. The administrative assistant II job duties include purchasing, preparing deposits, and processing payroll.

We also found the executive secretary has access to account payable, human resources/payroll, and Budget. The executive secretary supervises the administrative assistant II and an administrative assistant I. The executive secretary also serves as backup in both positions. She is also responsible for preparing the agency's budget, budget request, and other budgetary and financial documents.

It should be noted unlike larger agencies, the Commission is a small agency with a small number of employees. Larger agencies have one person who performs purchasing duties only; another employee perform only human resource duties, etc. Unfortunately, the Commission does not have such a luxury.

The executive secretary and administrative assistant II must perform multiple major duties. Our review shows that access to PeopleSoft by the executive secretary and administrative assistant II is not excessive, but rather necessary to perform their duties. Our review further shows no incompatible roles have been assigned in People Soft.

Auditor's Response - Based upon our observation of the roles within Peoplesoft, we determined that certain combinations of roles did not constitute the best segregation of duties. For example, in the general ledger area we felt that having report reviewer role was incompatible with the deposit entry and/or transfer entry role. However, we do understand that in an agency with a small number of FTEs, it is difficult to maintain the level of segregation of duties as suggested in our finding. Our recommendation is that you review the assigned roles and make adjustments. If

management has no alternatives to the current situation, mitigating controls should be adopted and put in place.

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

2. We selected 4 deposits and:
 - Compared the Treasurer's deposit date to agency deposit slip date to determine if dates were within one working day.
 - Examined receipts to determine if they were pre-numbered and issued in numerical order.
 - Agreed cash/check composition of deposits to the receipts issued.
 - Agreed the total receipts issued to the deposit slip.
 - Inspected agency receipts to determine whether receipts of \$100 or more were deposited on the same banking day as received.
 - Inspected agency receipts to determine whether receipts of less than \$100 were deposited on the next business day when accumulated receipts equaled \$100 or after five business days, whichever occurred first.
 - Inspected agency receipts to determine whether receipts were safeguarded.
 - Compared the fund type to which the deposit was posted in CORE to the CAFR fund type listing for consistency;
 - Compared the nature of the deposit to the account code description to determine consistency.

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

3. We randomly selected 60 vouchers and:
 - Compared the voucher amount and payee to the invoice amount and payee;
 - Compared the voucher amount and payee to the CORE system;
 - Compared the fund type to which the disbursement was charged in CORE to the CAFR fund type listing for consistency;
 - Compared the nature of the purchase to the account code description to determine consistency.

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

4. We compared salaries set by statute to the actual salary paid to determine the statutory limit was not exceeded.

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

5. We randomly selected one employee who appeared on the June 2005 payroll but not on the June 2004 payroll and observed the initial "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.

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

6. We randomly selected one employee who appeared on the June 2004 payroll but not on the June 2005 payroll and:
 - Observed the final "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.

- Observed the main payroll funding sheet for the month subsequent to termination to determine employee no longer appeared.

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

7. We randomly selected one employee whose gross salary at June 2005 had increased since June 2004 (excluding legislative pay raises) and observed the "Request for Personnel Action" (OPM-14) or equivalent form to determine it was signed by the appointing authority.

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

8. We randomly selected three of the employees from the June 2005 payroll and agreed the amount paid to the "Request for Personnel Action" (OPM-14) or equivalent form that was in effect for June 2005.

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

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 the cash, receipts, and disbursements for the Commission. 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 Commission 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

August 25, 2006



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