

# OFFICE BLUEPRINT



# OKLAHOMA STATE AUDITOR & INSPECTOR

Capitol, Room 100 - (405) 521-3495



Dear Fellow Oklahoman:

It is a privilege to serve the great State of Oklahoma as your State Auditor & Inspector. I believe in honest, open government by the people and for the people. You should feel comforted in knowing you have a staff of dedicated individuals in this office who work hard each day to improve the efficiency with which we operate.

Our goal 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 to me. We will also hold ourselves to the highest ethical standards set forth by the Government Auditing Standards Ethical Principles, the Code of Professional Conduct of the American Institute of Certified Public Accountants, the Institute of Internal Auditors Code of Ethics, and Oklahoma State Ethics Laws.

As part of my pledge to the citizens of Oklahoma to perform the duties of this office with honesty, openness, and integrity, I maintain an Open Door Policy in the State Auditor's Office. If any Oklahoma taxpayer has questions or concerns about the process of accounting for state funds and property, contact my office at 405-521-3495 or send me an e-mail.

Again, it is an honor to serve you. If I may be of assistance, please let me know.



Sincerely,

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

STEVE BURRAGE, CPA  
State Auditor & Inspector

# INTRODUCTION

Oklahoma law requires the State Auditor's Office to provide objective and comprehensive evaluations of the practices and operations of state, county and local governments including agencies, boards, commissions and governmental offices dealing with public funds. Our vision is to be the leading auditing firm in the State of Oklahoma that auditees, the legislature, citizens and other interested parties turn to for independent information regarding the effectiveness and efficiency of state and local government.

The Auditor's Office has three major audit divisions: Local Government Special Services Division, State Agency Audit Division and Specialized Audit Division. These divisions all come together for the same mission: to independently serve the citizens of Oklahoma by promoting accountability and fiscal integrity in state and local government. We best accomplish this by valuing professionalism in our staff and the completion of our audit work in accordance with established professional standards.

With 108 auditors, our offices are spread out across the state. We employ county auditors across the 77 counties of Oklahoma, with satellite offices in Tulsa, Ada and Weatherford. State Agencies and Specialized auditors are located at our Shepherd Mall Office, and our administrative offices are in the Capitol.



# LOCAL GOVERNMENT & SPECIAL SERVICES DIVISION

This Division is responsible for conducting financial and compliance audits in all 77 counties across the state, as well as 51 Emergency Medical Service Districts and 27 District Attorneys' bogus check and property forfeiture funds. The Division is also required to perform specific procedures covering internal controls and compliance when there is a change in office of an elected official. The former Investigative Division was combined with the Local Government Division for efficiency in the operations of the Agency. The Investigative Auditors conduct audits and reviews at the request of a District Attorney, the Attorney General, the Governing Board of Municipalities and Schools or by petition of local citizens. Normally, these investigations are conducted when there are allegations of fraud or embezzlement. The costs of these audits are to be borne by the entity being audited.



# TYPES OF LOCAL GOVERNMENT & SPECIAL SERVICES AUDITS

## 1. **Financial**

- ▶ Major Focus - accuracy of financial reporting
- ▶ Opinion - based on professional standards and judgment
- ▶ Primary Stakeholders – Elected Officials, bond rating companies, department management, and taxpayers

## 2. **Single Audit - Federal Compliance**

- ▶ Major Focus - adherence with federal regulations
- ▶ Opinion - none
- ▶ Primary Stakeholders – Elected Officials, department management, federal agencies, and taxpayers

## 3. **Statutory**

- ▶ Major Focus – determination of compliance with applicable statutes
- ▶ Opinion - none
- ▶ Primary Stakeholders – Elected Officials, department management, and taxpayers



# TYPES OF LOCAL GOVERNMENT & SPECIAL SERVICES AUDITS

## 4. **Agreed-Upon Procedures (Emergency Medical Service Districts)**

- ▶ Major Focus – performance of procedures agreed-upon by management
- ▶ Opinion - none
- ▶ Primary Stakeholders –Board of Trustees of the District, department management and taxpayers

## 5. **Investigative**

- ▶ Major Focus – Investigative in nature; focused on specific allegations of financial fraud, waste and abuse associated with specific individuals and/or specific transactions
- ▶ Opinion - none
- ▶ Primary Stakeholders – governmental entities and taxpayers



# STATE AGENCY AUDIT DIVISION

This Division conducts financial audits, federal compliance audits, performance audits and attestation services in accordance with Government Auditing Standards. This Division provides audit services for state agencies and acts on requests for services from the Governor, the Attorney General, state agency board/management, or a joint or concurrent resolution of the Legislature.

One of the primary projects is the State's Single Audit. This audit covers the operations of all state agencies, boards and commissions and is conducted in accordance with Office of Management and Budget A-133, Audits of States, Local Governments and Non-Profit Organizations. The Single Audit is a combination of two separate, yet interrelated audits with one being the audit of the State's Comprehensive Annual Financial Report (CAFR). The second portion of the Single Audit covers federal funds expended by state agencies and their compliance with applicable laws and regulations. The CAFR, which is required by state law, is instrumental in the state receiving its bond rating while both audits are required by the federal government in order for the State to continue to receive federal funding.



# TYPES OF STATE AGENCY AUDITS

## 1. **Financial**

- ▶ Major Focus - accuracy of financial reporting
- ▶ Opinion - based on professional standards and judgment
- ▶ Primary Stakeholders - Legislature, bond rating companies, agency management, and taxpayers

## 2. **Single Audit - Federal Compliance**

- ▶ Major Focus - adherence with federal regulations
- ▶ Opinion - none
- ▶ Primary Stakeholders - Legislature, agency management, federal agencies, and taxpayers

## 3. **Performance**

- ▶ Major Focus - achievement of goals and objectives
- ▶ Opinion - none
- ▶ Primary Stakeholders - Legislature, agency management, and taxpayers

## 4. **Operational**

- ▶ Major Focus - risk based with significant emphasis on internal controls



# SPECIALIZED AUDIT DIVISION

The Specialized Audit Division consists of the following audits: Minerals Management audits, which are audits of oil and gas royalty paid on Federal land in the State; Horse Racing audits, which are statistical audits of the pari-mutuel betting systems at the race tracks; Gaming audits, which are statistical audits of the slot accounting systems of the racinos in the State; and Oklahoma State Education and Employees Group Insurance Board audits, which are audits of compliance with agency rules for eligibility and claims.

## Type of Audits Performed by the Specialized Audit Division

### 1. Performance – Federal Compliance

- ▶ Major Focus - accuracy of Federal Royalties on Oklahoma Federal Land
- ▶ Opinion – based on the Federal Lease Agreement and Code of Federal Regulations
- ▶ Primary Stakeholders – Federal Government and ultimately the taxpayers



# TYPES OF SPECIALIZED AUDITS

## 2. **Statistical - Horse Racing**

- ▶ Major Focus – balancing of tote systems data and racetrack data
- ▶ Opinion – none
- ▶ Primary Stakeholders – Oklahoma Horse Racing Commission and taxpayers

## 3. **Statistical – Gaming**

- ▶ Major Focus – balancing of racino receipts from reports and bank deposits
- ▶ Opinion – none
- ▶ Primary Stakeholders – Oklahoma Horse Racing Commission and taxpayers

## 4. **Compliance – contractual with Oklahoma Employees and Education Group Insurance Board (OSEEGIB)**

- ▶ Major Focus – adherence with agency rules and regulations
- ▶ Opinion – based on agency rules and regulations
- ▶ Primary Stakeholders – OSEEGIB and taxpayers



# CURRENT BUDGET

## FY 2009 BUDGET

Program	Appropriated	Revolving	Total	FTE
Administrative Services	\$1,523	\$210	\$1,733	15.5
Local Government Services	\$1,924	\$3,105	\$5,029	59
State Agency Services	\$1,845	\$3,015	\$4,860	44.5
Special Services	\$623	\$1,405	\$2,028	19
Ancillary Services	\$400	-0-	\$400	0.0
<b>Total</b>	<b>\$6,315</b>	<b>\$7,735</b>	<b>\$14,050</b>	<b>138</b>

- ▶ The Auditor's Office is not a fully funded agency. Appropriated Dollars make up only 47% of our total budget.
- ▶ The Auditor's Office monthly allotment of appropriated dollars will not cover its current payroll.
- ▶ Statutes mandate that the entity audited will pay for the cost of the audit. The funds collected assist the office with its budget. The billing rates charged are consistent regardless of the entity being audited. The appropriated dollars we do receive help us keep rates far lower than private sector rates.



# BUDGET REQUEST OVERVIEW

## SUMMARY OF INCREASE IN FY 2010 BUDGET REQUEST

1.	Administrative Services	\$200,000
2.	Local Government Services	\$1,300,000
3.	State Agency Services	\$1,300,000
4.	Special Services	\$200,000
<b>Total Increase Requested:</b>		<b>\$3,000,000</b>

## FY 2010 BUDGET REQUEST (In Thousands)

Program	Appropriated	Revolving	Total	FTE
Administrative Services	\$1,724	\$210	\$1,934	16
Local Government Services	\$3,224	\$3,355	\$6,579	69
State Agency Services	\$3,145	\$3,265	\$6,410	59.5
Special Services	\$823	\$1,404	\$2,227	21
Ancillary Services	\$400	-0-	\$400	0.0
<b>Total</b>	<b>\$9,316</b>	<b>\$8,234</b>	<b>\$17,550</b>	<b>165.5</b>



# BUDGET REQUEST OVERVIEW

- ▶ We have requested an additional \$3,000,000 in appropriated dollars for our budget.
- ▶ The Wells Report on Occupation Fraud and Abuse (conducted by the Association of Certified Fraud Examiners) shows the average organization loses 6% of gross revenues to fraud.
- ▶ The State budget is approximately \$15 billion – that means \$900 million is subject to theft.
- ▶ We're asking for \$3 million to make sure we can recruit and retain the best and the brightest.
- ▶ Proper auditing can also reduce the risk of 900 million taxpayer dollars being lost to fraud or mismanagement.

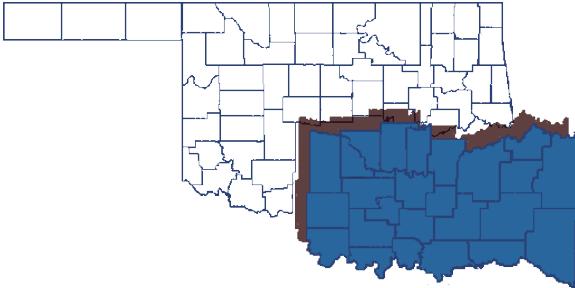


# OFFICE LOCATIONS



- ▶ **Administration**  
2300 N. Lincoln Blvd. Capitol, Room 100  
Oklahoma City, OK 73105-4801  
Phone: (405) 521-3495  
Fax: (405) 521-3426

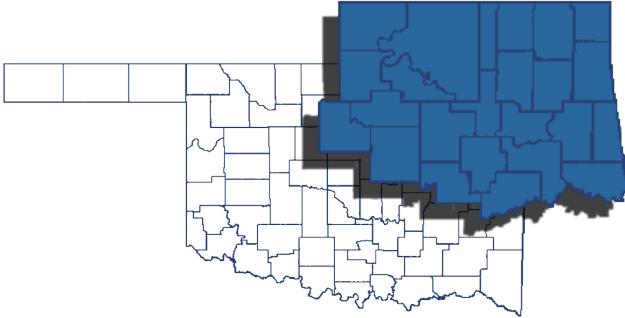
- ▶ **Shepherd Mall Office**  
2401 NW 23rd Street, Suite 39  
Oklahoma City, OK 73107  
Phone: (405) 522-6400  
Fax: (405) 522-



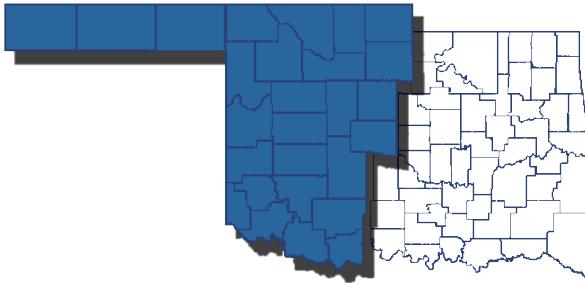
- ▶ **Ada Office**  
P.O. Box 1201  
Ada, OK 74820-6938  
Phone: (580) 332-3845  
Fax: (580) 332-7860



# OFFICE LOCATIONS



▶ **Tulsa Office**  
440 S. Houston, Room 307  
Tulsa, OK 74127-8915  
Phone: (918) 581-2674  
Fax: (918) 581-2608



▶ **Weatherford Office**  
1401 Lera Dr., Suite 9  
Weatherford, OK 73096-2663  
Phone: (580) 772-1312  
Fax: (580) 772-6373





**OFFICE OF THE STATE AUDITOR AND INSPECTOR**  
**2300 N. LINCOLN BOULEVARD, ROOM 100**  
**OKLAHOMA CITY, OK 73105-4896**

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