

# **Northern Oklahoma College**

## **Internal Audit Report**

Fiscal Year  
2021 - 2022



# Northern Oklahoma College

Tonkawa, Oklahoma

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Fiscal Year 2021-2022

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**Executive Summary of Procedures Performed and Results Thereof:**

We performed the procedures detailed in the attached report to assist the Board of Regents and management of Northern Oklahoma College (the College) in maintaining an effective internal control system for the College. The following is a brief summary of the areas in which test work was performed and the results.

**Expenditures:**

**Audit Approach**

As an element of the College's core business function, expenditures will be audited using the risk-based approach. The audit will only address expenditures as defined by the generation of pay (State of Oklahoma, Office of Management and Enterprise Services).

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

**Audit Scope**

The general scope of the audit include interviews with Accounting, Purchasing and Student Accounts management and key personnel; expenditures processed from July 1, 2021 to June 30, 2022; all other related documents and information pertaining to the collection, reviewing, processing and reporting of expenditures, plus supporting documentation required to support the expenditures for the College Departments, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; consideration of key operational aspects; and an assessment of the information systems environment.

During the general overview, we obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

**Audit Objectives**

Our objective was to obtain an understanding of significant processes and practices employed in administering the expenditure function, specifically addressing the following components:

- Management philosophy, operating style, and risk assessment practices
- Functional and Organizational structure relating to delegation of authority and responsibility
- Positions of accountability for financial and programmatic results
- Purchasing policies, standard practices and procedures
- Expenditures are properly coded
- Vendor invoicing and College review and approval processes
- College payment processes

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**Expenditures:** (Continued)

**Audit Objectives** (Continued)

- Management review of edits and checks to enable identification of unusual or unexpected transactions
- Conflict of interest
- Controls over the expenditure process are evaluated.
- Evaluate the local compliance with the following requirements:
  - Financial/Accounting Policies and Procedures Manual
    - College expenditure policies
    - Authorization limits
- Applicable Federal/State rules and regulations

**Identified Areas of Risk**

- Poor management communication regarding expectations may result in inappropriate behavior
- Non-compliance with Colleges' policy may result in inappropriate practices
- Risk assessment processes may not identify and address key areas of risk
- Inadequate separation of responsibilities may create opportunities for fraud, misuse and errors or omissions
- Inadequate accountability for the achievement of financial or programmatic results may decrease the likelihood of achieving results
- Incomplete or inaccurate reporting of expenses
- Non-compliance of local processes with College requirements may result in incorrect or inconsistent reporting of liabilities
- Processes and/or information systems may not be well designed or implemented, and may not yield desired results, i.e., accuracy of financial information, operational efficiency and effectiveness, and compliance with relevant regulations, policies, and procedures

**Summary of Policies and Procedures**

Accountability for expenditure control purposes is the delegation of authority to qualified persons to initiate, approve, process and review expenditure transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College's organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

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**Expenditures:** (Continued)

**Summary of Control Features of Internal Controls**

Segregation of Duties: Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any expenditure transaction process.

Authorization and Approval: Expenditure transactions are authorized by a person delegated approval authority consistent with policy.

Review and Reconciliation: Expenditure records are routinely examined and reconciled to determine that transactions were properly processed. The person performing the review signs and dates the expenditure report to signify that the review has been satisfactorily completed and any discrepancies resolved.

Physical Security: Expenditure records are secured and locked in filing cabinets and are only accessible to designated personnel.

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level expenditure policies and operating procedures are formalized and communicated to employees. Management adheres to documenting expenditure policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of expenditure activities.

**Internal Audit Procedures Performed**

**Document Sampling Techniques**

We randomly selected 20 expense checks from the E & G 290 Fund and 20 expense checks from the Auxiliary 700 Fund. The check register reports were dated July 1, 2021, through June 30, 2022. We examined each expense file selected to review file documentation that properly supports and approves expenditure transaction processes, which provided the elements for our test design.

**Design Test**

We reviewed the policies and procedures used to administer expenditure operations to ensure that they were effective and efficient. We documented procedures used, conducted a 'walk through' of operations and observed the expenditure process. We also conducted interviews with personnel involved in the Expenditure operations.

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**Expenditures:** (Continued)

**Internal Audit Procedures Performed** (Continued)

We reviewed and evaluated the current staffing levels and procedures for the expenditure process to determine whether the current processes are effective and efficient and provide reasonable assurance that the College resources are being safeguarded. We interviewed personnel in Accounting and Purchasing along with other personnel involved in the payables process.

**Audit Limitations**

Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. With that premise, it is our opinion that the Expenditure activities successfully meet their financial, compliance, and operational objectives.

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

**Results, Findings, & Recommendations**

No findings were noted.

**Travel Claims:**

**Audit Approach**

As an element of the College's core business function, Travel Claims will be audited using the risk-based approach. The audit will only address travel as defined by the generation of pay (State of Oklahoma, Office of Management and Enterprise Services).

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

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### **Internal Audit Report Fiscal Year 2021-2022**

#### **Travel Claims: (Continued)**

##### **Audit Scope**

The general scope of the audit include interviews with accounting management and key personnel; travel claims processed from July 1, 2021 through June 30, 2022; all other related documents and information pertaining to the collection, reviewing, processing and reporting of travel plus supporting documentation required to support the travel expenses for the College Departments, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; consideration of key operational aspects; and an assessment of the information systems environment.

During the general overview, we obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

##### **Audit Objectives**

Our objective was to obtain an understanding and evaluate travel expense control processes, specifically addressing the following areas:

- Travel authorization and processes
- Functional and Organizational structure relating to delegation of authority and responsibility
- Data recording and reporting
- Travel expense payment processes for compliance with college travel policies
- Other processes as needed
- Compliance with applicable Federal & State rules and regulations

##### **Identified Areas of Risk**

- Travel may be unauthorized or unapproved
- Travel expenses are not properly documented
- Non-compliance with College policy may result in inappropriate practices
- Inadequate separation of responsibilities may create opportunities for fraud, misuse and errors or omissions
- Incomplete or inaccurate reporting of travel expenses
- Non-compliance with laws and regulations may put the College at risk with regulatory agencies

##### **Summary of Control Features of Internal Controls**

**Segregation of Duties:** Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any travel claim transaction process.

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**Travel Claims:** (Continued)

**Summary of Control Features of Internal Controls** (Continued)

Authorization and Approval: Request for travel reimbursements must first be pre-approved and are then authorized by a person delegated approval authority consistent with policy.

Review and Reconciliation: Travel claim records are routinely examined and reconciled to determine that reimbursements were properly processed. The person performing the review signs and dates the report to signify that the review has been satisfactorily completed and any discrepancies resolved.

Physical Security: Travel claims are secured in a vault accessible to designated personnel only.

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level travel reimbursement policies and operating procedures are formalized and communicated to employees. Management adheres to documenting travel reimbursement policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of travel reimbursement activities.

**Internal Audit Procedures Performed**

**Document Sampling Techniques**

We randomly selected 25 of the 194 travel claims (13%) from travel activity beginning July 1, 2021, through June 30, 2022. In comparison with the 2021 fiscal year, which was more affected by the ongoing COVID-19 pandemic, the number of travel claims has increased fivefold. We examined each travel claim file selected to review file documentation that properly supports and approves travel reimbursement processes, which provided the elements for our test design.

**Design Test**

We reviewed the policies and procedures used to administer travel reimbursement operations to ensure that they were effective and efficient. We documented procedures used and conducted interviews with personnel involved in the travel reimbursement operations.

We reviewed and evaluated the current staffing levels and procedures for the travel claim process to determine whether the current processes are effective and efficient and provide reasonable assurance that the College resources are being safeguarded. We interviewed personnel responsible for authorizing and process all travel reimbursement claims.

**Audit Limitations**

Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. With that premise, it is our opinion that the travel claims reimbursement activities successfully meet their financial, compliance, and operational objectives.

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**Travel Claims:** (Continued)

**Internal Audit Procedures Performed** (Continued)

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

**Results, Findings & Recommendations**

No exceptions were noted.

**Payroll & HR Policy:**

**Audit Approach**

As an element of the College's core payroll function, payroll will be audited using the risk-based approach. The audit will only address payroll as defined by the generation of pay (NOC payroll warrant report 500 MISC). The audit assumes that the employee was properly hired, and that employment data was properly input into the system. No benefit issues will be addressed.

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

**Audit Scope**

The general scope of the audit includes interviews with Payroll Office management and key personnel; payroll processed from July 1, 2021 through June 30, 2022; all other related documents and information pertaining to the collection, reviewing, processing and reporting of payroll plus supporting documentation required to support the payroll for all of the College employees a review of the employment handbook; a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; consideration of key operational aspects; and an assessment of the information systems environment.

During the general overview, we obtained a detailed understanding of the management structure, significant operational processes, compliance requirements, and information systems.

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**Payroll & HR Policy: (Continued)**

**Audit Objectives**

Our objective was to obtain an understanding of significant processes and practices employed in administering the payroll function, specifically addressing the following components:

- Management philosophy, operating style, and risk assessment practices;
- Organizational structure, and delegations of authority and responsibility;
- Positions of accountability for financial results;
- Additions, separations, wage rates, salaries and deductions are properly authorized, recorded, and processed within Poise & People Soft in a timely manner;
- Employees' time and attendance are properly reviewed, approved; processed, documented, and accurately coded for accounting and distribution.
- Payroll data is properly reconciled, recorded in a timely manner, and in the proper accounting period;
- Payroll journal entries and supporting documentation are reviewed and approved by the appropriate level of Management;
- Confidentiality of personnel data is maintained;
- Controls over the payroll process are evaluated.

**Identified Areas of Risk**

- Poor management communication regarding expectations may result in inappropriate behavior;
- Non-compliance with College policy may result in inappropriate practices;
- Risk assessment processes may not identify and address key areas of risk;
- Inadequate separation of responsibilities may create opportunities for fraud, misuse and errors or omissions;
- Incomplete or inaccurate reporting of employee wages;
- Processes and/or information systems may not be well designed or implemented, and may not yield desired results, i.e., accuracy of financial information, operational efficiency and effectiveness, and compliance with relevant regulations, policies, and procedures.

**Summary of Policies and Procedures**

Accountability for payroll control purposes is the delegation of authority to qualified persons to initiate, approve, process and review payroll transactions and the holding of those persons responsible for the validity, correctness and appropriateness of their actions.

Managers and leaders at all levels of the College's organization are responsible for ensuring that an appropriate and effective control environment is in place in their areas of responsibility. All College personnel are responsible for communicating upward observed or suspected problems involving fraud or other improprieties involving College resources.

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**Payroll & HR Policy: (Continued)**

**Summary of Policies and Procedures** (Continued)

The College is an 'at-will' employer. The faculty is composed of five categories. These classifications include full-time faculty, part-time faculty, adjunct faculty, contractual faculty, and technical faculty. These positions are paid either by salary or hourly. Positions are for the fiscal year July 1 through June 30 unless otherwise documented.

Depending upon the category of hire, each approved employee receives a signed and approved Employee Transaction Form or Temporary Employment Action Form in which the new hire brings to meet the Human Resource Director who will then prepare a Letter of Appointment. All employees are required to physically meet with the HR Director, without exception.

All employees must complete and sign an Employees Withholding Allowance Certification (W-4), an Employment Eligibility Verification (I-9), a Drug Free Schools Policy form, a Loyalty Oath Document, Direct Deposit Forms, and a Health Policy Examination document as/if required for special medical circumstances, a Health Insurance Market Place, a New Employee Form, an OTC withholding form (new employees or current employees who change their withholding status), and sign an acknowledgement they have received the Employee Handbook.

All employees are given an Employee Handbook or digital access to the same. Section 5 of this manual denotes the College's staff policies and general procedural information. The information contained in this section specifically addresses areas of compensation, hours of work, lunch period, work breaks, conduct, absenteeism, tardiness, overtime, extended leaves, employment policies, disciplinary action, etc.

All employees are required to have a valid I.D. and Social Security Number. Eligible employees must pass a background check through the E-Verify System as required.

**Summary of Control Features of Internal Controls**

**Segregation of Duties:** Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any payroll transaction process.

**Authorization and Approval:** Payroll transactions are authorized by a person delegated approval authority consistent with policy. Employees do not approve actions affecting their own pay.

**Review and Reconciliation:** Payroll records are routinely examined and reconciled to determine that transactions were properly processed. The person performing the review signs and dates the payroll report to signify that the review has been satisfactorily completed and any discrepancies resolved.

**Physical Security:** Payroll records are secured physically in a vault and locked in filing cabinets and are only accessible to designated payroll custodians.

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**Payroll & HR Policy: (Continued)**

**Summary of Control Features of Internal Controls** (Continued)

Training and Supervision: Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

Documentation of Policies and Procedures: College and departmental level payroll policies and operating procedures are formalized and communicated to employees. Management adheres to documenting payroll policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and has promoted continuity of payroll activities.

Document Sampling Techniques

We randomly selected 40 employees from the College Payroll Warrant Register report dated July 1, 2021, through June 30, 2022. We examined each employee file selected to review file documentation that properly supports all employee hiring, contract, and wage qualifications which provided the elements for our test design.

Design Test

We reviewed the policies and procedures used to administer Payroll's operations to ensure that they were effective and efficient. We documented procedures used, conducted a 'walk through' of operations and observed the payroll process. In the field, we conducted interviews with personnel involved in the payroll operations.

We reviewed and evaluated the current staffing levels and procedures for the payroll process to determine whether the current processes are effective and efficient and provide reasonable assurance that the College resources are being safeguarded. We interviewed personnel in Human Resources, Accounting, Operations, and other persons involved in the process.

Audit Limitations

Internal audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. With that premise, it is our opinion that the payroll activities successfully meet their financial, compliance, and operational objectives.

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

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**Payroll & HR Policy: (Continued)**

**Results, Findings, & Recommendations**

No exceptions were noted.

**Sheep Center:**

**Audit Approach**

As an element of the College's livestock operations, the Sheep Center will be audited using the risk-based approach. The audit will address the College's livestock operations.

Following completion of the general overview and risk assessment, we used professional judgment to select specific areas for additional focus and audit testing as needed.

**Audit Scope**

The general scope of the audit include interviews with accounting management and key personnel; walking through how the Sheep Center claims were processed from July 1, 2021 through June 30, 2022; review other related documents and information pertaining to the collection, reviewing, processing and reporting of livestock operations, a review of available financial and management reports; review of key referencing/training material, evaluation of implementation of College-wide policies; consideration of key operational aspects; and an assessment of the information systems environment.

During the general overview, we obtained a detailed understanding of the management structure, significant operational processes, regulatory requirements, and information systems.

**Audit Objectives**

Our objective was to obtain an understanding and evaluate sheep center expense control processes, specifically addressing the following areas:

- Sheep Center operations authorization and processes;
- Functional and Organizational structure relating to delegation of authority and responsibility;
- Inventory recording and reporting;
- Review of the Sheep Center Chore Guide;

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**Sheep Center:** (Continued)

**Audit Objectives** (Continued)

- Expense payment processes for compliance with college policies;
- Other processes as needed, i.e., sheep shearing.

**Identified Areas of Risk**

- Sheep Center expenses may be unauthorized or unapproved;
- Sheep Center expenses are not properly documented;
- Non-compliance with Colleges' policy may result in inappropriate practices;
- Inadequate separation of responsibilities may create opportunities for fraud, misuse and errors or omissions;
- Incomplete or inaccurate reporting of livestock operations.

**Summary of Control Features of Internal Controls**

**Segregation of Duties:** Duties are divided, or segregated, among different employees to reduce risk of error or inappropriate actions. No one person has control over all aspects of any Sheep Center transaction process.

**Authorization and Approval:** Request for Sheep Center expenses must first be pre-approved and are then authorized by a person delegated approval authority consistent with policy.

**Review and Reconciliation:** Sheep Center records are routinely examined and reconciled to determine that expenses were properly processed. The person performing the review signs and dates the report to signify that the review has been satisfactorily completed and any discrepancies resolved.

**Physical Security:** Sheep Center records are secured and locked in the Center's office and are only accessible to designated personnel.

**Training and Supervision:** Employees receive appropriate training and guidance to ensure they have knowledge necessary to carry out their job duties, are provided with an appropriate level of direction and supervision, and are aware of the proper channels for reporting suspected improprieties.

**Documentation of policies and procedures:** College and departmental level Sheep Center policies and operating procedures are formalized and communicated to employees. Management adheres to documenting operational policies and procedures and making them accessible to employees. This helps provide day to day guidance to staff and students and has promoted continuity of Sheep Center operational activities.

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**Sheep Center:** (Continued)

**Internal Audit Procedures Performed**

**Document Sampling Techniques**

We reviewed Sheep Center activities beginning July 1, 2021, through June 30, 2022. We examined documents and reports that properly supports and approves payment processes, which provided the elements for our test design.

**Design Test**

We reviewed the policies and procedures used to administer Sheep Center operations to ensure that they were effective and efficient. We documented procedures used and conducted interviews with personnel involved in the related operations.

We reviewed and evaluated the current staffing levels and procedures to determine whether the current processes are effective and efficient and provide reasonable assurance that the College Sheep Center resources are being safeguarded. We interviewed personnel responsible for authorizing vendor payments.

**Audit Limitations**

Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. With that premise, it is our opinion that the Sheep Center activities successfully meet their financial, compliance, and operational objectives.

The purpose of the internal audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The internal audit report is a tool to help management discern and implement specific improvements. The internal audit report is not an appraisal or rating of management.

We detected no significant irregularities, abuse, or illegal acts. Although we exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management.

**Results, Findings & Recommendations**

**Finding No. 2022 -1**

While reviewing the College Sheep Center Inventory schedule, we noted seven instances where sheep or rams died or were sold in the prior fiscal year, but are showing up as if they died or were sold during the current fiscal year.

We also noted four instances where animals were purchased in the prior fiscal year, but are showing up in the additions column of the current fiscal year. Date purchased is indicated, but prior purchases should be rolled up in beginning value at the beginning of the year.

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**Sheep Center: (Continued)**

**Results, Findings & Recommendations** (Continued)

**Recommendation No. 2022 - 1**

At July 1, the first day of the new fiscal year, the schedule should be “rolled forward” - meaning ending book values are moved to beginning book values and additions and disposals are cleared so that current year additions and disposals can be recorded in isolation. Alternatively, additional additions and disposal columns can be added after the ending book value to show changes year by year on a continuous basis.

**Management Response No. 2022 - 1**

Management agrees with the findings and recommendations.

**Rental Units:**

**2022 Follow Up Procedures and Results to Recommendations for Fiscal Year 2020/2021**

**Finding No. 2021 - 1**

We noted two instances of where the date of occupancy was not recorded. This was a unique situation in that a unit became unlivable due to significant water issues and the tenant had to be relocated into a new unit.

**Recommendation No. 2021 - 1**

Although both units had the same tenant, the documentation for the rental process for each unit should be maintained and treated as two separate units. We recommend there should be a lease agreement/documentation for the period of when the tenant transferred from their existing unit to a different one, noting occupancy dates, keys returned, keys issued, etc.

**Overall General Observation & Recommendation:**

A general recommendation to consider is to create an online application process that contains required fields and that would help to ensure completeness and accuracy of the tenant records by not allowing overrides or limits the ability to continue with the application processes without the required documentation.

**2022 Update to Finding No. 2021 - 1**

No instances of failure to record date of occupancy noted.

**2022 Update to Recommendation No. 2021 - 1**

No further action is required.

**2022 Update to Management Response for Recommendation No. 2021 - 1**

Management agrees with recommendation.

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**Rental Units:** (Continued)

**Current Findings and Recommendations FY2022**

**Finding No. 2022 - 1**

We noted several instances where new tenants were not required to provide proof of utility transfer into the new tenant's name.

**Recommendation No. 2022 - 1**

A check off list was created in 2021. However, the repeat finding seems to be due to unaware staff. OSA staff should be reminded that although continuing tenants occupying the same address are not required to provide proof of utility transfer, the field requiring proof of utility transfer should never be marked as not applicable for new tenants.

**Management Response No. 2022 - 1**

Management agrees with the recommendation.

**Finding No. 2022 - 2**

We noted several instances of the number of keys issued not matching between the master worksheet for rental units and actual lease agreements. In one instance, the number of keys issued was not recorded on the lease agreement.

**Recommendation No. 2022 - 2**

More attention to detail in completing lease agreements and updating the master rental units worksheet needs to be paid.

**Management Response No. 2022 - 2**

Management agrees with the recommendation.

**Finding No. 2022 - 3**

We noted one instance of a tenant lease agreement signed by someone other than the tenant identified in the lease agreement.

**Recommendation No. 2022 - 3**

Spouses or other occupants should be clearly identified in the lease agreement. Only the tenant identified in the agreement should sign.

**Management Response No. 2022 - 3**

Management agrees with the recommendation. The lease in question has already been corrected for the 2023 fiscal year.

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**Rental Units:** (Continued)

**Current Findings and Recommendations FY2022** (Continued)

Finding No. 2022 - 4

We noted twelve instances where lease agreements were dated July 1, but signed earlier. We noted two instances among Enid properties where the agreement was signed *after* the date of agreement.

Recommendation No. 2022 - 4

We recommend leaving the date of agreement field blank until the lease agreement is completed. Alternatively, the wording at the beginning of the lease agreement stating the date of agreement could be eliminated altogether since the date the agreement is signed indicates the date of agreement.

Management Response No. 2022 - 4

Management agrees with the recommendation.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specific parties.

*Hinkle & Company, PC*

Hinkle & Company, PC  
October 7, 2022