



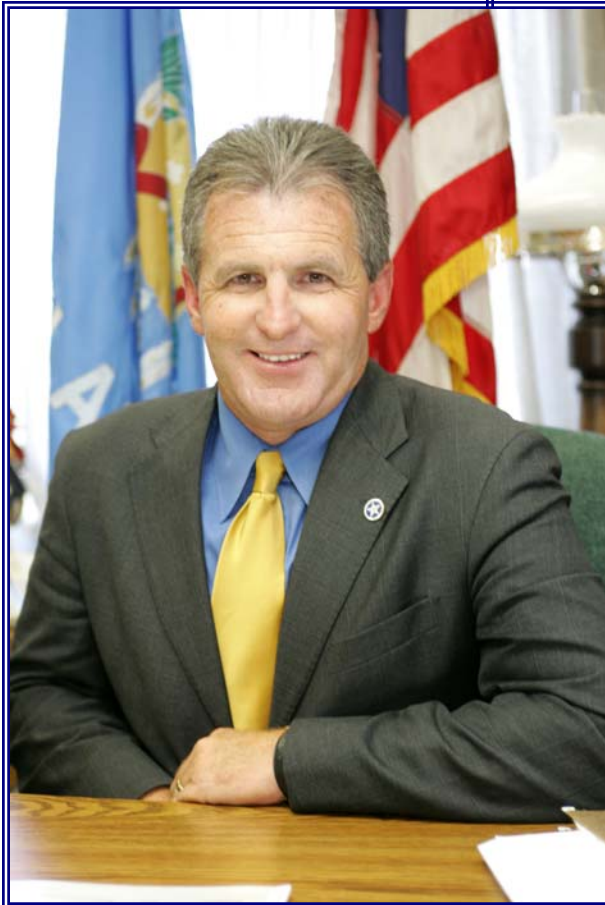
OKLAHOMA  
AUDITOR & INSPECTOR  
JEFF A. MCMAHAN, CFE

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2004  
ANNUAL REPORT



## MISSION STATEMENT

In partnership with the citizens of Oklahoma, and as guardians of public funds, we audit governmental activities to ensure the peoples' business is conducted in an effective, efficient, and legal manner.

Our mission is to provide independent, unbiased, accurate oversight for state and local government by:

- Auditing programs, agencies, and institutions as allowed by constitutional and statutory authority.
- Reducing waste and opportunities for fraud.
- Promoting constructive change, improving performance, and accountability in government.
- Educating citizens and policymakers regarding the operation of their government.

-- State Auditor and Inspector

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.



*OKLAHOMA*  
*STATE AUDITOR*  
*AND INSPECTOR*

*ANNUAL REPORT*

*FOR THE FISCAL YEAR ENDING JUNE 30, 2004*

This publication is printed and issued by the State Auditor and Inspector as authorized by 74 O.S. 2001, §216 and 74 O.S. 2001, §3103-3106. One hundred copies have been prepared and distributed at a cost of \$762.44. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries. Photos courtesy of the Oklahoma Legislative Services Bureau.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. MCMAHAN  
State Auditor and Inspector

November 1, 2004

The Honorable Brad Henry  
Governor of the State of Oklahoma  
Room 212, State Capitol  
Oklahoma City, Oklahoma 73105

Dear Governor Henry:

It is my privilege to submit, herewith, a report concerning the duties, activities and accomplishments of the Office of the State Auditor and Inspector for the fiscal year ending June 30, 2004, in accordance with 74 O.S. § 216. The information summarized herein reflects the productivity of the members of the staff, details of which are contained in the audit report on file in this office and on our website at [www.sai.state.ok.us](http://www.sai.state.ok.us).

I would like to take this opportunity to commend the officials and employees of state, county and local agencies for the splendid work performed each and every day of the year. Auditing of any governmental entity is critical by nature. However, these criticisms should not destroy the effect of the many positive attributes of government. The majority of government employees are sincere and dedicated. These employees are constantly striving for efficiency and excellence in government. It is our job to audit the work performed by these employees; however, it is also our job to assist them in attaining the efficiency and excellence to which they aspire.

The information submitted herein offers a brief introduction and overview of the Office of the State Auditor and Inspector, a summary of the responsibilities and general accomplishments of each division within the Office, a detailed listing by division of each report on file, and a narrative of the Constitutional authority of the Office of the State Auditor and Inspector.

We take great pride in presenting the accomplishments represented throughout this report. It is our goal to continue to provide the necessary audit coverage, taking into consideration the rising costs, limited appropriations and increasing volume of work.

Please accept this report on behalf of myself and the members of the staff.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

Jeff A. McMahan  
State Auditor and Inspector

*STATE AUDITOR AND INSPECTOR*

*ANNUAL REPORT*

*For the Fiscal Year Ending June 30, 2004*

*TABLE of CONTENTS*

	Page
State Auditor & Inspector – Commitment to Audit Quality .....	1
Agency Vision.....	2
Agency Core Values .....	3
Agency Goals.....	3
Changes in Services .....	4
Agency Organization, Responsibilities and Performance Measures	
Administrative Support Services.....	7
Local Government Services .....	8
County Audit Services .....	8
Management Services .....	9
Investigative Audit Services .....	11
State Agency Services.....	13
Financial Audit Services .....	13
Performance Audit Services.....	16
Information Services .....	17
Information Systems Audit Services.....	17
Network Administrative Services .....	19
System Development Services.....	19
Special Services .....	21
Quality Assurance and Audit Review .....	21
Abstractor Industry Services.....	26
Minerals Management Audit Services.....	27
Horse Racing Audit Services .....	28
State Board of Equalization Support.....	29
State Pension Commission Support .....	30
Detailed Lists of Audit Coverage	
County Government – Financial Audits .....	31
County Treasurer Reviews.....	33
County Officer Turnover Reviews.....	35
Emergency Medical Districts.....	37
Horse Racing.....	38
Special Audits, Reviews and Reports .....	39
State Agency, Boards and Commissions .....	40
District Attorney Audits.....	41
Supplementary Constitutional Provisions.....	42

## *Commitment to Audit Quality*

**O**klahoma State Auditor and Inspector, Jeff A. McMahan, was elected by the citizens of Oklahoma in accordance with *Article VI, Section 1 of the Constitution of the State of Oklahoma*. Jeff McMahan was elected in November 2002 and took the oath of office January 13, 2003.

The objectives of the State Auditor and Inspector's Office are to provide comprehensive audits of the collections, receipts, obligations, expenditures and use of public funds; to identify deficiencies in financial and compliance practices and their causes; to offer constructive recommendations to assure full compliance with both the intent and the requirements of state and federal statutes; and to prescribe forms and accounting procedures for county government.

Through the audit function, the Office of the State Auditor and Inspector performs independent, objective and comprehensive evaluations of the practices and operations of state, county and local governments. This information provides government officials and citizens of Oklahoma insight into the operations of agencies, boards, commissions and governmental offices dealing with public funds.

The need to maintain fiscal accountability for public funds is of primary importance. A well designed and functioning accounting system is the key to maintaining an adequate level of accountability. The audit function, as performed by our auditing staff, provides comments on internal control, which enhances the prevention and detection of accounting system breakdowns, thereby preventing the loss of government assets. The State Auditor and Inspector promotes the development of accounting at a level that will ensure adequate accountability of public funds through our monitoring presence and by recommending corrective action. Additionally, our audit reports often cite recommendations for improving the economy, efficiency and quality of services delivered by the various entities we audit.

The audit coverage, by providing a continual flow of fiscal and compliance information, can aid in significant improvements in state and local government operations. Audit programs and reports are updated and reviewed continuously to keep our office responsive to the needs of the citizens and in compliance with the intent of the Legislature. All staff audit teams are trained and knowledgeable concerning standard auditing procedures for the government entities to which they are assigned. The audit teams attend several continuing education programs and in-house training seminars each year.

Audit functions are conducted in accordance with Generally Accepted Auditing Standards (GAAS) as promulgated by the American Institute of Certified Public Accountants (AICPA) and in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Reports are issued at the conclusion of the audit and are available as public documents. *During the annual period ending June 30, 2004, the office issued a total of three hundred fifty-five (355) reports.*

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It is the responsibility of each governmental entity to carry out legislative programs and to properly use public monies. The responsibility of the State Auditor and Inspector's Office is to audit the income and expenditures of public funds and to report those findings to the Governor, Legislature, the governmental entity, and to the public. Resolving issues noted in the audit reports are the responsibility of the governing board, the Attorney General or the District Attorney.

Another important function of the Office of the State Auditor and Inspector is to monitor new legislation impacting the office. At the end of each legislative session, these bills are reviewed and as a result, modifications to office operations and audit programs are implemented as needed. These modifications may include changes in the scope or coverage of particular audits, special reporting or in office procedures.

The Office provides support and training for elected county officials concerning purchasing, standard accounting procedures, new legislation affecting those procedures and sound management practices.

The major services provided by the Office are:

- |  |
|--|
| <ul style="list-style-type: none"><li>• Administrative Support Services</li><li>• Local Government Services</li><li>• State Agency Services</li><li>• Special Services</li></ul> |
|--|

*Each of these services will be discussed in detail in this report under independent headings.*

### *Agency Vision*

As the *citizens' watchdog*, the State Auditor and Inspector will continue to be the leader in enhancing *public accountability* and *trust* in state government. We envision the State Auditor and Inspector being a leader and key player in the State's use of *technology* to become more efficient and effective in the delivery of services. We also envision the State Auditor and Inspector being a leader and key player in *performance accountability* in Oklahoma.

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## *Agency Core Values*

- **Accountability** - We work for the citizens of Oklahoma and we are accountable to them. We believe every citizen has a right to expect friendly, courteous service; fair and equitable treatment, delivered in a professional manner. We expect excellence in the services we provide. Our auditors, information technology specialists and multidisciplinary professionals seek to improve the economy, efficiency, effectiveness and credibility of government in Oklahoma. As the citizens' watchdog, we serve as a deterrent to crime.
- **Integrity** - We will conduct all engagements with honesty, integrity, and objectivity, without bias. We will build relationships with clients and constituents based upon trust, cooperation and open communication.
- **Reliability** – We will provide high quality services and reports. Our reports will be accurate, useful, and easy to read and understand.
- **Independence** – We require all staff members to be independent both in appearance and in fact, with respect to any engagement wherein we provide audit services. The State Auditor and Inspector, separately elected by the voters of Oklahoma, is organizationally independent. Therefore, we are uniquely in the position to offer audit services to any of the three branches of government (executive, legislative, or judicial).

## *Agency Goals*

- Provide high quality audit services.
- Provide high quality services in such areas as information technology, management, and consulting.
- Maintain a credible, professional organization devoted to serving the needs of our clientele.

## *Changes in Services*

Financial and compliance audits will always be an integral part of fiscal accountability. The current trend in governmental auditing is a shift in emphasis toward performance audits. It is becoming more important for government audit organizations to assess performance as a means of helping governments provide services in the most economical and efficient manner.



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Legislation on the Federal and State level is requiring a transition to performance and results oriented accountability. 62 O.S. § 45.1 et. seq., of the Forty-Seventh Legislature established the Oklahoma Program Performance Budgeting and Accountability Act. The United States Congress passed the Government Performance and Results Act in 1993. We anticipate over the next few years that federal grant audit requirements will shift toward performance accountability.

We are developing skills in these new and changing times that will benefit our clients.



*Agency Organization,  
Responsibilities  
and  
Performance Measures*

## *Administrative Support Services*

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The State Auditor and Inspector, Jeff A. McMahan, is the chief executive officer of the Office. The Administrative Support Services consists of the State Auditor and Inspector, the Deputy State Auditor and Directors of Audit Services. Each Director is responsible for the planning and administration of their division within the organizations. Administrative Support Services is the “umbrella” under which all other divisions function. Directors also assist in the supervision of many internal functions of the Office and coordinate matters concerning budgeting, personnel, office policy, consistency in audit coverage and general administration of the office.

Support Services is responsible for daily internal operations. Financial responsibilities include purchasing, budgeting, billing and claims processing. All personnel and employee benefit information is maintained by this Department, as well as an information system containing audit tracking and time accounting data.

The Print Shop Section provides the printing, binding, distribution and file maintenance of all reports published by the State Auditor and Inspector’s Office. This Section is also responsible for archiving reports and distributing supplies and equipment.

## *Local Government Services*

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### *County Audit Services*

County Audit Services is responsible for conducting financial and compliance audits in all seventy-seven (77) counties across the State, as well as forty-eight (48) Emergency Medical Service Districts. County Audit Services also conduct cash counts and reconcile the accounts maintained by each county treasurer. When there is a transition of elected officials, auditors perform specific procedures covering the internal controls and compliance requirements of the Office. Varying audit procedures are performed and reports published for each of the twenty-seven (27) district attorneys.

These audits are conducted on-site; therefore, four separate branch offices in Ada, Tulsa, Weatherford, and Oklahoma City are maintained to minimize travel costs. Each branch office is staffed with an audit manager, audit supervisors and auditors.

Each year new standards, laws and forms are introduced which affect the accounting systems and the internal control of county offices. As a result, the County Services director, audit managers and supervisors revise and update audit programs and report formats annually. We utilize auditing software to examine, test and analyze stored computer data files.

County Audit Services assists Management Services with training seminars and workshops held for county officers. Consulting services are also provided to the county officers regarding maintenance of proper accounting records and execution of proper accounting procedures. These services provided to county officers have been extremely beneficial to the audit staff, the officials and the taxpayers of Oklahoma. The result is more efficiently managed offices creating a more reliable audit trail and increased accountability to the taxpayers.

A list of reports issued during this period appears in the “Detailed List of Audit Coverage” at the back of this report.

### *Program Objectives*

Continue to provide local government the maximum level of quality audit services our resources can sustain.

Perform audits and issue audit reports in accordance with accounting standards generally accepted in the United States of America and in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Issue reports that are meaningful at a good value. Audits facilitate the improvement of accounting processes and compliance with state and federal laws.

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Deliver quality audit and inspection products and services that are useful to management.

Provide independent, timely, efficient, high-quality audits.

### *Performance Measures*

1. Number of audit reports issued.
2. Number of inquires received and resolved.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Number of audit reports issued.	289	254	291	290
2. Number of inquires received and resolved.	3,000	3,290	3,000	3,000

### *Management Services*

Management Services of the State Auditor and Inspector's Office provides technical assistance to all county officials, and other political subdivision, as mandated by the Constitution of the State of Oklahoma and the Oklahoma State statutes.

Auditing of any governmental entity is critical by nature, and as such, should provide the personnel qualified to answer any questions arising from those criticisms. Management Services consists of personnel technically trained to answer those questions.

The State Auditor and Inspector's Office is directed by State statute to prescribe the forms used by county officials in maintaining the books and records of the county. Management Services made revisions to thirty-eight (38) existing forms for use by county officials.

Another function of the Division is to continuously update and revise the Statute Reference Manual, an ongoing project which requires constant attention to new laws enacted by the State Legislature as well as the modification or amending of current laws of the State of Oklahoma. In addition to the manual mentioned above, Management Services tracked seventy-eight (78) bills in the House and Senate, which pertain to county government. A digest of House and Senate Bills, passed during the legislative session, is forwarded to all county officials.

*Local Government Services Division*

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During this annual period, Management Services issued fifteen (15) bulletins to county officers advising them of changes in accounting procedures, current forms to be used and notification of statewide meetings.

The State Auditor and Inspector’s Office routinely tracks Attorneys’ Generals Opinions which may affect county government.

During the annual period ended June 30, 2004, Management Services personnel prepared materials and gave presentations at numerous meetings as noted below.

<i>County Officer Schools and Meetings</i>	
County Assessors Annual Meeting – August 2003	SA&I Reporting Requirements for County Treasurers Stillwater – January 2004
County Officers and Deputies Association of Oklahoma Fall Meeting – September 2003	Sheriffs’ Training Workshop March 2004
Northeast District County Officers and Deputies Fall Meeting – October 2003	Southwest District County Officers and Deputies March 2004
Northwest District County Officers and Deputies Fall Meeting – October 2003	Northwest District County Officers and Deputies March 2004
Association of County Commissioners of Oklahoma November 2003 January & April 2004	County Clerks’ Association Annual School – April 2004
Purchasing Workshop November 2003	Court Clerks’ Association Annual School – April 2004
County Officers and Deputies Association of Oklahoma Winter Conference – February 2004	County Treasurers’ Association Annual School – April 2004
County Excise Board Training July 2003	Southeast District County Officers and Deputies Spring Meeting – May 2004

*Program Objectives*

Continue to offer quality management advisory and consulting services to County Officers and management of public entities.

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Develop and present instructional materials at workshops and conferences.

Assist the Center for Local Government Technology in the training of county officers and deputies.

### *Performance Measures*

1. The number of workshops and conferences wherein Management Services personnel prepared materials and made presentations or assist another presentation.
2. Number of bulletins issued.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. The number of workshops and conferences wherein Management Services personnel prepared materials and made presentations or assisted another presentation.	18	16	18	20
2. Number of bulletins issued.	27	12	19	20

### *Investigative Audit Services*

The Office of State Auditor and Inspector is charged with the responsibility of conducting limited examinations, reviews and investigative audits of government entities upon a request of a petition of citizens, a request of the Governor, the Speaker of the State House of Representatives, the President Pro Tempore of the State Senate, a District Attorney, and any Board of County Commissioners, or any public entity's governing board, in accordance with 74 O.S. § 212 and 74 O.S. § 227.8, respectively.

Investigative Audit Services is also responsible for assisting the Attorney General's Office in their investigations as directed by 74 O.S. § 18f. At the request of the Attorney General's Office, the audit staff will conduct limited examinations, reviews and investigative audits.

## Local Government Services

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### *Program Objectives*

Assist the District Attorneys, the Attorney General, citizens and governmental entities, in the determination of compliance or noncompliance with state laws, local policies, proper accounting principles and good management practices. Provide informative reports to the public including recommendations for corrective measures to insure proper practices.

Assist citizens with concerns about financial activity of their local governmental entities by mediation with all parties concerned, without conducting an audit and the entity incurring the respective cost.

### *Performance Measures*

1. Number of inquiries resolved through mediation.
2. Number of investigative reports issued.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Number of inquiries resolved through mediation.	75	70	172	105
2. Number of investigative reports issued.	26	25	14	20



## State Agency Services

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### Financial Audit Services

State Agency Financial Audit Services conducts financial and federal compliance audits in accordance with Government Auditing Standards. The Division also provides internal control assessment of state agencies and acts on requests for services from legislators, state agency management, and concerned citizens. These requests are conducted as special projects. During the year, special projects completed or in progress were:

- Oklahoma Department of Transportation – Inventory Access Special Audit
- Oklahoma Department of Transportation – Overtime Payroll Special Audits
- Department of Agriculture – Prorate Section Special

State Agency Financial Audit Services has the responsibility for the audit of the State's Comprehensive Annual Financial Report (CAFR). The financial operations of all State agencies, boards, and commissions are included within the scope of the CAFR. The State's CAFR has received the Certificate of Achievement for excellence in financial reporting from the Governmental Finance Officers' Association every year since 1996.

The Division also has the responsibility of performing the State's Single Audit. The federal funds expended by all State agencies (excluding colleges/universities, proprietary component units) are included within the scope of the Single Audit. During fiscal year 2003, the State expended approximately \$4.1 billion in Federal assistance, excluding colleges/universities, and proprietary component units. The Federal Department of Health and Human Services has reviewed the State's *Single Audit Report* prepared for the fiscal year ended June 30, 2003, and has determined the report meets Federal audit requirements.

In addition to the primary office, branch offices are maintained at the Oklahoma Tax Commission, the Oklahoma Department of Transportation, the Oklahoma State and Education Employees' Group Insurance Board, and the Oklahoma Department of Human Services. These audits require on-site, year-round staffing due to agency size or state statute.

The Division is responsible for compliance-type audits of state institutions of the Oklahoma State System of Higher Education when requested in accordance with *74 O.S. § 213 (D)* and for special audits and investigations upon request of the Governor or Attorney General of the State of Oklahoma.

A complete listing of report issued appears in the "Detailed List of Audit Coverage" at the back of this report.

In addition to the services discussed above, members of the Division have participated in the national peer review program. Peer reviews are conducted every three years to ensure audit agencies meet audit industry standards. The State Auditor and Inspector's office

## *State Agency Services*

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successfully passed its peer review for 2002. In order to help defray the cost of our own peer review, Division staff has served on peer review teams for the States of:

- |                  |             |            |
|------------------|-------------|------------|
| * California     | * Delaware  | * Hawaii   |
| * Idaho          | * Minnesota | * New York |
| * North Carolina | * Wisconsin |            |

The State Auditor and Inspector serves on various State boards and commissions; as a result, the State Auditor and Inspector contracts with outside firms. Agencies whose audit was contracted by the State Auditor and Inspector to an outside firm, follows:

- Oklahoma Public Employees Retirement System
- Oklahoma Public Employees Deferred Compensation Plan
- Uniform Retirement System for Justices and Judges
- Teachers Retirement System of Oklahoma
- Oklahoma Firefighters Pension and Retirement System
- Law Enforcement Retirement System
- Oklahoma Industrial Finance Authority
- Oklahoma Public Employees Retirement System – Deferred Savings Plan
- Commissioners of the Land Office

### *Program Objectives*

Exhibit professional integrity by remaining independent, exercising due professional care, and by complying with the Governmental Auditing Standards in the performance of our audits.

Ensure the timely completion of quality audits, which serve to facilitate management's improvement of its accounting processes, compliance with state and federal laws, and to enhance the services it provides to the public.

Ensure accountability of state government to its leaders, citizens, and the federal government through the performance of financial and federal compliance audits, internal control assessments and other special requests.

Ensure the reliability and relevance of our audit reports to assure they are accurate, useful, easy to read and understand.

### *Performance Measures*

1. Timely completion of CAFR audit and Single Audit for the State of Oklahoma (SOK).

2. Acceptance of Single audit report through Federal Quality Control Reviews (QCR) from our Cognizant Agency DHHS.
3. Audit federal programs to achieve sufficient coverage for the Single Audit.
4. Provide recommendations of improvement to state agencies for the improvement of state government and to follow-up on the implementation of these recommendations to ensure corrective action is taken.
5. Provide audit coverage to state agencies to provide assurance as it relates to internal controls and other special requests.
6. Number of agencies that received other services (internal control assessments, special requests)

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Achieved timely completion of CAFR audit and Single audit for the State of Oklahoma.	YES 12/29/2001 4/25/2002 <sup>1</sup>	YES 12/31/2002 3/25/2003	YES 2/20/2004 <sup>2</sup> 3/31/2004	YES
2. Obtained unmodified report from USDHHS for compliance with Governmental Auditing Standards.	YES	YES	YES	YES
3. Percentage of audit coverage of Federal Expenditures expended by the State of Oklahoma.	74%	79%	75%	76%
4. Number of recommendations followed-up to determine status to corrective action.	103	81	82	88
5. Number of audit agencies that received audit coverage. (Audit coverage was achieved through SOK audit report, CAFR audit report or stand alone reports.)	59	53	65	59
6. Number of agencies that received other services (internal control assessments, specials requests)	29	27	23	26

<sup>1</sup> Oklahoma was first state in the nation to issue the CAFR under the new GASB 34 reporting model. As a result of the early implementation it was necessary to request a one-month extension from the Federal Government for the Single Audit.

<sup>2</sup> An extension on the completion date of the CAFR was granted by the Government Finance Officers Association to account for delays encountered due to the conversion to a new Medicaid fiscal agent by the Oklahoma Health Care Authority.

## *State Agency Services*

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### *Performance Audit Services*

74 O.S. Supp. 2001 § 213.2 authorizes the State Auditor and Inspector to conduct a performance audit on any public officer, institution or other governmental entity upon the written request of the Governor, the chief executive officer of a governmental entity or pursuant to a concurrent resolution of the Legislature.

These audits are conducted in accordance with Government Auditing Standards, which describes performance audits as "...an objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program against objective criteria..." Simply stated, performance audits provide information to improve operations and aid those responsible for initiating corrective action.

The main types of performance audits performed by this office include economy and efficiency audits and program effectiveness audits. Economy and efficiency audits determine whether an entity is acquiring, protecting, and using its resources in the most productive manner. Program effectiveness audits address measure the extent to which a program is achieving its goals and objectives.

Performance audits in progress at June 30, 2004 are:

- Motor Vehicle Performance Audit

### *Program Objectives*

To provide relevant audit reports to improve program performance and aid in the decision-making process of the legislature, agency management and individual citizens.

To issue reports in accordance with Government Auditing Standards.

### *Performance Measures*

1. Number of audit reports issued
2. Number of recommendations.
3. Number of recommendations implemented.
4. Amount of recommended cost savings.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Number of audits issued.	2	0	0	2
2. Number of recommendations.	9	N/A	N/A	N/A
3. Number of recommendations implemented.	N/A	N/A	N/A	N/A
4. Amount of recommended cost savings.	N/A	N/A	N/A	N/A

### *Information Services*

Information Services is made up of three essential service areas. These areas are: Information System Audit Services, Network Administrative Services, and System Development Services. Below, you will find complete descriptions of the service areas as well as the benchmarks used to determine if these areas are functioning efficiently and effectively.

Our mission is to provide the tools for the Agency and information to the State of Oklahoma that will bring them to the forefront of the governmental technology community. We act as leaders in embracing technology and using it to its full potential.

### *Information Systems Audit Services*

Information Systems Auditing (IS Audit) provides the managers of the State of Oklahoma's data resources with useful information so that they can successfully manage the risks associated with implementing and using technology. For FY-2004, the IS Audit Division set the following:

#### *Program objectives*

Develop a statewide audit plan for fiscal year 2005 in order to ensure coverage of the high-risk areas by the end of fiscal year 2004.

Expand professional resources and acquire technical skills to fully evaluate the State of Oklahoma's information system environment by the end of the fiscal year 2005.

## State Agency Services

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Provide assistance with computer automated auditing tools and develop technical training curricula for auditing staff on a reoccurring basis as needed.

During FY-2004, IS Audit developed a statewide audit plan focusing on the CORE Oklahoma project. This audit will be critical for FY-2004 because of the implementation of the new statewide computer system. Additional work performed by IS Audit included assisting financial auditors with nine state agency audits, several county audits and two independent Information System Audits. Further, we assisted our office with developing technical training for auditors. The computer forensic area completed forensic reviews of 25 computer hard drives during FY-2004.

The nine audits where we assisted financial auditors included general information system controls and special tests required by the single audit. These projects included the following agencies:

- Department of Health
- Department of Transportation
- Health Care Authority
- Oklahoma Tax Commission
- Department of Education
- Department of Human Services
- Employment Security Commission
- Department of Mental Health
- Department of Rehabilitation Services

The two independent Information System Audits were performed on Teacher's Retirement System and Department of Securities.

## Performance Measures

<i>Performance Measure</i>	<i>FY-2004 Results</i>
95% of IS Audit work will be completed within the allotted time budget.	98% of the audits performed were completed in our time budget.
95% of all computer forensic examinations will have the drive imaging and initial analysis completed within the first 10 days after receiving the drive(s).	100% of the computer forensic examinations were completed within 10 days of receiving the drives.
95% of all computer forensic examinations will be completed in no later than 30 days.	98% of all computer forensic examinations were completed within 30 days.

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### *Network Administrative Services*

Network Administration Services provide support for all software applications and computer hardware used within the Agency. There are five network locations connected via a virtual private network that falls under the responsibility of this service area.

During FY-2004, this service area recruited and hired two system technologists and a software developer.

### *Program objectives*

Providing Internet, e-mail and networking services to each of the five network locations with limited interruption in service.

Acquiring additional equipment and floor space for a state of the art computer forensic and data recovery lab.

For objective number 2, budget constraints during FY-2004 did not allow additional space for a computer lab. However, our office has used one of the larger offices in our Shepherd Mall location to start on a forensic lab. This lab has been able to acquire a state-of-the-art forensic analysis computer. With this computer, our forensic examiner has performed forensic reviews on 25 hard drives.

### *Performance Measure*

<i>Performance Measure</i>	<i>FY-2004 Results</i>
95% of uptime to stated availability of the network.	94% of uptime was noted as compared to the availability of the network.
98% of help desk requests will be resolved or escalated within 24 hours of original request.	98% of help desk requests were resolved or escalated within 24 hours of receiving the request.

### *System Development Services*

System Development Services provide IT support to county offices through the Ad Valorem Tax program in conjunction with services provided by the Oklahoma Tax Commission. This service area supports hardware housing the Ad Valorem program and the software used by county officials.

## State Agency Services

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### Program Objectives

To complete development of application upgrade for current system in order to provide compatibility with the Windows 2000 and newer operating systems.

To implement upgrades in at least 15 County Assessor Offices the end of FY-2005.

### Performance Measures

<i>Performance Measure</i>	<i>FY-2004 Results</i>
To meet the scheduled completion date in 90 % of county assessors' offices using the SA&I software system.	Several difficulties were encountered while trying to achieve this goal. We discovered that the upgrade to the County Treasurer's portion of the system was needed before the County Assessor's program could be finished. Focusing on the Treasurer's side of the application, we upgraded 22 County Treasurer's to the revised program. We have also completed a beta version of the Assessor's side of the program and have installed the software for testing in five County Assessor's Offices.



## *Special Services*

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### *Quality Assurance and Audit Review*

Quality Assurance and Audit Review is responsible for coordinating the internal quality control program. This includes ensuring that audit policies and procedures are adopted and followed by the organization. Quality Assurance is also responsible for ensuring that all audit reports meet statutory and technical criteria.

Quality Assurance coordinates the preparation for the external quality control review or peer review that is held once every three (3) years to meet the requirements of Government Auditing Standards.

Additionally, the Division is responsible for researching technical and professional literature, updating the Office technical library, as well as informing the staff of new developments in the government accounting and auditing sector.

### *Program Objectives*

Ensure that SA&I audits are performed in accordance with applicable professional auditing standards.

Increase and maintain the competency and knowledge level of State Auditor and Inspector's audit staff.

Comply with Continuing Professional Education (CPE) requirements of both Government Auditing Standards and office policy.

Provide a quality CPE program and make such program available to other state agencies.

Ensure that all governmental entities requiring audits, in fact receive audits and such reports meet applicable reporting standards as required by O.S. 74 § 212A, (QCR).

### *Performance Measures*

1. Positive results for National State Auditor's Association Peer Review (every three years) and Federal Quality Control Reviews (QCR), Peer Review criteria-unmodified opinion that the office conforms with Government Auditing Standards; QCR Criteria – the audits performed by the office meet all federally mandated audit requirements.
2. Percentage of audit staff that comply with continuing professional education (CPE) requirements of both Government Auditing Standards and office policy.
3. Average overall evaluation of State Auditor and Inspector sponsored CPE by SA&I staff and attendees from other state agencies.  
(Scale: Excellent –4                      Good –3                      Adequate-2                      Poor –1)

4. Number of externally prepared audit reports filed with/and reviewed by State Auditor and Inspector as required by O.S. 74 § 212A.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Positive results for National State Auditor’s Association Peer Review (every three years) and Federal Quality Control Reviews, Peer Review criteria – unmodified opinion that the office conforms with <u>Government Auditing Standards</u> ; QCR Criteria – the audits performed by the office meet all federally mandated audit requirements.	YES	YES	YES	YES
2. Percentage of audit staff that comply with continuing professional education (CPE) requirements of both Government Auditing Standards and office policy.	100%	100%	100%	100%
3. Average overall evaluation of State Auditor and Inspector sponsored CPE by SA&I staff and attendees from other state agencies. Scale: Excellent – 4 Good – 3 Adequate – 2 Poor – 1	3.3	3.5	4.0	4.0
4. Number of externally prepared audit reports filed with/and reviewed by State Auditor and Inspector as required by State Auditor and Inspector as required by O.S. 74 § 212A.	2,059	2,081	2,052	2,052

Oklahoma Statutes (74 O.S. § 212A) requires all governmental entities, as defined by the Governmental Accounting Standards Board, to have an audit of their financial statements in accordance with Government Auditing Standards.

Oklahoma law cited above also requires all auditors of governmental entities to register with the Oklahoma Accountancy Board. Governmental auditors must satisfy both the Oklahoma Accountancy Board and the State Auditor and Inspector’s Office that the

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auditor has met the criteria defined by the Government Auditing Standards prior to entering into audit contracts.

Copies of all audit reports of governmental entities must be filed with the State Auditor and Inspector. Any Public Accountant or Certified Public Accountant filing a report with the State Auditor and Inspector must pay a filing fee of forty dollars (\$40.00) to ensure that all audits of governmental entities are in accordance with Government Auditing Standards. This legislation pertains to all audits conducted by external auditors for any state agency, board, commission, school district, city, town, public trust or other governmental entity. All audits filed with the State Auditor and Inspector are reviewed to ensure compliance with Government Auditing Standards and the Oklahoma Statutes. Approximately two thousand forty-three (2,043) audits of governmental entities were reviewed by the State Auditor and Inspector's Office for the annual period ending June 30, 2004.

Reports must be in a form consistent with the AICPA Audit and Accounting Guide Audits of State and Local Governmental Units. State agencies or other pass-through grantors of federal financial assistance may not require additional reporting from a grantee, in addition to the required federal reports, without permission from the State Auditor and Inspector. As of the date of this report, no additional reports have been approved.

The State Auditor and Inspector's Office is dedicated to maintaining a qualified, well-trained audit staff. Fostering an environment of professionalism and proficiency, the Continuing Professional Education (CPE) Program is recognized throughout the state for its excellence.

Ensuring compliance with Government Auditing Standards issued by the Comptroller General of the United States, staff members assigned to audit federal programs are required to complete eighty (80) hours continuing professional education in a two-year period. Of those eighty (80) hours, twenty-four (24) are required to be in subjects directly related to the government environment and to governmental auditing. Staff auditors are required to complete a minimum of twenty (20) hours of continuing professional education (CPE) annually to remain current with any changes to auditing professional standards.

The Continuing Professional Education Coordinator for the State Auditor and Inspector's Office is responsible for the design and implementation of a comprehensive training program that meets the requirements of the General Accounting Office (GAO), the Oklahoma Accountancy Board, and the Office of Personnel Management. Responsibilities include recruitment of qualified instructors, scheduling of seminars, conference planning, development of course instructional materials, and maintenance of extensive documentation for all programs and participants. In addition, the CPE Coordinator serves as seminar presenter, serves on multi-agency task forces, assists other agencies with training resources, and serves as the agency's Employee Wellness Coordinator.

## Special Services

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The year's CPE seminars were designed and scheduled to assure that the professional proficiency, knowledge, and skills of each individual audit staff member was continually enhanced and improved. Instructors of the Continuing Professional Education program included a combination of the State Auditor and Inspector's staff as well as other local, state, and nationally recognized experts in a wide variety of fields. Invitations to participate in several relevant seminars were extended to financial officers, internal auditors, and information technology management staff of other state agencies and educational institutions. More than fifty (50) state agencies participated in seminars sponsored by the State Auditor and Inspector's Office during this reporting period enhancing accountability and assuring policy and procedure adherence throughout State government.

Additional professional and technical educational opportunities were afforded staff throughout the year enhancing skills in areas of fraud detection, information technology systems, auditing, accounting, legal issues, and professional management skills. Many staff participated and maintained membership in various professional and business organizations. Highly sought after for their expertise, these staff members served as conference presenters, guest speakers, and conducted seminars in their respective fields throughout the year.

<i>Continuing Education Seminars Period Ending June 30, 2004</i>		
<u>Date</u>	<u>Seminar</u>	<u>Hours</u>
July	SAS 99 and Fraud <i>By: Mike Crawford, President Crawford and Associates</i>	8
	Peer Review – External QCR of a Government Audit Organization <i>By: Pamela Lindsey, Director SAAD Kevin Wright, Manager Melain Eavenson, Manager Lisa Hodges, Manager Diana Nichols, Manager</i>	1.5
September	Writing Audit Findings, Fraud and Financial Exploitation and Emergency Preparedness <i>By: Jeff Chalmers, Emergency Management Authority Roger Chrisco, Chief Investigator, Attorney General's Medicaid Fraud Unit Mike Crawford, President Crawford and Associates</i>	8

October	County Auditor Fall Seminar – A Day of Discovery <i>By: Jim McGoodwin, Deputy State Auditor and Inspector Bob Klein, Management Services Clayton Hoskinson, Senior Computer Forensic Examiner Brenda Warren, Management Services Greg Hodges, Director, Management Services Cheryl Wilson, Management Services Oklahoma Tax Commission Special Presentation</i>	8
December	Audit and Accounting Updates <i>By: Frank Crawford, CPA Crawford and Associates Steve Tinsley, Deputy State Auditor and Inspector</i>	8
February	Techniques for EMS Audits <i>By: Sherri Merle, Manager County Audit Division</i>	8
May	Implementation of SAS 99 <i>By: Kevin Wright, Director, State Agency Audit Division Melain Eavenson, Manager, SAAD Lisa Hodges, Manager, SAAD Diana Nichols, Manager, SAAD Melissa Capps, Manager SAAD</i>	8
June	Independence and the New Yellow Book <i>By: Steve Tinsley, Deputy State Auditor and Inspector</i>	2
	Using Audit Command Language (ACL) to Audit County Information Systems <i>By: Janna Wallace, Information Services Division Mickey Gunkel, Information Services Division</i>	30

The Public Trust Department monitors a total of 1,192 public trusts and continues to actively pursue any noncompliance with filing requirements. This office has made significant strides toward informing trusts of their responsibility to initiate audits. Due to this effort, 1,038 trusts were in compliance and 154 trusts were noncompliant during the fiscal year ending June 30, 2004.

As of June 30, 2004, there were ninety-six (96) hospital trusts. As required by 19 O.S. § 794, all county-owned hospitals must file an annual audit with this office; subsequently Oklahoma has sixteen (16) county owned hospitals, with one (1) being noncompliant. As required by 60 O.S. § 180.1 and 180.2, all public trusts are required to file annual audits with this office. Ninety-one (91) of Oklahoma’s ninety-six (96) hospital trust authorities were in compliance with these statutes as of June 30, 2004.

## *Special Services*

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As required by 74 O.S. § 212A, all governmental entities receiving public funds shall file with this office a financial statement audit in accordance with Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards, as of the end of each fiscal year. During this period, there were a total of 1,153 general audits; 1,045 were in compliance and 108 were noncompliant.

The general audits are listed as follows:

Colleges	27	Schools	591
Conservation Districts	92	Miscellaneous	146
Rural Water Districts	297		

There are a total of 591 cities in Oklahoma, 524 were in compliance and 67 were noncompliant as of June 30, 2004.

## *Abstractor Industry Services*

The Oklahoma State Legislature adopted the Oklahoma Abstractor's Law (74 O.S. § 227.10 *et seq.*), which directed the State Auditor and Inspector to regulate Oklahoma's abstract industry.

Abstractor Industry Services has promulgated rules and regulations at Title 80 of the Oklahoma Administrative Code, to which all abstract companies must conform. (Copies of these documents are available on the State Auditor and Inspector's website.)

The office of the State Auditor and Inspector employs an Abstractor Registrar and Secretary to staff the Abstractor Division. This department issues certificates of authority, individual abstractor licenses and permits to build abstract plants.

The Abstractor Registrar investigates complaints from consumers concerning abstracting issues and attempts to resolve them by using informal resolution methods. When needed, the Abstractor Division provides a hearing examiner for resolution of formal complaints against abstract companies.

## *Program Objectives*

Administer the law in a fair and cost-effective manner. Assist consumers in resolving issues with abstract companies.

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## *Performance Measures*

1. Number of on-site abstract company visits.
2. Percentage of formal complaints against abstractors resolved within 120 days.
3. Percentage of informal consumer complaints resolved within 10 days.
4. Percentage of informal consumer complaints resolved within 30 days.
5. Percentage of informal consumer complaints resolved within 60 days.
6. Number of Individual Abstract Licenses issued.
7. Number Certificates of Authority issued.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Number of on-site visits.	17	20	29	38
2. Percent of formal complaints resolved within 120 days.	73%	81%	92%	90%
3. Percent of informal complaints resolved within 10 days.	41%	50%	58%	65%
4. Percent of informal complaints resolved within 30 days.	70%	68%	75%	80%
5. Percent of informal complaints resolved within 60 days.	77%	74%	86%	90%
6. Individual abstract licenses issued.	935	757	922	945
7. Certificates of authority issued.	130	130	130	130

## *Minerals Management Audit Services*

The State Auditor and Inspector's Office assists the Federal Government in the performance of mineral royalty audits of Federal lands within the State of Oklahoma as authorized by *Section 205 of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA)* and *Royalty Simplification and Fairness Act (RFSA)*. This program insures that all royalty payments due to the State of Oklahoma and the Federal government are accurately accounted for. This amounted to approximately \$8,000,000 for the most recently completed Federal fiscal year for which payments and audit results are available.

## *Special Services*

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The State Auditor and Inspector's office has implemented a policy to require all staff assigned to audit federal royalty payments to complete eighty (80) hours of continuing professional education in a two-year period in compliance with Government Auditing Standards, as adopted by the General Accounting Office. The approximately \$400,000 cost of these audit services for the Federal fiscal year ending September 30, 2004, will be reimbursed to the State of Oklahoma.

### *Program Objectives*

Insure royalties from producing oil and gas properties on Federal Lands in the State of Oklahoma are correctly reported and paid to the Department of Interior, Minerals Management Service.

### *Performance Measures*

1. Dollars collected for underpaid royalties and Interest.
2. Number of audit reports issued.

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. Dollars of underpaid royalties and interest collected.	\$150,000	\$175,000	\$150,000	\$200,000
2. Number of reports issued.	4 Companies & 13 Properties	^None due to Federal Mandate	3 Companies	10 Companies

\*Estimated amount Federal System shut down By Judge.

^Federal Judge Royce Lamberth shut down Department of Interior Computer system in 2002, not reconnected until May 2003, audits began in 2002 and 2003 to be completed in 2004 and 2005.

### *Horse Racing Audit Services*

Horse Racing Audit Services is responsible for monitoring all wagering activities at racetracks, and their off-track wagering facilities, licensed by the Oklahoma Racing Commission (Oklahoma Statute Title 3A § 204 A.9). Currently, there are three operating racetracks and a fourth that has an open application pending.

A portion of all wagers are paid to state funds established in the State Treasurer's office. Horse Racing Audit Services monitors all wagers on live races, in-state simulcast races,



and out-of-state simulcast races; tracks all commissions as well as funds that are returned to the public for winning pari-mutual tickets. The cost of this monitoring is paid from an amount set aside for that purpose from monies wagered (Oklahoma Statute Title 3A § 205.6a.5 and 205.7J).

*Program Objectives*

Insure the integrity of the pari-mutuel wagering system, the payment of winning wagers to the public, and the proper distribution of commissions, including those due to the State of Oklahoma.

*Performance Measures*

1. Dollars deposited into the State of Oklahoma coffers (Calendar Year Basis).
2. Number of Race Meeting monitoring reports (Calendar Year Basis).
3. Total wagers made during the year (Calendar Year Basis).

<i>Performance Measures</i>	<i>FY-2002</i>	<i>FY-2003</i>	<i>FY-2004</i>	<i>FY-2005 BUDGET</i>
1. State Deposits	\$5,108,269.85	\$4,150,360.72	*\$4,000,000	*\$3,500,000
2. Reports Issued	8	9	10	12
3. Total Wagers	\$157,763,469	\$140,478,069	\$135,404,704	*\$121,435,250

\*Estimated amounts for these years.

*State Board of Equalization Support*

The Oklahoma State Board of Equalization is a constitutionally authorized board comprised of seven (7) ex-officio board members. The members include the Governor, Lieutenant Governor, State Treasurer, State Auditor and Inspector, Attorney General, Superintendent of Public Instruction, and Commissioner of the Department of Agriculture. The Governor serves as Chairperson and the State Auditor and Inspector serves as Secretary to the State Board of Equalization.

The principal duty of the State Board of Equalization is to adjust and equalize the valuation of real and personal property of the seventy-seven (77) counties and assess all railroad, airline and public service corporation properties. The Board also provides an estimate of revenue that will be available for appropriation by the Legislature.

## *Special Services*

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During this annual period, the Board met six (6) times and certified assessed valuations of two hundred sixty-seven (267) railroads, airlines and public service corporations.

The Board also received approximately sixteen hundred (1,600) annual budgets that included counties, cities, towns, school districts and other taxing jurisdictions within the State of Oklahoma. Budgets are reviewed to verify that all valuations and levies reflected agree with those certified by the local official.

### *State Pension Commission Support*

The State Auditor and Inspector, or his designee, serves as a member of the Oklahoma State Pension Commission in accordance with *74 O.S. § 941*. This office also provides administrative support to the Commission.

The Oklahoma State Pension Commission is comprised of seven members, including the State Auditor and Inspector or his designee, the Director of the Department of Central Services, the State Treasurer (or their designees); one member of the Senate appointed by the President Pro Tempore of the Senate, one member of the House of Representatives appointed by the Speaker of the House of Representatives, and two members appointed by the Governor.

The principal duty of the Commission is to review and publish comparative quarterly and annual performance reports analyzing the investment performance of Oklahoma's seven pension systems, specifically for firefighters, police, justices and judges, law enforcement personnel, teachers, public employees and wildlife department personnel.

The Commission is also directed by statute to hire one or more pension fund management consultants to assist the Commission in accomplishing its objectives. The consultant is considered a fiduciary of the state retirement systems.

During this annual period, the Commission met four (4) times and presented eight (8) reports.



*Detailed Lists of Audit Coverage*

## *Audit Reports Listing*

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### *County Government – Financial Audits*

Alfalfa County	7/9/03	Jefferson County FY '02	9/12/03
Atoka County	12/2/03	Jefferson County FY '03	12/2/03
Beaver County	9/6/03	Johnston County	10/15/03
Blaine County	5/4/04	Kay County	1/9/04
Bryan County	11/4/03	Kingfisher County	2/25/04
Caddo County	2/23/04	Kiowa County	5/3/04
Carter County	6/30/04	Latimer County	2/12/04
Choctaw County	7/19/03	Lincoln County	7/21/03
Cimarron County	9/16/03	Marshall County FY '02	9/29/03
Cleveland County	1/28/04	Marshall County FY '03	5/3/04
Comanche County	1/29/04	Mayes County FY '02	7/8/03
Cotton County	7/21/03	Mayes County FY '03	7/24/03
Creek County	4/12/04	McClain County FY '02	8/13/03
Custer County	4/28/04	McClain County FY '03	3/4/04
Delaware County	5/7/04	McCurtain County FY '03	9/2/03
Dewey County	7/24/03	McCurtain County FY '04	3/9/04
Garfield County	2/11/04	Murray County	5/29/04
Grant County	11/5/03	Muskogee County FY '00	8/11/03
Greer County	8/7/03	Muskogee County FY '01	8/11/03
Harper County	11/5/03	Noble County FY '01	10/2/03
Haskell County FY '02	12/23/03	Noble County FY '02	10/2/03
Haskell County FY '03	5/25/04	Nowata County FY '01	7/24/03
Jackson County	4/2/0/04	Nowata County FY '02	7/15/03

## *Audit Reports Listing*

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Oklahoma County	2/12/04	Texas County FY '02	9/3/03
Okfuskee County	3/31/04	Texas County FY '03	6/15/04
Oklahoma City/County Health	6/2/04	Tillman County	3/4/04
Okmulgee County	4/12/04	Tulsa County	4/5/04
Payne County	1/21/04	Washita County	7/21/03
Pittsburg County	4/6/04	Woodward County FY '02	8/20/03
Sequoyah County	7/24/03	Woodward County FY '03	5/26/04

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## *County Treasurer Reviews*

Adair County Treasurer	08/11/03	Garvin County Treasurer	10/3/03
Alfalfa County Treasurer	5/11/04	Grady County Treasurer	10/15/03
Atoka County Treasurer	9/13/03	Grant County Treasurer	6/24/04
Beaver County Treasurer	5/11/04	Greer County Treasurer	11/12/03
Beckham County Treasurer	6/24/04	Harmon County Treasurer	5/28/04
Blaine County Treasurer	5/28/04	Harper County Treasurer	11/6/03
Bryan County Treasurer	10/17/03	Haskell County Treasurer FY '03	10/17/03
Caddo County Treasurer	5/28/04	Haskell County Treasurer FY '04	7/24/03
Canadian County Treasurer	6/24/04	Hughes County Treasurer	10/20/04
Carter County Treasurer	10/3/03	Jackson County Treasurer	1/12/03
Cherokee County Treasurer	8/27/03	Jefferson County Treasurer	10/3/03
Choctaw County Treasurer	10/27/03	Johnston County Treasurer	10/20/03
Cimarron County Treasurer FY '03	7/10/03	Kingfisher County Treasurer	5/28/04
Cimarron County Treasurer FY '04	5/11/03	Kiowa County Treasurer	5/28/04
Cleveland County Treasurer	10/3/03	Latimer County Treasurer	10/17/03
Coal County Treasurer	10/3/03	LeFlore County Treasurer	10/17/03
Cotton County Treasurer	5/28/04	Lincoln County Treasurer	8/11/03
Craig County Treasurer	8/11/03	Logan County Treasurer	8/27/03
Creek County Treasurer	8/11/03	Love County Treasurer	9/12/03
Custer County Treasurer	5/10/04	Major County Treasurer	6/14/04
Delaware County Treasurer	8/11/03	Marshall County Treasurer	10/20/03
Dewey County Treasurer	8/20/03	Mayes County Treasurer FY '03	8/27/03
Ellis County Treasurer	5/11/04	Mayes County Treasurer FY '04	12/4/03

## *Audit Reports Listing*

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McClain County Treasurer	10/15/03	Pottawatomie County Treasurer	10/3/03
McCurtain County Treasurer	10/27/03	Pushmataha County Treasurer	10/17/03
Murray County Treasurer	9/12/03	Roger Mills County Treasurer	5/10/04
Noble County Treasurer	8/11/03	Seminole County Treasurer	10/17/03
Nowata County Treasurer	8/27/03	Sequoyah County Treasurer	8/11/03
Okfuskee County Treasurer	6/24/03	Stephens County Treasurer	10/3/03
Oklahoma County Treasurer	8/21/03	Texas County Treasurer	8/20/03
Okmulgee County Treasurer	8/11/03	Tillman County Treasurer	5/28/04
Osage County Treasurer	8/11/03	Tulsa County Treasurer	8/27/03
Ottawa County Treasurer	8/13/03	Wagoner County Treasurer	8/11/03
Pawnee County Treasurer	8/11/03	Washington County Treasurer	8/27/03
Payne County Treasurer	10/17/03	Washita County Treasurer	5/10/04
Pittsburg County Treasurer	10/3/03	Woodward County Treasurer	6/7/04
Pontotoc County Treasurer	10/3/03		

## *County Officer Turnovers*

Atoka Court Clerk	10/30/03	Harper Court Clerk	10/13/03
Beaver Court Clerk	7/10/03	Haskell Court Clerk FY '02	12/8/03
Blaine Court Clerk	3/12/04	Haskell Court Clerk FY '03	5/28/04
Bryan Court Clerk	9/19/03	Jackson Court Clerk	3/1/04
Caddo Court Clerk	12/30/03	Jefferson County Sheriff	3/29/04
Canadian Court Clerk	6/21/04	Jefferson Court Clerk	10/30/03
Carter Court Clerk	3/24/04	Johnston County Clerk	3//29/04
Cherokee County Clerk	4/08/04	Johnston County Treasurer	8/5/03
Cimarron Court Clerk	7/24/03	Johnston Court Clerk	8/7/03
Cleveland Court Clerk	12/22/03	Kay Court Clerk	4/21/04
Comanche Court Clerk	12/30/03	Kingfisher Court Clerk	1/29/04
Craig Court Clerk	5/28/04	Kiowa County Sheriff	7/24/03
Creek County Court Clerk	4/8/04	Kiowa Court Clerk	4/21/04
Custer Court Clerk	3/24/04	Latimer Court Clerk	1/29/04
Delaware County Sheriff	5/24/04	Logan Court Clerk	5/28/04
Delaware Court Clerk	4/9/04	Marshall Court Clerk	4/14/04
Dewey Court Clerk	7/10/03	Mayes Court Clerk	5/28/04
Garfield County Treasurer	7/24/03	McClain Court Clerk	12/3/03
Garfield Court Clerk	11/12/03	McCurtain Court Clerk	3/8/04
Grant Court Clerk	9/5/03	Murray Court Clerk	3/24/04
Greer Court Clerk	8/7/03	Nowata County Treasurer	8/21/03
Harmon County Assessor	6/14/04	Okfuskee Court Clerk	8/14/03
Harmon County Court Clerk	6/14/04	Oklahoma County Assessor	5/11/04



## *Audit Reports Listing*

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Oklahoma Court Clerk	12/3/03	Stephens County Clerk	10/3/03
Osage County Clerk	8/21/03	Texas Court Clerk	5/28/04
Ottawa County Court Clerk	4/8/04	Tillman Court Clerk	2/4/04
Payne Court Clerk	1/14/04	Tulsa Court Clerk	10/16/03
Pittsburg Court Clerk	3/24/04	Tulsa Court Clerk	4/21/04
Seminole County Commissioner	6/14/04	Woodward Court Clerk	5/28/04

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## *Emergency Medical Districts*

Atoka County EMS FY '01	7/11/03	Latimer County EMS FY '03	11/14/03
Atoka County EMS FY '02	7/11/03	Logan County EMS FY '02	3/8/04
Butler EMS FY '01	3/10/04	Logan County EMS FY '03	3/8/04
Butler EMS FY '02	3/10/04	Love County EMS	4/27/04
Butler EMS FY '03	3/10/04	Major County EMS FY '02	1/8/04
Canton-Longdale EMS	8/12/03	Major County EMS FY '03	1/14/04
Choctaw County Ambulance FY '02	1/28/04	McClain/Grady EMS	5/5/04
Choctaw County EMS FY '03	1/30/04	Mt. View-Gotebo EMS FY '02	1/5/04
Cimarron County EMS	10/10/03	Mt. View-Gotebo EMS FY '03	1/5/04
Creek County EMS FY '02	6/30/04	Murray County EMS	1/7/04
Creek County EMS FY '03	6/30/04	Muskogee County EMS FY '01	12/29/03
Crescent County EMS FY '02	3/5/04	Muskogee County EMS FY '02	12/29/03
Crescent County EMS FY '03	3/5/04	Muskogee County EMS FY '03	1/22/04
Haskell County EMS FY '02	6/30/04	Noble EMS	6/2/04
Haskell County EMS FY '03	6/30/04	Okeene EMS	10/10/03
Hughes County EMS FY '02	12/31/03	Pauls Valley EMS	5/28/04
Hughes County EMS FY '03	12/31/03	Sugar Creek Ambulance Service	4/21/04
Jackson County EMS	6/2/04	Tillman County EMS	3/29/04
Johnston County EMS FY '02	7/11/03	Vici-Camargo EMS FY '02	12/23/03
Johnston County EMS FY '03	6/24/04	Vici-Camargo EMS FY '03	1/6/04
Latimer County EMS FY '02	11/14/03	Wynnewood EMS	2/11/04

*Horse Racing Division*

All Tracks Live and Simulcast Race Meet	2/24/04	Remington Park Simulcast Race	2/23/04
Blue Ribbon Simulcast	2/24/04	Remington Park Mixed Breed	9/22/03
Blue Ribbon Downs Spring Racing	6/30/04	Remington Park Thoroughbred Race	1/7/04
Fair Meadow at Tulsa Simulcast Race	2/23/04	Tulsa County Fair	6/30/04
Remington Park Mixed Breed	8/21/03	Tulsa State Fair Race	8/7/03

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## *Special Audits, Reviews and Reports*

Calvin Schools	10/29/03	Tecumseh Schools	8/15/03
Canadian Public Facilities	12/11/03	Town of Cornish	11/17/03
Cherokee County Commissioners	10/2/03	Town of Gate	12/18/03
Cimarron Industrial Park Auth.	10/13/03	Town of Rush Springs	10/6/03
City of Kingfisher	1/16/04	Town of Sasakwa	4/16/04
City of Okemah	3/31/04	Whitesboro School	2/17/04
Juvenile Affairs	4/22/04		

## *Audit Reports Listing*

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### *State Agencies, Boards and Commissions*

Able Commission	9/2/03	Health Department	5/31/04
Accountancy Board	5/31/04	Indian Affairs Commission	3/2/04
Aeronautics Board	6/29/04	Liquefied Petroleum Gas Board	6/21/04
Anatomical Board	6/29//04	Merit Protection Commission	5/26/04
Board of Chiropractic Examiners	6/2/8/04	Motor Vehicle Commission	5/26/04
Board of Osteopathic Examiners	3/29/04	Narcotics/Dangerous Drugs Control	12/5/03
Career Tech	10/27/03	Oklahoma County - CAFR	5/31/04
Central Services	5/31/04	Oklahoma Department of Transportation	5/25/04
Cerebral Palsy Commission	9/8/03	Oklahoma Employment Security Comm.	5/31/04
Civil Emergency Management	5/31/04	Oklahoma Energy Resources Board	6/29/04
CLEET Council	6/18/04	Oil/Gas Wells Commission	9/8/03
Commission for Teacher Preparation	4/29/04	Oklahoma Arts Council	5/26/04
Corrections Department	5/31/04	Oklahoma Board of Nursing	6/14/04
Cosmetology Board	9/19/03	Oklahoma Funeral Board	6/30/04
Department of Mental Health	5/31/04	Oklahoma State Treasurer	5/10/04
Department of Public Safety	5/31/04	Scenic River's Commission	4/6/04
Department of Rehabilitation	5/31/04	Space Industry Dev. Authority	6/30/04
Department of Transportation	5/31/04	State of Oklahoma – Single Audit	5/4/04
Dept. of Env. Quality – Waste Tire	4/8/04	State of Oklahoma CAFR	5/31/04
DHS	4/30/04	Tax Commission	4/20/04
Employee Benefits Council	12/8/03	Veteran Affairs	5/31/04
Health Care Authority	5/31/04	Veterinary Medical Examiners Board	5/29/04

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## *District Attorney Audits*

James Borin – Bogus Checks	5/5/04	William Peters – Property Forfeiture	12/22/03
Mike Boring – Property Forfeiture	5/5/04	Virginia Sanders – Bogus Checks	12/8/03
Mike Boring – Bogus Checks	9/5/03	Virginia Sanders – Property Forfeiture	12/03/03
Mark Campbell – Bogus Checks	10/29/03	Robert Schulte – Bogus Checks ‘02	8/12/03
Mark Campbell – Property Forfeiture	10/29/03	Robert Schulte – Bogus Checks ‘03	2/13/04
Gene Christian – Bogus Checks	10/16/03	Robert Schulte – Property Forfeiture	12/22/03
Gene Christian – Property Forfeiture	10/16/03	Dennis Smith – Bogus Checks	3/11/04
Mark Cook – Bogus Checks	11/13/03	Dennis Smith – Property Forfeiture	3/11/04
Mark Cook – Property Forfeiture	11/4/03	Richard Smothen – Bogus Checks	10/8/03
Richard Dugger – Bogus Checks	7/24/03	Richard Smothen – Property Forfeiture	10/8/03
Mark Gibson – Bogus Checks	4/9/04	Mitch Sperry – Bogus Checks	9/19/03
Mark Gibson – Property Forfeiture	4/9/04	Mitch Sperry – Property Forfeiture	11/6/03
Thomas Giulilol – Bogus Checks	12/5/03	Cathy Stocker – Bogus Checks ‘02	8/28/03
Tim Harris – Bogus Check ‘02	1/14/04	Cathy Stocker – Bogus Checks ‘03	3/11/04
Tim Harris – Bogus Check ‘03	2/26/04	Cathy Stocker – Property Forfeiture	2/28/04
Tim Harris – Property Forfeiture	2/26/04	Larry D. Stuart – Bogus Checks ‘02	8/22/03
Ray Don Jackson – Bogus Checks ‘02	8/7/03	Larry D. Stuart – Bogus Checks ‘03	6/30/04
Ray Don Jackson – Bogus Checks ‘03	4/29/04	Rob Wallace – Bogus Checks	10/20/03
Tim Kukendahl – Bogus Checks	9/19/03	Rob Wallace – Property Forfeiture	10/20/03
Tim Kukendahl – Property Forfeiture	9/19/03	John Wampler – Bogus Checks ‘02	9/5/03
Wes Lane – Bogus Checks	11/12/03	John Wampler – Bogus Checks ‘03	1/26/04
Wes Lane – Property Forfeiture	6/14/04	John Wampler – Property Forfeiture	1/30/04
John Laton – Bogus Check	11/13/03	Chris Wilson – Bogus Checks	10/20/03
John Laton – Property Forfeiture	11/13/03	Chris Wilson – Property Forfeiture	6/30/04
William Peters – Bogus Checks	12/22/03		

## *Supplementary Constitutional Provisions*

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*(Article VI, Section 1.A)* The Constitution of the State of Oklahoma provides for the office of the State Auditor and Inspector within the executive department to the government of the State of Oklahoma.

*(Article VI, Section 3 & 19)* To be eligible to be elected State Auditor and Inspector, a person must be a citizen of the United States, 31 years of age, have been an elector of this state for 10 years, and have at least three years experience as an expert accountant.

*(Article V, Section 4)* The term of office is four years, which runs concurrently with the other state elected officials. The State Auditor and Inspector may succeed himself.

*(Article VI, Section 19)* The State Auditor and Inspector has the duty to examine the books, accounts and cash on-hand or in the bank of the State Treasurer and county treasurers at least twice each year without notice to such treasurers and to publish this report; to prescribe a uniform system of bookkeeping for all treasurers; and perform such other duties as may be prescribed by law.

*(Article X, Section 9C.(i) & 9D.L)* The State Auditor and Inspector has the constitutional duty to conduct an annual audit of the operations of each Emergency Medical Services District and each county solid waste management operation

*(Article VI, Section 32 & Article X, Section 21)* The State Auditor and Inspector serves as a member of the Commissioners of the Land Office and as a member of the State Board of Equalization.

## State Auditor and Inspectors from Statehood

Charles A. Taylor (D) – 1907-1912

Fred Parkinson (D) – 1912-1923

George J. Mechling (D) – 1923-1927

John Rogers (D) – 1927-1946

Charles G. Morris (D) – 1946-1954

Scott Burson (D) – 1954-1959

John M. Rogers (D) – 1959-1979

Tom Daxon (R) – 1979-1983

Clifton Scott (D) – 1983-2003

Jeff A. McMahan (D) – 2003-Present

\*State Question 510 consolidated the office of Examiner and Inspector and the State Auditor in a special election on July 22, 1975.





OKLAHOMA OFFICE OF THE STATE  
AUDITOR AND INSPECTOR  
JEFF A. MCMAHAN

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