



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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OKLAHOMA WHEAT
COMMISSION

JULY 1, 2003 THROUGH JUNE 30, 2004



JEFF A. MCMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

December 1, 2005

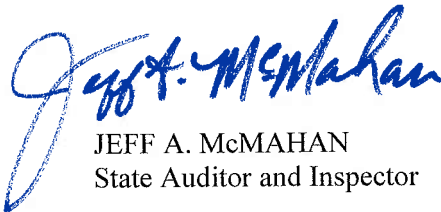
TO THE COMMISSIONERS OF THE OKLAHOMA WHEAT COMMISSION

Transmitted herewith is the Statutory Examination Report for the Oklahoma Wheat Commission. The procedures we performed were conducted pursuant to 74 O.S. §212.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation to the agency's staff for the assistance and cooperation extended to our office during the course of our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

Oklahoma Wheat Commission
Statutory Examination Report
For the Period July 1, 2003 to June 30, 2004

This publication is printed and issued by the State Auditor and Inspector, as required by 74 O.S. §212. Pursuant to 74 O.S. §3105, 23 copies have been prepared and distributed at a cost of \$37.39. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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Background

In 1965, the Oklahoma Wheat Resources Act established the Oklahoma Wheat Commission, and with it a framework for Oklahoma wheat producers to invest in the promotion of their product, hard red winter wheat. The mission of the Oklahoma Wheat Commission is to promote and further develop the marketability and utilization of Oklahoma wheat through international and domestic market development, research, and education. The efforts of the Oklahoma Wheat Commission are funded entirely through producer contributions via a 1.5¢ per bushel checkoff.

The Oklahoma Wheat Commission is entirely producer-controlled. Oklahoma wheat producers elect their fellow producers to serve as commissioners in district elections. Each district has an opportunity to elect a commissioner every 5 years. Once selected, commissioners are appointed by the Governor of Oklahoma to serve a 5-year term. Five Oklahoma wheat producers make up the board of commissioners.

Board Members

LEROY QUANCE	CHAIRMAN
KEITH KISLING	VICE CHAIRMAN
TOM STEPHENS	SECRETARY-TREASURER
TOM GLAZIER	MEMBER
PAUL JACKSON	MEMBER

Key Staff

MARK HODGES	EXECUTIVE DIRECTOR
JUDI WILLIAMS	ASSISTANT DIRECTOR
BENITA GOGGIN	BUSINESS MANAGER



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

TO THE COMMISSIONERS OF THE OKLAHOMA WHEAT COMMISSION

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures for the fiscal year 2004:

1. We reviewed internal controls over cash, receipts, and disbursements.
2. We tested a sample of deposits to determine they were properly posted to the financial records and had adequate supporting documentation.
3. We tested a sample of disbursements to determine they were properly posted to the financial records and had adequate supporting documentation.
4. We performed analytical procedures to test the reasonableness of payroll disbursements;

We also prepared a Schedule of Receipts, Disbursements and Changes in Cash from information obtained from the statewide CORE accounting system. This schedule has been included for informational purposes only.

Our procedures were limited to those defined above and were less in scope than would be necessary to express an opinion on any of the items referred to above or to express an opinion on the effectiveness of the Wheat Commission's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the results from those procedures.

Sincerely,

A handwritten signature in blue ink that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

December 1, 2005

OKLAHOMA WHEAT COMMISSION

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:

Reg Bds Fees & Asmts Commod Sale	1,788,508
Interest on Investments	<u>7,148</u>
Total Receipts	<u>1,795,656</u>

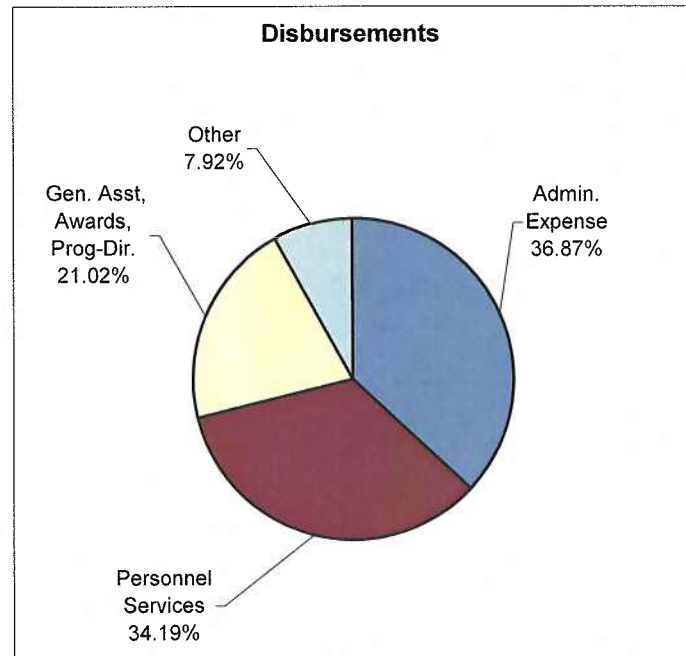
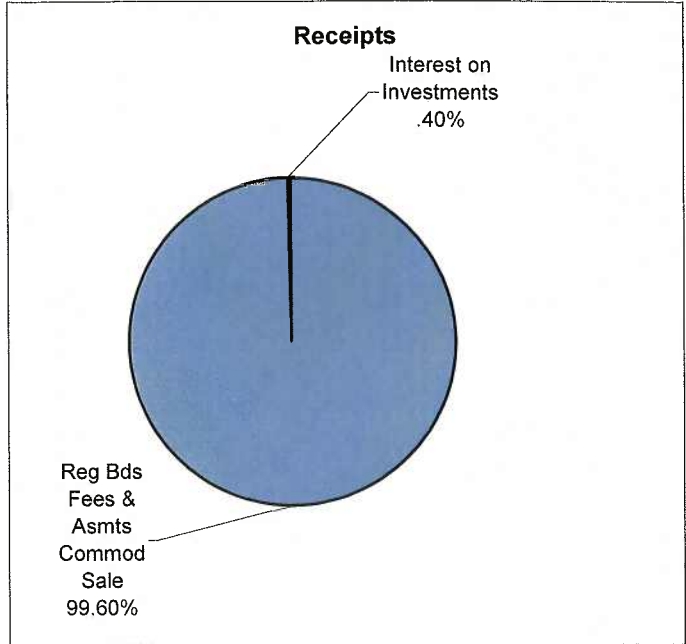
DISBURSEMENTS:

Administrative Expense	579,632
Personnel Services	537,245
Gen Asst,Awds, Prog-Directed	330,121
Travel	64,385
Prop,Furn,Equip & Related Debt	59,270
Transfers & Other Disbursements	<u>749</u>
Total Disbursements	<u>1,571,401</u>

RECEIPTS OVER (UNDER) DISBURSEMENTS	224,255
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CASH - Beginning of year	<u>764,422</u>
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CASH - End of year	<u><u>988,677</u></u>
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Findings / Recommendations

Finding #1

Criteria: A basic objective of governmental generally accepted accounting principles is to demonstrate accountability and stewardship to be used in evaluating management's accounting for funds. To ensure proper accounting of funds, the recording, authorization, custodial, and execution functions of assets should be segregated.

Condition: During our review of internal controls, we noted the Business Manager performs the following duties:

- Endorses checks
- Receipts checks
- Prepares and records deposits
- Makes deposits
- Performs reconciliations

Effect: A misappropriation of funds could occur and not be detected in a timely manner.

Recommendation: We recommend the following corrective action be implemented:

- Checks be immediately restrictively endorsed by the Assistant Director who opens the mail/receives the checks
- The Business Manager issue receipts for the checks
- The Assistant Director record and prepare the deposit
- The Business Manager make the deposit
- The Executive Director perform reconciliations

Views of Responsible Official(s)

Contact Person: Mark Hodges, Executive Director

Anticipated Completion Date: 10/17/05

Corrective Action Planned: The Oklahoma Wheat Commission accepts the recommendations of the auditors as per management response and is in the process of implementing steps that were not already in practice.

Other Information

Clearing Account

The Oklahoma Wheat Commission maintains a clearing account to deposit revenues collected on a daily basis. All items deposited into the clearing account are held there until such items have been honored by the paying entity. Once these items have been honored, the revenues are transferred for deposit into the agency's operating fund(s). The agency's clearing account had a cash balance of \$106,741.56 at June 30, 2004. As of this date, this amount had not yet been deposited into the agency's operating fund(s) and is not considered to be available to fund the agency's general operations. As a result, the clearing account's cash balance, revenues, and disbursements are not included in the accompanying Schedule of Receipts, Disbursements, and Changes in Cash Balance.



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