



STATE OF OKLAHOMA
OFFICE OF THE STATE AUDITOR & INSPECTOR

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**BOLL WEEVIL ERADICATION
ORGANIZATION**

JULY 1, 2003 THROUGH JUNE 30, 2004



JEFF A. McMAHAN, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

Boll Weevil Eradication Organization
Statutory Examination Report
For the Period July 1, 2003 to June 30, 2004

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

June 22, 2005

TO THE BOARD OF DIRECTORS OF THE BOLL WEEVIL ERADICATION ORGANIZATION

Transmitted herewith is the Statutory Examination Report for the Boll Weevil Eradication Organization. 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

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Background

The mission of the Oklahoma Boll Weevil Eradication Organization is to design, implement, and complete a boll weevil eradication program that is economical, producer friendly, and beneficial to the State of Oklahoma.

Board Members

JERRY MCKINLEYCHAIR
MARK NICHOLS VICE CHAIR
SAM PFENNING SECRETARY
RON WHITTENBERGMEMBER
LARRY FEISTMEMBER
DAN VINYARD.....MEMBER

Key Staff

DR. BILL MASSEYEXECUTIVE DIRECTOR
JOE HARRIS BUSINESS & FINANCE OFFICER
DEANNA ALLENPURCHASING/ACCOUNTS PAYABLE
CELECIA STOUP PAYROLL
AMANDA DAVIDSON INVENTORY RECORDS



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**TO THE BOARD OF DIRECTORS OF THE BOLL WEEVIL ERADICATION
ORGANIZATION**

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;
5. We performed procedures to ensure capital assets were present and properly recorded in the financial records;
6. We performed procedures to verify the amounts reported as significant receivables, payables, contracts, and commitments.

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 Boll Weevil Eradication Organization's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the finding resulting from those procedures.

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

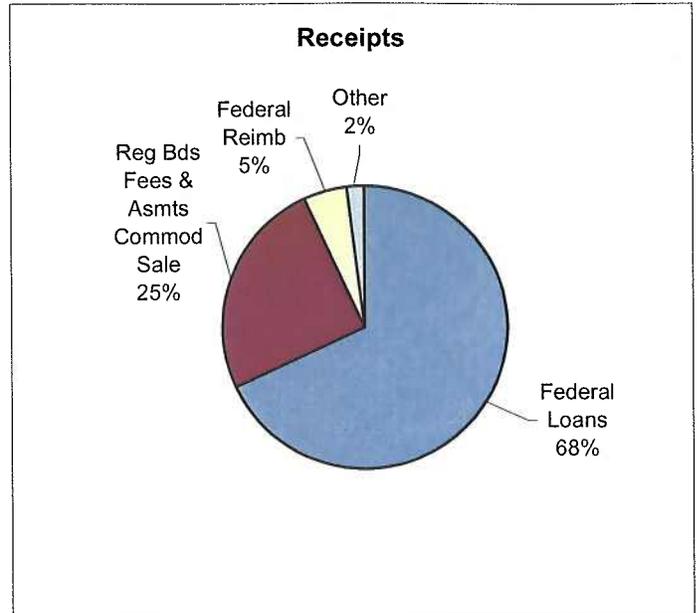
May 26, 2005

BOLL WEEVIL ERADICATION ORGANIZATION

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

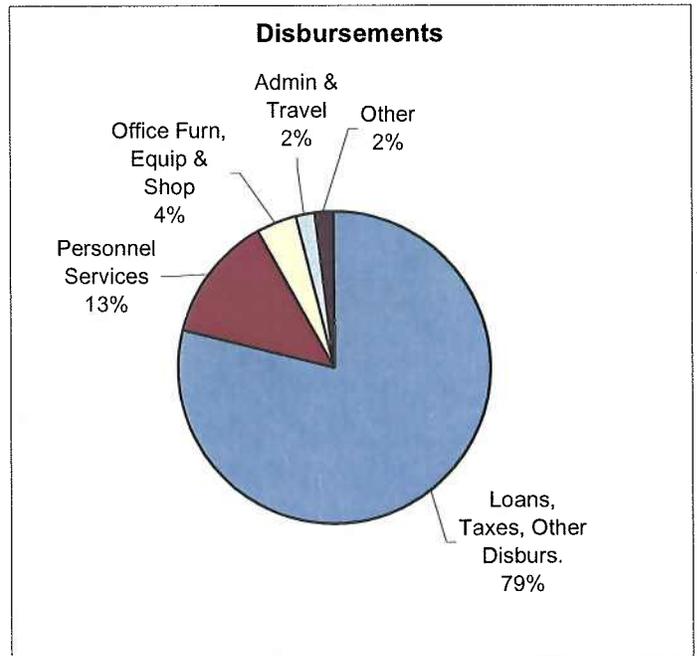
RECEIPTS:

Federal Loans	6,000,000
Reg Bds Fees & Asmts Commod Sale	2,232,165
Federal Reimbursements	437,000
Ins & Other Reimb for Damaged Prop	108,054
Other	28,449
Total Receipts	8,805,668



DISBURSEMENTS:

Loans, Taxes, Other Disburs.	6,615,451
Personnel Services	1,108,695
Shop Expense	270,533
Misc. Admin Expenses	105,452
Office Furniture & Equip	85,061
Travel - Reimbursements	68,369
Professional Services	40,084
Maintenance & Repair Expense	29,118
Specialized Sup & Mat Expense	14,563
General Operating Expense	8,318
Rent Expense	7,984
Other	1,956
Total Disbursements	8,355,584



RECEIPTS OVER (UNDER) DISBURSEMENTS	450,084
CASH - Beginning of year	1,996,350
CASH - End of year	2,446,434

Findings/Recommendations

Finding #1

During our testing of capital assets, we noted instances of omissions of identification tag numbers, serial numbers, and acquisition costs on the capital asset listing. Additionally, it appears periodic physical inventory counts are not being performed. According to 580:70-3-1(c) of the Oklahoma Administrative Code, the inventory report should include the tag number, serial number, and acquisition cost. Also, periodic physical inventory counts should be useful to ensure the accuracy of the inventory records and in detecting misappropriation of assets in a timely manner. To ensure the accuracy of the agency's inventory records, we recommend the agency include all of the elements required by 580:7-3-1(c) on the inventory report. We also recommend the agency perform periodic physical inventory counts to ensure inventory records are properly maintained and missing items are identified in a timely manner.

Management's Response:

We concur in the finding and recommendations. Our capital assets inventory is being reviewed to ensure compliance with the threshold requirements of 580:70-1-3 and that all the blanks are filled in. As we do the review we are segregating items with little or no current intrinsic value including computer hardware used for repair parts. These items will be documented for transfer to State Surplus and removed from the inventory. During the month of July a total physical inventory of all remaining capital assets will be conducted, documented and reported to DCS in accordance with 580:70-3-1 of the Administrative Code, with physical inventories of all capital assets to be conducted at least annually thereafter.

Other Information

Clearing Account

The agency 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 \$0 at June 30, 2004.

Capital Assets

In accordance with 74 O.S. § 110.1 and 110.2 , all state agencies, board, and commissions are to keep an inventory of capital assets costing in excess of \$500. Capital assets include buildings and equipment owned by the agency. As of June 30, 2004, the Boll Weevil Eradication Organization had approximately \$1,747,671 in capital assets as follows:

Vehicles	\$857,773
Field Equipment	749,127
Computers and related equipment	117,202
Office Equipment	23,569

Significant Payables, Contracts, and Commitments

As of June 30, 2004, the Boll Weevil Eradication Organization had a federal loan with Farm Service Agency (FSA) which had an outstanding balance of principal and interest in the amount of \$5,211,909 to be repaid with fees collected from cotton producers for services rendered.

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