

OPERATIONAL AUDIT

OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY - USED TIRE RECYCLING INDEMNITY FUND

For the period April 1, 2011 through June 30, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**Audit Report of the
Oklahoma Department of Environmental Quality -
Used Tire Recycling Indemnity Fund**

**For the Period
April 1, 2011 through June 30, 2014**



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

August 5, 2015

TO THE OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY BOARD:

This is the audit report of the Oklahoma Department of Environmental Quality - Used Tire Recycling Indemnity Fund for the period April 1, 2011 through June 30, 2014. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Department of Environmental Quality
Used Tire Recycling Indemnity Fund
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Background

The Oklahoma Department of Environmental Quality (DEQ) is responsible for the administration of the Used Tire Recycling Act. They are also responsible for permitting and certifying used tire facilities, and for establishing and publicizing rules that pertain to the remittance of fees and the allocation of monies accruing to the Used Tire Recycling Indemnity Fund.

The Used Tire Recycling Indemnity Fund was created in 1989 to clean up historical tire dumps and to prevent further illegal dumping by providing a monetary incentive to promote proper disposal.

The Oklahoma Legislature established the Environmental Quality Board of Oklahoma Citizens to provide guidance to the DEQ. Board members have a variety of backgrounds in manufacturing, hazardous waste management, solid waste management, petroleum industry, agriculture, recreation, conservation, rural water systems, and statewide environmental groups. These members are appointed by the Governor, confirmed by the Senate and serve a five-year term. Responsibilities of the board are the appointment of the DEQ's Executive Director and the adoption of rules that determine operation of the Department.

Board members as of June 30, 2015 are:

Jan Kunze	Chair
Tim W. Munson.....	Vice-Chair
Shannon Ferrell	Member
Daniel Blankenship.....	Member
James Kinder.....	Member
Tracy Hammon	Member
David Griesel	Member
Jerry Johnston	Member
Steve Mason.....	Member
Billy G. Sims.....	Member
Cheryl Vaught	Member
Loretta Turner	Member
John Wendling.....	Member

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**Scope and
Methodology**

Our audit was conducted in response to 74 O.S. § 212, which requires the State Auditor and Inspector’s office to audit the books and accounts of all state agencies whose duty it is to collect, disburse, or manage funds of the state.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessment of materiality and risk for the period April 1, 2011 through June 30, 2014. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the DEQ’s operations. We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

OBJECTIVE S

- Determine whether the Agency’s internal controls provide reasonable assurance that expenditures were accurately reported in the accounting records;
- Determine compliance with significant provisions of the Used Tire Recycling Act and the Oklahoma Administrative Code.

Conclusion

The Agency’s internal controls provide reasonable assurance that expenditures were accurately reported in the accounting records.

In addition, financial operations complied with the following:

- Oklahoma State Statutes - 27A O.S. § 2-11-401.4

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- Oklahoma State Statutes - 27A O.S. § 2-11-401.4.C.2.d (3)
- Oklahoma State Statutes - 27A O.S. § 2-11-401.6.B.7
- Oklahoma Administrative Code - 252:515-21-3 (a) & (b)
- Oklahoma Administrative Code - 252:515-21-3 (c)
- Oklahoma Administrative Code - 252-21-51 (b)
- Oklahoma Administrative Code - 710:95-5-13(c) , (d), (h)
- Oklahoma Administrative Code - 710:95-5-20(c), (d), (f)

We have no recommendations as a result of our procedures.



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