



OKLAHOMA MOTOR VEHICLE COMMISSION

Operational Audit

For the period July 1, 2019 through June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Motor Vehicle Commission**

**For the Period
July 1, 2019 through June 30, 2022**



March 3, 2023

TO THE OKLAHOMA MOTOR VEHICLE COMMISSION:

We present the audit report of the Oklahoma Motor Vehicle Commission for the period July 1, 2019 through June 30, 2022. 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 "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**Oklahoma Motor Vehicle Commission
Operational Audit**

Background

The Oklahoma Motor Vehicle Commission (the Agency) was established by the Legislature in 1953 for the purpose of licensing and regulating the motor vehicle industry to benefit the people of Oklahoma. This includes licensing new motor vehicle dealers and franchises, manufacturers, distributors and their branches, and factories and their branches. They also license salespersons and representatives.

Nine commissioners (the Commission), appointed by the governor and approved by the senate, oversee the agency. Seven commissioners must have been engaged in the manufacture, distribution, or sale of new motor vehicles, and the Commission also includes two lay members.

Commission members as of January 2023 are:

| | |
|---------------------------|------------|
| Curtis Hayes | Chair |
| Ervin Randle | Vice-Chair |
| Eric Stuteville..... | Member |
| Jeromey Clayton..... | Member |
| Fred Harlan..... | Member |
| Fred Malone..... | Member |
| Cassandra McGlothlin..... | Member |
| Jim Norton | Member |
| Megan Vance Ochs | Member |

The following table summarizes the Agency’s sources and uses of funds for fiscal years 2021 and 2022 (July 1, 2020 through June 30, 2022).

Sources and Uses of Funds for FY 2021 and FY 2022

| | 2021 | 2022 |
|-------------------------|-------------------|-------------------|
| Sources: | | |
| Licenses, Permits, Fees | \$ 502,272 | \$ 510,518 |
| Total Sources | \$ 502,272 | \$ 510,518 |
| Uses: | | |
| Personnel Services | \$ 363,710 | \$ 380,348 |
| Professional Services | 47,251 | 49,367 |
| Rent Expense | 23,868 | 39,988 |
| Administrative Expenses | 18,026 | 18,269 |
| Other Expenses | 10,711 | 10,362 |
| Total Uses | \$ 463,566 | \$ 498,334 |

Source: Oklahoma statewide accounting system (unaudited, for informational purposes only)

**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 July 1, 2019 through June 30, 2021. To assess risk and develop our audit objective, we held discussions with management and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue, expenditure, and asset-related data from the State Accounting System and gathering information from Agency personnel to assess the related financial processes and trends for any notable risks.
- Reviewing the Agency's HR All Actions Report from the State Accounting System to assess personnel changes.
- Reviewing inventory listings and discussing the inventory process with staff.
- Reviewing meeting minutes for the Commission meetings during the audit period.
- Reviewing pertinent statutes and regulations and assessing related risks.

One objective related to revenues was developed as a result of the procedures performed, as discussed in the body of the report. No other significant risks or findings were identified.

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.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*¹ outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

¹ *Standards for Internal Control in the Federal Government*, or the "Green Book," sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

OBJECTIVE Determine whether effective internal control activities are in place to ensure all revenues are deposited, in line with Government Accountability Office *Standards for Internal Control*.

Conclusion Effective internal control activities are in place to ensure all revenues are deposited, in line with GAO *Standards*.

Objective Methodology To accomplish our objective, we performed the following:

- Documented our understanding of the revenue processes through discussion with management and review of documentation
- Evaluated those processes and identified and assessed significant internal controls related to our objective
- Reviewed a random sample of 9 monthly revenue reconciliations (25% of audit period months) for evidence of appropriate review of deposit reconciliation to licensing activity by the Deputy Director

No findings were identified as a result of these procedures.

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S·A·I
STATE AUDITOR & INSPECTOR



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