



OKLAHOMA DEPARTMENT OF TRANSPORTATION SIZE AND WEIGHTS DIVISION

Performance Audit

For the period July 1, 2021 through June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Department of Transportation
Size and Weights Division**

**For the Period
July 1, 2021 through June 30, 2023**



November 1, 2023

TO THE OKLAHOMA DEPARTMENT OF TRANSPORTATION COMMISSION

We present the audit report of the Oklahoma Department of Transportation, Size and Weights Division, for the period July 1, 2021 through June 30, 2023. 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

Background

The intent of the Oklahoma Department of Transportation (the Agency or ODOT) is to ensure, to the greatest extent possible, that the traveling public is protected from potential traffic hazards and the public interest and investment in state owned transportation facilities are protected through meaningful control of vehicle sizes and weights exceeding statutory limitations while providing adequate eligibility to permit, where in the public interest, the non-routine movements of oversize and/or overweight vehicles.

Size and Weights Division

The Size and Weights program has historically been overseen by the Department of Public Safety. Size and Weights was moved to the Department of Transportation in July 2022. This division is responsible for processing and issuing permits that relate to the size and weight of vehicles that can be moved on Oklahoma highways. The program includes rules for when and how vehicles can be moved and how vehicles are weighed.

Oversight

The Agency is overseen by a nine-member Transportation Commission appointed by the Governor. As of October 2023, the Commission included:

- Bob Peterson Chairman
- David Dyson..... Vice-Chairman
- Bob Coburn.....Secretary
- Michael Junk..... Member
- James Grimsley..... Member
- T.W. Shannon Member
- Don Freymiller Member
- Bobby Alexander..... Member
- Stephen J. Laforge Member

**Scope and
Methodology**

At the request of the Secretary of Transportation and Executive Director of ODOT, and in accordance with 74 § 213.2(B), we conducted a performance audit of the Size and Weights Division.

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 met with ODOT staff, reviewed the Secretary's request letter, and also assessed pertinent areas of operations for materiality and risk, for the period of July 1, 2021 through June 30, 2023. This involved inspecting documents and records and data analysis, including:

- Review of expenditure data from the state accounting system and gathering information from staff to assess the relevant financial processes and trends for any notable risks.
- Review of the division's pertinent statutes and regulations and assessing related risks.
- Review of data from the state accounting system and gathering information from both ODOT and Department of Public Safety staff to verify the appropriate transfer of funds was conducted when the Size and Weights program was moved to ODOT.

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

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

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>.

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.

OBJECTIVE	Determine whether all permit fee revenues are collected and deposited to the appropriate fund in accordance with 47 O.S. § 14 and 62 O.S. § 34.57.
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Conclusion Based on the revenues we reconciled for FY 2023, permit fees were deposited to the appropriate funds in accordance with 47 O.S. § 14 and 62 O.S. § 34.57. However, we noted control deficiencies, discussed below, that could allow fees collected to not be deposited or reported.

Background State statutes 47 O.S. § 14 and 62 O.S. § 34.57 authorize the Size and Weights Division to issue various permits and require the revenues to be transferred to certain funds in the state accounting system in a timely manner.

Approximately half of the division’s overall revenues are received in physical form (checks and, rarely, cash) at the Central Office. Of those physical receipts, the vast majority (96%) are related to surety payments (discussed below). There are also permits processed at various field locations, but these revenues account for less than 1% of the division’s physical revenues, so our examination of controls focused on revenues physically received at the Central Office.

Surety accounts allow customers to pay a surety company to hold a bond for a set amount, and the customer can charge up to that amount to their account. These accounts are invoiced monthly, and payments can only be made by check. If payments are not received, demand letters are sent to the bond company.

The division issued a total of 185,366 permits in FY2023, the value of which breaks down as follows:

Revenue Source	Amount	% Revenue
Checks (primarily Surety Accounts)	\$ 18,182,860	47%
Cash	872	0.002%
Credit Card	20,856,394	53%
Field	2,380	0.01%
Total	\$ 39,042,506	100%

Scope and Methodology

To accomplish our objective, we performed the following.

- Documented our understanding of the revenue processes through discussion with staff and review of documentation.
- Evaluated those processes and identified and assessed significant internal controls related to our objective.

- Reconciled the revenue internal spreadsheet kept by the Accountant to transfers recorded in the state accounting system for FY2023. This included funds received both physically and electronically. No concerns were noted as a result of these procedures; however, the control concerns described in our finding create the risk that the deposits listed in these spreadsheets could be incomplete.

FINDINGS AND RECOMMENDATIONS

Independent Reconciliation of Receipts to Bank Deposits Needed

The Size and Weights Division Accountant is responsible for opening the mail at the central office. The Accountant keeps the checks and gives the division clerks the permit documentation to enter information into the Agency’s internal database, OkiePros. The Accountant is responsible for entering surety payments in the OkiePros system, tracking the surety account balances, and sending demand letters.

The Accountant is also responsible for tracking the division’s revenues in internal spreadsheets and preparing the deposit. The Comptroller’s Office is responsible for making the deposit at the bank and entering the deposit in the state accounting system.

While the Accountant provides activity reports from the OkiePros system to the Comptroller’s Office, there are no internal control processes in place to ensure that all the activity reports, deposits made to the bank, and resulting fund transfers are complete and reliable. Controls related to this process are especially important given the Accountant’s duties of opening the mail, making entries in the OkiePros system (for surety payments), and preparing the deposit.

The risk of an error or misappropriation going undetected is especially high for surety account revenues given that the Accountant is the only individual handling and tracking the funds as noted above.

According to GAO *Standards for Internal Control*:

- Management may design a variety of transaction control activities for operational processes, including verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address risks in the operational process.
- Management should use quality information to achieve the entity’s objectives.

Recommendation

Management should consider assigning an individual separate from the receipting and depositing processes to open the mail and complete a mail log. Another individual should reconcile reports from the OkiePros system to the mail log and deposits made to the bank.

Management should also ensure that no single individual is handling all processes for surety accounts. This could be accomplished by assigning someone who does not handle funds to track surety payments and the balances owed by customers in the OkiePros system.

Management could also consider working towards maximizing the revenues that are received electronically, which would greatly decrease risk related to the handling of checks and cash.

The Size and Weights Division is new to the Agency. We suggest that management in the Comptroller's office gain an understanding of the various types of revenues that are coming into the division and how they are processed to ensure that all deposits are complete, fund transfers are correct, and reports from the OkiePros system are complete and reliable. Written policies and procedures should be developed once the process has been updated.

Views of Responsible Officials

We concur with the auditors' findings and recommendations. The Comptroller Division has already started changing the Size and Weights business process of receiving and processing payments. We are realigning roles to segregate duties, which will ensure proper accountability, safeguard the agency resources, and significantly reduce the risks of error and misappropriation of funds.

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S·A·I
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