

**OKLAHOMA HUMAN RIGHTS COMMISSION  
INTERNAL CONTROL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

August 4, 2004

**TO THE HONORABLE BRAD HENRY  
GOVERNOR OF THE STATE OF OKLAHOMA**

Transmitted herewith is the Oklahoma Human Rights Commission Internal Control Report for the fiscal year ended June 30, 2003. By its nature, this report focuses on weaknesses in controls. This focus should not be understood to mean there are not also various strengths and accomplishments.

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

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

Sincerely,

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

JEFF A. McMAHAN

State Auditor and Inspector

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**COMMISSION MEMBERS**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Bobbie Allen Booker	Chairman	July 15, 2005
Charles Morgan, III	Vice-Chairman	July 15, 2005
Richard Aitson	Commission Member	July 15, 2005
Ervin Keith	Commission Member	July 14, 2004
Quang Pham	Commission Member	July 15, 2005
Stanley Evans	Commission Member	July 15, 2003
Deyo Paddyaker	Commission Member	July 15, 2005
Teresa Rendon	Commission Member	July 15, 2004
Connie Hart Yellowman	Commission Member	July 15, 2004

**ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>
Kenneth Kendricks	Executive Director
Cynthia Booker	Executive Secretary
Debora Crawford	Administrative Assistant
Harley McGinnis	Customer Service Representative
Rena Maxwell	Administrative Assistant



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector  
TO THE OKLAHOMA HUMAN RIGHTS COMMISSION

We have applied the procedures enumerated below to certain aspects of internal control for the period July 1, 2002 through June 30, 2003.

1. We reviewed management's internal controls over the cash receipting and depositing of funds.
2. We reviewed the management controls over fixed assets.
3. We reviewed the management controls over the recording of cash receipts, disbursement of funds, and reconciliation of funds.
4. We tested a sample of cash disbursements for propriety, reasonableness, and compliance with State purchasing regulations.
5. We reviewed the Commission's policies and procedures regarding personnel and payroll, purchasing, budgeting, all business activities and tested compliance with such policies and procedures.
6. We reviewed the management internal controls for adequate segregation of duties regarding authorization, recording, and custody.
7. We reviewed management's procedures and processes in relation to their statutory authority and legislative intent.

The purpose of these procedures was to identify the internal controls designed or developed by the Oklahoma Human Rights Commission, make recommendations in certain areas, and determine whether stated controls were operating as represented to us or if additional controls were necessary to reduce the risk of errors and irregularities.

Our procedures were more limited 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 Oklahoma Human Rights 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 findings resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of the Oklahoma Human Rights Commission's internal control, other matters might have come to our attention that would have been reported to you.

Our findings resulting from the above procedures are included in the attached comments and recommendations section of this report.

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

July 21, 2004

**COMMENTS AND RECOMMENDATIONS**

**Comment 2003-355-001**

**Criteria:** According to O.S. § 74-85.39-Development and Promulgation of Internal Purchasing procedures:

- C. Each state agency shall maintain a document file for each acquisition the state agency makes which shall include, at a minimum, justification for the acquisition, supporting documentation, copies of all contracts, if any, pertaining to the acquisition, evaluations, written reports if required by contract, and any other information the State Purchasing Director requires be kept.

According to the Oklahoma Human Right Commission's internal purchasing procedures, Section 6. Request for Acquisitions Form:

- a) **Form.** All divisions of the Human Rights Commission shall use the division request form for all acquisitions.
- b) **Information Required**
- (1) From Requesting Divisions. The information shall include: identification of the person and division requesting the acquisition; acquisition description; quantity; acquisition price estimate; specification of product or service; suggested vendor (if applicable); division requisition number; request date; additional documents (when required)
- (2) From Certified Procurement Officer (CPO). The information shall include: date form accepted from requisition division (acceptance of form designated that requesting division has completed its portion of the form); signature of CPO.
- c) **Funding.** CPO shall forward completed division request form to agency budget officer to assign funding.

**Condition:** We selected 15 claims to test for compliance with the agency's purchasing procedures. We requested the purchase orders and supporting documentation to support those claims. During our review, we noted the agency did not follow their internal purchasing procedures as described in section 6. According to the CPO, the Commission does not require divisions to submit the form or any other information.

**Effect:** The Human Rights Commission is not following their internal purchasing procedures.

**Recommendation:** We recommend the Commission implement procedures to follow the requirements as described in their internal purchasing procedures, which were approved by DCS.

**Management's Corrective Action Plan**

**Contact Person:** Kenneth Kendricks

**Anticipated Completion Date:** August 2, 2004

**Corrective Action Planned:** The Executive Director will implement procedures to ensure that its internal purchasing procedures are strictly followed.