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

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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,

JEFF A. McMAHAN
State Auditor and Inspector
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Members and Administrative Staff</td>
<td>1</td>
</tr>
<tr>
<td>Report of the State Auditor and Inspector</td>
<td>2</td>
</tr>
<tr>
<td>Comments and Recommendations</td>
<td>3</td>
</tr>
</tbody>
</table>
COMMISSION MEMBERS

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

ADMINISTRATIVE STAFF

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenneth Kendricks</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Cynthia Booker</td>
<td>Executive Secretary</td>
</tr>
<tr>
<td>Debora Crawford</td>
<td>Administrative Assistant</td>
</tr>
<tr>
<td>Harley McGinnis</td>
<td>Customer Service Representative</td>
</tr>
<tr>
<td>Rena Maxwell</td>
<td>Administrative Assistant</td>
</tr>
</tbody>
</table>
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,

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.