

**OKLAHOMA LIQUEFIED PETROLEUM GAS BOARD  
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

June 8, 2004

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

Transmitted herewith is the Oklahoma Liquefied Petroleum Gas Board 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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**OKLAHOMA LIQUEFIED PETROLEUM GAS BOARD  
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**BOARD MEMBERS**

<u>Name</u>		<u>Term Expires</u>
Dave Baltes	Chairman	June 30, 2007
David Root	Vice Chairman	June 30, 2008
George William Velotta II	Member	June 30, 2007
Bill Ballard	Member	June 30, 2005
Greg Baker	Member	June 30, 2006
Russell Howard	Member	June 30, 2008
Jim Knutson	Member	June 30, 2007

**ADMINISTRATIVE  
STAFF**

William A. Glass,  
Administrator

Cheryl Foreman,  
Executive Assistant/Accountant

Carolyn Inman,  
Executive Secretary



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**TO THE OKLAHOMA LIQUEFIED PETROLEUM GAS BOARD**

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 the management 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 reviewed the Agency's policies and procedures regarding personnel and payroll, purchasing, budgeting, all business activities and test compliance with such policies and procedures.
5. We reviewed the management internal controls for adequate segregation of duties regarding authorization, recording, and custody.
6. We reviewed the management procedures and processes in relation to their statutory authority and legislative intent.

In addition to the procedures above, we also tested a sample of cash disbursements for propriety, reasonableness, and compliance with State purchasing regulations.

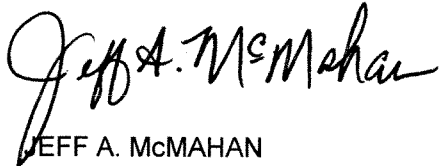
The purpose of these procedures was to identify the internal controls designed or developed by the Oklahoma Liquefied Petroleum Board, and to determine whether stated controls were operating as represented to us or if additional controls were necessary to reduce the risk of errors and irregularities.

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 Agency'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 Agency'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". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN  
State Auditor and Inspector

June 8, 2004

**COMMENTS AND RECOMMENDATIONS**

**OKLAHOMA LIQUEFIED PETROLEUM GAS BOARD  
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**Comment 2003-445-001**

**Criteria:** According to Title 74 O.S. § 85.39A:

“Each state agency shall develop internal purchasing procedures for acquisitions by the state agency. Procedures shall, at a minimum, include provisions for the state agency’s needs assessment, funding, routing, review, audits, monitoring, and evaluations. Following development, the state agency shall submit the procedures to the State Purchasing Director.”

**Condition:** During our review of internal controls, we noted the Board does not have internal purchasing procedures approved by the State Purchasing Director.

**Effect:** Without approved purchasing procedures the Board may not be in compliance with 74 O.S. § 85.39A.

**Recommendation:** We recommend the Board develop internal purchasing procedures and submit them for approval by the State Purchasing Director.

**Management Corrective Action Plan**

**Contact Person:** William A. Glass, Administrator

**Anticipated Completion Date:** Complete

**Corrective Action Planned:** We concur with SA&I’s comments and we therefore will develop internal purchasing procedures and submit them for approval by the State Purchasing Director.