

**OKLAHOMA REAL ESTATE 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

September 2, 2004

**To The Honorable Brad Henry
Governor of the State of Oklahoma**

Transmitted herewith is the Oklahoma Real Estate 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. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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**Oklahoma Real Estate Commission
Internal Control Report
For the Fiscal Year Ended June 30, 2003**

COMMISSION MEMBERS

<u>Name</u>		<u>Term Expires</u>
Martin VanMeter	Member	July 1, 2003
John Mosley	Member	July 1, 2003
John Snodgrass	Member	July 1, 2003
Pat Schafer	Vice-Chairman	July 1, 2004
Bud Engstrom	Member	July 1, 2004
E.R. Andrew	Chairman	July 1, 2005
William Mizener	Member	July 1, 2005

**ADMINISTRATIVE
STAFF**

Anne M. Woody
Executive Director

Ray Schellenger
Business Manager

Connie Miller
Education & Licensing

Lisa Hays
Fiscal Services

Mark VanDenburg
Data Processing

Sherry Kueffler
Investigations



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

To The Oklahoma Real Estate 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 financial records and operations, and observed documentation regarding those controls.
2. We tested a sample of cash disbursements for propriety, reasonableness, and compliance with State purchasing regulations.
3. We reviewed procedures for remitting required portions of fees to the State of Oklahoma.
4. We reviewed the Commission's policies and procedures, and observed whether they were being followed.

The purpose of these procedures was to identify, on a limited basis, the adequacy of certain aspects of internal controls in place at the Oklahoma Real Estate Commission. Our findings resulting from the above procedures are included in the attached comments and recommendations section of this report.

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 Commission's internal controls 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 Commission's internal control, other matters might have come to our attention that would have been reported to you.

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

August 30, 2004

Comments and Recommendations

Comment 2003-588-001

Control Category: Capital Assets

Criteria: According to OAC 580:70-1-3,

“Unless the Director specifies otherwise (Reference (b) of this Section), the threshold for tangible asset inventory reports is \$500.00.”

According to OAC 580:70-3-1,

“The inventory report shall be signed by the agency inventory control officer and shall include for each tangible asset:

- (1) the agency number;
- (2) the asset tag number;
- (3) the model and serial number, if any;
- (4) the manufacturer;
- (5) the description;
- (6) product name;
- (7) physical location;
- (8) acquisition date and cost;
- (9) any other information which may be requested by the Department to ensure the integrity of state inventory records.”

Condition: The Commission does not have a complete capital asset listing which includes all of the criteria listed above.

Effect: Misappropriation of capital assets could result from not having a complete master inventory list.

Recommendation: We recommend the Commission maintain a complete and accurate capital asset listing.

Management’s Corrective Action Plan

Contact Person: Lisa Hays, Business Manager

Anticipated Completion Date: July 1, 2005

Corrective Action Planned: The Oklahoma Real Estate Commission has utilized the same procedures in regard to our inventory for many years. The agency acknowledges that these practices may be outdated and we appreciate the auditor bringing it to our attention. From this day forward we will include all items noted for each inventory item that is listed on our inventory.