COMMISSIONERS OF THE LAND OFFICE
INTERNAL AUDIT COMMITTEE – SPECIAL MEETING
MEETING MINUTES DECEMBER 19, 2024, 10:00 AM
STRATA TOWER, 123 ROBERT S. KERR AVENUE, 28TH FLOOR, MEETING ROOM 1
OKLAHOMA CITY, OKLAHOMA

The agenda was posted online on the Commissioners of the Land Office website and at the Commissioners of the Land Office physical location on December 17, 2024, before 10 a.m.

PRESENT

Jennifer Davenport, Governor's appointee
Katherine Black, Superintendent of Public Instruction's appointee
Lisa Hodges, State Auditor and Inspector's appointee

ABSENT / EXCUSED

Lieutenant Governor Matt Pinnell
Teena Gunter, President of Board of Agriculture's appointee

Chief Internal Auditor Mary Ann Vassar, called the meeting to order at 10:00 AM, asked Executive Assistant Sabrina Cabral to call roll, and ensured the presence of a quorum.

1. Approval of Minutes of December 5, 2024, Committee Meeting

Auditor Vassar presented the committee members with the minutes from the December 5, 2024 regular committee meeting. The minutes were reviewed by committee members.

Motion by Jennifer Davenport to approve the minutes from the December 5th meeting as submitted, seconded by Lisa Hodges.

Jennifer Davenport:	Aye
Katherine Black	Abstain
Lisa Hodges	Aye

Ms. Black indicated abstained from approving the submitted minutes due to her absence from the December 5, 2024 meeting.

Motion failed for lack of quorum. The minutes were tabled for later approval at the next scheduled Special Meeting of the Audit Committee on March 26, 2025.

2. Internal Audit Plan Review & Discussion

Auditor Vassar presented information on audit project topic rankings, which was developed using the Auditor's organizational risk assessment, management input, and preferences expressed by Audit Committee members. These ranking inputs were used to calculate a ranking for each potential audit area, which was presented to the Audit Committee.

Auditor Vassar then discussed the Committee's top-rated focus topics: Investment Reconciliation Accounting, which is a significant source of revenue and the largest asset on the Agency's balance sheet. The Committee's second preferred audit project area was Apportionment and Distribution of CLO revenue to beneficiary groups, which is a mission critical function for the Agency which distributes significant funds to education.

Auditor Vassar pointed out that these two top-ranked Committee audits were both the responsibility of the Finance Services Division. Staff resource limitations would make it difficult for the Finance area to provide support for two audits in the same year. Due to this, Auditor Vassar recommended selection of the higher-ranked Investment Reconciliation & Accounting audit as the only Finance-area audit for the 2025 audit plan year, and deferment the 2nd ranked Apportionment Distribution to a subsequent audit year.

Ms. Vassar noted the Committee's third ranked area of audit interest, which was also ranked highly by Audit and Management, was Mineral Royalty Compliance. This area is a significant revenue stream, was mentioned as a focus for process improvement in last year's LOFT audit, and was also impacted by legislation limiting the 'look back' collection period for un/underpaid royalties. Auditor Vassar's recommended Royalty Compliance as an appropriate second audit project to consider for the year.

The Committee's third ranked audit area was Commercial Real Estate (CRE) Property Management. Auditor Vassar noted that this area is also material to the revenue of the Agency. In addition, she noted some recent developments have elevated the importance of a different CRE activity – valuation and appraisal. A recently appraised commercial property significantly increased in appraised value and appraised rental rates. Impacted lessees spoke in objection at the most recent Commission meeting. Agency staff recommended, and the full Commission approved, deferring the lease rate increases for one year. Due to these events, Auditor Vassar indicated a best-practices review of the CRE appraisal process would be a recommended third audit for the 2025 Audit Plan year.

Auditor Vassar asked for a motion to approve the 2025 Audit Plan as submitted. Motion was made by Katherine Black to approve the 2025 Audit Plan as presented, seconded by Jennifer Davenport.

Jennifer Davenport:	Aye
Katherine Black:	Aye
Lisa Hodges:	Aye

Motion to approve the 2025 Audit Plan carried.

3. New Business

No new business was noted.

Motion to adjourn the meeting made by Lisa Hodges, seconded by Jennifer Davenport.

Jennifer Davenport:	Aye
Katherine Black:	Aye
Lisa Hodges:	Aye

Meeting adjourned at 10:12 a.m.

I HEREBY CERTIFY that the forgoing is a true, full and correct report of said meeting. WITNESS my hand and official signature this 23rd day of September, 2025.

(SEAL)

Chairperson

ATTEST:

Dan Whitmarsh, Secretary