

STATUTORY REPORT

ATOKA COUNTY COMMISSIONER DISTRICT 2 TURNOVER

January 2, 2013



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COUNTY OFFICER TURNOVER STATUTORY REPORT
GILBERT WILSON
ATOKA COUNTY COMMISSIONER
DISTRICT 2
JANUARY 2, 2013**

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Oklahoma State Auditor & Inspector

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March 11, 2013

BOARD OF COUNTY COMMISSIONERS
ATOKA COUNTY COURTHOUSE
ATOKA, OKLAHOMA 74525

Transmitted herewith is the Atoka County Officer Turnover Statutory Report for January 2, 2013. The engagement was conducted in accordance with 19 O.S. § 171.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR



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Gilbert Wilson
Atoka County Commissioner, District 2
Atoka County Courthouse
Atoka, Oklahoma 74525

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 2, 2013:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.
- Verify that consumable items on hand agree with consumable inventory records maintained per 19 O.S. § 1502.
- Verify that machinery and equipment acquisitions, dispositions, and expenditures are in accordance with 19 O.S. § 333.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.

Information addressed in this report is the representation of the respective county officers.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2013-1 – Fixed Assets Inventory

Condition: During our review of the fixed assets it was determined that an inventory listing had been prepared and maintained by District 2, but had not been filed with the County Clerk. Also, while performing inventory verification, the following item could not be located.

Item/Description	Serial Number	County Identification Number
1981 Chevrolet Truck with 1969 Rosco Distributing Tank	120545	302-102

OSAI obtained documentation showing the item had been sold as scrap metal on June 2, 2012. There was no documentation in the Board of County Commissioners' minutes approving the disposition of the equipment as required by 19 O.S. § 421. Also, we were unable to find documentation to verify the equipment was sold in accordance with 19 § 421.1. Additionally, the item was sold after the April 11-13, 2012 filing period, which is a violation of 19 O.S. § 333.B.

Cause of Condition: Policies and procedures over disposition and sale of fixed assets have not been implemented in regards to compliance with state statutes.

Effect of Condition: This condition could result in misappropriation of county assets.

Recommendation: OSAI recommends that management implement controls to comply with 19 O.S. § 178.1. OSAI also recommends the district perform a review and reconciliation of fixed assets inventory on hand to fixed assets records, on an annual basis. Further, OSAI recommends management implement controls to comply with 19 O.S. § 421 and 421.1.

Management Response: Management chose not to respond.

Criteria: Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased or otherwise coming

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into custody of the county or of any office, board, department, commission or any either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and annually thereafter, or oftener in the event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office.

Title 19 § O.S. 178.3.A states:

The county clerk shall be custodian and repository of all inventory records, files and reports.

Title 19 § 421 states:

From and after the effective date of this act, each board of county commissioners of the several counties in the state shall within thirty (30) days after the disposition of any tools, apparatus, machinery, and equipment belonging to the county or leased or otherwise let to it or any department thereof, the original cost of which is more than Five Hundred Dollars (\$500.00), whether sold, exchanged, junked, leased or let where authorized by statute, shall enter, or cause to be entered, in the minutes of the proceedings of the board the fact of such disposition, including complete description of item, serial number, the date property was acquired, the name and address of the person or firm from whom property was acquired, the cost price at time of acquisition or contract price if acquired under lease-rental agreement, the date of disposition, the name and address of the person or firm to whom property transferred, the price received therefor and the reason for disposition.

Title 19 § 421.1 requires County equipment be sold at public action or by sealed bids.

Title 19 § 333.B prohibits any county commissioner who fails to file for reelection or is defeated in any primary or general election or by any other manner it is impossible for the commissioner to serve another term in office, shall not dispose of any machinery or equipment.

Finding 2013 – 2 - Consumable Inventory

Condition: While comparing consumable inventory items on hand to the consumable inventory cards, the following discrepancies were noted.

Description/ Item	Inventory Card	Actual Count	Variance Amount
Grader blades 5/8"X8"X8'	21	17	-4
Grader blades 3/4"X8"X8'	18	20	2
Diesel (gallons)	4,684	6,669	1,985
Gasoline (gallons)	600	458.92	-141.08

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Cause of Condition: Procedures have not been designed and implemented to ensure accurate consumable inventory records are maintained.

Effect of Condition: Failure to maintain accurate records of consumable inventory items and failure to perform a periodic physical inventory of consumable inventory items could result in inaccurate records, unauthorized use, or misappropriation of consumable inventory.

Recommendation: OSAI recommends that the District periodically perform a review and reconciliation of consumable inventory on hand to consumable records.

Management Response: Management chose not to respond.

Criteria: Title 19 O.S. § 1504.A states in part:

A receiving officer shall receive all supplies, material, and equipment purchased, lease-purchased or rented by his department and shall identify such items received in a manner prescribed by the county road and bridge inventory officer or board of county commissioners or designee. The receiving officer shall also maintain a record of all supplies, materials and equipment received, disbursed, stored, and consumed by his department.

Finding 2013 – 3 – Fund Balances

Condition: During our examination of fund balances for the County Commissioner District 2, we discovered the expenditures exceeded one-half the amount allocated for the operation of the office:

- The balance for District 2 County Highway account on July 1, 2012 was \$98,370.54, and as of December 31, 2012 had only \$48,528.96 remaining.

Cause of Condition: Procedures have not been designed to track expenditures and ensure that one-half of the amount allocated for the operation of the office is remaining at the expiration of the officer's term.

Effect of Condition: This condition resulted in a violation of 19 O.S. § 347.C and could result in financial hardship for the incoming officer in carrying out her official duties.

Recommendation: OSAI recommend that the County establish procedures to verify outgoing officers do not make expenditures in excess of statutory limitations. When circumstances exists creating the need to exceed those limits, the excise board has the power to grant written permission for the expenditures.

Management Response: Management chose not to respond.

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Criteria: Title 19 § 347.C states:

Whenever a county officer holding an elective office will not immediately serve a succeeding term in same office, it shall be unlawful for the board of county commissioners, during the first six(6) months of the fiscal year in which said term of office expires, to approve claims for the operation of said office totaling in excess of one-half (1/2) the amount allocated for the operation of said office during said fiscal year, unless approval in writing is obtained from the county excise board, and any claim in excess thereof and any warrant issued pursuant thereto shall be null and void.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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