

AGREED-UPON PROCEDURES REPORT

BECKHAM COUNTY

For the fiscal year ended June 30, 2008



*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

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 24, 2011

TO THE CITIZENS OF
BECKHAM COUNTY, OKLAHOMA

Transmitted herewith is the agreed-upon procedures report for Beckham County for the fiscal year ended June 30, 2008. 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. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

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

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones".

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



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

TO THE OFFICERS OF
BECKHAM COUNTY, OKLAHOMA

We have performed the procedures enumerated below, which were agreed to by management of Beckham County, solely to assist you in evaluating the receipt and disbursement process, the safeguarding of capital assets, and in determining whether selected receipts and disbursements are supported by underlying records for the fiscal year ended June 30, 2008. This agreed-upon procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We observed whether receipting, depositing, and reconciling functions were performed by separate employees in the County Treasurer's office.

There were no findings as a result of applying the procedure.

2. We observed whether bank reconciliations were performed for December 2007 and June 2008 and agreed to the general ledger.

There were no findings as a result of applying the procedure.

3. We confirmed with financial institutions all cash and cash equivalent balances and investment balances as of June 30.

There were no findings as a result of applying the procedure.

4. We obtained the fair market value of each financial institution's pledged collateral securities to compare to total cash held by depository banks for January 2008 and June 2008.

There were no findings as a result of applying the procedure.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

5. We obtained the Treasurer's tax roll audit in order to:

- A. Agree tax collections to apportionment ledger and original tax roll to Certified Assessor's Tax Roll Abstract, and protest tax to subsidiary ledgers.
- B. Agree school districts' corrections/adjustments made to the tax roll to the certificates of clerical error, omitted property and/or certificates of erroneous assessment.
- C. Trace to the Board of Tax Roll Corrections for authorization.
- D. Obtain ratios from ad valorem tax software (Keller, Tom Martens, CCAP) program and confirm to certified levy sheet.
- E. Obtain tax file from Treasurer and observe duplicates and gaps for ad valorem tax receipts.

There were no findings as a result of applying the procedure.

6. We agreed third party confirmations (Oklahoma Tax Commission) to apportionment ledger.

There were no findings as a result of applying the procedure.

7. We confirmed with the Oklahoma Tax Commission sales tax collected and observed whether sales tax was apportioned in accordance with the sales tax ballot.

There were no findings as a result of applying the procedure.

8. We observed whether county inter-fund transfers were paid back to the original county fund by the end of the fiscal year.

There were no findings as a result of applying the procedure.

9. We observed whether receiving goods and services, preparing claims/purchase orders, and issuing payments were performed by separate employees.

There were no findings as a result of applying the procedure.

10. We observed that warrants issued by the County Clerk agree to the County Treasurer disbursements.

There were no findings as a result of applying the procedure.

11. We randomly selected 60 purchase orders from the purchase order calendar in order to:

- A. Compare original purchase order to purchase order calendar.
- B. Observe that supporting documentation (itemized invoice and receiving report) was attached.
- C. Observe that payee on cancelled warrant/vouchers agreed to vendor on invoice.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- D. Observe the receiving report for signature of designated receiving agent.
- E. Observe that the Board of County Commissioners approves the purchase order.

Finding: The following exceptions were noted as a result of applying these procedures:

- A. Purchase Order No. 001316 was an expense for maintenance and operations; however, it was encumbered for the travel account.

Purchase Order No. 001103 was an expense for maintenance and operations; however, it was encumbered for the travel account.

Purchase Order No. 000922 was an expense for travel; however, it was encumbered for the maintenance and operations account.

- B. Purchase Order No. 002894
The receiving report total did not agree to the invoice or the purchase order amount and the receiving report was not completed with the correct dates of receipt.

Purchase Order No. 002895
The receiving report total did not agree with the purchase order amount or the invoice total.

Purchase Order No. 003552
The receiving report total and purchase order total did not agree with the invoice amount and the receiving report was dated before the purchase order was encumbered.

- D. Purchase Order No. 001329 was not signed by an unauthorized receiving agent.

With respect to procedures C and E, there were no findings.

12. We randomly selected ten items requiring bids (greater than \$10,000) in order to:

- A. Observe proof of publication.
- B. Observe bids were dated and time stamped.
- C. Observe bid packets were certified to vendors at least 10 days prior to opening.
- D. Observe justification and approval of awarding the bid to a bidder other than the lowest bidder in the County Commissioner's minutes.

Finding: The following exceptions were noted as a result of applying these procedures:

- B. Bids No. 18 and 25 did not include the date and time stamp on the bid packet.
- C. Bids No. 18, 2, 25, and 15 did not reflect a date as to when the invitations to bid were mailed to the prospective bidders.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

With respect to procedures A and D, there were no findings.

13. We observed whether elected officials received monthly in lieu of travel reimbursements or filed for actual reimbursement for travel, and randomly selected 12 county official travel claims in order to:
- A. Observe receipts were maintained for meals, hotels, fuel, etc.
 - B. Observe that travel was authorized.
 - C. Observe that mileage was documented and calculated by odometer readings.

There were no findings as a result of applying the procedures.

14. We randomly selected one payroll period in order to:
- A. Observe that timesheets were prepared and signed by employees.
 - B. Observe that an authorized individual approved and signed the timesheet.

There were no findings as a result of applying the procedures.

15. We randomly selected ten employees from the payroll records in order to:
- A. Observe that leave amounts earned and balances did not exceed the limitations provided for in the County policy.
 - B. Observe that the leave used on the employees' timesheet (or payroll claim) agree to the respective leave reports.

There were no findings as a result of applying the procedures.

16. We observed whether the County prepared and filed an Estimate of Needs (County Budget) with the State Auditor and Inspector and performed the following:
- A. Observe that the County budgeted the appropriate amount for the audit account.
 - B. Observe that Schedules were completed and agree to county records.
 - C. Observe that the Estimate of Needs was published in a county-wide newspaper.

There were no findings as a result of applying the procedures.

17. We observed whether consumable inventory stock records were maintained from each district inventory officer and performed the following:
- A. Randomly select 5 items from consumable stock records and perform a physical test count of items on hand and/or in the yard.
 - B. Randomly select 5 items on hand and/or in the yard from each district and trace to consumable stock records.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- C. Observe that the County was using transfer documents and entering the location of items transferred.
- D. Observe fuel records and agree to fuel on hand.

Finding: The following exception was noted as a result of applying this procedure:

- D. Fuel records were not reconciled to the fuel on hand at the District 1 County barn.

With respect to procedures A, B, and C, no exceptions were found as a result of applying the procedures.

18. We obtained the County's equipment inventory records, list, or reports from the county inventory officer in order to perform the following:

- A. Observe that biennial inventories were performed and that documentation was maintained.
- B. Observe selected newly purchased items from courthouse inventory records and visually inspect.
- C. Observe randomly selected items from each highway district and visually inspect those items.

Finding: The following exceptions were noted as a result of applying these procedures:

- A. Biennial inventories were not performed by District 1 and District 3.
- C. With respect to physical verification of inventory items in the District barns, the following exceptions were noted:

Eight inventory items at District 1, six items at District 2, and six items at District 3 were not marked or were mismarked with county inventory numbers.

Three inventory items at District 3 had been disposed of but remained on inventory records.

One inventory item at District 3 could not be verified and seven items at District 2 had not been added to inventory records.

With respect to procedure B, there were no findings.

19. We observed insurance policies for the existence of coverage of capital assets.

There were no findings as a result of applying the procedure.

20. We observed whether new lease-purchase agreements were approved during the period and based on the following criteria:

- A. Observe that form 120B was used.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- B. Observe that interest did not exceed statutory limits.
- C. Observe that financing was obtained through the vendor.
- D. Observe that payments were made to the vendor or that the County had an assignment on file.
- E. Observe that the County bid the item as a lease-purchase.

There were no findings as a result of applying the procedures.

21. We randomly selected Sheriff's cash bonds for a three-month period and based on the following criteria:
- A. Observe that pre-numbered receipts were issued.
 - B. Observe that receipts were deposited daily, or timely if received over the weekend.
 - C. Observe that a voucher was issued for the bond to the Court Clerk and recorded on the Court Clerk's District Court docket.

Finding: The following exceptions were noted as a result of applying these procedures:

- A. Receipts No. 4776 and 4777 had been left blank but not marked void. Receipts No. 4780 through 4800 were not issued in consecutive numerical order.
- C. One voucher, No. 3581, was issued by the Court Clerk to the child support enforcement division; however, no receipt was written for the bond by the Sheriff.

With respect to procedure B, there were no findings.

22. We observed whether the County Sheriff maintained ledgers to reflect inmate trust deposits, disbursements, and account balances.

There were no findings as a result of applying the procedures.

23. We observed whether the inmate trust bank account reconciliations were performed and agreed to inmate activity reports.

There were no findings as a result of applying the procedures.

24. We randomly selected 12 receipts from the inmate trust fund in order to:

- A. Observe whether pre-numbered receipts were issued in numerical order.
- B. Observe whether deposits were made daily.
- C. Observe whether cash/check composition of deposits to the receipts were issued.
- D. Observe whether voided receipts were retained.
- E. Observe whether deposits were posted to inmate trust accounting records.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding: The following exceptions were noted as a result of applying these procedures:

- A. Receipts were not issued in numerical order by the Sheriff's computer system.
- B. Records for the August 21, 2007 sample were not available; therefore, we could not determine if a daily deposit was made.
- C. Records for the cash composition for the August 21, 2007 sample were not available and there was no documentation for that day's cash receipts.
- D. Due to gaps in receipt number sequences, we were unable to observe if voided receipts were retained.
- E. The receipt number is not posted on the Inmate Account Balance Report for the initial deposit of funds when the inmate is booked into the facility.

25. We randomly selected 12 inmate trust disbursements in order to:

- A. Observe whether checks were pre-numbered and issued in numerical sequence.
- B. Observe whether checks required two authorized signatures.
- C. Trace the check to disbursement authorization.
- D. Observe whether voided checks were retained.
- E. Observe whether checks to the Commissary Fund for sales to inmates were disbursed in a timely manner.
- F. Observe whether disbursements were made in accordance with 19 O.S. § 531 for inmate trust disbursements which states in part that checks may be written to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge for inmate trust disbursements.

Finding: The following exception was noted as a result of applying the procedures:

- C. One invoice for check #4222 could not be located as authorization for the disbursement.

With respect to procedure A, B, D, E, and F, there were no findings.

26. We observed whether the Sheriff filed the annual report for the commissary fund with the Board of County Commissioners by January 15th of the following year.

Finding: An annual commissary fund report was not filed with the Board of County Commissioners.

27. We observed whether the Sheriff's commissary contract was approved by the Board of County Commissioners on a fiscal year basis.

Finding: The contract for the Sheriff's commissary was not approved by the Board of County Commissioners.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

28. We obtained the Sheriff's commissary inventory and performed the following:

- A. Randomly select 12 items from inventory listing and agree to physical count.
- B. Randomly select 12 items from inventory stock and agree to inventory listing.

There were no findings as a result of applying the procedures.

29. We randomly selected 12 commissary disbursements in order to perform the following:

- A. Observe whether commissary purchases were made through the county purchasing agent on purchase orders.
- B. Observe whether purchases were supported with invoices and receiving report.
- C. Observe whether the Sheriff's commissary operation paid sales tax.
- D. Observe whether the Sheriff's commissary operation had a sales tax permit, was collecting sales tax on commissary sales, was filing a sales tax report, and remitting sales tax collected.

Finding: The following exception was noted as a result of applying these procedures:

- B. Purchase Order No. 49 did not have a receiving report attached to the purchase order.

With respect to procedures A, C, and D, there were no findings.

30. With respect to official depository accounts, we applied the following criteria:

- A. Observe whether the receiving, depositing, and reconciling functions were performed by separate employees.
- B. Observe whether each official submitted a monthly report to the Board of County Commissioners.
- C. Observe whether reports reconcile to the County Treasurer's official depository ledger.
- D. Observe whether daily deposits were made for all monies collected under color of office.
- E. Observe whether each official remits all funds collected to the County Treasurer or governmental entity each month.

Finding: The following exception was noted as a result of applying the procedures:

- A. The duties of cash receipting, depositing, and reconciling were performed by the same employee in the offices of the Election Board, Drug Court, and Sheriff.

With respect to procedures B, C, D, and E, there were no findings.

31. We randomly selected three official depository accounts in order to perform the following:

- A. Observe whether pre-numbered receipts were issued for all monies collected.

**BECKHAM COUNTY, OKLAHOMA
AGREED-UPON PROCEDURES REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- B. Perform cash/check compositions for 12 randomly selected deposits.
- C. Observe whether deposits agree to the County Treasurer's official depository ticket and general ledger.
- D. Observe whether deposit agrees to the County Treasurer's official depository ledger.

There were no findings as a result of applying the procedures.

32. We randomly selected one week of paid vouchers and applied the following criteria:

- A. Observe whether vouchers were pre-numbered and registered by the County Treasurer.
- B. Observe whether vouchers were issued to the County Treasurer or governmental entity to transfer officer collection during the month.
- C. Observe whether the name on the voucher was the same as the name on the County Treasurer's official depository register.

There were no findings as a result of applying the procedures.

We were not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on the cash, receipts, disbursements, personnel costs, capital assets, and long-term debt for the County. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Beckham 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.



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

August 10, 2009



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV