



CIRCUIT ENGINEERING DISTRICT #5

Operational Audit

For the period of July 1, 2022 through June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**CIRCUIT ENGINEERING DISTRICT #5
OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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June 17, 2024

**TO THE BOARD OF THE
CIRCUIT ENGINEERING DISTRICT #5**

We present the audit report of the Circuit Engineering District #5 for the period of July 1, 2022 through June 30, 2023. 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.

This report is 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**CIRCUIT ENGINEERING DISTRICT #5
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

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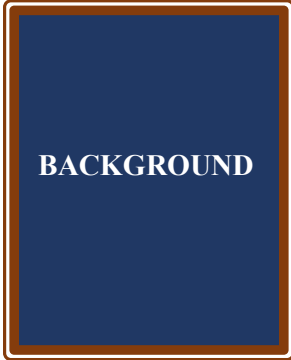
OPERATIONAL AUDIT REPORT

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**CIRCUIT ENGINEERING DISTRICT #5
DISTRICT INFORMATION AND OFFICIALS
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**



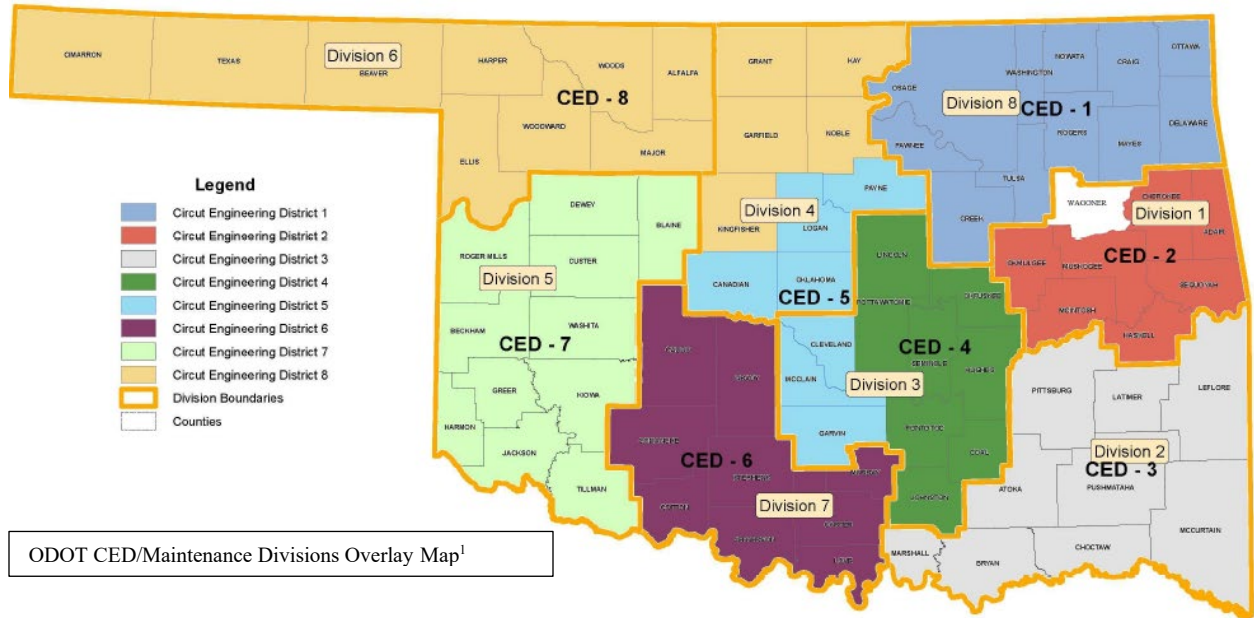
Pursuant to 69 O.S. § 687.1, counties may “create a circuit engineering district with any other county or counties” to allow county governments to “make the most efficient use of their powers [...] that will accord best with geographic, economic, population and other factors influencing the needs and development of county government.” The District is considered a political subdivision of the state.

The circuit engineering district provides project-focused assistance for its member counties, a shared engineer between counties in an advisory capacity, engineering expertise that counties could not afford alone, help for small, rural counties, and help with a county five-year construction work plan.

Each participating county in the District has an appointed county commissioner or county representative to serve as members from the District’s respective county seats. Each District then elects officers from the members as follows: President, Vice-President, and Secretary/Treasurer.

Zachary Cavett	President, Payne County
Wilson Lyles	Vice-President, McClain County
Carrie Blumert	Secretary/Treasurer, Oklahoma County
Tom Manske	Canadian County
Rusty Grissom	Cleveland County
Gary Ayres	Garvin County
Mark Sharpton	Logan County

**CIRCUIT ENGINEERING DISTRICT #5
DISTRICT AREA
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**



Circuit Engineering District #5 (the District) is comprised of a seven-county region, in the central part of the state including: Canadian, Cleveland, Garvin, Logan, McClain, Oklahoma, and Payne counties¹. Logan County rejoined the District on May 23, 2023.

¹Map <https://oklahoma.gov/content/dam/ok/en/odot/documents/cirb/pdfs/cirb-engr-dist.pdf>

**CIRCUIT ENGINEERING DISTRICT #5
PRESENTATION OF REVENUES, EXPENDITURES,
AND CASH BALANCES OF DISTRICT FUND
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

Presentation of District #5 Fund for the Period of July 1, 2022 through June 30, 2023

	General Fund
Beginning Cash Balance, July 1	\$ 687,712
Revenues:	
OCCEDB - CED Revolving Funds	705,112
OCCEDB - Auction Proceeds	41,012
Interest Income	7,302
Total Revenues	753,426
Expenditures:	
Audit and Accounting	8,000
Distribution Funds	400,000
Program Funds	114,600
Outside Services	2,365
Supplies	35
Travel	477
Total Expenditures	525,477
Ending Cash Balance, June 30	\$ 915,661

Source: District's Financial Report (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #5
DESCRIPTION OF THE DISTRICT FUND
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

Description of the District Fund

The District uses funds to report on revenues, expenditures, and cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following is the description of the district fund within the Presentation of Revenues, Expenditures, and Cash Balances of District Fund:

Circuit Engineering District #5 General Fund – the General Fund is the primary operating fund of the District and is used to account for all activities.

**CIRCUIT ENGINEERING DISTRICT #5
PURPOSE, SCOPE, GENERAL METHODOLOGY
AND INTERNAL CONTROL CONSIDERATIONS
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

**PURPOSE, SCOPE,
GENERAL
METHODOLOGY,
AND INTERNAL
CONTROL
CONSIDERATIONS**

This audit was conducted in response to 69 O.S. § 687.1, which requires the State Auditor and Inspector’s Office to audit the books and accounts of the circuit engineering district.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the period July 1, 2022 through June 30, 2023.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the District’s operations. We utilized sampling of transactions to achieve our objective. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples. Further details regarding our methodology are included under the objective.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*² outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Each of these components includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control*² underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*³, we have

**CIRCUIT ENGINEERING DISTRICT #5
PURPOSE, SCOPE, GENERAL METHODOLOGY
AND INTERNAL CONTROL CONSIDERATIONS
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

identified the aspects of internal control components and underlying principles significant to the audit objective in this engagement.

Any internal control deficiencies are documented in the findings included under the objective in this report. Because our audit was limited to the internal control components and underlying principles deemed significant to our audit objective, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit.

² *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>

³ *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

**CIRCUIT ENGINEERING DISTRICT #5
OBJECTIVE AND RESULTS OF OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2022 THROUGH JUNE 30, 2023**

Objective: To determine District's Revolving Fund Final Expenditure Report for fiscal year 2023 accurately presented the use of funds and is supported by the District records for the period.

Conclusion: With respect to the items reconciled and reviewed; the District's Revolving Fund Final Expenditure Report for fiscal year 2023 accurately presented the use of funds and is adequately supported by the District records for the period.

Objective Methodology: To accomplish the objective, we performed the following:

- Documented our understanding of the District's Revolving Fund process through discussions with management and review of documentation. Evaluated the process and identified significant internal controls related to our objective.
- Compared the process to governmental internal control standards outlined in the GAO *Standards for Internal Control*.
- Reconciled the District's Final Revolving Fund Expenditure Report to the District's ledger.
- Reviewed \$525,477 of District's Revolving Fund expenditures, representing 100% of the expenditures in the population tested.

FINDINGS AND RECOMMENDATIONS

No findings were reported as a result of the procedures performed.

O·K·L·A·H·O·M·A
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