



CHEROKEE COUNTY COMMISSIONER DISTRICT 2 TURNOVER

Statutory Audit

January 13, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
MIKE BROWN
CHEROKEE COUNTY COMMISSIONER
DISTRICT 2
JANUARY 13, 2021**

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Cindy Byrd, CPA | State Auditor & Inspector

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April 16, 2021

BOARD OF COUNTY COMMISSIONERS
CHEROKEE COUNTY COURTHOUSE
TAHLEQUAH, OKLAHOMA 74464

Transmitted herewith is the Cherokee County Officer Turnover Statutory Report for January 13, 2021. 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 that reads "Cindy Byrd". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Chris Jenkins
County Commissioner, District 2
Cherokee County Courthouse
Tahlequah, Oklahoma 74464

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 13, 2021:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1.
- 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 amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.

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

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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 3, 2021



**COUNTY OFFICER TURNOVER STATUTORY REPORT
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CHEROKEE COUNTY COMMISSIONER
JANUARY 13, 2021**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-001 – Lack of Internal Controls and Noncompliance Over Fixed Assets

Condition: While comparing the items listed on the District’s inventory list and to the inventory on hand, the following exceptions were noted:

- Three (3) items listed on the inventory list that were unable to be located:

County Number	Description
○ D330-0213	Pole Saw
○ D330-0214	Pole Saw
○ D404-0204	Welder

- Three (3) items not listed on inventory list:

County Number	Description
○ D441-0206	Brush hog mower attachment
○ D330-0212	Concrete Saw
○ N/A	Fax Machine (U63274L7J1515906)

Cause of Condition: Policies and procedures have not been designed and implemented over the County’s fixed assets to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes and incomplete and inaccurate fixed asset records.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that management design and implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2 and that fixed assets are safeguarded against misuse and loss.

Management Response:

Former District 2 Commissioner: In regard to the pole saws, asset tags D330-0213 and D330-0214, there are two unidentified pole saws at District 2 Barn that could possibly be these pole saws. In regard to the welder, asset tag D404-0204, it is mistakenly listed on the inventory list as a welder, it is in fact a trailer; however, there is a welder on the trailer (D404-0206). Both the brush hog mower attachment, asset tag D441-0206, and the concrete saw, asset tag D330-0212, were mistakenly not added to the inventory list. In regard to the fax machine, it has never been on the inventory list and needs to be officially disposed of.

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Criteria: The United States Government Accountability Office’s Standards for Internal Control in the Federal Government (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

The GAO Standards – Principle 10 – Design Control Activities: 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

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 into the custody of the county or of any office, board, department, commission or any or either thereof...”

Title 19 O.S. § 178.2 states, “It shall be and is hereby made the duty of every county officer, board, commission, or department, and by record directive of the board of county commissioners may be made the duty of any employee of the board of county commissioners subject to summary discharge and removal by the board, to conform in all respects and be amenable to all uniform resolutions adopted by their respective boards of county commissioners directing the taking, recording, maintaining and reporting inventories of properties in their respective custody in accordance with the provisions of this act. It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk.”

Finding 2021-002 – Lack of Internal Controls and Noncompliance Over Consumable Inventories

Condition: The observation and test of consumable inventories for District 2 indicated the following internal control weaknesses and noncompliance:

- Fuel logs are being maintained; however, fuel reconciliations are not being performed regularly.
- District 2 is not maintaining inventory cards for tires, road materials, and signs.

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While verifying consumable items on hand to the District 2 stock card summary the following variances were noted:

Consumable Item	Consumable Record Quantity	On Hand	Variance
Cement Pipe 36" x 8'	1	0	(1)
Def (gallons)	44.3	32	(12.3)
Diesel (gallons)	831.33	1,653.0	821.67
Unleaded (gallons)	352.2	524.8	172.6
Grader blades I x 8" x 7' 5/8	10	10	0
Tin horn (galv) 12" x 12'	1	0	(1)
Tin horn (galv) 12" x 20'	1	0	(1)
Tin horn (galv) 12" x 24'	5	0	(5)
Tin horn (galv) 15" x 30'	2	0	(2)
Tin horn (galv) 18" x 24'	1	3	2
Tin horn (galv 18" x 20'	1	0	(1)
Tin horn (galv 24" x 20'	3	0	(3)
Tin horn (galv 24" x 24'	5	2	(3)
Tin horn (galv 24" x 30'	5	1	(4)
Tin horn (poly) 15" x 24'	2	0	(2)
Tin horn (poly) 18" x 20'	2	0	(2)
Tin horn (poly) 18" x 4'	1	0	(1)
Tin horn (poly) 18" x 42'	1	0	(1)
Tin horn (poly) 18" x 56'	1	0	(1)
Tin horn (poly) 24" x 11'	1	0	(1)
Tin horn (poly) 24" x 5'	1	0	(1)
Tin horn (poly) 24" x 7'	1	0	(1)
Tin horn (poly) 30" x 20'	2	0	(2)
Tin horn (poly) 30" x 6'	1	0	(1)
Tin horn (poly) 36" x 10'	1	0	(1)
Tin horn (poly) 36" x 20'	1	0	(1)
Tin horn (poly) 36" x 8'	1	0	(1)
Tin horn (poly) 48" x 9'	1	0	(1)
Tin horn (poly) 60" x 10'	1	0	(1)
Tin horn (poly) 60" x 20'	6	0	(6)
Tire (grader) 1400	3	7	4
Tire 9.0R20	*	6	6
Tire 10.0R20	*	1	1
Tire 12.0R16.5	*	2	2
Tire 65R20	*	1	1
Tire 65R17	*	1	1
Tire 65R16	*	1	1

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Consumable Item	Consumable Record Quantity	On Hand	Variance
Cold Patch (tons)	*	25	25
Road signs	*	126	126

* - There were no consumable cards/records for these items.

Cause of Condition: Policies and procedures have not been designed and implemented over the County’s Consumable inventories to ensure compliance with state statute.

Effect of Condition: These conditions resulted in noncompliance with state statute. When consumable inventory items are not adequately safeguarded and accounted for, there is an opportunity for misappropriation and undetected errors.

Recommendation: OSAI recommends management design and implement internal controls to ensure compliance with 19 O.S. § 1504A. These controls would include:

- Performing and documenting a periodic physical count of all consumable inventory.
- Inventory records should be updated as items are received and used to reflect a current inventory balance.

Management Response:

Former District 2 Commissioner: The task of reconciling consumable items were affected by District 2 personnel being off work due to COVID-19 toward the end of 2020 and the beginning of 2021.

Criteria: The GAO Standards – Principle 10 – Design Control Activities: 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Title 19 O.S. § 1504A states, “A receiving officer shall receive all purchased, lease-purchased or rented items procured for the 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 such items received, disbursed, stored and consumed by the department.”

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