



Cimarron County District No. 2 Commissioner Special Audit Report January 1, 2000 – March 31, 2006

JEFF A. McMAHAN, CFE
OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Audit Summary:

- ✓ Errors and/or discrepancies were found in the leave balance ledger of the long-term District secretary, indicating approximately 25 days of unauthorized sick and compensatory time were taken. **Pg. 3**
- ✓ The District's computer was used in the part-time business of the District secretary in violation of the County's policy on personal use of County equipment. **Pg. 7**
- ✓ A wholesale account was opened in the name of the County and used for the personal purchases of the District secretary. No County funds were used to pay on the account. **Pg. 8**

Why the audit was performed

The Board of County Commissioners requested the audit pursuant to 74 O.S.2001, § 212(I).

To view a copy of the entire report, please visit our website at: www.sai.state.ok.us.

If you have questions or would like to contact our office, please call (405) 521-3495.

**CIMARRON COUNTY COMMISSIONER
DISTRICT NO. 2
SPECIAL AUDIT REPORT
JANUARY 1, 2000 THROUGH MARCH 31, 2006**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

July 13, 2006

Board of Cimarron County Commissioners
P.O. Box 145
Boise City, Oklahoma 73933

Transmitted herewith is the Special Audit Report for Cimarron County Commissioner, District No. 2. We performed our special audit in accordance with the requirements of **74 O.S. 2001, § 212(I)**.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the State to ensure a government which 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 cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

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**CIMARRON COUNTY COMMISSIONER
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BOARD OF COUNTY COMMISSIONERS

Kenneth Maness District No. 1
John H. Freeman..... District No. 2
Billy J. Percifield..... District No. 3



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Board of Cimarron County Commissioners
P.O. Box 145
Boise City, Oklahoma 73933

Pursuant to the Cimarron Board of County Commissioner's request, in accordance with the requirements of **74 O.S. 2001, § 212(I)**, we performed a special audit with respect to Cimarron County Commissioner, District No. 2, for the period January 1, 2000 through March 31, 2006.

The objectives of our special audit primarily included, but were not limited to, the areas noted in the "index of specific concerns" and are presented in their entirety in italics as they were communicated to us. Our findings and recommendations related to these procedures are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of Cimarron County for the period January 1, 2000 through March 31, 2006. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and does not extend to any financial statements of the County taken as a whole.

This report is intended solely to provide information and use of the Cimarron Board of County Commissioners 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

June 23, 2006

**CIMARRON COUNTY COMMISSIONER
DISTRICT NO. 2
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INTRODUCTION

The Board of County Commissioners is the chief administrative body for the County. County Commissioners are responsible for maintaining and constructing roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the County's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the County's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

The County has had an Employment Policy Handbook in effect since April 2000. Included in the policies for Cimarron County is one for the use of county equipment: "No County official or employee may use County property for his or her own personal use." The handbook states that, "Abuse of sick leave is grounds for termination."

Also listed in the handbook are "types of behavior and conduct that Cimarron County considers inappropriate," such as:

- Falsifying employment or other County records.
- Falsifying time keeping records with intent to defraud.
- Deliberate or willful misrepresentation of County policy.
- Neglect of duty or incompetence.
- Improper recording of time worked.
- Work performance which is below the standards of performance required by the department.
- Distribution or posting of written or printed matter that is not authorized by the elected officer.

The County's policy manual indicates that violations of the County's policies, rules or regulations "will" subject an employee to "disciplinary action, up to and including dismissal."

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CONCERNS, FINDINGS AND RECOMMENDATIONS

I. CONCERN: *Possible errors or discrepancies in leave balance records:*

The County uses a standardized timesheet for monthly reporting of hours worked and leave hours used. Both the employee and a supervisor or county officer sign the timesheets. The timesheets are filed with the County Clerk monthly. The timesheets do not record or report the accumulated balances of leave accrued to an employee. Each individual office or department keeps the records for those balances. The leave balance records are not standardized, nor are they reported to a central office.

Errors Transferring Sick Leave Balances to the Next Calendar Year

The District secretary was assigned the duty of maintaining the leave balance ledgers for all District No. 2 employees. We noted a variety of errors and/or discrepancies in the timesheets and leave balance ledgers for the years 2000 to 2005. One type of error noted was in the transfer of sick leave balances from the end of one calendar year to the beginning balance for the following calendar year. Examples of these errors are presented in the following table:

District No. 2 Employee	Prior Year	Ending Sick Leave Balance	Next Year	Beginning Sick Leave Balance	Comments
M. C.	2000	46.5	2001	48.5	Added 2 days in transfer
J. W.	2000	85.5 days	2001	83.5 days	Shorted 2 days in transfer
M. C.	2001	48	2002	49	Added extra day in transfer
E. K.	2001	39	2002	40	Added extra day in transfer
C. T.	2001	6	2002	6.5	Added extra ½ day in transfer
R. G.	2001	6	2002	6.5	Added extra ½ day in transfer
M. C.	2003	33.45	2004	42.6	Added extra 9 days, 1.5 hrs in transfer
E. K.	2003	34	2004	36.8	Added extra 2 days, 8 hrs in transfer
C. T.	2004	6	2005	7	Added extra day in transfer
P. R.	2004	4.3	2005	5	Added 7 hours in transfer

The above errors noted take into consideration the one day of sick leave accrual at the end of each month for employees that complete the month, as provided for in the Employment Policy Handbook for Cimarron County.

Errors Noted in District Secretary's Leave Balances

A more detailed review of the personal leave balance records of the District secretary indicated other types of errors. These included charging one category of leave on the timesheet, but recording and deducting the leave from a different category in the ledger, miscalculating the running total of sick leave balances from the end of

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one month to the beginning of the next month, failure to record leave that was reported on timesheets, errors in changing from balances recorded in "days" to balances recorded in "hours" and then changing back to "days" again. Examples of these errors are presented in the following table:

District No. 2 Employee	Time Period	Comments	Net Gain in Leave Hours
M. C.	May 2000	3 hours of "comp" time recorded and added in the leave ledger for Friday, May 19 were not reported on the timesheet for the same period.	3
M. C.	June 2000	43 hours vacation reported on timesheet were recorded as 40 hours sick leave in leave ledger. The remaining 3 hours vacation were not recorded or deducted in leave ledger. The leave ledger records 3 hours worked on Friday, June 9 that were not reported on the timesheet.	3
M. C.	Sept 2000	One-half hour (.5 hour) sick leave reported on timesheet for September 6 was not recorded or deducted from the sick leave ledger balance.	.5
M. C.	Nov 2000	2 hours of "comp" time recorded and added in the leave ledger for Friday, November 17 were not reported on the timesheet for the same period.	2
M. C.	Dec 00/Jan 01	As noted in the first table, 2 extra days sick leave were added to the balance transferred to start January 2001.	20
M. C.	Feb 2001	Added 1 extra day for February sick leave accrual. Feb total "47.5" "+1" was recorded as a balance of "49.5" to start March.	10
M. C.	Mar 2001	5 hours sick leave reported on timesheet for March 26 were not recorded or deducted from sick leave ledger balance. Instead, 2 hours comp leave not reported on the timesheet were deducted in the ledger.	3
M. C.	May 2001	10 hours vacation reported on timesheet were recorded as 10 hours sick leave in leave ledger, but only 5 hours were deducted from the sick leave balance.	5
M. C.	June 2001	Added 1 extra day for June sick leave accrual. June total "44" "+1" was recorded as a balance of "46" to start July.	10
M. C.	Aug 2001	2 extra days sick leave were added to the sick leave balance during the transfer of the August total (43.5) to the beginning September total (45.5) on the following page. 2 hours sick leave reported on timesheet recorded as 2 hours comp leave in leave ledger.	20

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M. C.	Sep 2001	3 hours sick leave from the second week of September recorded as a ½ day (5hrs) deduction from vacation in the leave ledger, with 3 hours (1 extra hour) converted and added to comp leave balance	1
M. C.	Oct 2001	10 hours vacation on the timesheet were recorded as 10 hours sick leave in the leave ledger. However, several contradictory changes in the running totals during the Sep/Oct time period left the sick leave balance with a net gain of ½ day (5 hours) by October 31.	15
M. C.	Dec 01/Jan 02	As noted in the first table, 1 extra day sick leave was added to the balance transferred to start January 2002. Also, 5 hours were added to the compensatory leave balance transferred to start January 2002.	15
M. C.	Mar 2002	5 hours sick leave reported on timesheet for the first full week of March were not recorded or deducted in the leave ledger.	5
M. C.	April 2002	2.5 hours vacation reported on timesheet were recorded and charged to sick leave. In the same entry, 2.5 additional hours of sick leave were converted to 2.5 hours "comp" time.	0
M.C.	June 2002	5 hours sick leave from timesheet were recorded and charged as full day in ledger, with the other 5 hours converted and added to the "comp" time balance.	0
M.C.	July 2002	3.5 hours sick leave on timesheet were recorded as a full day (10 hours) sick leave in the ledger with 6.5 hours converted and added to "comp" time.	0
M. C.	July 2003	3 hours sick leave reported for the second week of July recorded as 3 hours vacation in the leave ledger.	0
M. C.	Dec 03/Jan 04	As noted in the first table, an extra 9 days, 1.5 hours sick leave were added to the balance transferred to start January 2004.	91.5
M. C.	June 2004	1 hour sick leave was recorded and deducted from the sick leave ledger balance, but not reported on the timesheet.	(1)
M. C.	July 2004	For the third week of July, 15 hours sick leave reported on the timesheet were deducted as 1.5 hours in ledger running total (using hourly basis total at this point). For the last week of July, 1 hour sick leave was recorded and deducted from the sick leave ledger balance, but was not reported on the timesheet.	12.5
M. C.	Aug 2004	2 hours sick leave reported on timesheet in fourth week of August were not recorded or deducted in ledger.	2
M.C.	Sept 2004	10 hours sick leave reported on timesheet in last week of Sept. were not recorded or deducted in ledger.	10

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M.C.	Oct 2004	15 hours sick leave reported on timesheets for the first week and last two weeks of Oct. were not recorded or deducted in ledger.	15
M.C.	Nov 2004	2.5 hours sick leave reported on timesheet were not recorded or deducted in ledger.	2.5
M.C.	Nov/Dec 2004	From the ending balance for October to the beginning balance for November, the running total for sick leave was changed from an hourly basis back to a day basis with 1 day equaling 10 hours. In the process of this change the normal 1 day accrual for sick leave for November was added as 10 days or 100 hours, a net gain of 90 hours or 9 days. <i>This discrepancy was similar to the 91.5 hours of sick leave added at the start of 2004.</i>	See Jan 2005
M.C.	Dec 2004	2 hours sick leave reported on timesheet recorded and deducted as 2 days from running total in ledger. 1 day (10 hours) sick leave reported on timesheet for Dec. 29 was not recorded or deducted in ledger.	See Jan 2005
M.C.	Jan 2005	The transfer of the sick leave balance from the end of December to the beginning of January appeared to correct the earlier discrepancies in the Nov/Dec running total balance and the 2 hours recorded as 2 days in December. However, the 12 hours of sick leave reported on the timesheet for December still were not recorded or deducted in the transferred balance.	12
	Jan 2005	A new commissioner took office. The newly appointed district foreman was given the duty of keeping a dual record for the road district's leave balances.	---
Total Net Gain in Leave Hours:			257

FINDING: Based upon our review of timesheets and leave balance ledgers, the total of unauthorized leave hours amounted to 257 hours or 25.7 days from May 2000 through January 2005. District No. 2 employees are on a 4 day, 10 hours a day, workweek.

The District secretary was responsible for leave balance recordkeeping. There was no independent supervision or review of these records until February 2005. According to interviews and leave records, in the first week of February 2005, the secretary went home sick, but took the leave balance ledgers with her and had unsupervised access for the week. The leave ledgers were recorded in pencil. There were indications of multiple areas of "white out" and erasures in the ledgers.

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21 O.S. Supp. 2005, § 341

“Every public officer of the state or any county, city, town, or member or officer of the Legislature, and every deputy or clerk of any such officer and every other person receiving any money or other thing of value on behalf of or for account of this state or any department of the government of this state or any bureau or fund created by law and in which this state or the people thereof, are directly or indirectly interested, who either:

First: Receives, directly or indirectly, any interest, profit or perquisites, arising from the use or loan of public funds in the officer’s or person’s hands or money to be raised through an agency for state, city, town, district, or county purposes; or

Second: Knowingly keeps any false account, or makes any false entry or erasure in any account of or relating to any moneys so received by him, on behalf of the state, city, town, district or county, or the people thereof, or in which they are interested; or

Third: Fraudulently alters, falsifies, cancels, destroys or obliterates any such account, shall, upon conviction, thereof, be deemed guilty of a felony and shall be punished by a fine of not to exceed Five Hundred Dollars (\$500.00), and by imprisonment in the State Penitentiary for a term of not less than one (1) year nor more than twenty (20) years and, in addition thereto, the person shall be disqualified to hold office in this state, and the court shall issue an order of such forfeiture, and should appeal be taken from the judgment of the court, the defendant may, in the discretion of the court, stand suspended from such office until such cause is finally determined.”

RECOMMENDATION: We recommend that all employees’ compensation be supported by complete and accurate time records, which reflect leave balances and that are signed by the employee and the supervisor. We further recommend that the proper authorities review this finding to determine what action may be necessary.

II. CONCERN: *The District secretary used the District’s computer equipment for her private part-time business:*

Prior to the beginning of fieldwork, the motherboard for the road district’s computer crashed. A replacement was purchased, and the old hard drive was available for our review.

Certain files on the hard drive were documents related to the part-time newspaper delivery business operated by the District secretary. These files had dates and times for printing, creation and saving that would indicate the files were in use during the normal business hours of District No. 2. In addition to the computer files, other printed documents located in the District office were indicative of the use of the County computer and office in the operation of the District secretary’s part-time business.

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The file-logging feature for the Windows based computer system had not been activated. Consequently, it was not possible to determine or estimate how many hours of time charged to the County were actually hours spent on the District secretary's part-time business.

In an interview with auditors, the secretary indicated that she had been using the computer for a number of years. She said the computer use was based on a verbal agreement with prior commissioners who allowed the use of the computer in consideration of the secretary using her own vehicle and gas to make trips back and forth to the courthouse for County business. She indicated she had supplied her own paper for her business use, and kept her paper separate from the County's paper by using a different color of paper for her business.

FINDING: It appears the District No. 2 secretary was using County equipment for personal use, which is in violation of the County's policy against use of County equipment for personal purposes, as stated in the Employment Policy Handbook.

RECOMMENDATION: We recommend that the Board of County Commissioners review the County's policies and procedures periodically and evaluate its operations to ensure compliance with its stated policies. We further recommend that the proper authorities review this finding to determine what action may be necessary.

III. CONCERN: *The District secretary used the County's name and address to open a wholesale account for her personal purchases:*

For several months, the District No. 2 office has been receiving statements in regard to three unpaid invoices from LTD Commodities, LLC, headquartered in Bannockburn, Illinois. The account number for this account is "73933CMRRD52507" and the name and address are titled Cimarron County Road, PO Box 247, Boise City, OK 73933-0247.

When interviewed, the County Clerk indicated that the County has not had any business transacted with this vendor. An interview with the vendor's customer service representative and a review of the vendor's website indicates the company identifies itself as a "business to business mail order catalog," and NOT for "residential customers." The statements indicate the "attention name" to be that of the District No. 2 secretary. The statements also indicate the items purchased in October and November 2005 were personal items not likely to be useful to a county road district.

In an interview with the auditors, the secretary indicated that LTD Commodities was similar to other wholesale companies that send catalogs to county courthouses and other businesses. She indicated that other county employees, particularly courthouse employees, make personal purchases from these catalogs. She indicated that the unpaid bills were for items that she had ordered, but never received, and consequently she had refused payment. At the time of fieldwork, LTD Commodities was continuing to seek payment from the County and had sent notice that the bill would be turned over for collection.

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FINDING: It appears that the District No. 2 secretary used the County's name and address to open a wholesale account for the purchase of items for personal use or resale. Apparently, no County funds have been used to pay on the account.

RECOMMENDATION: We recommend that the proper authorities review this finding to determine what action may be necessary.