



CLEVELAND COUNTY COMMISSIONER DISTRICT 3 TURNOVER

Statutory Report

January 4, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
HAROLD HARALSON
CLEVELAND COUNTY COMMISSIONER
DISTRICT 3
JANUARY 4, 2023**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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March 24, 2023

BOARD OF COUNTY COMMISSIONERS
CLEVELAND COUNTY COURTHOUSE
NORMAN, OKLAHOMA 73069

Transmitted herewith is the Cleveland County Officer Turnover Statutory Report for January 4, 2023. 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".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Harold Haralson
Cleveland County Commissioner, District 3
Cleveland County Courthouse
Norman, Oklahoma 73069

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 4, 2023:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1 and 19 O.S. § 178.2.
- 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 6, 2023

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2022-01 – Lack of Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: During the observation of records and the visual verification of inventory items, it was noted the following items listed on the Cleveland County District 3 Inventory were unable to be located.

<u>Inventory Number</u>	<u>Description of Inventory Item</u>
D332-7	Backhoe Bucket
D103-10	Cutting Torches
D420-5	Tank
D442-1	Spray Paint
D602-146	Radio

Cause of Condition: Policies and procedures have not been adequately designed and implemented to ensure the accurate reporting of fixed assets.

Effect of Condition: These conditions resulted in noncompliance with state statute. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management implement internal controls to ensure compliance with state statute by maintaining inventory records.

Management Response:

Outgoing District 3 Commissioner: The backhoe bucket was installed on a backhoe that was damaged and turned in on an insurance claim. It appears that the backhoe bucket was erroneously believed to have been included as part of the backhoe itself and not identified as a separate inventory item and should have been removed from inventory at the same time the backhoe was removed.

The cutting torch, small tank, and 5-gallon spray paint bucket and attachments were all purchased and added to inventory more than 20 years prior to my tenure. The tank was purchased in 1972 and is believed to have been moved down to the smaller secondary yard in Lexington. Due to its age, it is likely past its useful life, and the inventory numbers may have rubbed off. The 5-gallon bucket of spray paint and corresponding equipment was purchased in 1998, and to my knowledge, has not been seen during my tenure. The cutting torch was purchased in 1995 and is also likely to have had its identifying numbers rubbed off due to age. The 2-way radio was purchased in 2001 and is no longer equipment used by the County due to more modern technology. These four items also should be removed from inventory.

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

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best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 2 – Establishing an Effective Internal Control System - OV2.23 states in part:

Objectives of an Entity

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 178.1 which requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment.

Finding 2022-02 – Lack of Internal Controls and Noncompliance Over Consumable Inventories

Condition: During the observation of records and the visual verification of inventory items, it was noted the following discrepancies between the quantities reported and the quantities verified for the Cleveland County District 3 Consumable Inventory:

Consumable Item	Quantity Reported	Quantity Verified	Variance
48”x30’ Tinhorn	0.67	5.50	4.83
Unleaded Fuel	2334.40 Gallons	2290.00 Gallons	(44.40) Gallons
Diesel Fuel	3421.00 Gallons	3318.00 Gallons	(103.00) Gallons

Cause of Condition: Policies and procedures have not been adequately designed and implemented to ensure the accurate reporting of consumable inventory items and compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for consumable inventories. Additionally, when consumable inventory items are not adequately documented, and inadequate segregation of duties exist, the opportunity for the misappropriation and undetected errors could result.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with state statutes regarding consumable inventory records.

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Management Response:

Outgoing District 3 Commissioner: District 3 utilized internal controls for the proper documentation of consumable inventories, particularly the use of tinhorn and fuel. Tinhorn is generally purchased in 20' pieces, so it is possible a piece of tinhorn was cut to accommodate a smaller piece of culvert and then not re-documented properly.

Criteria: The GAO Standards – Section 2 – Establishing an Effective Internal Control System - OV2.23 states in part:

Objectives of an Entity

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Title 19 O.S. § 1502(B)(1) which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

Title 19 O.S. § 1504 which requires the receiving officer to maintain a record of all items received, disbursed, stored and consumed by the department.

O·K·L·A·H·O·M·A
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