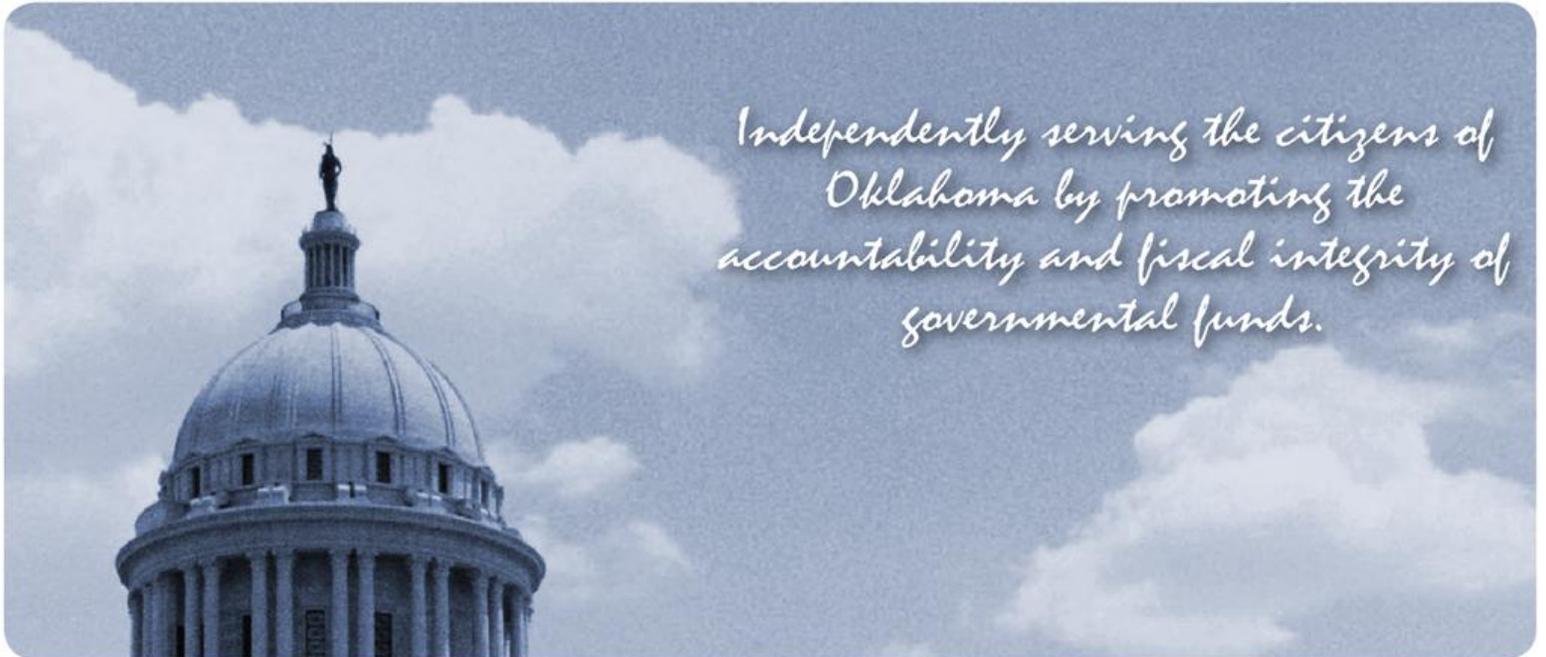


STATUTORY REPORT

CRAIG COUNTY SHERIFF TURNOVER

December 29, 2016



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JIMMIE SOOTER
CRAIG COUNTY SHERIFF
DECEMBER 29, 2016**

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Oklahoma State Auditor & Inspector

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

March 15, 2017

BOARD OF COUNTY COMMISSIONERS
CRAIG COUNTY COURTHOUSE
VINITA, OKLAHOMA 74301

Transmitted herewith is the Craig County Officer Turnover Statutory Report for December 29, 2016. 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 "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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



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Jimmie Sooter
Craig County Sheriff
Craig County Courthouse
Vinita, Oklahoma 74301

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 29, 2016:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1.
- 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.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that the Officers' depository account balances reconcile with the County Treasurer's records and that undeposited cash reconciles to receipts.
- Verify that the Inmate Trust Ledgers are reconciled to the Bank Statement.
- Verify the accuracy and timely preparation of Inmate Trust Fund Checking Account bank reconciliations.
- Verify that commissary inventory items on hand agree with commissary inventory records.

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.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

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

February 16, 2017

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JIMMIE SOOTER
CRAIG COUNTY SHERIFF
DECEMBER 29, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 - Expenditures Exceeded Amount Allowable for Outgoing Officer

Condition: During our examination of fund balances for the County Sheriff, we noted the Sheriff spent \$342,738.50 of the \$393,170.26 originally appropriated for the operations of his office thereby exceeded the maximum amount allowed to be spent for operations of the office for the following funds:

Account	Balance July 1, 2016	50% of Beginning Balance	Balance December 31, 2016	Fund Over/(Under)
General Fund	\$175,440.00	\$87,720.00	\$38,372.68	(\$49,347.32)
General Fund Sales Tax	\$141,032.56	\$70,516.28	\$453.98	(\$70,062.30)
Board of Prisoners	\$49,465.97	\$24,732.99	\$403.43	(\$24,329.55)
Sheriff Service Fee	\$19,869.66	\$9,934.84	\$5,985.50	(\$3,949.32)
Sheriff Drug Enforcement	\$2,198.69	\$1,099.35	\$44.10	(\$1,055.24)
Juvenile Transport Salary	\$2,241.80	\$1,120.90	\$493.68	(\$627.22)
Jail Commissary Account	\$9,480.12	\$4,740.06	\$1,403.40	(\$3,336.66)
Sheriff Littering Reward Fund	\$808.78	\$404.39	\$89.95	(\$314.44)

Cause of Condition: Policies and procedures have not been designed and implemented to track expenditures and to ensure expenditures do not exceed statutory limitations.

Effect of Condition: This condition resulted in noncompliance with 19 O.S. § 347 C. and a financial hardship for the incoming officer in carrying out his official duties.

Recommendation: To ensure expenditures do not exceed statutory limitations, the Oklahoma State Auditor & Inspector's Office (OSAI) recommends the Board of County Commissioners, acting as the governing body of the County, establish policies and procedures to track the expenditures of any elected official that is not to succeed him or herself in office. Further, in the event that the needs of the office do exceed the limitations imposed by Title 19 O.S. § 347.C, prior written permission for those expenses should be obtained from the Excise Board.

Management Response:

Outgoing Sheriff: Management chose not to respond.

Incoming Sheriff: My administration and I are aware of the potential hardship due to the past administration exceeding the amount allowed for operations of the Sheriff's Office. I am working with the

COUNTY OFFICER TURNOVER STATUTORY REPORT
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other County Officials to make sure the appropriate steps are taken to ensure the office is operational until the next fiscal year.

Chairman of the Board of County Commissioners: We, the Ottawa County Board of Commissioners, were under the impression that the Sheriff was only spending funds to keep his office operating, paying wages for the employees, and did not make any big purchases within the last six months. The Sheriff was an elected official just like the rest of us. We stay in our budget and assumed he was too.

Criteria: Title 19 O.S. § 347 C. states, “Whenever a county officer holding an elective office will not immediately succeed himself in said office, it shall be unlawful for the board of county commissioners, during the first six months of the fiscal year in which said term of office expires, to approve claims for the operation of said office totaling in excess of one-half (1/2) the amount allocated for the operation of said office during said fiscal year, unless approval in writing is obtained from the excise board, and in claim in excess thereof and any warrant issued pursuant thereto shall be null and void.”

Finding 2017-2 - Inadequate Internal Controls and Noncompliance Over Fixed Assets

Condition: Upon inquiry and observation of fixed assets inventory items, we noted the following weaknesses:

- The inventory listing filed in the County Clerk's office was not up to date, did not have all items identified, and included items no longer in the County's possession.
- An annual physical inventory was not performed.
- All items purchased by the Sheriff were not marked with a county identification number.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statutes regarding maintaining and properly identifying fixed assets.

Effect of Condition: These conditions resulted in noncompliance with state statutes. When fixed assets are not monitored and equipment is not properly marked with county identification numbers, opportunities for misuse or loss of equipment can occur.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 1502(B)(1), by maintaining inventory records and marking assets with county identification numbers. OSAI additionally recommends that periodic fixed assets inventory verifications be conducted and documented with the initials and date of the employees conducting and reviewing the verification.

Management Response:

Outgoing Sheriff: Management chose not to respond.

COUNTY OFFICER TURNOVER STATUTORY REPORT
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DECEMBER 29, 2016

Incoming Sheriff: My administration and I are working on policy and procedure to ensure compliance with state statutes regarding maintaining and properly identifying fixed assets. We will create a true and correct inventory list, as well as ensuring each item is properly identified with an inventory control number consistently used by all Craig County offices.

Criteria: Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 19 O.S. § 178.1 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.

Title 19 O.S. § 1502(B)(1) 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.

Finding 2017-3 - Inmate Trust Fund Checking Account

Condition: Upon inquiry and review of the Inmate Trust Fund Checking Account, it was noted that bank reconciliations were not performed on a monthly basis.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure bank reconciliations are performed monthly and are reviewed and approved by someone other than the preparer.

Effect of Condition: These conditions could result in undetected errors, unrecorded transactions, and misappropriation of funds.

Recommendation: OSAI recommends Inmate trust Fund Checking Account monies be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances should be reconciled to the Inmate Trust Fund Checking Account bank statements each month and reconciliations should be reviewed and approved by someone other than the preparer.

Management Response:

Outgoing Sheriff: Management chose not to respond.

Incoming Sheriff Response: As well documented in the January 2012 audit, my administration and I have inherited a troubled Inmate Trust Account. We will work to fix not only the current issues with the Inmate Trust Account but also the problems caused by the previous administration with the account by implementing the procedures recommended by the auditor.

COUNTY OFFICER TURNOVER STATUTORY REPORT
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Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, bank reconciliations should be performed on a monthly basis and reconciliations should be reviewed and approved by someone other than the preparer.

Finding 2017-4 - Inadequate Internal Controls Over Sheriff Commissary Inventory

Condition: Upon inquiry and observation of Commissary inventory, which is maintained by the Sheriff, the following weaknesses were noted:

- Inventory records that track the additions, usage, and balances of all commissary inventory items were not maintained.
- A physical count of inventory items was not performed on a regular basis.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding the commissary items purchased by the Sheriff's office.

Effect of Condition: These conditions could result in the misappropriation of assets.

Recommendation: OSAI recommends the County establish procedures to properly track commissary assets by documenting a beginning balance on hand, deducting items sold, adding items purchased (backed up by copies of receipts), and an ending balance. Additionally, OSAI recommends a physical count of inventory items be performed on a regular basis.

Management Response:

Outgoing Sheriff: Management chose not to respond.

Incoming Sheriff: My administration and I are currently working on an outside contractor to take over commissary operations for the Craig County Jail. We are also working to properly track commissary assets.

Criteria: Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.



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