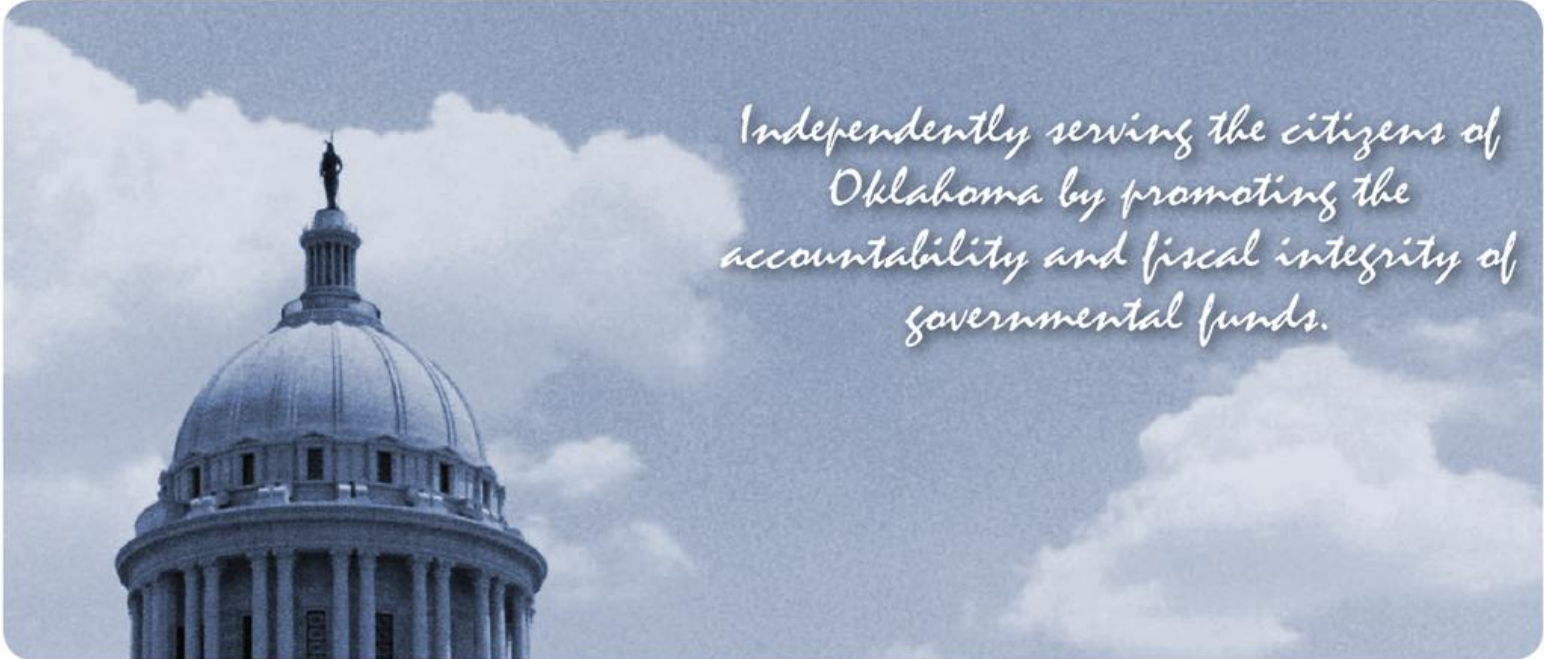


STATUTORY REPORT

CUSTER COUNTY SHERIFF TURNOVER

December 19, 2016



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
BRUCE PEOPLES
CUSTER COUNTY SHERIFF
DECEMBER 19, 2016**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



Oklahoma State Auditor & Inspector

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

February 15, 2017

BOARD OF COUNTY COMMISSIONERS
CUSTER COUNTY COURTHOUSE
ARAPAHO, OKLAHOMA 73620

Transmitted herewith is the Custer County Officer Turnover Statutory Report for December 19, 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".

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



Oklahoma State Auditor & Inspector

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Bruce Peoples
Custer County Sheriff
Custer County Courthouse
Arapaho, Oklahoma 73620

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 19, 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 that the Sheriff maintains an evidence locker log, that evidence locker entrance is restricted, and document who has access (keys or combination) to the evidence locker.
- Verify that the Sheriff has entered all confiscated license plates into the Oklahoma Temporary Motorist Liability Plan system.
- Verify that the Sheriff maintains a log of all county owned weapons and to whom they are issued.

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

January 10, 2017

**COUNTY OFFICER TURNOVER STATUTORY REPORT
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 CUSTER COUNTY SHERIFF
 DECEMBER 19, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-01 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: During our review of the County Sheriff’s fixed assets, the following exceptions were noted:

- A listing of County-owned weapons and to whom they were issued to, was not maintained.
- The following items could not be visually verified.

| Identification Number | Make | Model | Serial Number | Cost |
|-----------------------|-----------------|------------|---------------|------------|
| B-218-2 | Laptop Computer | Elite 8200 | 4CZ0431D5W | \$799.00 |
| B-512-1 | Defibulator | G3 Plus | 4011188 | \$1,250.00 |
| B-601-7 | Radar | | DCO-79033 | \$2,205.00 |
| B-601-88-5 | Radar Gun | Genesis-RK | GR-1138 | \$1,245.00 |
| B-606-G9 | Gun | 4506 | THC2781 | \$442.78 |

- The following item was sent out for repair and could not be visually verified.

| Identification Number | Make | Model | Serial Number | Cost |
|-----------------------|------------------|-------|-----------------|------------|
| BJ-608-5 | Convection Stove | | 93958-12LL-3782 | \$4,695.41 |

- Five (5) Motorola radios were not marked with the county identification numbers and the serial numbers could not be verified due to the radios being installed in Sheriff’s vehicles; however, during the audit the five (5) Motorola radios were noted installed in Sheriff’s vehicles.
- Four (4) Tasers were not marked with County identification numbers and the serial numbers could not be verified due to the serial numbers being listed incorrectly on the County’s inventory.
- Eighty-two (82) items were not properly marked with a County identification number.
- Two (2) items were marked with the incorrect County identification number.
- The following items were not listed on the Sheriff’s inventory.

| Item | Serial Number |
|------------------------|---------------|
| Stanley Integrator | 1298PDF0003 |
| ELO Integrator | C163000250 |
| Buster Contraband Kit | 04161 |
| Ratheon Thermal Camera | 11058 |
| Stinger Spike Strips | ZC1-15255 |
| Stinger Spike Strips | ZC1-15387 |
| Stinger Spike Strips | ZC1-15256 |
| Stinger Spike Strips | ZC1-15526 |

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| Item | Serial Number |
|----------------------|---------------|
| Stinger Spike Strips | ZC1-15386 |
| Dell Computer | 65WVTR1 |
| Dell Computer | 9NDV1R1 |

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets are properly maintained and accounted for and filed with the County Clerk.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in misuse or loss of county property.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management review inventory records and periodically perform inventory verification to determine all equipment listed on inventory records is properly accounted for. Further, OSAI recommends the County comply with 19 O.S. § 178.1 by maintaining inventory records and properly marking assets with county identification numbers, and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed asset recordkeeping process.

Additionally, OSAI recommends the County comply with 69 O.S. § 645 by designing procedures to ensure that all equipment is properly marked with county identification numbers and “Property of Custer County.” Additionally, OSAI also recommends management present an annual inventory listing to the Board of County Commissioners to be filed with the County Clerk’s office.

Management Response:

Current Sheriff: Under my administration, the Custer County Sheriff's Office will implement a policy that an annual inventory will be conducted of fixed assets, assuring that those items with a value of \$500 or more will be placed on the official inventory with inventory numbers affixed to those assets. This annual inventory will be filed with the County Clerk's Office upon completion. We also plan to create a spreadsheet and track those items that do not have a value exceeding \$500, but need to be tracked as to their location.

Criteria: Title 19 O.S. § 178.1 states, “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 therefore 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 custody of the county or of any office, board, department, commission or any either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and annually thereafter, or oftener in the event of death, resignation or removal of

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an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office.”

Title 69 O.S. § 645 requires that county-owned rented, or leased road machinery or equipment be clearly and visibly marked “Property Of.”

Finding 2017-02 – Inadequate Internal Controls and Noncompliance Over Appropriation Limitations

Condition: While examining the outgoing officer’s appropriation accounts, the following accounts exceeded the limitations imposed by state statute. It was further noted that the Board of County Commissioners approved these expenditures without the consideration and/or written approval from the excise board.

| Account | Balance July 1, 2016 | 50% of Beginning Balance | Balance January 4, 2017 | Fund Over/(Under) |
|--------------------|----------------------|--------------------------|-------------------------|-------------------|
| Sheriff Commissary | \$49,340.58 | \$24,670.29 | \$22,225.49 | \$(2,444.80) |
| Sheriff Jail Fund | \$4,729.75 | \$2,364.88 | \$1,090.37 | \$(1,274.51) |
| Sales Tax | \$151,859.87 | \$75,929.94 | \$44,039.39 | \$(31,890.55) |

Cause of Condition: Policies and procedures have not been designed and implemented with regards to the limitation of expenditures whenever a county office holding an elective office will not immediately serve a succeeding term in the same office.

Effect of Condition: This condition resulted in noncompliance with state statute and could “void” any warrant issued in excess of the allocated amounts set forth in Title 19 O.S. § 347 C.

Recommendation: OSAI recommends the County establish procedures to verify outgoing officers do not make expenditures in excess of statutory limitations. When circumstances exist creating the need to exceed those limits, the Excise Board has the power to grant written permission for the expenditures.

Management Response:

Current Sheriff: The Custer County Sheriff’s Office will establish a procedure to verify that upon my departure from office, we will not expend in excess of the statutory limit, and if a need to exceed that limit exists, we will obtain approval in writing from the County Excise Board.

Criteria: Safeguarding controls are an important aspect of internal control. Safeguarding controls relate to the prevention of timely detection of unauthorized transactions and unauthorized access to assets.

Title 19 O.S. § 347(C) states, “Whenever a county officer holding an elective office will not immediately serve a succeeding term in the same office, it shall be unlawful for the board

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of county commissioners, during the first six (6) 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 county excise board, and any claim in excess thereof and any warrant issued pursuant thereto shall be null and void.”



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