

STATUTORY REPORT

GRADY COUNTY COMMISSIONER DISTRICT 2 TURNOVER

January 4, 2017



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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
MIKE LENNIER
GRADY COUNTY COMMISSIONER
DISTRICT 2
JANUARY 4, 2017**

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Oklahoma State Auditor & Inspector

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February 3, 2017

BOARD OF COUNTY COMMISSIONERS
GRADY COUNTY COURTHOUSE
CHICKASHA, OKLAHOMA 73018

Transmitted herewith is the Grady County Officer Turnover Statutory Report for January 4, 2017. 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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Mike Lennier
Grady County Commissioner, District 2
Grady County Courthouse
Chickasha, Oklahoma 73018

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 4, 2017

- 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 finding 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.

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

January 11, 2017

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JANUARY 4, 2017**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 - Inadequate Internal Controls and Noncompliance over Fixed Assets and Consumable Inventories.

Condition: During our review of the District 2 County Commissioner's fixed assets, we noted the following weaknesses:

- An accurate fixed asset inventory list had not been prepared or maintained by the County Commissioner.
- Three (3) items were not properly marked with "Property of Grady County."
- One (1) item could not be visually verified.
- Two (2) disposed items were still incorrectly listed on the inventory list.
- Eighteen (18) items were not properly marked with a county identification number.

During our review of the District 2 County Commissioner's consumable inventory, we noted the following:

- An accurate consumable inventory list had not been prepared or maintained by the County Commissioner.
- Seventeen (17) items had incorrect quantities reported on the consumable inventory list.
- Tires, grader blades, and signs were on hand, however these items were not recorded on the consumable inventory list.

Cause of Condition: Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets, and consumable inventory items, as well as adequate procedures to ensure equipment is properly identified in accordance 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 for account for fixed assets. 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 the County comply with 19 O.S. § 178.1 by maintaining inventory records and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed assets recordkeeping process. Further, yearly counts of fixed asset items should be filed with the County Clerk.

OSAI also recommends management implement policies and procedures to ensure compliance with statutes regarding the disposition of County property with an original cost exceeding \$500 and to ensure

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GRADY COUNTY COMMISSIONER
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all fixed assets are properly marked with county identification numbers in accordance with 19 O.S. § 1502(A) (1), 19 O.S. § 1502(B) (1), and further, any fixed assets required, are properly identify with “Property of ...,” in accordance with 69 O.S. § 645.

Further, OSAI recommends designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with 19 O.S. § 1504A.

Management Response:

Current District 2 Commissioner: I will work to correct these issues.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. 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, 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.

Title 19 O.S. § 421.1, which requires that the county only dispose of equipment through sealed bids, public auction, and/or through the Circuit Engineering District auction.

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

Title 19 O.S. § 1502(A) (1), which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

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.



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