



# HARPER COUNTY

## Operational Audit

For the fiscal year ended June 30, 2016

**Cindy Byrd, CPA**  
State Auditor & Inspector

**HARPER COUNTY OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 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](http://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.



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

February 15, 2019

**TO THE CITIZENS OF  
HARPER COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Harper County for the fiscal year ended June 30, 2016.

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,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**HARPER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**TABLE OF CONTENTS**

**OPERATIONAL AUDIT REPORT**

Introductory Section (Unaudited)

Statistical Information.....	ii
County Officials.....	iii
Ad Valorem Tax Distribution .....	iv
Sales Tax Distribution.....	v
Assessed Value of Property Trend Analysis.....	vi
County General Fund Analysis .....	vii
County Highway Fund Analysis .....	viii

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2016.....	1
--	---

Description of County Funds and Transfers .....	2
---	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County General Fund.....	5
--	---

Purpose, Scope, and Sample Methodology.....	6
---	---

Objectives and Results of Operational Audit.....	7
--	---

**REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS**

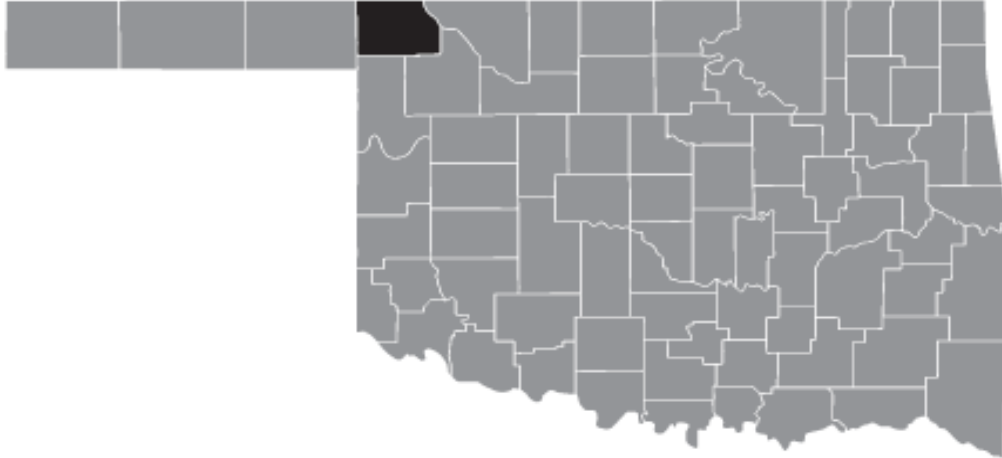
Statutory Report.....	15
-----------------------	----

Schedule of Findings and Responses .....	16
--	----

**INTRODUCTORY SECTION**  
**UNAUDITED INFORMATION ON PAGES ii - viii**  
**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**HARPER COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---



Part of the area opened in the land run of September 16, 1893, Harper County was named for Oscar G. Harper, clerk of the Oklahoma Constitutional Convention.

The mainstay of the Harper County economy is agriculture, but the production of oil and gas also plays an important economic role. Prime cattle are in evidence throughout the area's feed yards. A modern veterinarian clinic and hospital with facilities for large animal surgery is close at hand.

Located on the old Military Trail from Fort Supply to Fort Dodge, Buffalo, the county seat, is twelve miles south of the Kansas line and approximately thirty miles from Texas.

With many of its original stone buildings still in use, Buffalo is home of the State Highway Department's Sixth Division Headquarters. Two schools, the Harper County Community Hospital, and an airport, are located in Buffalo. Laverne also has an airport.

Famous country residents include Roy Dunn, world champion wrestler; Mel Harpe, who recommended Knute Rockne as football coach for Notre Dame; and Jane Jayroe, Miss America, 1967. Annual events include the County Fair during early fall and the Laverne Trade Show. The Old Settler's Picnic has been held on the third Sunday in August annually since 1940. For more information, call the county clerk: 580/735-2012.

County Seat – Buffalo

Area – 1,040.96 Square Miles

County Population – 3,812  
(2014 est.)

Farms –532

Land in Farms – 617,812 Acres

Primary Source: Oklahoma Almanac 2015-2016

**HARPER COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Board of County Commissioners**

District 1 – Cody Hickman  
District 2 – Carl Lavery  
District 3 – Steve Myatt

**County Assessor**

Lynette Ingraham

**County Clerk**

Karen Hickman

**County Sheriff**

Marty L. Drew

**County Treasurer**

Peggy Tillery

**Court Clerk**

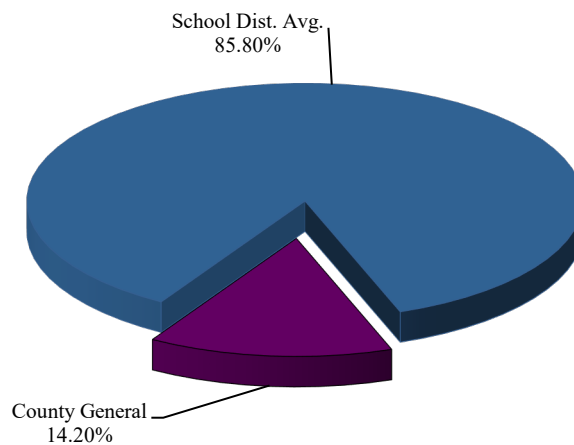
Rae-Jean Burke

**District Attorney**

James Boring

**HARPER COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
							Career		
County General	10.29		Gen.	Bldg.	Skg.	Common	Tech.	EMS	Total
	Town of Laverne	1-T	36.85	5.26	-	4.12	-	3.16	49.39
	Rural Laverne	1-R	36.85	5.26	-	4.12	-	3.16	49.39
	Town of Rosston	1T-2	36.85	5.26	-	4.12	-	3.16	49.39
	Town of May	JT-5	35.15	5.02	12.12	4.12	12.25	-	68.66
	Town of Buffalo	4-T	36.57	5.22	7.80	4.12	12.25	3.13	69.09
	Rural Buffalo	4-R	36.57	5.22	7.80	4.12	12.25	3.13	69.09
	Woodward	J-1	35.14	5.02	17.54	4.12	12.25	-	74.07
	Fort Supply	J-5	35.15	5.02	12.12	4.12	12.25	-	68.66
	Freedom	J-6	37.99	5.43	-	4.12	14.11	-	61.65



**HARPER COUNTY, OKLAHOMA  
SALES TAX DISTRIBUTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

## **Sales Tax**

### **Sales Tax of November 8, 2011**

The voters of Harper County approved a one percent (1%) sales tax on November 8, 2011. This sales tax was established to provide funds to the Harper County OSU Extension Office (9%); Harper County Free Fair (10%); Harper County Rural Fire Association (11%); Buffalo EMS (8%); Laverne EMS (8%); Laverne Senior Citizens (.5%); Buffalo Senior Citizens (.5%); Harper County Rural Development Council (2%); Laverne Delphian Municipal Library (.5%); Buffalo Public Library (.5%); Harper County Health Department (14%); Harper County General Fund (36%). The sales tax became effective July 1, 2012 and expires June 30, 2017. These funds are accounted for separately in special revenue funds as noted below:

- County Sales Tax – OSU Extension
- County Sales Tax – Free Fair
- County Sales Tax – Rural Fire
- County Sales Tax – Buffalo EMS
- County Sales Tax – Laverne EMS
- County Sales Tax – Laverne Senior Citizens
- County Sales Tax – Buffalo Senior Citizens
- County Sales Tax – Rural Development
- County Sales Tax – Laverne Delphian Library
- County Sales Tax - Buffalo Library
- County Sales Tax – Health Department
- County Sales Tax – County General

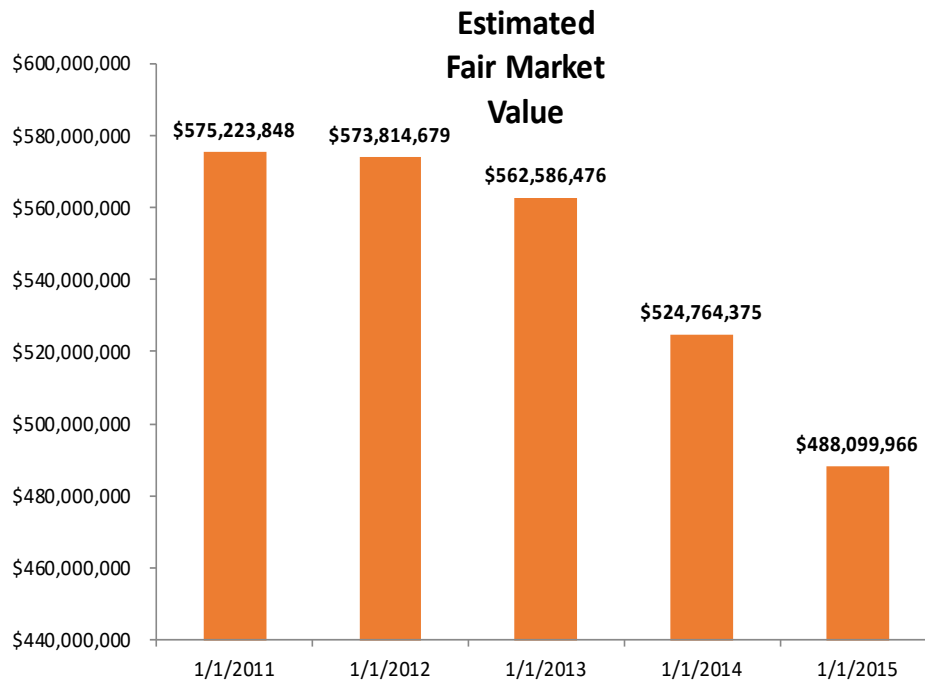
### **Sales Tax of March 6, 2012**

The voters of Harper County also approved a one percent (1%) sales tax for providing funds for General Operations and Capital Improvements of Health Care Facilities, for purposes pertaining to the health and general well-being of the people of Harper County, Oklahoma. The sales tax became effective May 1, 2013 and expires April 30, 2018. These funds are accounted in County Sales Tax – County Hospital fund.

During the fiscal year the County collected \$893,894 in total sales tax.

**HARPER COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
TREND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2015	\$24,655,517	\$26,230,056	\$22,037,973	\$905,252	\$72,018,294	\$488,099,966
1/1/2014	\$29,299,573	\$27,699,833	\$21,379,007	\$916,363	\$77,462,050	\$524,764,375
1/1/2013	\$36,819,624	\$25,269,038	\$20,252,640	\$944,267	\$81,397,035	\$562,586,476
1/1/2012	\$39,368,642	\$23,733,839	\$20,053,316	\$951,504	\$82,204,293	\$573,814,679
1/1/2011	\$39,530,072	\$24,844,886	\$19,489,922	\$966,961	\$82,897,919	\$575,223,848

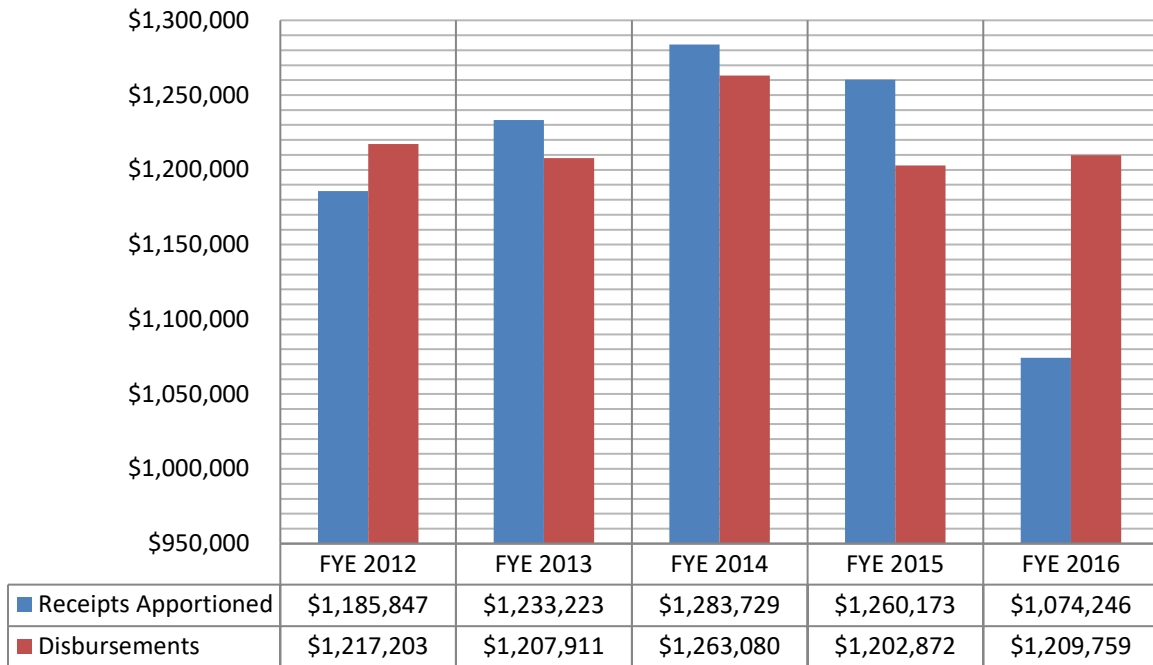


**HARPER COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.

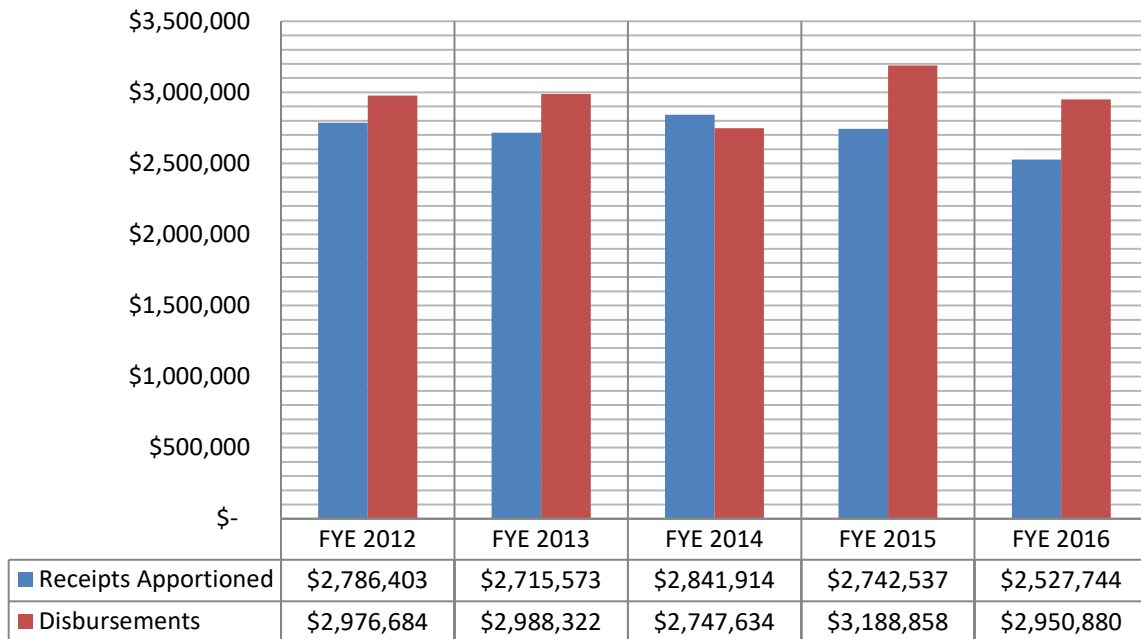


**HARPER COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

## County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2016**

	Beginning Cash Balances July 1, 2015	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2016
Combining Information:						
County Funds:						
County General Fund	\$ 643,503	\$ 1,074,246	\$ -	\$ -	\$ 1,209,759	\$ 507,990
Highway Cash	2,962,787	2,527,744	267,482	-	2,950,880	2,807,133
T-9 Highway	267,078	404	-	267,482	-	-
Visual Inspection Reimbursement	15,147	-	-	-	-	15,147
County Assessor Revolving	7,106	2,547	-	-	3,880	5,773
County Clerk Special	62,316	10,670	-	-	27,798	45,188
Sheriff Drug Cash Forfeiture	8,516	5,665	-	-	-	14,181
Sheriff Forfeiture Fund	1,575	-	-	-	-	1,575
Sheriff Special	111,972	28,335	-	-	57,031	83,276
Sheriff Commissary	10,253	10,546	-	-	8,010	12,789
Sheriff Department of Corrections	7,337	10,314	-	-	9,254	8,397
Sheriff Courthouse Security	16,353	5,426	-	-	2,769	19,010
Treasurer Mortgage Tax Certification Fee	3,235	920	-	-	-	4,155
Resale Property	72,211	17,373	-	-	7,935	81,649
County Sales Tax - Health Department	60,365	63,384	-	-	57,794	65,955
County Sales Tax - OSU Extension	154,362	39,525	-	-	45,608	148,279
County Sales Tax - Free Fair	84,484	49,195	-	-	58,073	75,606
County Sales Tax - Rural Fire	110,582	49,164	-	-	72,815	86,931
County Sales Tax - Laverne EMS	2,254	35,756	-	-	34,142	3,868
County Sales Tax - Buffalo Senior Citizens	9,461	2,235	-	-	3,751	7,945
County Sales Tax - Laverne Senior Citizens	2,022	2,235	-	-	3,326	931
County Sales Tax - Laverne Delphian Library	2,729	2,235	-	-	2,588	2,376
County Sales Tax - Rural Development	30,676	8,939	-	-	-	39,615
County Sales Tax - County General	139,156	165,692	-	-	177,960	126,888
County Sales Tax - Buffalo Library	343	2,235	-	-	2,335	243
County Sales Tax - Buffalo EMS	25,298	35,756	-	-	46,155	14,899
County Sales Tax - County Hospital	53,248	446,947	-	-	451,846	48,349
Harper County Emergency Management	12,740	4,000	-	-	14,761	1,979
E911	204,932	54,643	-	-	87,876	171,699
Bridges	1,454,053	284,656	-	-	127,502	1,611,207
<b>Combined Total - All County Funds</b>	<b>\$ 6,536,094</b>	<b>\$ 4,940,787</b>	<b>\$ 267,482</b>	<b>\$ 267,482</b>	<b>\$ 5,463,848</b>	<b>\$ 6,013,033</b>

*Source: County Treasurer's Monthly Reports (presented for informational purposes)*

**HARPER COUNTY  
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Description of County Funds**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

County General Fund – accounts for the general operations of the government.

Highway Cash – accounts for state, local and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

T-9 Highway – accounts for state funds set aside to be used for special road and bridge projects as mandated by the state.

Visual Inspection Reimbursement – accounts for the collections and disbursements by the Assessor as restricted by state statute for the visual inspection program.

County Assessor Revolving – accounts for the collection of fees for copies as restricted by state statute.

County Clerk Special – accounts for lien fee collections by the County Clerk and disbursements are restricted by state statute.

Sheriff Drug Cash Forfeiture – accounts for money seized by the Sheriff's office and disbursed for drug interdiction.

Sheriff Forfeiture Fund – accounts for proceeds from the sale of unclaimed livestock and disbursements consisted of advertisements for the livestock, feed, and upkeep of the livestock with the remaining balance disbursed to the County General after one year.

Sheriff Special – accounts for the collection and disbursement of Sheriff process service fees as restricted by state statute.

Sheriff Commissary – accounts for the profit derived from the sale of items to inmates and disbursements to purchase commissary goods from the vendor and for the maintenance and operation of the jail.

Sheriff Department of Corrections – accounts for state receipts and disbursements are for the purpose of housing and feeding Department of Correction inmates.

**HARPER COUNTY**  
**DESCRIPTION OF COUNTY FUNDS AND TRANSFERS**  
**OPERATIONAL AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

Sheriff Courthouse Security – accounts for the \$10.00 fees collected on traffic, misdemeanor, and felony court cases and disbursements are for enhancing existing or providing additional courthouse security as set forth by Title 28 O.S § 153.E.60.

Treasurer Mortgage Tax Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by state statute.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by state statute.

County Sales Tax – Health Department – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Health Department.

County Sales Tax – OSU Extension – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the OSU Extension.

County Sales Tax – Free Fair – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Free Fair.

County Sales Tax – Rural Fire – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Rural Fire.

County Sales Tax – Laverne EMS – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Laverne EMS.

County Sales Tax – Buffalo Senior Citizens – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Buffalo Senior Citizens.

County Sales Tax – Laverne Senior Citizens – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Laverne Senior Citizens.

County Sales Tax – Laverne Delphian Library – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Laverne Delphian Library.

**HARPER COUNTY**  
**DESCRIPTION OF COUNTY FUNDS AND TRANSFERS**  
**OPERATIONAL AUDIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

County Sales Tax – Rural Development – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Rural Development.

County Sales Tax – County General – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the County General.

County Sales Tax – Buffalo Library – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Buffalo Library.

County Sales Tax – Buffalo EMS – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the Buffalo EMS.

County Sales Tax – County Hospital – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the County Hospital.

Harper County Emergency Management – accounts for collections and disbursements of funds for the purpose of data collection and establishing and implementing procedures to follow in the event of an emergency. Collections include annual contributions of \$3,000 each from Harper County, the Town of Buffalo and the Town of Laverne, to be expended for the salary of the Emergency Management Representative. Grants received for projects completed are spent to supplement the salary and for maintenance and operations expenses.

E911 – accounts for fees collected on all land line and wireless phone numbers within the County and disbursed to establish a 911 emergency system.

Bridges – accounts for monies received from the State to improve bridges and roads within the County.

**Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds:

- The County closed out the T-9 Highway fund and transferred the remaining funds of \$267,482 to the Highway Cash fund.



**HARPER COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 640,453	\$ 643,503	\$ 3,050
Less: Prior Year Outstanding Warrants	(89,576)	(89,576)	-
Less: Prior Year Encumbrances	(22,421)	(18,570)	3,851
Beginning Cash Balances, Budgetary Basis	528,456	535,357	6,901
Receipts:			
Ad Valorem Taxes	724,622	791,713	67,091
Charges for Services	38,013	39,786	1,773
Intergovernmental Revenues	243,762	226,366	(17,396)
Miscellaneous Revenues	17,387	16,381	(1,006)
Total Receipts, Budgetary Basis	1,023,784	1,074,246	50,462
Expenditures:			
District Attorney - County	3,100	3,000	100
County Sheriff	338,000	334,268	3,732
County Treasurer	81,000	77,491	3,509
County Clerk	90,100	88,178	1,922
Court Clerk	102,800	102,341	459
County Assessor	59,500	58,562	938
Revaluation of Real Property	97,000	93,467	3,533
General Government	704,111	386,840	317,271
Excise - Equalization Board	2,700	2,140	560
County Election Board	45,818	45,398	420
Charity	19,365	19,365	-
Library	1,000	1,000	-
County Audit Budget Account	7,746	1,012	6,734
Total Expenditures, Budgetary Basis	1,552,240	1,213,062	339,178
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	396,541	\$ 396,541
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		17,508	
Add: Current Year Encumbrances		93,941	
Ending Cash Balance		\$ 507,990	

*Source: County Estimate of Needs (presented for informational purposes)*

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**PURPOSE, SCOPE, AND GENERAL METHODOLOGY**

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2016.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the County's operations. Further details regarding our methodology are included under each objective.

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random and judgmental sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

This report is 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.

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Objective 1:** To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2016.

**Conclusion:** With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports.

**Objective 1 Methodology:** To accomplish objective 1, we performed the following:

- Evaluated significant internal controls related to preparing the Treasurer's Monthly Reports, which included:
  - Reviewing a judgmental sample of five (5) Treasurer's monthly reports (41.67% of months in the population tested) to ensure the monthly reports were signed and approved by someone other than the preparer, reconciled to the general ledger, and reconciled to the bank statement.
  - Reviewing a random sample of thirteen (13) bank statements and related bank reconciliations (7.88% of the total bank statements in the population tested) to ensure bank reconciliations were signed and approved by someone other than the preparer and correctly reconciled to the bank statement.
- Reconciled total collections from the monthly reports to the apportionment ledger for each month and to the annual summary of the Treasurer's reports.
- Confirmed \$3,432,950.16 in cash receipts (69.48% of total cash receipts) received from the Oklahoma Tax Commission, Federal grantor agencies, and the State Treasurer's Office, and determined that these receipts were apportioned to the proper fund in the proper amount.
- Prepared a general ledger schedule of cash and investments at June 30 to ensure the schedule reconciled to the annual summary of the Treasurer's reports.
- Confirmed all cash and investment balances.
- Re-performed the June 30 bank reconciliation and confirmed reconciling items.
- Reviewed bank balances of all accounts at June 30 on the Treasurer's general ledger to ensure that investments were adequately secured as required by 62 O.S. § 517.4.
- Examined the Treasurer's total cash disbursements and compared it to the County Clerk's total checks and cash vouchers issued to ensure the totals reconciled.

**Objective 2:** To determine the County's financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

and be used only for the purpose for which such sales tax was designated. The sales tax funds were comingled with other revenues.

**Objective 2 Methodology:** To accomplish objective 2, we performed the following:

- Evaluated significant internal controls related to sales tax, which included:
  - Reviewing sales tax collections to ensure the collection was apportioned and appropriated in accordance with the sales tax ballot and that the apportionment and appropriation were reviewed and approved.
  - Reviewing a random sample of sales tax disbursements totaling \$14,353.89 (1.50% of sales tax disbursements in the population tested) to ensure the expenditure was approved and made for the purposes designated in the sales tax ballot.
- Confirmed all sales tax receipts received from the Oklahoma Tax Commission.

<b>Objective 3:</b>	<b>To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.</b>
---------------------	---

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

**Objective 3 Methodology:** To accomplish objective 3, we performed the following:

- Evaluated significant internal controls related to ad valorem tax collections, which included comparing the certified levies to the approved levies entered into the computer system to ensure levies were entered correctly.
- Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

<b>Objective 4:</b>	<b>To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.</b>
---------------------	---

**Conclusion:** The County's internal controls do not provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records.

Additionally, the County's financial operations complied with 19 O.S. § 1505, which requires that the purchasing agent receive written requisitions prior to encumbering funds, requisitions be signed by an authorized requisitioning officer, and disbursements be timely encumbered.

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Objective 4 Methodology:** To accomplish objective 4, we performed the following:

- Evaluated significant internal controls related to the expending of County funds through purchase orders, which included reviewing a random sample of purchase orders totaling \$19,740.86 (.71% of purchase orders in the population tested) to ensure:
  - The purchase order was requisitioned and signed by an approved Requisition County Official,
  - The encumbrance was made, or funds were available prior to ordering goods or services and the encumbrance was approved by the County Clerk/Deputy,
  - The disbursement was reviewed and authorized and supported by adequate documentation, and
  - The BOCC reviewed and approved the disbursement and the disbursement was made for the appropriate amount.
- Evaluated significant internal controls related to the expending of County funds through cash vouchers, which included reviewing a random sample of cash vouchers totaling \$1,205.97 (15.20% of cash vouchers in the population tested) to ensure:
  - The disbursement was reviewed and authorized,
  - The claimant signed the cash voucher claim,
  - The disbursement was made for the appropriate amount, and
  - The disbursement was supported by adequate documentation.
- Evaluated significant internal controls related to payroll expenditures, which included reviewing a random sample of five payroll claims (.84% of payroll claims in the population tested) to ensure:
  - Payroll claims were supported by accurate, signed and approved timesheets,
  - The payroll claim was reviewed and approved, and
  - The payroll claim was supported by adequate documentation.

<b>FINDINGS AND RECOMMENDATIONS</b>
-------------------------------------

**Finding 2016-005 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County's disbursement process, the following weaknesses were noted:

- Purchase orders were entered into the County Clerk's system and funds were encumbered prior to the County Clerk's office receiving signed requisitions from the Highway Districts.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the disbursement process to strengthen internal controls and ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Recommendation:** OSAI recommends the County Clerk design and implement policies and procedures to ensure encumbrances are made in accordance with state statute.

**Management Response:**

**District 1 Commissioner:** Proper purchasing procedures will be followed by requisitioning officer and purchasing agent.

**District 2 Commissioner:** District 2 will forward requisition forms to the courthouse when getting a purchase order.

**District 3 Commissioner:** Proper purchasing procedures will be followed in accordance with state statutes.

**County Clerk:** As of July 1, 2017, each requisitioning officer will provide the County Clerk with a signed requisition form before a purchase order will be issued for that expenditure.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

Additionally, effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

**All Objectives:**

The following findings are not specific to any objective, but are considered significant to all of the audit objectives.

**Finding 2016-001 - Inadequate County-Wide Controls (Repeat Finding)**

**Condition:** County-wide controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address risks of the County.

**Effect of Condition:** This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends that the County design and implement policies and procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**District 1 Commissioner:** Regarding Risk Assessment and Monitoring, I will work with all County Officials to design a policies and procedures for the County's handbook addressing risk and way of monitoring them.

**District 2 Commissioner:** The County will work on getting officials to put together a policies and procedures for county-wide controls.

**District 3 Commissioner:** The County officials will meet quarterly to address Risk Assessment and Monitoring.

**County Clerk:** County officials will work on a policy and procedure for the handbook addressing risk and ways to monitor the risks.

**County Treasurer:** We will begin meeting quarterly to address Risk Assessment and Monitoring and will use the County-Wide Control Checklist.

**County Assessor:** In our next elected officials meeting, the officers will discuss Risk Assessment and Monitoring and come up with a checklist or form for our officers to cover at each meeting. The officers have also discussed adding an addendum to the Employee Personal Policy Handbook in regards to Risk Assessment and Monitoring.

**County Sheriff:** I was not in office at this time but will work with other County Officials to address Risk Assessment and Monitoring in our quarterly meetings.

**Court Clerk:** Suggested to other Officers/Management that we make a schedule and hold regular quarterly meetings. That we take turns & alternate who is in charge of meeting and prepare a brief presentation of a risk topic that the county could have. Examples; receipting, monthly appropriations, inventory control, segregation of duties, etc. By allowing us to take turns it does not hold one person to do all the work and hold meetings every quarter and we segregate the duty. We gain insight and solutions to risks the County has or could face.

**Criteria:** Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**Other Item(s) Noted:**

Although not considered significant to the audit objectives, we feel the following issue should be communicated to management.

**Finding 2016-007 – Inadequate Controls and Noncompliance Over the Budgeting Process (Repeat Finding)**

**Condition:** The County does not have the Excise Board approve temporary appropriations for the General Fund at the beginning of the fiscal year.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the Excise Board approves temporary appropriations in accordance with 68 O.S. § 3020.

**Effect of Condition:** These conditions resulted in noncompliance with the state statute.

**Recommendation:** OSAI recommends the County implement policies and procedures to ensure the Excise Board approves temporary appropriations at the beginning of the fiscal year.

**Management Response:**

**District 1 Commissioner:** The County Clerk has implemented a new spreadsheet for temporary appropriations and we will request that the Excise Board approve temporary appropriations.

**District 2 Commissioner:** The County Clerk has implemented a new spreadsheet for temporary appropriations and we will temporarily appropriate half of the prior year's appropriations.



**HARPER COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**District 3 Commissioner:** The County Clerk has implemented a new spreadsheet for temporary appropriations and we will request that the Excise Board approve temporary appropriations.

**County Clerk:** I have implemented a new spreadsheet showing the previous year's estimate of needs for each general account and a line to carry over ½ of that amount and input in the accounts of July 1 of the new fiscal year. The Excise Board will be presented this form in July for approval.

**Criteria:** Title 68 O.S. § 3020(A) states, "The excise boards of the various counties in the state may convene at any time after the beginning of any fiscal year, upon call of the chairman of the board, for the purpose of approving temporary appropriations for the counties, cities, school districts, and other municipal subdivisions of the state...such excise board may make temporary appropriations for lawful current expenses of such county, city, school district or other municipal subdivision."

**REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS**

Harper County  
Board of County Commissioners  
Harper County Courthouse  
Buffalo, Oklahoma 73834

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2016:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1, 19 O.S. § 178.2, and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Harper County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 28, 2019



**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2016-008 – Inadequate Internal Controls Over Court Clerk Receipts and Disbursements (Repeat Finding)**

**Condition:** Upon inquiry of the Court Clerk and staff, observation and test of records, the following weaknesses were noted with regard to internal controls related to the receipting process of the Court Clerk and the disbursement processes over the Court Fund Claims and the Court Clerk Revolving Fund Claims:

**Receipting Process:**

- All employees operate from the same cash drawer.
- Evidence is not retained to support a review of voided receipts by a second employee.
- The cash drawer is not counted or reconciled prior to storing it in the vault at night.

**Disbursement Processes:**

- One employee prepares the Court Fund claims, prints the vouchers, signs the voucher and records the transaction.
- One employee prepares the County Court Clerk Revolving Fund claims, prepares and signs the voucher and records the transactions.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate internal controls over receipting and segregation of duties over the Court Fund and Court Clerk Revolving Fund disbursement processes.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, undetected errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends the Court Clerk design and implement procedures to ensure adequate internal controls over receipting and segregation of duties in the Court Fund and Court Clerk Revolving Fund disbursement processes.

The following key accounting functions of the receipting process should be adequately segregated:

- Separate cash drawers should be utilized.
- Documentation should be retained to support an independent review of voided receipts.
- All collections should be counted and reconciled to receipts prior to being placed in the vault for the night.

Further, the following accounting functions of the disbursement process should be adequately segregated:

- Preparation of claims.
- Initiation of payment.
- Printing and signing of vouchers.
- Recording of the transaction.

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Management Response:**

**Court Clerk:** The receipts audited were issued prior to me becoming Court Clerk. However, when I took over office I reviewed the publication “Small Office Guide & Segregation of Duties: Receipting” on the State Auditor website with my employees/deputies. I currently have one deputy count the cash drawer each evening and another deputy or myself check it, having two signatures and initials on the deposit and drawer close out sheet. We also review all receipts daily. If a receipt is voided, I have instructed my deputies to document on the receipt and in the vendor software the reason and two employees must review and initial the reason.

Additionally, upon becoming Court Clerk, I immediately began segregating the duties of preparing claims and initiation of payments including printing and signing vouchers.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of error or possible misappropriation of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Additionally, internal controls should be designed and implemented to analyze and check accuracy and completeness. To help ensure a proper accounting of funds, the cash drawer should be reconciled daily and approved by someone other than the preparer and include an indication of review.

**Finding 2016-009 – Inadequate Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

- Inmate Trust Fund Checking Account collections are not deposited daily.
- All employees can access the lock box that is used to safeguard collections.
- A review of twenty-three (23) Inmate Trust Fund Checking Account disbursements noted the following:
  - Two (2) checks were issued with only one (1) signature.
- The Inmate Trust Fund Checking Account is not reconciled to the inmates’ account balances.
- There is no formal policy for the disposition of unclaimed inmate property.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to the Inmate Trust Fund Checking Account and the Commissary Fund to ensure adequate internal controls and compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and could result in inaccurate records, incomplete information, or misappropriation of assets.

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Recommendation:** OSAI recommends the following:

- All collections are deposited daily.
- All checks issued from the Inmate Trust Fund Checking Account have two authorizing signatures as required by County policy.
- A log of unclaimed property is maintained.
- Inmate Trust Fund Checking Account monies are maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmates' trust fund balances should be reconciled to the bank statements each month.
- Policies and procedures be developed with regard to handling of unclaimed funds.

**Management Response:**

**Undersheriff:** Inmate Trust Fund Checking Account collections will be deposited on a daily basis as soon as monies are brought in for the inmates. If they are brought in after banking hours they will be placed in the "lock box" and deposited the following morning.

Access to the "lock box" has been restricted, keys to the lock box were placed so only the County Sheriff, Undersheriff and Head Dispatcher have access to them.

Checks from the Inmate Trust Fund Checking Account will not be issued to the released inmate until it is signed by two designated signers from this date forward.

The Inmate Trust Fund Checking Account will be reconciled with inmates account balances on a monthly basis. This will be done by designated dispatchers and checked by the County Sheriff and/or Undersheriff on a monthly basis.

The County Sheriff's office is working on policies and procedures to reconcile unclaimed funds.

**County Sheriff:** I was not in office at this time, but we have started depositing daily, reconciling the Inmate Trust Fund Checking Account to the inmates' account balances, and have filed the annual report for the Commissary fund with the Board of County Commissioners. We will work to limit access to the lockbox. We will not allow Inmate Trust Fund Checking Account funds to be spend on anything not allowed by state statute and will require all checks to have two signatures. We will use state statutes to create a policy for unclaimed inmate property.

**Criteria:** Title 19 O.S. § 180.43D states in part, "Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

Title 19 O.S. § 531A states in part, “The county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

**Finding 2016-010 – Inadequate Internal Controls Over Fixed Assets and Noncompliance with State Statutes**

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

County Sheriff:

- A test of ten (10) items for the County Sheriff indicated five (5) items did not have an inventory number affixed.

County Treasurer:

- Evidence of a physical inventory verification was not retained.
- A test of five (5) items for the County Treasurer indicated one (1) item did not have the correct inventory number affixed.

District 1 Commissioner:

- Evidence of a physical inventory verification was not retained.
- A test of fifteen (15) items for District 1 indicated three (3) items were not properly identified as “Property of Harper County”
- A test of fifteen (15) items for District 1 indicated one (1) item did not have the correct inventory number affixed.

District 2 Commissioner:

- Evidence of a physical inventory verification was not retained.
- A test of fifteen (15) items for District 2 indicated three (3) items did not have an inventory card filed with the County Clerk.

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

District 3 Commissioner:

- Evidence of a physical inventory verification was not retained.
- A test of fifteen (15) items for District 3 indicated one (1) item was not properly identified as “Property of Harper County”.
- A test of fifteen (15) items for District 3 indicated one (1) item did not have an inventory number affixed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with the 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 and “Property of Harper County” 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, 19 O.S. § 178.2, 19 O.S. § 1502 (B)(1) and 69 O.S. § 645, by maintaining inventory records and marking assets with county identification numbers and “Property of Harper County.” OSAI also recommends the County perform and document an annual inventory of fixed assets and file the review with the County Clerk.

**Management Response:**

**District 1 Commissioner:** I will see that a fixed asset inventory is maintained, and documentation is recorded with the County Clerk. To comply with state statutes all fixed assets will be identified with County identification numbers and “Property of Harper County”.

**District 2 Commissioner:** District 2 will ensure all equipment and property records are on file with the County Clerk and will maintain evidence of the annual fixed asset annual inventory verification.

**District 3 Commissioner:** District 3 has corrected the items noted.

**County Treasurer:** I have corrected the inventory number on the computer and we will maintain the documentation of the fixed asset inventory verification.

**County Sheriff:** I was not in office at this time, but we will affix county identification numbers to all County equipment.

**Criteria:** An important aspect of internal controls is the safeguarding of assets. Internal controls 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 acquisition, use or disposition of fixed assets inventory.

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.



**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

Title 19 O.S. § 178.2 requires each Elected Official office to file their inventory with the County Clerk.

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.

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

**Finding 2016-011 – Inadequate Internal Controls and Noncompliance Over Consumable Inventory (Repeat Finding)**

**Condition:** Upon inquiry of County personnel, observation, and review of documents regarding consumable inventories, the following weaknesses were noted:

District 1 Commissioner:

- One employee receives consumable items, maintains consumable records, and performs inventory counts.
- Evidence of District 1 performing monthly physical consumable inventory verification was not maintained.
- Of the six (6) consumable items tested, the balance on hand for one (1) item did not match the count on the inventory records.

Description	Amount Recorded	Amount Verified	Variance
Diesel Fuel	5,478.5 gallons	7,402.02 gallons	1,923.52 gallons

District 2 Commissioner:

- A monthly inventory count of consumable items is not performed.
- District 2 does not have a conversion chart for their diesel tank, therefore fuel logs are not reconciled to actual fuel on hand.
- Of the six (6) consumable items tested, the balance on hand for five (5) items did not match the count on the inventory records.

Description	Amount Recorded	Amount Verified	Variance
184R34 Tractor Tires	4	1	-3
Yield Signs	19	17	-2
W491700 Mower Blades	22	20	-2
W49171 Mower Blades	38	22	-16
Diesel Fuel	225.94 gallons	0 gallons	-225.94 gallons

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

District 3 Commissioner:

- One employee receives consumable items, maintains consumable records, and performs inventory counts.
- Evidence of District 3 performing monthly physical consumable inventory verification was not maintained.
- Of the six (6) consumable items tested, the balance on hand for four (4) items did not match the count on the inventory records.

Description	Amount Recorded	Amount Verified	Variance
Tire 11R24.5	4	7	3
Tire 11R24.5/16	2	4	2
Tire 1400-24 Grader Titan	8	6	-2
Motor Grader Blades 7 ft.	12	10	-2

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding of consumable items.

**Effect of Condition:** These conditions resulted in noncompliance with the state statutes. When consumable inventory items are not adequately safeguarded and accounted for, there is an opportunity for misappropriation and undetected errors.

**Recommendation:** OSAI recommends that the County implement policies and procedures to ensure compliance with 19 O.S. § 1502 (A)(1) and 19 O.S. § 1504(A), which would provide assurance that the consumable items of the County are protected from loss and misuse.

OSAI also recommends the performing and documenting of a monthly consumable inventory count. Counts should be initialed and dated by the employee performing the physical count and retained to show the design and implementation of internal controls by the County Commissioners.

Additionally, the key functions of receiving duties and consumable inventory control duties should be performed by separate employees in order to effectively segregate those duties.

**Management Response:**

**District 1 Commissioner:** Internal controls will be put in place to ensure that one person no longer receives consumables, maintains records, and performs inventory. District 1 will perform monthly consumable inventory. Internal controls will be put in effect to comply with state statutes. District 1 is working on accurately reconciling the diesel fuel.

**District 2 Commissioner:** District 2 has started monthly consumable counts and will maintain that documentation. We have obtained a conversion chart for fuel.

**HARPER COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**District 3 Commissioner:** One person will receive the consumable items and two people will perform the inventory count and will continue to do so. The tires are now locked up and the District 3 Barn Clerk has the keys to the tires. We will work to correct our consumable inventory.

**Criteria:** An important aspect of internal controls is the safeguarding of assets. Internal controls 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 acquisition, use or disposition of consumable inventory.

Title 19 O.S. § 1502(A)(1) 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. § 1504(A) states, "A receiving officer shall receive all purchased, lease-purchased or rented items procured for the department and shall identify such items received in a manner prescribed by the county road and bridge inventory officer or board of county commissioners or designee. The receiving officer shall also maintain a record of all such items received, disbursed, stored and consumed by the department."



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)