



HUGHES COUNTY
DISTRICT 1 TURNOVER

Statutory Report

January 3, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
GARY PHILLIPS
HUGHES COUNTY COMMISSIONER
DISTRICT 1
JANUARY 3, 2023**

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.



April 17, 2023

BOARD OF COUNTY COMMISSIONERS
HUGHES COUNTY COURTHOUSE
HOLDENVILLE, OKLAHOMA 74848

Transmitted herewith is the Hughes County Officer Turnover Statutory Report for January 3, 2023. The engagement was conducted in accordance with 19 O.S. § 171.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during our engagement.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



Gary Phillips
Hughes County Commissioner, District 1
Hughes County Courthouse
Holdenville, Oklahoma 74848

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 3, 2023:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1 and 19 O.S. § 178.2.
- Verify that consumable items on hand agree with consumable inventory records maintained per 19 O.S. § 1502.
- Verify that machinery and equipment acquisitions, dispositions, and expenditures are in accordance with 19 O.S. § 333.
- Verify that the amount of total claims approved for the operation of said Office is not in excess of limitations imposed by 19 O.S. § 347.

Information addressed in this report is the representation of the respective county officer.

Our county officer turnover engagement was limited to the statutory procedures described above and was less in scope than an examination or audit performed in accordance with auditing standards generally accepted in the United States of America, the objective of which would be the expression of an opinion. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 6, 2023

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2023-001 - Lack of Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories

Condition: During the review of fixed asset and consumable inventories, the following items were noted.

- One (1) fixed asset which was reported stolen, a Miller Bobcat Welder, ID 404-10, serial number KH555962, is still on the fixed asset inventory list filed with the County Clerk, however, a police report could not be located.
- Reconciled fuel logs for the amount of unleaded and diesel fuel on hand are not being maintained.
- The following eleven (11) items did not agree with the consumable inventory records:

Consumable Inventory	Amount on Record	Units	Amount on Hand	Units	Variance
Gravel 1/4 Screening	23.2	Ton	270	Ton	246.8
Gravel 3"	8.51	Ton	140	Ton	131.49
Gravel 3/8" #2 Cover	272.26	Ton	2	Ton	-270.26
Gravel Decomposed Granite	368.35	Ton	50	Ton	-318.35
Strap 1/4" X 2"	190	Feet	0	Feet	-190
Strap 1/4" X 4"	198	Feet	25	Feet	-173
Tires LT 265/70R 18/10	4	Each	0	Each	-4
Tires 11R22.5 Drive	3	Each	2	Each	-1
Tires 11R24.5 Drive	5	Each	3	Each	-2
Tires 1400R24 Grader	4	Each	7	Each	3
Tires 225/70R22.5 Hercules H-902	2	Each	6	Each	4

Cause of Condition: Policies and procedures have not been designed and implemented in regard to fixed assets inventory and consumable inventories.

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 and Inspector's Office recommends that all equipment with a value of \$500 or more prior to November 1, 2022, and a value of \$2,500 or more beginning on November 1, 2022, be included on the fixed assets inventory records. All inventory at the lower threshold of Five Hundred Dollars (\$500.00) will remain on the official inventory and will only be removed at the time of the disposal, following the proper disposal procedures. These records should be maintained in the County Clerk's office and updated as equipment is acquired and disposed of. Further, the County should complete monthly reviews of consumable inventory items and reconcile fuel on a monthly basis.

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Management Response:

Outgoing District 1 County Commissioner: The stolen piece of property was not disposed of properly and will be corrected. The fuel log on gas and diesel balanced to the V-Root machine. The variances in consumables are due to clerical errors and a lack of communication.

Criteria: The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

The GAO Standards - Principle 10 – Design Control Activities: 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Additionally, The GAO Standards – Section 2 – Establishing an Effective Internal Control System – Objectives of an Entity - OV2.24 states in part:

Compliance Objectives

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity’s assets.

Title 19 O.S. § 1502 states in part, “A. 1. The board of county commissioners or a designated employee shall:

- a. prescribe a uniform identification system for all supplies, materials and equipment of a county used in the construction and maintenance of roads and bridges, and
- b. create and administer an inventory system for all:
 - (1) equipment of a county having an original cost of Two Thousand Five Hundred Dollars (\$2,500.00) or more for use in the construction and maintenance of roads and bridges, and
 - (2) supplies and materials of a county purchased in lots of Two Thousand Five Hundred Dollars (\$2,500.00) or more for use in the construction and maintenance of roads and bridges.”

Title 19 O.S. § 178.1 states in part, “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

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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...”

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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