

STATUTORY REPORT

# KAY COUNTY COMMISSIONER DISTRICT 3 TURNOVER

January 5, 2015



*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  
PAUL SKIDMORE  
KAY COUNTY COMMISSIONER  
DISTRICT 3  
JANUARY 5, 2015**

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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

January 23, 2015

BOARD OF COUNTY COMMISSIONERS  
KAY COUNTY COURTHOUSE  
NEWKIRK, OKLAHOMA 74647

Transmitted herewith is the Kay County Officer Turnover Statutory Report for January 5, 2015. 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

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

Mr. Paul Skidmore  
Kay County Commissioner, District 3  
Kay County Courthouse  
Newkirk, Oklahoma 74647

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 5, 2015:

- 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.
- 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.

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, appearing to read "Gary A. Jones".

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

January 5, 2015

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2015-01 – Consumable Inventory**

**Condition:** A current consumable inventory record is not maintained. During our review of consumable inventory, we noted several inventory items that had a negative balance and we were unable to reconcile the differences between inventory items on hand to inventory records.

**Cause of Condition:** Procedures have not been designed and implemented to ensure accurate consumable inventory records are maintained.

**Effect of Condition:** Failure to maintain accurate records of consumable inventory items and failure to perform a periodic physical inventory of consumable inventory items could result in inaccurate records, unauthorized use, or misappropriation of consumable inventory.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the District maintain current consumable inventory records and periodically perform a review and reconciliation of consumable inventory on hand to consumable records.

**Management Response**

**Incoming Commissioner:** We are making adjustments and counting inventory items to determine amounts on hand agree to inventory records. Going forward, we will implement procedures to document when items are consumed and update the inventory records weekly.

**Criteria:** 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.”

**Finding 2015-2 – Inadequate Internal Controls and Noncompliance Over Fixed Assets**

**Condition:** When comparing fixed assets inventory to inventory records, we noted the following:

- There was no documentation as to when the last physical inventory was taken.
- A John Deere 6430 tractor, inventory number D3-304-06, was listed on the fixed assets inventory list, but had been traded in and there was no Board resolution to remove the item from the fixed asset inventory.
- There was no fixed assets inventory list on file with the County Clerk.

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**JANUARY 5, 2015**

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**Cause of Condition:** Procedures have not been designed and implemented by the county official to perform annual fixed assets inventory counts and to have Board approval prior to the disposing of fixed assets to ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Failure to maintain accurate records of fixed assets inventory, failure to perform a periodic physical inventory of fixed assets, and failure to obtain Board approval prior to the disposing of fixed assets could result in inaccurate records, unauthorized use of fixed assets, or misappropriation of fixed assets.

**Recommendation:** OSAI recommends that the District periodically perform a review and reconciliation of fixed assets inventory on hand to fixed assets records and file an inventory report annually with the County Clerk.

**Management Response:**

**Incoming Commissioner:** I will submit a resolution for Board approval to dispose of the John Deere 6430 tractor, inventory number D3-304-06. Going forward, we will perform an annual inventory count of the fixed assets and file the inventory report with the County Clerk.

**Criteria:** 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.”

Title 19 O.S. § 178.3.A states, “The County Clerk shall be custodian and repository of all inventory records, files and reports.”

Title 19 O.S. § 421 states, “From and after the effective date of this act, each board of county commissioners of the several counties in the state shall within thirty (30) days after the disposition of any tools, apparatus, machinery, and equipment belonging to the county or leased or otherwise let to it or any department thereof, the original cost of which is more than Five Hundred Dollars (\$500.00), whether sold, exchanged, junked, leased or let where authorized by statute, shall enter, or cause to be entered, in the minutes of the proceedings of the board the fact of such disposition, including complete description of item, serial number, the date property was acquired, the name and address of the person or firm from whom property was acquired, the cost price at time of acquisition or contract price if acquired under lease-rental agreement, the date of disposition, the name and address of the person or firm to whom property transferred, the price received therefore and the reason for disposition.”



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