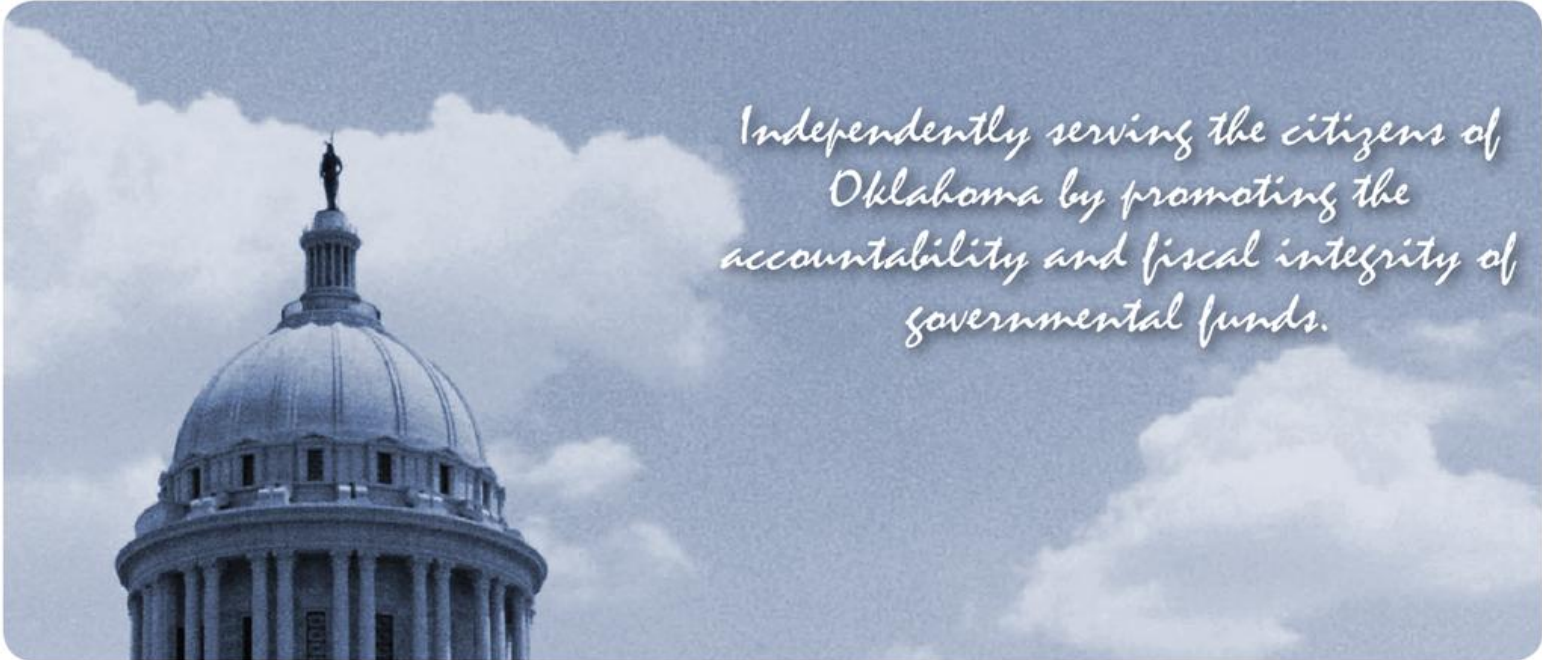


STATUTORY REPORT

LINCOLN COUNTY COMMISSIONER DISTRICT 2 TURNOVER

December 28, 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
RICKY TAYLOR
LINCOLN COUNTY COMMISSIONER
DISTRICT 2
DECEMBER 28, 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 10, 2017

BOARD OF COUNTY COMMISSIONERS
LINCOLN COUNTY COURTHOUSE
CHANDLER, OKLAHOMA 74834

Transmitted herewith is the Lincoln County Officer Turnover Statutory Report for December 28, 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". The signature is written in a cursive style with a long, sweeping underline.

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



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Ricky Taylor
Lincoln County Commissioner, District 2
Lincoln County Courthouse
Chandler, Oklahoma 74834

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 28, 2016:

- 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.
- Verify that the Officer's depository account balances reconcile with the County Treasurer's records and that undeposited cash reconciles to receipts.

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 18, 2017

**COUNTY OFFICER TURNOVER STATUTORY REPORT
RICKY TAYLOR
LINCOLN COUNTY COMMISSIONER
DECEMBER 28, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2016-01 – Inadequate Internal Controls and Noncompliance Over Fixed Assets

Condition: The Oklahoma State Auditor and Inspector’s office (OSAI) reviewed the fixed asset inventory for Lincoln County Commissioner for District 2. OSAI reviewed 98 items listed on inventory, and noted three (3) items totaling an original cost of \$5,020 that could not be located. The missing items are as follows:

County ID Number	Year	Make	Cost
D443-0286	1996	Acerview Computer	\$2,686.00
D443-2141	2005	HP Computer	\$1,238.00
D449-0281	2005	HP Compaq Computer	\$1,096.00

Cause of Condition: Policies and procedures have not been designed to implement internal controls over the safeguarding of fixed assets by maintaining an accurate inventory listing.

Effect of Condition: This condition resulted in noncompliance with state statutes.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that District 2 implement internal controls to ensure compliance with state statutes by performing an annual inventory of all working tools, apparatus, machinery and equipment that is valued at \$500.00 or more. Also, any items that are no longer in service or are otherwise disposed, should be removed from inventory after approved by the Board of County Commissioners.

Management Response

Outgoing Commissioner: The outdated equipment was disposed of but not properly removed from inventory records by a BOCC approved resolution.

Criteria: 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 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 thereafter 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 the custody of the county or of any office, board, department, commission or any or 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 event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and

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LINCOLN COUNTY COMMISSIONER
DECEMBER 28, 2016

report of the same as of the end of a term of office and as part and parcel of the accounting required by law of a retiring or re-elected officer, and, as to appointive heads of departments amenable directly to the board of county commissioners...”

Title 19 O.S. § 178.2 states, “It shall be and is hereby made the duty of every county officer, board, commission, or department, and by record directive of the board of county commissioners may be made the duty of any employee of the board of county commissioners subject to summary discharge and removal by the board, to conform in all respects and be amenable to all uniform resolutions adopted by their respective boards of county commissioners directing the taking, recording, maintaining and reporting inventories of properties in their respective custody in accordance with the provisions of this act. It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office...”

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 therefor and the reason for disposition.”

Finding 2016-02 – Inadequate Internal Controls and Noncompliance Over Consumable Inventories

Condition: During our review of 40 items of consumable inventory, OSAI noted the following:

Consumable Item	Quantity Recorded	Quantity Verified	Variance
Diesel Fuel	2,294 Gallons	2,372 Gallons	78 Gallons
6” Crusher Run Surge	-4 Tons	0 Tons	-4 Tons
Bridge Board 2”X12”X20’ Creosote	25 Each	24.5 Each	-.5 Each
Bridge Board 3”X12”X20’ Creosote	8 Each	12 Each	4 Each
Grader Blade 5/8” X 8’ X7 5/8” Bolt Groomer	2 Each	4 Each	2 Each
Guard Rail Ends (New)	16 Each	2 Each	-14 Each
18” X 36’ Tinhorn	0 Each	1 Each	1 Each

COUNTY OFFICER TURNOVER STATUTORY REPORT
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Cause of Condition: The consumable inventory records are not being properly maintained, accurately updated, and reconciled to physical counts.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Also, failure to maintain accurate records of consumable inventory items and to perform a periodic physical inventory of consumable inventory items could result in inaccurate records, unauthorized use, or misappropriation of consumable inventory.

Recommendation: OSAI recommends that management implement internal controls to ensure consumable items be adequately secured and fuel records be accurately maintained and reconciled to the actual fuel on hand. OSAI also recommends management implement internal controls to ensure compliance with O.S. § 1502 and 19 O.S. § 1504(A).

Management Response

Outgoing Commissioner: The consumable inventory records should have been updated timely.

Criteria: Title 19 O.S. § 1502 states in part, "...1. The Board of County Commissioners or a designated employee shall: a. Prescribes a uniform identification system for all supplies, material, and equipment of a county used in the construction and maintenance of 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."



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