



LOGAN COUNTY
DISTRICT 1 TURNOVER

Statutory Report

January 3, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
MARVEN GOODMAN
LOGAN COUNTY COMMISSIONER
DISTRICT 1
JANUARY 3, 2023**

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May 1, 2023

BOARD OF COUNTY COMMISSIONERS
LOGAN COUNTY COURTHOUSE
GUTHRIE, OKLAHOMA 73044

Transmitted herewith is the Logan 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



Marven Goodman
Logan County Commissioner, District 1
Logan County Courthouse
Guthrie, Oklahoma 73044

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.

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 17, 2023

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LOGAN COUNTY COMMISSIONER
JANUARY 3, 2023

SCHEDULE OF FINDINGS AND RESPONSES

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

Condition: Upon observation of records and the visual verification of fixed assets, the following was noted:

- One (1) item was not listed on the inventory list:

<u>Inventory Number</u>	<u>Description of Inventory Item</u>
441-08	John Deer Tractor

- Two (2) items could not be located:

<u>Inventory Number</u>	<u>Description of Inventory Item</u>
499-05	Foster Power Pack
950-01	Magnetic Locator

During observation of records and the visual verification of consumable inventories, the following was noted:

- An accurate consumable inventory list has not been prepared or maintained by the County Commissioner other than fuel. While a record of fuel is maintained, it was noted that the unleaded gasoline tank had a variance of two hundred fifty-three (253) gallons less than the amount reported on inventory.
- Donated items (nine (9) Concrete Culverts and two (2) concrete drains) were held at the District without the proper approval from the Board of County Commissioners.

Cause of Condition: Policies and procedures have not been adequately designed and implemented to ensure the accurate reporting of fixed assets and consumable inventory items 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 to account for fixed assets. Additionally, when consumable inventory items are not adequately documented, the opportunity for misappropriation and undetected errors could occur.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management implement and design internal controls to ensure compliance with state statutes and that fixed assets and consumable inventories are safeguarded against misuse and loss.

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Management Response:

Outgoing District 1 Commissioner: The John Deere tractor was the boom mower replacement and hopefully was subsequently picked up on the District's inventory. The two (2) missing items, I have no scope of reference concerning their physical makeup or value.

The unleaded fuel variance of two hundred fifty-three (253) gallons is the most concerning to me. I know the Sheriff's department will be looking into this matter. District 1 required daily reports to account for the use of consumables.

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 quasi-governmental entities.

The GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV 2.24 states in part:

Safeguarding of Assets

A subset of the three categories of objectives is the 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.

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.

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. § 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(A) requires the receiving officer to maintain a record of all items received, disbursed, stored, and consumed by the department.

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Title 60 O.S. § 390 requires the board of county commissioners at its discretion to accept, upon behalf of such county any gift, testamentary or otherwise, whether unconditional or conditional, of any property, whether real or personal or both, to such county.

Finding 2023-002 - Expenditures Exceeded Amount Allowable for Outgoing Officer

Condition: While examining the fund balances for District 1, the following funds exceeded the limitations imposed by state statute:

Fund Name	Beginning Balance July 1, 2022	50% of Beginning Balance	Ending Balance December 31, 2022	Fund Over/(Under)
1102 Highway Cash	\$503,120	\$251,560	\$66,610	(\$184,950)

Cause of Condition: Policies and procedures have not been adequately designed and implemented with regard to the limitation of expenditures whenever a county officer holding an elective office will not immediately serve a succeeding term in the same office.

Effect of Condition: This condition resulted in noncompliance with state statute and could “void” any warrants issued in excess of the allocated amount set forth in 19 O.S. § 347 C.

Recommendation: OSAI recommends management implement policies and procedures to ensure the allocated amount set forth is not exceeded when a county commissioner will not immediately serve a succeeding term in the same office.

Management Response:

Chairman of the Board of County Commissioners: Regarding the finding of *Expenditures Exceeded Amount Allowable for Outgoing Officer*, be advised that pursuant to the opinion of the former Assistant District Attorney (ADA), the requirements of 19 O.S. Section 347, paragraph C do not apply to monthly appropriated funds. Therefore, the outgoing commissioner followed the advice of legal counsel in expending of highway funds.

Outgoing County Commissioner: I agree with our former ADA concerning the ineligibility of including our cash funds.

Auditor Response: SA&I is not in disagreement with the ADA regarding the monthly appropriations that were allocated during the first six months of the fiscal year in which said term of office expires.

We did not apply this rule to the monthly appropriations allocated from July 1st to December 31st but rather to the beginning balance that had been allocated to that district prior to the first six months of the fiscal year in which said term of office expires.

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Criteria: The GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV 2.24 states in part:

Safeguarding of Assets

A subset of the three categories of objectives is the 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. § 347 C states: “Whenever a county officer holding an elective office will not immediately serve a succeeding term in the same office, it shall be unlawful for the board of county commissioners, during the first six (6) months of the fiscal year in which said term of office expires, to approve claims for the operation of said office totaling in excess of one-half (1/2) the amount allocated for the operation of said office during said fiscal year, unless approval in writing is obtained from the county excise board, and any claim in excess thereof and any warrant issued pursuant thereto shall be null and void.”

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



Cindy Byrd, CPA | State Auditor & Inspector

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