



# LOGAN COUNTY COMMISSIONER DISTRICT 2 TURNOVER

## Statutory Audit

December 31, 2021

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

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
MICHAEL PEARSON  
LOGAN COUNTY COMMISSIONER  
DISTRICT 2  
DECEMBER 31, 2020**

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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

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March 15, 2021

BOARD OF COUNTY COMMISSIONERS  
LOGAN COUNTY COURTHOUSE  
GUTHRIE, OKLAHOMA 73044

Transmitted herewith is the Logan County Officer Turnover Statutory Report for December 31, 2020. 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



Logan County Commissioner, District 2  
Logan County Courthouse  
Guthrie, Oklahoma 73044

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 31, 2020:

- 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 the Lease Purchase Agreements are reviewed for months of service and hours used and approved by the Board of County Commissioners.

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 16, 2021



**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2021-001 - Lack of Internal Controls and Noncompliance Over Consumable Inventories**

**Condition:** During our review of the District 2 County Commissioner’s consumable inventories, the following weakness was noted:

- An accurate consumable inventories list has not been maintained by the County Commissioner.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statute by maintaining an accurate consumable inventories list.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. When consumable inventories are not monitored on a regular basis, opportunities for misuse or theft of items are more likely to occur.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management design and implement a consumable item record for all consumable inventories in compliance with 19 O.S. § 1504.

**Management Response:**

**Outgoing County Commissioner:** Policy and procedures should be designed to ensure compliance with state statute. Inventory counts should be monitored with the actual inventory on hand. There was a miscount of the donated green fiberglass pipe and donated concrete barriers. The discrepancy in the fuel was due to not adjusting the computer system to the fuel on hand. The system does not track tenths of gallons and we needed to make these adjustments during reconciliation.

**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.

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

*Design of Appropriate Types of Control Activities*

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. § 1504 requires the receiving officer to maintain a record of all items received, disbursed, stored, and consumed by the department.

**Finding 2021-002 - Lack of Internal Controls Over Lease Purchase Equipment**

**Condition:** Upon review of the Board of County Commissioner (BOCC) minutes and discussions with management, it was noted that the BOCC does not monitor and document the hours used and/or months of service on lease purchase equipment.

**Cause of Condition:** Internal controls have not been designed and implemented by the County to properly monitor and document the hours used and/or months of service on lease purchase equipment.

**Effect of Condition:** This condition resulted in the county exceeding the agreement terms on one (1) lease purchase agreement, costing the county \$90,180.

**Recommendation:** OSAI recommends management design and implement internal controls to ensure all lease purchase agreements are monitored and documented for hours used and/or months of service on lease purchase equipment.

**Management Response:**

**Outgoing County Commissioner:** Logan County needs to implement internal controls over all lease-purchase agreements. During my time as Commissioner, the Board of Logan County Commissioners did not review lease-purchase agreements or equipment hours. We only approved the renewal of lease-purchases as a whole for each District. If Logan County would have had policies and procedures to document equipment hours and to review the agreements, District 2's lease-purchase for this piece of equipment would not have been renewed. Once discovered, I followed the guidance of the Assistant District Attorney and the State Auditor's office. Even though \$90,180 was paid on the lease-purchase, I did not spend more than the amount allowed by state statute.

**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.

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GAO Standards – Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

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