

STATUTORY REPORT

# LOVE COUNTY SHERIFF TURNOVER

November 7, 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  
JOE RUSSELL  
LOVE COUNTY SHERIFF  
NOVEMBER 7, 2016**

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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

December 22, 2016

BOARD OF COUNTY COMMISSIONERS  
LOVE COUNTY COURTHOUSE  
MARIETTA, OKLAHOMA 73448

Transmitted herewith is the Love County Officer Turnover Statutory Report for November 7, 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 fluid and cursive, with a long horizontal stroke at the end.

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



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Joe Russell  
Love County Sheriff  
Love County Courthouse  
Marietta, Oklahoma 73448

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for November 7, 2016:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1.
- 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 Officers' 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.

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

November 17, 2016

**COUNTY OFFICER TURNOVER STATUTORY REPORT**  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2017-1 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory**

**Condition:** Upon inquiry and observation of fixed assets inventory items we noted the following weaknesses:

When visually verifying equipment, the following was noted:

- Four (4) items were not properly marked with a county identification number.
- Two (2) items had been disposed of, however, we were unable to trace to a resolution of disposition.
- Sixteen (16) security cameras were listed on inventory list, however, according to the Sheriff's secretary they were not identified with county identification numbers; due to the location of cameras we could not verify serial numbers.
- Nineteen (19) items were not properly marked with a county identification number; however, we were able to identify the items by comparing the serial number on the inventory listing and the serial number on the item.
- Two (2) items (vehicles) were not marked with a county identification number and did not have "Property of Love County" displayed on the vehicle.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statutes regarding maintaining and properly identifying fixed assets.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. When fixed assets are not monitored and equipment is not properly marked with identification numbers and "Property of," opportunities for misuse or loss of equipment can occur.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management implement internal controls to ensure compliance Title 19 O.S. § 178.1, 19 O.S. § 1502(a)(1), 19 O.S. § 1502(B)(1), and 69 O.S. § 645.1 by maintaining inventory records and marking assets with county identification numbers and "Property of Love County." OSAI additionally recommends that periodic fixed assets inventory verifications be conducted and documented with the initials and date of the employees conducting and reviewing the verification.

**Management Response:**

**County Sheriff:** The new administration is in the process of making a correct and updated inventory list, as well as ensuring each item is properly identified with an inventory control number.

**Criteria:** Internal Controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding

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prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Title 19 O.S. § 178.1 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(A)(1), requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

Title 19 O.S. § 1502(B)(1) 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 69 O.S. § 645 requires that county-owned rented, or leased road machinery or equipment be clearly and visibly marked "Property Of."

**Finding 2017-2 – Inadequate Internal Controls Over the Monthly Reports Reconciliation Process**

**Condition:** It was noted that the County Sheriff completes a monthly report and reconciles his official depository accounts to the Treasurer. However, the report is not signed by the Treasurer.

**Cause of Condition:** Policies and procedures have not been implemented to ensure that the County Sheriff's official depository accounts are reconciled to the County Treasurer's official depository ledger.

**Effect of Condition:** This condition resulted in noncompliance with state statute and could result in inaccurate reports or incomplete records.

**Recommendation:** OSAI recommends the Sheriff's Fund balances be reconciled to the County Treasurer's official depository ledger and signed by the Treasurer prior to filing with the Board of County Commissioner's in accordance with 19 O.S. § 684.

**Management Response:**

**County Sheriff:** The new administration will implement procedures to ensure the monthly reports are reconciled with the Treasurer.

**Criteria:** Safeguarding controls are an important aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Title 19 O.S. § 684 states in part "...it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the

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county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.”

**Finding 2016-3 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

- One individual is responsible for entering inmate deposits into the computer system, preparing deposit slips, depositing with the County Treasurer, preparing vouchers, posting transactions to inmate records, and reconciling the Sheriff Commissary official depository account to the Treasurer’s official depository ledger at the end of each month.
- The Inmate Trust Fund Checking Account has not been established at this time; therefore, funds from inmate purchases are deposited directly into the Sheriff Commissary official depository account.
- The Sheriff’s office does not file an annual report for the Commissary Fund with the Board of County Commissioners by January 15th, of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that controls are in place with regards to the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** This condition resulted in noncompliance with state statutes. A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends management be aware of this condition realize that a concentration of duties and responsibilities is not desired from a control point of view. Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Further, OSAI recommends the County Sheriff establish a checking account, to be designated the “Inmate Trust Fund Checking Account,” to be managed by the county sheriff and maintained separately from regular county funds, and that disbursements be made in accordance with 19 O.S. §531A and 19 O.S. § 180.43D. Also, the County Sheriff’s office should file an annual report for the Commissary Fund with the Board of County Commissioners by January 15<sup>th</sup> of each year in accordance with 19 O.S. § 180.43D.

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**Management Response:**

**County Sheriff:** The new administration will work towards implementing review processes, establish necessary checking accounts, and perform monthly reconciliations.

**Criteria:** The overall goal of effective internal controls is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, no one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions. All collections should be receipted in sequential order and deposited daily, two authorized signatures should be required on all Inmate Trust Fund checks, bank reconciliations should be performed each month, and contracts should be approved by the Board of County Commissioners, contain all pertinent information, and be on file with the County.

Title 19 O.S. § 180.43(D) states in part, “Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel, or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The Sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Title 19 O.S. § 531(A) states in part, “The county sheriff may establish a checking account, to be designated the “Inmate Trust Fund Checking Account.” The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”





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