



# MAJOR COUNTY COMMISSIONER DISTRICT 2 TURNOVER

## Statutory Audit

December 21, 2020

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

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
KENT SCHLOTTHAUER  
MAJOR COUNTY COMMISSIONER  
DISTRICT 2  
DECEMBER 21, 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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April 16, 2021

BOARD OF COUNTY COMMISSIONERS  
MAJOR COUNTY COURTHOUSE  
FAIRVIEW, OKLAHOMA 73737

Transmitted herewith is the Major County Officer Turnover Statutory Report for December 21, 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



Kent Schlotthauer  
Major County Commissioner, District 2  
Major County Courthouse  
Fairview, Oklahoma 73737

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 21, 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.

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

January 11, 2021



**COUNTY OFFICER TURNOVER STATUTORY REPORT  
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MAJOR COUNTY COMMISSIONER  
DECEMBER 21, 2020**

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**SCHEDULE OF FINDINGS AND RESPONSES**

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

**Condition:** During our review and test of one hundred fifty-three (153) of the District 2 County Commissioner’s fixed assets, the following weaknesses were noted:

- One (1) item could not be visually verified.
- Six (6) items were not properly marked with a county identification number.

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

- An accurate consumable inventories list had not been prepared or maintained by the County Commissioner.

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets, and consumable inventory items, as well as adequate procedures to ensure equipment is properly identified 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 result.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management implement internal controls to ensure compliance with state statutes. These internal controls would include maintaining an accurate inventory report and properly marking equipment with a County identification number.

Further, OSAI recommends designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with state statutes.

**Management Response:**

**Outgoing County Commissioner:** After reviewing internal documents for the one item not found, we noted that this item was transferred to District 1 on November 5, 2007 on a 1986 Chevrolet 1-ton truck. This item should be removed from the District 2 fixed asset inventory list. This was done 10 years prior to my term.

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**KENT SCHLOTTHAUER**  
**MAJOR COUNTY COMMISSIONER**  
**DECEMBER 21, 2020**

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Since I have now left office, I have no authority to take care of these items now. Hopefully they will be corrected by the new commissioner.

**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 – 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.

The GAO Standards – Section 2 – Objectives of an Entity – OV2.24 states in part:

*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. § 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...”

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 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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