

STATUTORY REPORT

NOBLE COUNTY COMMISSIONER DISTRICT 1 TURNOVER

December 16, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COUNTY OFFICER TURNOVER STATUTORY REPORT
MARK SANDERS
NOBLE COUNTY COMMISSIONER
DISTRICT 1
DECEMBER 16, 2014**

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Oklahoma State Auditor & Inspector

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January 30, 2015

BOARD OF COUNTY COMMISSIONERS
NOBLE COUNTY COURTHOUSE
PERRY, OKLAHOMA 73077

Transmitted herewith is the Noble County Officer Turnover Statutory Report for December 16, 2014. 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".

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



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Mark Sanders
Noble County Commissioner, District 1
Noble County Courthouse
Perry, Oklahoma 73077

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 16, 2014:

- Verify that equipment items on hand agree with inventory records as 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 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.

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

January 26, 2015

**COUNTY OFFICER TURNOVER STATUTORY REPORT
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DECEMBER 16, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 –Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory Record

Condition: Observation of records indicated that there were three fixed assets inventory lists on file with the County Clerk’s office for District 1 County Commissioner. There was a signed copy dated August 31, 2011 and an unsigned copy dated December 31, 2011. The District 1 Commissioner Secretary also filed a fixed assets inventory summary dated December 15, 2014 with the County Clerk that was used to perform the fixed assets inventory verification. However, this list contained discrepancies as noted below:

County Identification Number	Item Name/Description	Comments
D301-0059	1 Ton White Ford Pickup Model #F350 SN# 1FTJW35H1SEA490	The SN# on equipment was 1FTJW35H1SEA49085. Both the card and the summary were missing the last two numbers.
D301-0061	F150 4x4 Crew Cab Ford Pickup SN# 1FTPW14545KE52490	The vehicle is 2003 1 Ton Ford Regular Cab F250 4x4 SN # FDWF37P93ED50498. Both the card and the summary were incorrect.
D348-0018	Elite Flatbed Trailer	This item was not on the inventory summary and there was no inventory card for it.
D398-0018	1000g Water Tank	This item was on the inventory summary as D348-0018. There was no inventory card located for the item.
D304-031	JD 4630 Tractor SN# 4630P012914R	This item was not on the inventory summary. The inventory card reflected the item with the County identification number of D304-013
D348-0014	Belly Dump Trailer CPS Model# SBD-240 SN# 4211620WP000970	The inventory summary had a County identification number of D348-0012. The SN# on the equipment was 4Z2111620WP000970.
D358-0002	JD Post Hole Digger	This item was not on the inventory summary. The inventory card for this item was attached to an inventory card for a Skid Steer and had the same number as the Skid Steer.
No number	Laser Level	This item was not on the inventory summary. The inventory card was not located.
D404-0008	Welder Lincoln AC/DC SN# A1066324 Model #SA200	The equipment with this number is actually the description from D404-0009.
D404-0009	Welder Lincoln SN# AC-648567 Model #250-250	The equipment with this number is actually the description from D404-0008, but no number was attached to the welder.
D408-3	Planetary Gear Winch Ramsey 8,000lb SN#468162 model# REP8000	A County identification inventory number was not attached to winch.
D412-0103	Fuel Transfer Pump Gasboy SN# 420386 Model# 53APR	The inventory summary and inventory card identified this item as D412-3.
D412-0104	Fuel Transfer Pump Gasboy SN# 420383 Model# 53APR	The inventory summary and inventory card identified this item as D412-4.

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County Identification Number	Item Name/Description	Comments
D413-008	12,600 Gal Diesel Tank (newer)	The tank was marked with this County identification number, but the item was not on the inventory summary, nor was an inventory card located.
D413-8	Fuel Tank 1000g & 110v pump	This item was not on inventory summary and an inventory card not located.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure fixed assets inventory is tracked and reported in accordance with the state statute.

Effect of Condition: This condition resulted in noncompliance with state statute and could result in misappropriation of assets and loss of county equipment.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that management implement internal controls to comply with Title 19 O.S. § 178.1. We also recommend that the District 1 County Commissioner perform annual inventory verifications, and retain documentation to verify the physical inventory counts are performed.

Management Response:

Newly Elected County Commissioner: As the newly elected County Commissioner for District 1, I have reviewed the deficiencies set forth in this report and will remedy the noted discrepancies immediately. Furthermore, I have taken steps to ensure that this office is compliant with statutory requirements and will continue to insure that fixed assets inventories are properly maintained. I am aware that the County Officers have adopted an inventory routine with which District 1 will comply.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. Internal controls should be designed to analyze accuracy, completeness, and reliability of accounting records.

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...annually thereafter, or oftener."

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Finding 2015-02 – Inadequate Internal Controls and Noncompliance Over Consumable Inventory Items Records

Condition: The District 1 Commissioner did not maintain records to track the purchase, use, or balances of consumable inventory items. Therefore, we were unable to verify the consumable items on hand at the date of this review.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding the consumable inventory items that were purchased by District 1.

Effect of Condition: This condition has resulted in noncompliance with the state statute. When consumable inventory items are not adequately accounted for and safeguarded there is an opportunity for misappropriation and undetected errors.

Recommendation: OSAI recommends the County Commissioner perform monthly physical verifications of consumable inventory items and document those verification to provide evidence of compliance with Title 19 O.S. § 1502 A.

Management Response:

Newly Elected County Commissioner: I have reviewed this deficiency and will immediately take steps to properly document the purchase, use and inventory balances on consumable items in order to be compliant with current statutory requirements. I will promptly designate an employee who will be responsible for maintaining an accounting of these items in order to ascertain that there is no misuse of these inventory items.

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

Title 19 O.S. § 1502 A states in part, "The board of county commissioners or a designated employee shall prescribe a uniform identification system for all supplies, materials and equipment of a county used in the construction and maintenance of roads and bridges, and create and administer an inventory system for all supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more for use in the construction and maintenance of roads and bridges."



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