



NOBLE COUNTY

Operational Audit

For the fiscal year ended June 30, 2016

Cindy Byrd, CPA
State Auditor & Inspector

**NOBLE COUNTY OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

May 7, 2019

**TO THE CITIZENS OF
NOBLE COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Noble County for the fiscal year ended June 30, 2016.

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



**NOBLE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

OPERATIONAL AUDIT REPORT

Introductory Section (Unaudited)

County Officials.....	ii
Sales Tax Distribution.....	iii

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2016.....	1
--	---

Description of County Funds and Transfers	2
---	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County General Fund.....	5
--	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	7
--	---

Purpose, Scope, and Sample Methodology.....	8
---	---

Objectives and Results of Operational Audit.....	9
--	---

REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS

Statutory Report	12
------------------------	----

Schedule of Findings and Responses.....	13
---	----

INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES ii - iii
PRESENTED FOR INFORMATIONAL PURPOSES ONLY

Board of County Commissioners

District 1 – Jason Keinholz
District 2 – Larry Montgomery
District 3 – Lance West

County Assessor

Mandy Snyder

County Clerk

Sandra Richardson

County Sheriff

Charlie Hanger

County Treasurer

Rena Clark-Wheatley

Court Clerk

Hillary Vorndran

District Attorney

Brian Hermanson

**NOBLE COUNTY, OKLAHOMA
SALES TAX DISTRIBUTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Sales Tax

Sales Tax of March 1, 2002

The voters of Noble County approved a permanent one-quarter percent (1/4%) sales tax effective March 1, 2002. The sales tax was established to provide revenue for the following:

Noble County Free Fair Board (70%)
OSU Extension Office in Noble County (30%)

These funds are accounted for in the Free Fair Sales Tax fund and the OSU Extension Sales Tax fund.

Sales Tax of January 1, 2003

The voters of Noble County approved the continuation of the one-quarter percent (1/4%) sales tax effective January 1, 2011 and shall terminate December 31, 2015. The original sales tax went into effect January 1, 2003. This sales tax was established to provide equal apportionment of revenue among all fire departments belonging to Noble County Public Safety Association in Noble County, Oklahoma. The voters of Noble County approved to extend the one-quarter percent (1/4%) sales tax effective January 1, 2016 and shall terminate on December 31, 2025.

These funds are accounted for in the Rural Fire Sales Tax fund.

Sales Tax of October 5, 2005

The voters of Noble County approved a three-quarter percent (3/4%) sales tax effective October 5, 2005. The sales tax shall continue for a period of ten years. The sales tax was established to provide revenue for the lawful operations of the County jail and Sheriff's office and to pay debt service on bonds issued to finance the construction and equipment of a County jail and Sheriff's office. The voters of Noble County approved to extend the three-quarter percent (3/4%) sales tax effective January 1, 2016 and shall terminate December 31, 2025.

These funds are accounted for in the Jail Sales Tax fund.

Sales Tax of July 1, 2012

The voters of Noble County approved a one-quarter percent (1/4%) sales tax effective July 1, 2012. The sales tax shall continue for a period of five years. The sales tax was established to provide revenue for the support, organization, operation, maintenance, and all lawful purposes of providing of an Emergency Medical Service District and its purpose of providing ambulance services and Emergency Medical First Responder service to all county residents.

These funds are accounted for in the Ambulance District Sales Tax fund.

During the fiscal year, the County collected \$1,571,604 in total sales tax.

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2016

	Beginning Cash Balances July 1, 2015	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2016
Combining Information:						
County Funds:						
County General Fund	\$ 2,516,318	\$ 2,339,336	\$ 142	\$ -	\$ 2,091,331	\$ 2,764,465
County Highway Cash	1,891,376	2,941,665	-	-	3,062,839	1,770,202
Jail Sales Tax	1,932,234	827,398	-	-	1,110,190	1,649,442
Rural Fire Sales Tax	1,271,128	266,533	-	-	318,850	1,218,811
Ambulance District Sales Tax	154,573	264,190	-	-	289,879	128,884
Free Fair Sales Tax	519,651	188,550	-	11,122	266,726	430,353
OSU Extension Sales Tax	420,520	79,357	-	-	120,536	379,341
County Health	446,779	181,703	-	-	205,653	422,829
County Bridge and Road Improvement Fund 105	511,059	172,663	-	-	7,308	676,414
Sheriff Service Cash Fund	456,954	87,734	-	-	84,868	459,820
Resale Property	137,103	37,942	8,411	-	36,310	147,146
County Clerk Records Preservation	79,060	16,544	-	-	25,151	70,453
County Clerk M&M Lien Cash Fund	202,901	13,560	-	-	24,022	192,439
Free Fair Cash	11,859	8,590	11,122	-	-	31,571
Oklahoma Bar Foundation Donation	-	4,250	-	-	3,385	865
Assessor Fee Revolving Fund	10,185	3,083	-	-	3,378	9,890
Sheriff Prisoner Care	73,179	2,994	-	-	-	76,173
Treasurer Mortgage Certification Fee	7,934	1,865	-	-	2,481	7,318
Flood Plain	630	675	-	-	76	1,229
County Sinking	3,348	500	-	-	-	3,848
County Road Improvement Fund	6,032	76	-	-	-	6,108
Illegal Dump Reward Fund	4,749	-	-	-	-	4,749
Sheriff Training Fund	83	-	-	-	-	83
Wellness Program	20,669	-	-	-	543	20,126
Court Fund Payroll	35,785	-	-	-	26,468	9,317
Combined Total - All County Funds	\$ 10,714,109	\$ 7,439,208	\$ 19,675	\$ 11,122	\$ 7,679,994	\$ 10,481,876

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**NOBLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Description of County Funds

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

County General Fund – accounts for the general operations of the government.

County Highway Cash – accounts for state, local, and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

Jail Sales Tax – accounts for County sales tax for operations of the County jail and Sheriff’s office and to pay debt service on bonds issued to finance the construction and equipment of a County jail and Sheriff’s office.

Rural Fire Sales Tax – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the maintenance and operations of the rural fire departments within the County.

Ambulance District Sales Tax – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the maintenance and operations of the emergency medical service districts within the County.

Free Fair Sales Tax – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the free fair maintenance and operations.

OSU Extension Sales Tax – accounts for sales tax collections received from Oklahoma Tax Commission and disbursements are made according to sales tax ballot requirements to fund the maintenance and operations of the OSU extension office.

County Health – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

County Bridge and Road Improvement Fund 105 – accounts for state receipts and disbursements are for the purpose of improving county roads and bridges.

Sheriff Service Cash Fund – accounts for the collection and disbursement of Sheriff process service fees as restricted by state statute.

**NOBLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of sale as restricted by state statute.

County Clerk Records Preservation – accounts for fees collected for instruments filed in the County Clerk’s office as restricted by state statute for preservation of records.

County Clerk M&M Lien Cash Fund – accounts for the lien collections and disbursements as restricted by state statute.

Free Fair Cash – accounts for the receipt of fair building rentals and the disbursement of funds is for the maintenance and operations of the fair grounds and buildings.

Oklahoma Bar Foundation Donation – accounts for a grant and disbursements for courthouse improvements including courtroom technology.

Assessor Fee Revolving Fund – accounts for the collection of fees for copies restricted by state statute.

Sheriff Prisoner Care – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are used for the operations of the County Sheriff’s department.

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by state statute.

Flood Plain – accounts for the collection of permit fees assessed by the Flood Plain committee and disbursements are used for updating software and computers in relation to flood plain mapping and training.

County Sinking – accounts for monies collected from ad valorem taxes for payment of bonds or judgments against the County.

County Road Improvement Fund – accounts for state receipts and disbursements for the purpose of maintaining bridges and roads.

Illegal Dump Reward Fund – accounts for a percentage of fines imposed for littering and disbursements are used to pay rewards for the arrest and conviction or for evidence leading to the arrest and conviction of any person who violates the provisions.

Sheriff Training Fund – accounts for the Sheriff’s share of the proceeds of property forfeitures and disbursements for the training of Sheriff Deputies.

Wellness Program – accounts for funds deposited by the Board of County Commissioners and disbursements are to be used to fund the wellness program for the employees of the County.

**NOBLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Court Fund Payroll – accounts for funds deposited from the Court Fund to be disbursed for payroll for the Court Clerk’s office.

Interfund Transfers

During the fiscal year, the County made the following transfers between cash funds.

- \$8,411 was transferred to the Resale Property fund from the Excess Resale fund per Title 68 O.S. § 3131.
- \$11,122 was transferred to the Free Fair Cash fund from the Free Fair Sales Tax fund to correct prior year errors.
- \$142 was transferred to County General Fund from Estrayed Animals, a trust and agency fund, for prior year unclaimed collections of the sale of stray animals as allowed by Title 4 O.S. § 85.6.

NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,516,318	\$ 2,516,318	\$ -
Less: Prior Year Outstanding Warrants	(75,030)	(75,030)	-
Less: Prior Year Encumbrances	(11,285)	(10,246)	1,039
Beginning Cash Balances, Budgetary Basis	<u>2,430,003</u>	<u>2,431,042</u>	<u>1,039</u>
Receipts:			
Ad Valorem Taxes	1,642,331	1,803,848	161,517
Charges for Services	46,009	97,781	51,772
Intergovernmental Revenues	-	147,967	147,967
Sales Tax	-	251,819	251,819
Miscellaneous Revenues	-	37,921	37,921
Total Receipts, Budgetary Basis	<u>1,688,340</u>	<u>2,339,336</u>	<u>650,996</u>
Expenditures:			
District Attorney - State	29,000	29,000	-
District Attorney - County	1,000	-	1,000
County Sheriff	457,892	388,409	69,483
County Treasurer	115,902	101,892	14,010
County Commissioners	57,198	55,615	1,583
County Clerk	183,981	176,986	6,995
Court Clerk	167,498	138,074	29,424
County Assessor	100,298	94,086	6,212
Juvenile Shelter Bureau	7,000	2,345	4,655
Revaluation of Real Property	137,149	124,976	12,173
General Government	288,902	251,082	37,820
Excise-Equalization Board	3,501	2,200	1,301
County Election Expense	65,963	62,515	3,448
Insurance - Benefits	2,299,861	521,195	1,778,666
County Purchasing Agent	41,803	37,779	4,024
Charity	2,000	200	1,800
Recording Account	28,805	28,428	377
Drug Task Force	1	-	1
Safety Director	2,000	1,132	868
Emergency Management	48,851	26,129	22,722
County Audit Budget Account	34,635	34,635	-
Highway Budget Account	44,102	36,394	7,708
County Cemetary Account	1,001	-	1,001
Total Expenditures, Budgetary Basis	<u>4,118,343</u>	<u>2,113,072</u>	<u>2,005,271</u>

Continued on next page

Source: County Estimate of Needs (presented for informational purposes)

NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	2,657,306	\$ 2,657,306
Interfund Transfers:			
Interfund Transfer In		142	
Net Interfund Transfers		142	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		96,448	
Add: Current Year Encumbrances		10,569	
Ending Cash Balance		\$ 2,764,465	

NOBLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 446,779	\$ 446,779	\$ -
Less: Prior Year Outstanding Warrants	(2,267)	(2,267)	-
Less: Prior Year Encumbrances	(21,545)	(17,791)	3,754
Beginning Cash Balances, Budgetary Basis	422,967	426,721	3,754
Receipts:			
Ad Valorem Taxes	163,592	179,680	16,088
Charges for Services	2,023	1,955	(68)
Intergovernmental Revenues	-	68	68
Miscellaneous Revenues	-	-	-
Total Receipts, Budgetary Basis	165,615	181,703	16,088
Expenditures:			
County Health Budget Account	588,582	250,787	337,795
Total Expenditures, Budgetary Basis	588,582	250,787	337,795
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	357,637	\$ 357,637
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		39,351	
Add: Current Year Outstanding Warrants		25,841	
Ending Cash Balance		\$ 422,829	

Source: County Estimate of Needs (presented for informational purposes)

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PURPOSE, SCOPE, AND SAMPLE METHODOLOGY

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2016. Our audit procedures included:

- Inquiries of appropriate personnel,
- Inspections of documents and records,
- Observations of the County's operations,
- Reconciling total apportionments, disbursements, and balances presented on the County's Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the fiscal year to the County Treasurer's and County Clerk's financial ledgers,
- Confirming third party confirmations to the financial ledgers,
- Selecting representative samples to determine disbursements were made in accordance with state statutes, approved ballots, and county purchasing procedures, and
- Gaining an understanding of the County's internal controls as it relates to each audit objective.

To ensure the samples were representative of the population and provided sufficient, appropriate evidence, both random sample and judgmental sample methodologies were used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

This report is 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.

NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Objective 1: To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2016.

Conclusion: With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports.

Objective 2: To determine the County's financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

Conclusion: With respect to the items tested, the County financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Objective 3: To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Conclusion: With respect to the testwork performed, the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Objective 4: To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

Conclusion: The County's internal controls do not provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records.

The County's financial operations did not comply with 19 O.S. § 1505, which requires that disbursements be timely encumbered, supported by proper documentation, and charged to the appropriate fund and account.

FINDINGS AND RECOMMENDATIONS

Finding 2016-003 - Inadequate Internal Controls and Noncompliance Over the Disbursement Process (including Payroll) (Repeat Finding)

Condition: Upon inquiry of the County officers and observation of the disbursement process including the payroll process, a test of forty-five (45) disbursements, and a test of ten (10) payroll disbursements noted the following weaknesses:

- Six (6) were not properly encumbered before the goods and/or services were provided.
- Two (2) did not have adequate or complete supporting documentation for the purchase.
- One (1) was not signed by an approved requesting officer.
- Three (3) timesheets were not signed by the employee.

Cause of Condition: Policies and procedures have not been designed and implemented over the disbursements process to strengthen internal controls and ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financials reports, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector (OSAI) recommends the County practice proper purchasing procedures. All purchases should be properly requisitioned, encumbered, approved, and received with proper supporting documentation attached in accordance with 19 O.S. § 1505.

Additionally, OSAI recommends the County design policies and procedures to ensure timesheets are signed by the employee and supervisor.

Management Response:

District 1: District 1 will encumber the purchase order for the ACCO SIF before it is invoiced by averaging what it has been in the past. Also, District 1 has corrected the issue with signing timesheets by having everyone sign them the day of our monthly safety meetings the first Tuesday of the month.

District 3: County Commissioner for District 3 has reviewed the findings and acknowledges that two of the deficiencies were this District's responsibility. I have reviewed time sheets for accuracy and employees have signed and verified. I will have employees review and sign time sheets in monthly meetings.

County Clerk: Each elected official is responsible for properly managing their own accounts. As far as the other offices spending money before encumbering a purchase order, all this office can do is redline the purchase order. The County Clerk's office has created a check list of current requisitioning officers to ensure the correct two people are signing the paperwork. The County Clerk's office had all our timesheets signed and do not view the T-Highway timesheets.

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions.

Further, Title 19 O.S. § 1505 prescribes the procedures established for the requisition, encumbrance, purchase, lease-purchase, rental, and receipt of supplies, material, and equipment for maintenance, operation, and capital expenditures of county government.

REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS

Noble County
Board of County Commissioners
Noble County Courthouse
Perry, Oklahoma 73077

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2016:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1, 19 O.S. § 178.2, and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Noble County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 6, 2019



SCHEDULE OF FINDINGS AND RESPONSES

Finding: 2016-005 - Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiry of County officials and employees and review of records, the following weaknesses were noted:

- The following offices did not maintain evidence that an annual physical verification of fixed assets was performed:
 - Court Clerk
 - County Sheriff
 - District 3 Commissioner

- The following offices did not file an Inventory Report Summary for 2016 in the County Clerk's office:
 - Court Clerk
 - District 3 Commissioner

Cause of Condition: Policies and procedures have not been designed and implemented by County Officers to document annual fixed assets inventory counts and maintain accurate inventory cards in the County Clerk's office.

Effect of Condition: When fixed assets are not monitored, opportunities for misuse or loss of equipment can occur.

Recommendation: OSAI recommends that management implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2 and that fixed assets are safeguarded against misuse and loss.

Management Response:

District 3: We will complete an annual physical verification of fixed assets and will file it with the County Clerk annually.

Court Clerk: I will do my best to get the inventory completed and file it with the County Clerk.

County Sheriff: This was resolved in FY2017 as our entire inventory process was updated and items confirmed.

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.

**NOBLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Title 19 O.S. § 178.1 requires the county to have a system of identification for the inventory of fixed assets.

Title 19 O.S. § 178.2 states in part “It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk.”

Finding: 2016-006 - Inadequate Internal Controls and Noncompliance Over Consumable Items Inventory (Repeat Finding)

Condition: The observation and test of consumable inventory items for Districts 1 and 3 indicated the following internal control weaknesses and noncompliance:

District 1 Commissioner:

- The District does not track consumable inventory.
- Fuel usage is not reconciled to fuel meter readings on the tank.

District 3 Commissioner:

- Fuel usage is not reconciled to fuel meter readings on the tank.

Cause of Condition: Policies and procedures have not been designed and implemented for the accurate reporting of consumable inventories.

Effect of Condition: When consumable inventory items are not adequately monitored and the opportunity for misappropriation and undetected errors could result.

Recommendation: OSAI recommends that management implement internal controls to ensure compliance with state statutes regarding consumable inventory.

Management Response:

District 1: District 1 is currently working with a company setting up a program to help with tracking our consumable inventory. District 1 has purchased a fuel tracking system that will inventory the fuel use.

District 3: After evaluating the fuel usage tracking records, the reason behind the discrepancy was still undetermined. District #3 will implement the new tracking measures to assure that all fuel usage is monitored and tracked by the Commissioner and Assistant.

Criteria: Effective internal controls include designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with 19 O.S. § 1502 and § 1504.

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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