



NOBLE COUNTY

Operational Audit

For the fiscal year ended June 30, 2017

Cindy Byrd, CPA
State Auditor & Inspector

**NOBLE COUNTY OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Cindy Byrd, CPA | State Auditor & Inspector

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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, 2017.

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". The signature is fluid and cursive, written in a professional style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**NOBLE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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INTRODUCTORY SECTION
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

Board of County Commissioners

District 1 – Jason Keinholz
District 2 – Vacant
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, 2017**

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 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. 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.

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 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. 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.

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.

During the fiscal year, the County collected \$1,406,049 in total sales tax.

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2017

	Beginning Cash Balances July 1, 2016	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2017
Combining Information:						
County Funds:						
County General Fund	\$ 2,764,465	\$ 2,438,424	\$ -	\$ -	\$ 2,252,241	\$ 2,950,648
County Highway Cash	1,770,202	2,857,476	6,194	-	3,234,279	1,399,593
Jail Sales Tax	1,649,442	713,457	3,942	-	1,061,231	1,305,610
Ambulance District Sales Tax	128,884	235,949	-	-	248,448	116,385
Rural Fire Sales Tax	1,218,811	235,514	-	-	442,021	1,012,304
Free Fair Sales Tax	430,353	165,286	-	-	239,185	356,454
OSU Extension Sales Tax	379,341	70,818	-	-	109,173	340,986
County Health	422,829	187,093	-	-	270,262	339,660
County Bridge and Road Improvement Fund 105	676,414	147,768	-	-	291,318	532,864
Sheriff Service Cash Fund	459,820	79,509	-	-	150,601	388,728
Resale Property	147,146	28,964	-	-	28,790	147,320
BIA-STP Fund	-	17,630	-	-	17,630	-
County Clerk Records Preservation	70,453	16,308	-	-	18,714	68,047
Free Fair Cash	31,571	13,485	-	-	8,788	36,268
County Clerk M&M Lien Cash Fund	192,439	9,766	-	-	52,708	149,497
Wellness Program	20,126	4,950	-	-	6,213	18,863
Assessor Fee Revolving Fund	9,890	4,233	-	-	2,735	11,388
Sheriff Prisoner Care	76,173	2,391	-	-	-	78,564
Treasurer Mortgage Certification Fee	7,318	1,910	-	-	2,413	6,815
Flood Plain	1,229	775	-	-	114	1,890
County Road Improvement Fund	6,108	95	-	6,194	-	9
County Sinking	3,848	94	-	3,942	-	-
Illegal Dump Reward Fund	4,749	-	-	-	-	4,749
Sheriff Training Fund	83	-	-	-	-	83
Court Fund Payroll	9,317	-	-	-	1,796	7,521
Oklahoma Bar Foundation Donation	865	-	-	-	-	865
Combined Total - All County Funds	\$ 10,481,876	\$ 7,231,895	\$ 10,136	\$ 10,136	\$ 8,438,660	\$ 9,275,111

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, 2017**

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 are 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.

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.

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.

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, 2017**

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

BIA-STP Fund – accounts for revenues from the Bureau of Indian Affairs and disbursements are for road improvements.

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.

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.

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

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.

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 Sheriff’s department.

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the 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 Road Improvement Fund – accounts for state receipts and disbursements for the purpose of maintaining bridges and roads.

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

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.

**NOBLE COUNTY
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Oklahoma Bar Foundation Donation – accounts for a grant for courthouse improvements including courtroom technology and the disbursement of funds was for a sound system for the court areas.

Interfund Transfers

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

- \$6,194 was transferred to the County Highway Cash fund from the County Road Improvement Fund to close the fund.
- \$3,942 was transferred to the Jail Sales Tax fund from the County Sinking fund to close the fund.

NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,764,465	\$ 2,764,465	\$ -
Less: Prior Year Outstanding Warrants	(96,448)	(96,448)	-
Less: Prior Year Encumbrances	(10,569)	(6,391)	4,178
Beginning Cash Balances, Budgetary Basis	<u>2,657,448</u>	<u>2,661,626</u>	<u>4,178</u>
Receipts:			
Ad Valorem Taxes	1,726,983	1,878,036	151,053
Charges for Services	18,990	89,632	70,642
Intergovernmental Revenues	-	143,881	143,881
Sales Tax	-	293,344	293,344
Miscellaneous Revenues	-	33,531	33,531
Total Receipts, Budgetary Basis	<u>1,745,973</u>	<u>2,438,424</u>	<u>692,451</u>
Expenditures:			
District Attorney - State	29,000	29,000	-
District Attorney - County	1,500	-	1,500
County Sheriff	526,699	466,579	60,120
County Treasurer	119,841	117,837	2,004
County Commissioners	56,810	27,591	29,219
County Clerk	192,370	183,792	8,578
Court Clerk	175,242	172,239	3,003
County Assessor	105,379	96,403	8,976
Revaluation of Real Property	150,863	143,634	7,229
Juvenile Shelter Bureau	7,000	3,964	3,036
General Government	283,985	228,794	55,191
Excise-Equalization Board	3,501	1,550	1,951
County Election Expense	70,054	64,369	5,685
Insurance - Benefits	2,493,538	577,838	1,915,700
County Purchasing Agent	45,852	40,532	5,320
Charity	2,000	-	2,000
Recording Account	30,662	25,065	5,597
Emergency Management/Civil Defense	46,051	37,070	8,981
Highway Budget Account	18,552	1,685	16,867
County Audit Budget Account	43,521	37,226	6,295
County Cemetary Account	1,001	-	1,001
Total Expenditures, Budgetary Basis	<u>4,403,421</u>	<u>2,255,168</u>	<u>2,148,253</u>

Continued on next page

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

NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY GENERAL FUND - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	2,844,882	\$ 2,844,882
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		207	
Add: Current Year Outstanding Warrants		6,108	
Add: Current Year Encumbrances		99,451	
Ending Cash Balance		\$ 2,950,648	

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

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, 2017

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 422,829	\$ 422,829	\$ -
Less: Prior Year Outstanding Warrants	(25,841)	(25,841)	\$ -
Less: Prior Year Encumbrances	(39,351)	(31,870)	\$ 7,481
Beginning Cash Balances, Budgetary Basis	357,637	365,118	7,481
Receipts:			
Ad Valorem Taxes	172,024	187,070	15,046
Charges for Services	-	-	-
Intergovernmental Revenues	-	23	23
Miscellaneous Revenues	-	-	-
Total Receipts, Budgetary Basis	172,024	187,093	15,069
Expenditures:			
County Health Budget Account	529,661	260,361	269,300
Total Expenditures, Budgetary Basis	529,661	260,361	269,300
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ 291,850	\$ 291,850
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		26,492	
Add: Current Year Outstanding Warrants		21,318	
Ending Cash Balance		\$ 339,660	

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

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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, 2017

Objective 1: To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2017.

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: 2017-002 - 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) purchase orders, and a test of ten (10) payroll disbursements noted the following weaknesses:

- Two (2) were not properly encumbered before the goods and/or services were provided.
- Two (2) were not signed by an approved requisition 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 3: I have reviewed timesheets for accuracy and employees have signed and verified. I will have employees review and sign timesheets 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 checklist 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.

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.

**NOBLE COUNTY
OPERATIONAL AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017:

- 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 2017-004 - Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory (Repeat Finding)

Condition: Upon inquiry of County Officials and employees and review of fixed asset 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 2017 in the County Clerk's office:

- Court Clerk
- District 3 Commissioner
- Noble County EMS (Sales Tax)

While physically verifying a sample of fixed assets the following weaknesses were noted:

- District 2
 - Two (2) of fifteen (15) items tested were not properly marked with an inventory number.
 - Two (2) of fifteen (15) items tested were not properly marked "Property of Noble County."
 - One (1) of fifteen (15) items tested did not have an inventory card filed with the County Clerk.
- District 3
 - One (1) of ten (10) items tested was not properly marked with an inventory number.
- County Sheriff
 - One (1) of fifteen (15) items tested did not have the correct serial number recorded on the inventory card.
 - One (1) of fifteen (15) items tested was not properly marked with an inventory number.
 - Two (2) of fifteen (15) items tested did not have inventory cards filed with the County Clerk.

**NOBLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- County Treasurer
 - Two (2) of fifteen (15) items tested did not have inventory cards filed with the County Clerk.

- County Assessor
 - One (1) of fifteen (15) items tested did not have the correct serial number recorded on the inventory card.

- Court Clerk
 - One (1) of fifteen (15) items tested could not be located using the records on hand.

- Perry Fire Department (Sales Tax)
 - One (1) of two (2) items tested was not properly marked with an inventory number.

- Free Fair (Sales Tax)
 - Two (2) of three (3) items tested were not properly marked with an inventory number.
 - One (1) of three (3) items tested could not be located and no disposal could be found.

Cause of Condition: Policies and procedures have not been designed and implemented by to document annual fixed assets inventory counts, maintain accurate inventory cards in the County Clerk’s office, and verify all equipment is properly marked.

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 Noble County,” 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 ensure that fixed assets are safeguarded against misuse and loss. OSAI additionally recommends that management implement internal controls to ensure compliance with 69 O.S. § 645 to properly mark equipment.

Management Response:

District 2: Two pieces of property was not properly marked with an inventory number so a 1x3" metal plaque has been permanently attached to the inventory item due to it being located outside. Two items were not marked properly " Property of Noble County". The 1998 Chevy truck was transferred to the free fair board. We have contacted the free fair board and informed them what to do to get the 1998 Chevy truck properly marked as "Property of Noble County." As for the 2013 Ford truck, stickers have been ordered for both doors marking it as "Property of Noble County" and will be installed very quickly and in addition only one door had the inventory number on it so an additional inventory sticker has been ordered and will be placed on truck very quickly. One item did not have an inventory card filed with the County Clerk’s Office. There has since been an inventory card supplied to the County Clerk’s Office.

**NOBLE COUNTY, OKLAHOMA
STATUTORY REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

District 3: We will complete an annual physical verification of fixed assets and will file it with the County Clerk annually. District 3 has addressed this item by replacing worn inventory.

County Clerk: Every item in my office was labeled and accounted for. A second person double checks all physical inventory and signs off on all inventory summary reports. This will reflect internal controls are in compliance. The County Clerk's office has to keep copies of all inventory cards and summary sheets that should be provided by each county officer. It is the responsibility of each elected official to bring those copies into our office.

County Assessor: In regard to the Assessor's inventory, at the time of the exit conference the serial number on the County Clerks inventory card matches the card in the Assessor's office which is the correct serial number of the copier. I am unsure what the error was at the time of the finding. If there was an error, it appears it has already been addressed by my inventory clerk.

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.

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 requires each elected official to file their inventory with the County Clerk.

Title 69 O.S. § 645 requires that County-owned automobiles, trucks, road machinery and equipment be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY.

Finding 2017-006 - Inadequate Internal Controls and Noncompliance Over Consumable Inventories (Repeat Finding)

Condition: The observation and test of consumable inventories 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.

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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 inventories.

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
S·A·I
STATE AUDITOR & INSPECTOR



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