



OKLAHOMA COOPERATIVE CIRCUIT ENGINEERING DISTRICTS BOARD

Operational Audit

For the period July 1, 2016 through June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**Audit Report of the
Oklahoma Cooperative Circuit Engineering Districts Board**

**For the Period
July 1, 2016 through June 30, 2023**



February 26, 2024

TO THE OKLAHOMA COOPERATIVE CIRCUIT ENGINEERING DISTRICTS BOARD

We present the audit report of the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB) for the period July 1, 2016 through June 30, 2023. 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.

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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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Background

The Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB) is responsible for managing both the Statewide Circuit Engineering District Revolving Fund and the Emergency and Transportation Revolving Fund.

OCCEDB was established by 69 O.S. § 687.1(H). The statute authorizes the board to conduct business to further the provisions of the County Road Improvement Act, coordinate activities between circuit engineering districts, administer the Statewide Circuit Engineering District Revolving Fund (69 O.S. 687.2), and to promulgate rules to carry out the provisions of this act.

In 2016 the Department of Environmental Quality (DEQ) entered into agreement with OCCEDB to reimburse counties up to a certain dollar amount for cleanup purposes under the Solid Waste Management Act. OCCEDB developed and adopted rules and policies for the program. The fund consists of ten percent (10%) of the annual income from the solid waste fees received under Section 2-10-802 of Title 27A of the Oklahoma Statutes to assist in implementing county solid waste management.

OCCEDB is overseen by eight Board members elected by the circuit engineering districts, which are further made up of county commissioners.

Board members as of February 2024 are:

Max Hess, District 8.....	President
Ty Phillips, District 6	Vice-President
Kirk Butler, District 7.....	Secretary/Treasurer
Mitch Antle, District 1	Member
Jeremy Bullard, District 3.....	Member
Zac Cavett, District 5	Member
Sam Chandler, District 2.....	Member
Cacy Cribbs, District 4.....	Member

**Scope and
Methodology**

Our audit was conducted in response to 69 O.S. § 687.2, which requires the State Auditor and Inspector to audit the Statewide Circuit Engineering District and the Statewide Circuit Engineering District to pay the cost of the audit.

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.

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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 period July 1, 2016 through June 30, 2023. To assess risk and develop our audit objective, we held discussions with management and performed data analysis and prior audit follow-up. These procedures included:

- Reviewing revenue and expenditure data provided by OCCEDB personnel to assess the related financial processes and trends for any notable risks.
- Reviewing inventory listings and discussing the changes relating to the inventory processes that occurred since our prior audit.
- Reviewing board meeting minutes and pertinent statutes and regulations and assessing related risks.

Two objectives related to reimbursements from the Solid Waste Program were developed as a result of these procedures and are discussed in the body of the report. No other significant risks or findings were identified.

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.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*¹ outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Any component considered significant to our audit objectives is assessed during our procedures and included as appropriate in this report.

The *Standards for Internal Control* underscore that an internal control system is effective only when the five components of internal control are operating together in an integrated manner. They also stress that documentation is a necessary part of an effective internal control system and is required to demonstrate its design, implementation, and operating effectiveness.

¹ *Standards for Internal Control in the Federal Government*, or the "Green Book," sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>.

OBJECTIVE I Determine whether reimbursements from the Solid Waste Program

- met key qualifications and eligibility rules set forth in the Solid Waste Policies and Procedures, and
- were supported with invoices and other required documentation as detailed in the Solid Waste Reimbursement Contract between OCCEDB and the Department of Environmental Quality.

Conclusion We determined that reimbursements from the Solid Waste Program met key qualifications and eligibility rules set forth in the Solid Waste Policies and Procedures and were supported with invoices and other required documentation as detailed in the Solid Waste Reimbursement Contract between OCCEDB and DEQ.

Background As noted earlier, in 2016 DEQ entered into an agreement with OCCEDB to reimburse counties for cleanup purposes under the Solid Waste Program. All counties are eligible for the Solid Waste clean-up funding. In order to be awarded funding, the county is required to provide a written request to OCCEDB. Awards are selected by OCCEDB staff and approved by the Board. After receiving the purchasing documentation from the county, the Board approves the claims, and OCCEDB invoices DEQ for reimbursement. OCCEDB then provides the reimbursement to the county.

Audit period reimbursements were in the categories of chippers, trash cops, illegal dump cleanup, and chainsaws, and totaled \$4,336,575.

Scope and Methodology To accomplish our objectives, we performed the following:

- Identified key aspects of the Solid Waste Policies and Procedures and contract between DEQ and OCCEDB.
- Confirmed through review of documentation and discussion with DEQ and OCCEDB personnel that OCCEDB is submitting invoices for reimbursement in compliance with the contract terms.
- Documented our understanding of the Solid Waste Reimbursement program processes through discussion with management and staff and review of documentation.
- Reviewed all reimbursement spreadsheets for our audit period. These included details for all reimbursements made for each of the programs active during the audit period (Chipper, Trash Cop, Illegal Dump Cleanup, and Chainsaws). Total reimbursements were also reconciled to DEQ payments to OCCEDB as discussed under the next objective.

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- Reviewed board meeting packets for 14 randomly selected months (21% of 66 months during the audit period) to ensure they contained a detailed listing of Solid Waste reimbursements claims, reflected the Board's approval, and included the required purchasing documentation from the County seeking reimbursement. No exceptions were noted.

No findings were identified as a result of these procedures.

OBJECTIVE II Determine whether annual administrative costs and total reimbursements were within the limits set in the Solid Waste Reimbursement Contract between OCCEDB and the Department of Environmental Quality.

Conclusion We determined that annual administrative costs and total reimbursements were within the limits set in the Solid Waste Reimbursement Contract between OCCEDB and DEQ.

Background The contract states that OCCEDB administrative costs shall not exceed \$35,000 and the maximum amount of the Solid Waste agreement shall not exceed \$655,000 for the year.

Scope and Methodology To accomplish our objectives, we performed the following:

- Documented our understanding of the Solid Waste reimbursement program processes through discussion with management and staff and review of documentation.
- Reviewed the audit period internal revenue and expenditure reports for OCCEDB for the Solid Waste Program as well as the 6-Digit Detail Expenditure Report for the Department of Environmental Quality to ensure that the total yearly payments to OCCEDB (Solid Waste Program) did not exceed \$655,000 and the administrative costs did not exceed \$35,000. No exceptions were noted.

No findings were identified as a result of these procedures.

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STATE AUDITOR & INSPECTOR



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