



OKMULGEE COUNTY COMMISSIONER DISTRICT 3 TURNOVER

Statutory Audit

June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JAMES CONNORS
OKMULGEE COUNTY COMMISSIONER
DISTRICT 3
JUNE 30, 2021**

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Cindy Byrd, CPA | State Auditor & Inspector

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December 22, 2021

BOARD OF COUNTY COMMISSIONERS
OKMULGEE COUNTY COURTHOUSE
OKMULGEE, OKLAHOMA 74447

Transmitted herewith is the Okmulgee County Officer Turnover Statutory Report for June 30, 2021. 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



James Connors
Okmulgee County Commissioner, District 3
Okmulgee County Courthouse
Okmulgee, Oklahoma 74447

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for June 30, 2021:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1 and 19 O.S. § 178.2.
- 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

November 15, 2021



**COUNTY OFFICER TURNOVER STATUTORY REPORT
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 OKMULGEE COUNTY COMMISSIONER, DISTRICT 3
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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-002 - Lack of Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: Upon inquiry of County personnel, observation of fixed assets, and test of inventory records, the following was noted:

- A current fixed assets inventory list was not on file with the County Clerk.
- Twelve (12) items with an original cost of \$500 or more were not listed on the inventory list:

County Number	Description	Serial Number
D231-0305	Canon Printer C3725i	22E097183
D301-0322	Chevrolet 2500 HD Pickup	IG02KXCG802380629
D301-0323	Ford F-250 Extended Cab Pickup	IFT7W2B60FEA71365
D302-0355	Kenworth 2013 Day Cab Truck T800	1XKDD49X6DJ356051
D304-0320	Kubota M5-111 Tractor	KBUMYEDCPK8G61089
D332-0313	Case 580 Super N Backhoe	J5GN585NPLC772072
D441-0315	Land Pride Rotary Cutter RCS610-2	1456322
D441-0316	Land Pride Rotary Cutter RCS610-2	1456323
D434-0307	STIHL Weed Eater SRM 4006	3003710
D434-0308	STIHL Weed Eater SRM 4006	3003195
D434-0309	STIHL Weed Eater FS240R	181916947
D446-0301	Victor Cutting Torch	3163339

Cause of Condition: Policies and procedures have not been designed and implemented over the County's fixed assets to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes and incomplete and inaccurate fixed asset records. When fixed assets are not properly monitored, opportunities for loss and misuse may be more likely to occur.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that management design and implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2 and to ensure fixed assets are safeguarded against misuse and loss.

Management Response:

Former District 3 Commissioner: Chose not to respond.

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

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best practices and may be applied as a framework for an internal control system for state, local, and quasigovernmental entities.

The GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states in part:

Objectives of an Entity - 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.

Additionally, 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.

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, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and annually thereafter, or oftener in the event of death, resignation or removal of an elective officer with a term, to verify or cause to be verified by count and report of the same as of the end of a term of office...”

Title 19 O.S. § 178.2 states, “It shall be and is hereby made the duty of every county officer, board, commission, or department, and by record directive of the board of county commissioners may be made the duty of any employee of the board of county commissioners subject to summary discharge and removal by the board, to conform in all respects and be amenable to all uniform resolutions adopted by their respective boards of county commissioners directing the taking, recording, maintaining and reporting inventories of properties in their respective custody in accordance with the provisions of this act. 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.”

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Finding 2021-003 - Lack of Internal Controls and Noncompliance Over Consumable Inventories

Condition: The observation and test of consumable inventories for District 3 indicated the following internal control weaknesses and noncompliance:

- Fuel logs are being maintained; however, fuel reconciliations are not being performed regularly.
- While reconciling consumable inventory items on hand to the District 3 records, the following variances were noted:

Item	Quantity per County	Quantity per OSAI	Variance
1 1/2" Crusher Run	2,294 tons	300 tons	(1,994) tons
1 1/2" Marble	1,960 tons	225 tons	(1,735) tons
1 1/2" Marble Limestone	(25) tons	0 tons	25 tons
1/2" Chips	(224) tons	0 tons	224 tons
3/4" Chips	396 tons	90 tons	(306) tons
3/4" Crusher Run Stone	3,34 tons	500 tons	(2,843) tons
3/4" Marble Chips	185 tons	0 tons	(185) tons
3/8" Chips	339 tons	150 tons	(189) tons
5/8" Chips	1,441 tons	200 tons	(1,241) tons
3" Crusher Run	445 tons	30 tons	(415) tons
3" Marble	678 tons	5 tons	(673) tons
4" to 8" Gabion Rock	506 tons	15 tons	(491) tons
64x43x40' 12 Galvanized Tinhorn	1 item	0 items	(1) item
6" Riprap	38 tons	30 tons	(8) tons
CRS-2 Emulsion	3,025 gallons	0 gallons	(3,025) gallons
HYTA 1 1/2" Class A	(219) tons	0 tons	219 tons
HYTA CR	667 gallons	0 gallons	(667) gallons
HYTA Diesel	4,294 gallons	804 gallons	(3,490) gallons
HYTA Diesel (inactive)	(492) gallons	0 gallons	492 gallons
HYTA Gravel 7/8"	33 tons	0 tons	(33) tons
HYTA Unleaded	548 gallons	237 gallons	(311) gallons
HYTA Unleaded (inactive)	(171) gallons	0 gallons	171 gallons
Limestone Screenings	177 tons	100 tons	(77) tons
Sand	697 tons	450 tons	(247) tons

- The following items were not listed on the County's consumable inventory records:

Item	Quantity
36"x20' Galvanized Tinhorn	1 item
48"x100' Galvanized Tinhorn	2 items
30"x90' Galvanized Tinhorn	3 items

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Item	Quantity
22"x30' Galvanized Tinhorn	2 items
20"x30' Galvanized Tinhorn	7 items
8'x20' Galvanized Tinhorn	3 items

Cause of Condition: Policies and procedures have not been designed and implemented with regard to accounting for and safeguarding of consumable items.

Effect of Condition: These conditions resulted in noncompliance with state statute. Additionally, when consumable inventory items are not adequately accounted for and safeguarded, opportunities for loss, misappropriation, and undetected errors may be more likely to occur.

Recommendation: OSAI recommends management design and implement internal controls to ensure compliance with 19 O.S. § 1502 which would provide assurance that the consumable items of the County are protected from loss and misuse. These controls would include:

- Maintaining consumable inventory cards or records denoting amounts purchased, used, and balances of actual consumables on hand.
- Maintaining a fuel log with all pertinent information including a current balance.
- Reconciling fuel log periodically to fuel on hand and explaining any variances or adjustments.

OSAI also recommends the performing and documenting a monthly consumable inventory count. Counts should be initialed and dated by the employee performing the physical count and retained to show the design and implementation of internal controls by the County Commissioners. Additionally, the key functions of receiving duties and consumable inventory control duties should be performed by separate employees in order to effectively segregate those duties.

Management Response:

Former District 3 Commissioner: Chose not to respond.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states in part:

Objectives of an Entity - 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.

Furthermore, 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.”

Title 19 O.S. § 1502 provides guidance with regard to accounting for the consumable items.

O·K·L·A·H·O·M·A
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