



OSAGE COUNTY  
DISTRICT 1 TURNOVER

**Statutory Report**

December 30, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
RANDALL JONES  
OSAGE COUNTY COMMISSIONER  
DISTRICT 1  
DECEMBER 30, 2022**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



May 8, 2023

BOARD OF COUNTY COMMISSIONERS  
OSAGE COUNTY COURTHOUSE  
PAWHUSKA, OKLAHOMA 74056

Transmitted herewith is the Osage County Officer Turnover Statutory Report for December 30, 2022. 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



Randall Jones  
Osage County Commissioner, District 1  
Osage County Courthouse  
Pawhuska, Oklahoma 74056

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 30, 2022:

- 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

February 23, 2023

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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2022-01 – Lack of Internal Controls and Noncompliance Over Fixed Assets Inventory**

**Condition:** In the observation of records and the visual verification of fixed assets, the following items were unable to be located:

<u>Inventory Number</u>	<u>Description of Inventory Item</u>
325-0102	Spreader
330-123	Chainsaw
330-141	Chainsaw
330-149	Chainsaw
416-107	Nail Gun
441-111	Brush Hog

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented to ensure the accurate reporting of fixed assets.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management implement internal controls to ensure compliance with state statutes by maintaining inventory records.

**Management Response:**

**Outgoing County Commissioner:**

Spreader: was gone before I came into office  
Chainsaws: price was under \$250, should not have been on inventory  
Nail Gun: was missing before I took office  
Brush Hog: was missing before I took office

**Auditor Response:** State statute requires counties to perform a biennial audit of fixed assets in order to track and maintain all items assigned to the District and to facilitate an accurate inventory listing. The District failed to follow the statute and this resulted in an inaccurate inventory listing.

**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 best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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

*Objectives of an Entity*

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.

Title 19 O.S. § 178.1 which requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment.

Title 19 O.S. § 1502(A)(1), which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

**Finding 2022-03 – Lack of Internal Controls and Noncompliance Over Consumable Inventory**

**Condition:** Upon inquiry and observation of inventory items, the following discrepancies were noted between the quantities reported and the quantities verified for the Osage County District 1 consumable inventory:

<u>Consumable Item</u>	<u>Quantity Reported</u>	<u>Quantity Verified</u>	<u>Variance</u>
Diesel Fuel - Pawhuska	687	717	30
Unleaded Fuel – Shidler	53	43	(10)
Sign Shop Signpost	81	86	(5)

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented to ensure the accurate reporting of consumable inventory.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. When consumable inventory items are not adequately documented, and inadequate segregation of duties exist, the opportunity for the misappropriation and undetected errors could result.

**Recommendation:** OSAI recommends management implement internal controls to ensure compliance with state statutes by maintaining inventory records.

**Management Response:**

**Outgoing County Commissioner:** Keeping track of fuel has been and will be a challenge with having four (4) shops and five (5) locations. The sign shop is a challenge for sign materials.

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

*Objectives of an Entity*

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.

Title 19 O.S. § 1502(B)(1) which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

Title 19 O.S. § 1504 which requires the receiving officer to maintain a record of all items received, disbursed, stored and consumed by the department.

**Finding 2022-04 – Lack of Internal controls and Noncompliance Over District 1 Expenditures**

**Condition:** Upon inquiry, observation and review of the Osage County Board of County Commissioner (BOCC) meeting minutes, the District 1 County Commissioner executed the following transactions, that were approved by the BOCC, after he knew he would not succeed himself. Laws are in place to prevent the outgoing commissioner from depleting monetary funds which would prohibit the incoming commissioner from carrying out the basic operations of the office. Further, the county does not have a policy in place to authorize monetary gifts upon retirement.

- October 3, 2022. – District 1 purchased a \$172,000 tractor and boom mower.
- December 16, 2022 – District 1 purchased a \$200 gift card for an employee’s retirement effective December 31, 2022 – The purchase order (PO) was approved January 9, 2023.
- December 15, 2022 and December 19, 2022 – District 1 paid off eight (8) grader lease purchases totaling \$386,463.

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented to ensure outgoing officials expend county funds in accordance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes.

**Recommendation:** OSAI recommends management implement internal controls to ensure compliance with state statutes giving the BOCC a better understanding of what is allowed to be expended by county officials that will not succeed themselves. OSAI also recommends the county establish a county employee benefit program that will allow county officials to reward outstanding performances in the workplace.

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**Management Response:**

**Outgoing County Commissioner:**

- **October 3, 2022 – District 1 purchased a \$172,000 tractor and boom mower.**  
I was told by OSAI, that if I documented in the BOCC minutes that I was waiting on a piece of equipment and it became available, it was ok to buy on state bid.
- **December 16, 2022 – District 1 purchased a \$200 gift card for an employee’s retirement effective December 31, 2022. The PO was approved January 9, 2023.**  
\$200 gift card was given on the advice of the ADA. The BOCC passed a \$200 max one time for a county employee that was retiring.
- **December 15, 2022 and December 19, 2022 - District 1 paid off eight (8) grader lease purchases totaling \$386,463.**  
I have been paying off equipment for 4 years. I have been trying to pay off equipment and upgrade equipment. My goal was to pay all the equipment off and stay above the 50% money on hand and when I made sure District 1 had \$451,000, District 1 paid the loans off leaving over \$600,000 on hand. I talked to the ADA about this. It was not unusual. I have a 4 year history of paying off equipment.

**Auditor Response:**

- **October 3, 2022 – District 1 purchased a \$172,000 tractor and boom mower.**  
Outgoing County Commissioner was given credit for all equipment purchased where documentation was found in the BOCC minutes noting in advance that he would purchase when it became available. Auditors could not find any documentation in the BOCC minutes regarding advance notice of purchasing the tractor and boom mower.
- **December 16, 2022 – District 1 purchased a \$200 gift card for an employee’s retirement effective December 31, 2022. The PO was approved January 9, 2023.**  
Osage County has not established a county employee benefit program per state statute that would allow for retirement gifts. Also, a BOCC resolution for a one-time retirement gift could not be located.
- **December 15, 2022 and December 19, 2022 - District 1 paid off eight (8) grader lease purchases totaling \$386,463.**  
State statute does not allow for an outgoing commissioner to pay off lease purchase agreements beyond his term.

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

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Title 19 O.S. § 333B states, “Any county commissioner who fails to file for reelection or is defeated in any primary or general election or by any other manner it is impossible for the commissioner to serve another term in office, shall not acquire, purchase, contract for or dispose of any machinery or equipment, or expend or approve for expenditure any monies for any purpose other than normal or routine operating expenditures except as provided in this section. It shall be the mandatory duty of the commissioner to execute payment and to pay all outstanding obligations of the county incurred by the commissioner, or on behalf of the commissioner by the board of county commissioners, prior to the expiration of the term of office of the commissioner. However, in the case of lease-purchase contracts, rental, lease or other payments extending beyond the term of office of the commissioner it shall be the mandatory duty of the commissioner to execute and to make such payments current as of the date of expiration of the term of office of the commissioner. The commissioner shall be liable both personally and on the official bond of the commissioner for any violation of the mandatory duties herein imposed.”

Title 19 O.S. § 339 (27) states, “To establish a county employee benefit program to encourage outstanding performance in the workplace. Monies may be expended for the purchase of recognition awards for presentation to an employee or members of a work unit. Recognition awards may be presented at a formal or informal ceremony, banquet, reception or luncheon, the cost of which may be expended from monies available in the county department's or division's operating fund; ”.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

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