



OTTAWA COUNTY COMMISSIONER DISTRICT 2 TURNOVER

Statutory Audit

December 31, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**COUNTY OFFICER TURNOVER STATUTORY REPORT
CHAD MASTERSON
OTTAWA COUNTY COMMISSIONER
DISTRICT 2
DECEMBER 31, 2020**

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) 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.



Cindy Byrd, CPA | State Auditor & Inspector

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

April 26, 2021

BOARD OF COUNTY COMMISSIONERS
OTTAWA COUNTY COURTHOUSE
MIAMI, OKLAHOMA 74354

Transmitted herewith is the Ottawa County Officer Turnover Statutory Report for December 31, 2020. 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



Chad Masterson
Ottawa County Commissioner, District 2
Ottawa County Courthouse
Miami, Oklahoma 74354

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 31, 2020:

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

March 10, 2021



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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2021-001 – 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:

- Three (3) fixed asset items were not properly marked with identification numbers.

County ID Number	Equipment Type Description	VIN or Serial Number	Original Cost
325.06	Spreader	113286	\$ 4,086
435.03	2018 Waste Oil Heating Unit	B24183451	\$ 8,200
441.06	2019 Cutter LP RC56	1456335	\$15,270

- One (1) fixed asset on the inventory list could not be located

County ID Number	Purchase Date	Equipment Type Description	VIN or Serial Number	Original Cost
348.04	Unknown	Trailer	1DS0000M9J17E1883	\$ 3,000

Cause of Condition: Policies and procedures have not been designed and implemented regarding effective internal controls over the safeguarding of fixed assets inventory and to ensure compliance with state statute.

Effect of Condition: This condition resulted in noncompliance with state statute. 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 recommends the County adopt policies and procedures to implement a system of internal controls over fixed assets inventory to ensure the safeguarding of fixed assets and compliance with state statute.

Management Response:

Former County Commissioner District 2: I believe everything owned by District 2 was present during the audit. There may have been an error on the inventory list, or the VIN/Serial Number may have been worn off or the asset tag may have been illegible.

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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.

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. § 178.1 requires the board of county commissioners in each county of this state to take or cause to be taken, a continuous inventory of all working tools, apparatus, machinery, and equipment.

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