

STATUTORY REPORT

PAYNE COUNTY COMMISSIONER DISTRICT 3 TURNOVER

December 31, 2014



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JIM ARTHUR
PAYNE COUNTY COMMISSIONER
DISTRICT 3
DECEMBER 31, 2014**

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Oklahoma State Auditor & Inspector

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January 30, 2015

BOARD OF COUNTY COMMISSIONERS
PAYNE COUNTY COURTHOUSE
STILLWATER, OKLAHOMA 74074

Transmitted herewith is the Payne County Officer Turnover Statutory Report for December 31, 2014. 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, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR



Oklahoma State Auditor & Inspector

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Mr. Jim Arthur
Payne County Commissioner, District 3
Payne County Courthouse
Stillwater, Oklahoma 74074

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 31, 2014:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- 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.
- 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 Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.

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.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-1 – Inadequate Internal Controls and Noncompliance Over Fixed Assets

Condition: The Oklahoma State Auditor and Inspector’s Office (OSAI) reviewed the fixed asset inventory for Payne County. OSAI reviewed 244 fixed asset inventory items and noted the following:

- Of the 244 inventory items verified, 100 items did not have a County identification number.
- Of the 40 items requiring “Property of Payne County” identification, 14 were not marked with identification labels.
- The following items could not be located:

Inventory Number	Description
205.001	Television
218.0004	Camera
425.0012	Chop Saw

Cause of Condition: Procedures have not been designed to implement internal controls over the safeguarding of fixed assets by placing inventory tags on all inventory items, marking inventory with “Property of Payne County” and maintaining an accurate inventory listing.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Also, fixed assets are not adequately safeguarded when prescribed identification numbers and “Property of Payne County” labels are not affixed to county-owned equipment.

Recommendation: OSAI recommends that all fixed assets be marked with inventory tags, mark all items that are required to have “Property of Payne County” and to have an accurate inventory listing.

Criteria: 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...annually thereafter, or oftener...”

Title 69 O.S. §645 states in part, “The board of county commissioners shall cause each piece of county-owned, rented, or leased road machinery and equipment, and each automobile and truck, to be marked in accordance with the provisions of this section. County-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY.”

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Finding 2015-2 – Inadequate Internal Controls and Noncompliance Over Consumable Inventories

Condition: During our review of consumable inventory, OSAI noted the following:

Consumable Item	Quantity Recorded	Quantity Verified	Variance
Diesel Fuel	3,362.7 Gal.	2265 Gal.	-1097.7 Gal.
Unleaded Fuel	1,209.2 Gal.	1,624 Gal.	414.8 Gal.
CGSP 15"	160 Ft.	0 Ft.	-160 Ft.
CGSP 18"	180 Ft.	96 Ft.	-84 Ft.
CGSP 24"	130 Ft.	210 Ft.	80 Ft.
CGSP 30"	80 Ft.	0 Ft.	-80 Ft.
CGSP 36"	250 Ft.	170 Ft.	-80 Ft.
CGSP Arch 103x71 12 Gauge	20 Ft.	0 Ft.	-20 Ft.
CGSP Arch 49x33	60 Ft.	0 Ft.	-60 Ft.
CGSP Arch 64x43	80 Ft.	70 Ft.	-10 Ft.
Guardrail	880 Ft.	1,250 Ft.	370 Ft.
Boards Lumber 3'x12"x16'	17 Each	14 Each	-3 Each
Boards Lumber 3'x12"x20'	20 Each	0 Each	-20 Each
Plastic Culvert 12"	140 Ft.	10 Ft.	-130 Ft.
Plastic Culvert 24"	60 Ft.	20 Ft.	-40 Ft.
Plastic Culvert 36"	120 Ft.	75 Ft.	-45 Ft.

Cause of Condition: The consumable inventory records are not being maintained, accurately updated and reconciled to physical counts.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Also, failure to maintain accurate records of consumable inventory items and to perform a periodic physical inventory of consumable inventory items could result in inaccurate records, unauthorized use, or misappropriation of consumable inventory.

Recommendation: OSAI recommends management implement internal controls to ensure consumable items be adequately secured and fuel records be accurately maintained and reconciled to the actual fuel on hand. OSAI also recommends management implement internal controls to ensure compliance with 19 O.S. § 1502 and 19 O.S. § 1504 (A).

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Criteria: Title 19 O.S. § 1502 states in part:

1. The Board of County Commissioners or a designated employee shall:
 - a. Prescribes a uniform identification system for all supplies, material, and equipment of a county used in the construction and maintenance of roads and bridges.

Title 19 O.S. § 1504 (A) states, “A receiving officer shall receive all purchased, lease-purchased or rented items procured for the department and shall identify such items received in a manner prescribed by the county road and bridge inventory officer or board of county commissioners or designee. The receiving officer shall also maintain a record of all such items received, disbursed, stored and consumed by the department.”



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