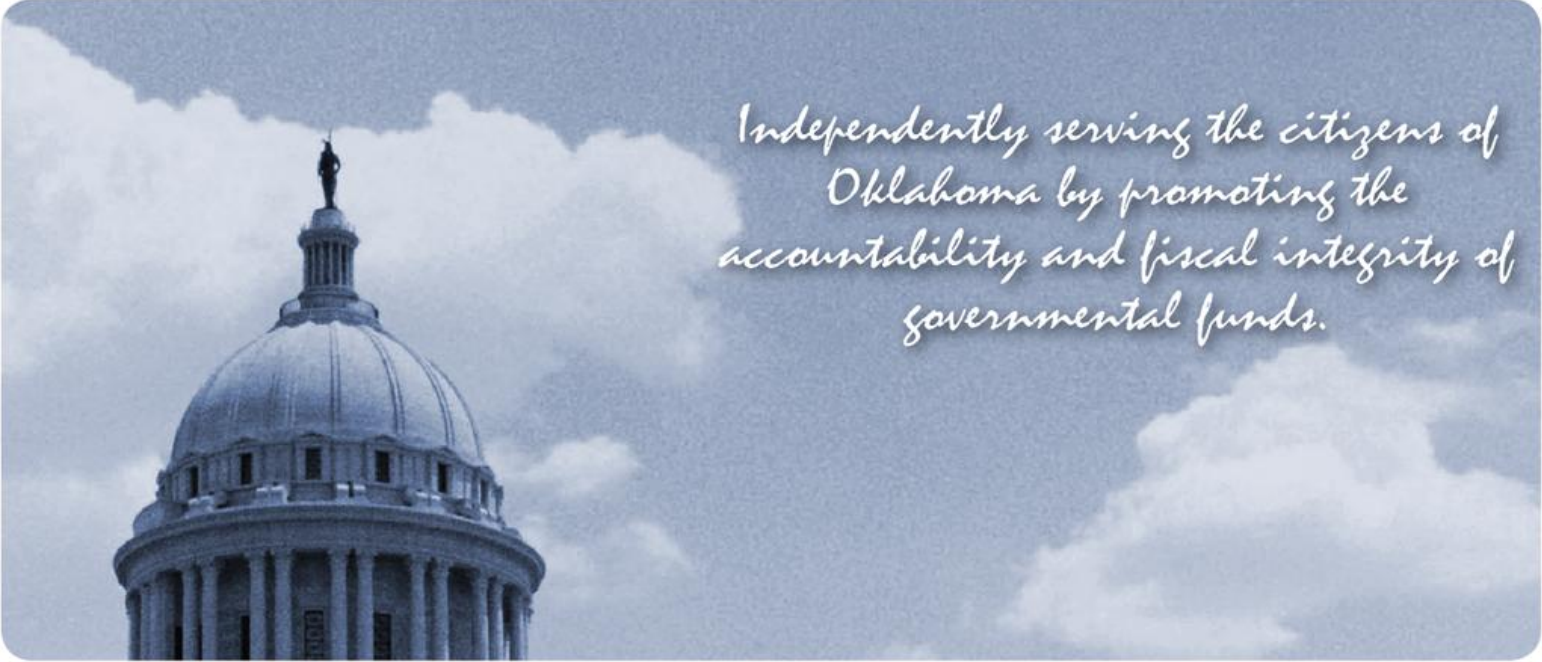


STATUTORY REPORT

PUSHMATAHA COUNTY COMMISSIONER DISTRICT 2 TURNOVER

August 10, 2016



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



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

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JERRY DUNCAN
PUSHMATAHA COUNTY COMMISSIONER
DISTRICT 2
AUGUST 10, 2016**

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.



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 4, 2016

BOARD OF COUNTY COMMISSIONERS
PUSHMATAHA COUNTY COURTHOUSE
ANTLERS, OKLAHOMA 74523

Transmitted herewith is the Pushmataha County Officer Turnover Statutory Report for August 10, 2016. 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 "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



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Jerry Duncan
Pushmataha County Commissioner, District 2
Pushmataha County Courthouse
Antlers, Oklahoma 74523

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for August 10, 2016:

- 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 internal controls over safeguarding the financial operations and assets of the District.

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

August 11, 2016

**COUNTY OFFICER TURNOVER STATUTORY REPORT
JERRY DUNCAN
PUSHMATAHA COUNTY COMMISSIONER DISTRICT 2
AUGUST 10, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-01 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: While performing a review of District 2 fixed assets, we noted the following:

- Documentation of the annual review of fixed assets inventory was not complete. The report does not indicate that all assets were visually verified and was not signed and dated by the individual who performed the verification.
- The inventory on file with the County Clerk is not up to date.
- The following pieces of equipment were not listed on the District’s inventory record:

Equipment Type	Model Number	Serial Number
Husqvarna Chainsaw	359	None
Husqvarna Chainsaw	359	None
Stihl Chainsaw	MS 310	None
Hewlett Packard Computer	None	None
AMD Processer Computer	None	None
(4) 100 gallon fuel tanks	None	None
37 gallon fuel tank	None	None

Cause of Condition: Policies and procedures have not been designed and implemented with regard to effective internal controls over safeguarding of fixed assets by maintaining documentation of an annual review of fixed assets and by maintaining a current inventory list and filing the list with the County Clerk.

Effect of Condition: This condition resulted in noncompliance with state statutes and could result in the loss of county assets.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that District 2 maintain an accurate inventory list of all fixed assets and perform an independent review of fixed assets. The documentation for this review should indicate that all fixed assets were visually verified and the review should be performed by someone other than the person responsible for maintaining the District’s inventory records. Further, OSAI recommends that District 2 maintain a current inventory list and ensure it is filed with the County Clerk as required by 19 O.S. § 178.2.

Management Response:

Chairman of the Board of County Commissioners: When the District 2 Commissioner resigned from office the Board requested an exit audit be performed. Any findings will be reviewed by the new officer and we will implement controls and procedures to correct the finding.

Criteria: An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and

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PUSHMATAHA COUNTY COMMISSIONER DISTRICT 2
AUGUST 10, 2016

other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of fixed assets, and safeguard fixed assets from loss, damage, or misappropriation.

Title 19 O.S. § 178.1 states, “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 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 and as part and parcel of the accounting required by law of a retiring or re-elected officer, and, as to appointive heads of departments amenable directly to the board of county commissioners and as to quasi-governmental boards and commissions such as free fair boards, hospital boards and the like, the same shall be as of the last business day immediately preceding the day certain commencing a new term of the board of county commissioners; all in the manner as provided by law.”

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.”

Finding 2017-02 – Inadequate Internal Controls and Noncompliance Over Consumable Inventories

Condition: Upon inquiry of District 2 personnel, observation, and review of documents regarding consumable inventories, the following was noted:

- Consumable Inventory records are not maintained for the tires listed below.

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JERRY DUNCAN
PUSHMATAHA COUNTY COMMISSIONER DISTRICT 2
AUGUST 10, 2016**

- When comparing consumable inventory records to actual consumables on hand, we noted the following variances:

Consumable Item	Amount on Records	Amount on Hand	Variance
18"x20' Poly Pipe	13	11	-2
Lumber	16	14	-2
245/70/17 tire	No Record	2	2
235/70/16 tire	No Record	1	1
12R 22.5 tire	No Record	4	4

Cause of Condition: Policies and procedures have not been implemented for the accurate reporting of consumable inventories.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in inaccurate records, unauthorized use, or loss of consumable inventories.

Recommendation: OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 1504A. These controls would include:

- Performing and maintaining consumable inventory records for all consumables at the District.
- Performing and maintaining a complete periodic review of consumable inventory items and noting any variances to consumable inventory records.

Management Response:

Chairman of the Board of County Commissioners: When the District 2 Commissioner resigned from office the Board requested an exit audit be performed. Any findings will be reviewed by the new officer and we will implement controls and procedures to correct the finding.

Criteria: Effective internal controls include designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with 19 O.S. § 1504A.



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