


STATUTORY REPORT

ROGERS COUNTY COMMISSIONER DISTRICT 2 TURNOVER

December 30, 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
MIKE HELM
ROGERS COUNTY COMMISSIONER
DISTRICT 2
DECEMBER 30, 2016**

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Oklahoma State Auditor & Inspector

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March 1, 2017

BOARD OF COUNTY COMMISSIONERS
ROGERS COUNTY COURTHOUSE
CLAREMORE, OKLAHOMA 74017

Transmitted herewith is the Rogers County Officer Turnover Statutory Report for December 30, 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 the first name "Gary" being the most prominent.

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



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Mike Helm
Rogers County Commissioner, District 2
Rogers County Courthouse
Claremore, Oklahoma 74017

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

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

January 26, 2017

**COUNTY OFFICER TURNOVER STATUTORY REPORT
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DECEMBER 30, 2016**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2017-1 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory

Condition: Upon inquiry and observation of fixed assets inventory items, we noted the following weaknesses:

While visually verifying equipment, the following was noted:

- The serial numbers for seventeen (17) items were not recorded on the inventory list.

Asset Number	Description	Date Acquired	Acquisition Cost
D-343-0201	Fabric Roller	7/12/11	\$5,650.00
D-110-0201	20' Conference Table 48"	1/18/06	\$1,400.00
D-404-0204	Lincoln 250 Shop Welder	3/10/12	\$1,100.00
D-406-0205	Air Compressor	N/A	\$2,750.00
D-408-0204	Chain Hoist	9/19/08	\$3,228.00
D-413-0212	275 Gallon Storage Tank	N/A	\$1,490.55
D-413-0213	275 Gallon Storage Tank	N/A	\$1,490.55
D-413-0214	275 Gallon Storage Tank	N/A	\$1,490.55
D-413-0215	275 Gallon Oil Storage Tank	N/A	\$1,590.55
D-413-0216	275 Gallon Oil Storage Tank	N/A	N/A
D-413-0217	Fuel Tank & Pumps	N/A	\$74,000.00
D-438-409.1	Sprayer	4/29/09	\$3,250.00
D-438-409.2	Sprayer	4/29/09	\$3,250.00
D-439-0205	Parts Washer	11/19/13	\$2,000.00
D-445-0202	Mac Tool Cabinet	N/A	\$2,995.00
D-450-0201	3' Post Hole Digger	N/A	\$1,300.00
D-348-0414	Car Hauler Trailer Gooseneck	4/1/14	\$3,500.00

- Twenty-four (24) items were not properly marked with a county identification number.

Asset Number	Description	Date Acquired	Acquisition Cost
D-301-0247	2008 Ford F-550 4x4 Crew Cab	N/A	N/A
D-301-0256	2008 Chevy C5500 Diesel Crew Cab	8/27/09	\$52,967.00
D-301-0261	2012 Chevy Silverado 2500 Crew	2/21/12	\$32,753.00

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Asset Number	Description	Date Acquired	Acquisition Cost
D-302-0246	2013 Schwarze Peterbilt Patch Truck	N/A	\$188,600.00
D-302-0254	2010 Mack GU713 Truck 15' Ox Body Dump Bed	5/11/09	\$109,838.00
D-302-0259	2013 Mack Dump Truck TD713	6/2/12	\$189,562.00
D-303-0208	2012 JD 35D Trackhoe	11/19/12	\$42,705.00
D-304-0206	2012 JD Tractor 7130 W/Boomax Listed	7/13/12	\$120,272.50
D-304-0207	2006 John Deere 200 clc, Hydraulic Excavator	5/1/06	\$175,000.00
D-304-0315	John Deere 6125R Cab Tractor/Brush Hog/Loader	5/26/15	\$98,884.36
D-304-0415	John Deere 6125r Cab Tractor/Brush Hog/Loader	5/26/15	\$98,884.36
D-302-0215	BOMAG 2014 Sheepfoot Roller Single Drum	3/12/16	\$84,890.00
D-321-0207	Falls Plow PR-1043E1	N/A	N/A
D-321-0208	Falls Plow PR-1043E1	N/A	N/A
D-321-0209	Falls Plow PR-1043E1	N/A	N/A
D-325-0201	Sand Spreader - Henderson WSHX10x54	N/A	N/A
D-325-0204	Sand Spreader - Warren	10/26/09	\$23,123.00
D-325-0205	Etnyre 4WD Chip Spreader	5/16/12	\$224,194.00
D-332-0714	John Deere Skid Steer 332E	7/14/14	\$60,793.29
D-337-0615	2013 Superior Road Broom	6/8/15	\$38,000.00
D-340-0314	Road Widener	2/1/14	\$40,000.00
D-348-0226	Air Tow Model Trailer	1/23/14	\$17,215.00
D-360-0202	2012 Asphalt Zipper 8' W/Trailer	12/19/12	\$159,690.00

- One item, Honda Miller Concrete Saw, was marked with a county identification number that did not match the one on the inventory listing.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statutes regarding maintaining and properly identifying fixed assets.

Effect of Condition: These conditions resulted in noncompliance with state statutes. When fixed assets are not monitored and equipment is not properly marked with identification numbers and “Property of,” opportunities for misuse or loss of equipment can occur.

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Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management implement internal controls to ensure compliance Title 19 O.S. § 178.1, 19 O.S. § 1502(A)(1), 19 O.S. § 1502(B)(1), and 69 O.S. § 645.1 by maintaining inventory records and marking assets with county identification numbers and “Property of Rogers County.”

Management Response:

Chairman of the Board of County Commissioners: Steve Hendrix, the new District 2 County Commissioner, has reviewed this finding and initiated a complete physical inventory review to bring all District 2 physical inventory into OSAI compliance with serial numbers on all inventory items and clearly labeled identifications numbers and “Property of Rogers County”. He has further established a quarterly fixed asset inventory review according to OSAI recommendations.

Criteria: Internal Controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

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, an inventory of all working tools, apparatus, machinery and equipment.

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

Title 19 O.S. § 1502(B)(1) 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 69 O.S. § 645.1 requires that county-owned rented, or leased road machinery or equipment be clearly and visibly marked “Property Of.”

Finding 2017-2 – Inadequate Internal Controls and Noncompliance Over Consumable Inventory

Condition: Upon inquiry and review of the recordkeeping processes regarding consumable inventory, it was noted that the District 2 did not maintain records to track the use or balances of all consumable inventory.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to safeguarding and accounting for consumable items that are purchased by District 2.

Effect of Condition: This condition resulted in noncompliance with the state statute and could result in undetected errors, unrecorded transactions, and misappropriation of assets.

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Recommendation: OSAI recommends that the County implement policies and procedures to ensure compliance with Title 19 O.S. § 1504A. Additionally, OSAI recommends the County track all consumable items purchased by documenting a beginning balance of quantity on hand, deducting items used or transferred, and adding items purchased), and document ending balances.

Management Response:

Chairman of the Board of County Commissioners: Steve Hendrix, the new District 2 County Commissioner, has reviewed this audit finding and has implemented new district policies. Commissioner Hendrix fully intends to comply with all OSAI recommendations to bringing Rogers County District 2 into complete compliance with state statutes.

Criteria: Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

Additionally, Title 19 O.S. § 1504A provides guidance with regard to accounting for the consumable items.



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