



# SEQUOYAH COUNTY COMMISSIONER DISTRICT 2 TURNOVER

## Statutory Audit

December 15, 2020

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

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
STEVE CARTER  
SEQUOYAH COUNTY COMMISSIONER  
DISTRICT 2  
DECEMBER 15, 2020**

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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.

February 17, 2021

BOARD OF COUNTY COMMISSIONERS  
SEQUOYAH COUNTY COURTHOUSE  
SALLISAW, OKLAHOMA 74955

Transmitted herewith is the Sequoyah County Officer Turnover Statutory Report for December 15, 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,



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



Steve Carter  
Sequoyah County Commissioner, District 2  
Sequoyah County Courthouse  
Sallisaw, Oklahoma 74955

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 15, 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

January 19, 2021



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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2021-001 – Lack of Internal Controls and Noncompliance Over Fixed Assets**

**Condition:** While comparing the District’s inventory list and fixed assets cards to the inventory on hand, the following exceptions were noted:

- Two (2) items listed on the inventory list were unable to be located:

<b>County number</b>	<b>Description</b>
○ D413-0202	800-gallon fuel tank
○ D413-0204	4,000-gallon fuel tank

- Two (2) items struck through on the inventory listed and noted as gone had not been surplused according to the County Clerk’s records:

<b>County number</b>	<b>Description</b>
○ D307-0202	Caterpillar motor grader
○ D348-0307	1966 Frue 40ft trailer

- Seven (7) items on the inventory list had serial numbers listed that did not match the numbers the auditor identified on the item:

<b>County number</b>	<b>Description</b>
○ D302-0226	International oil truck
○ D323-0202	Case 850G bulldozer
○ D324-0201	Compressor
○ D339-0203	Morbark woodchipper
○ D356-0201	Linkbelt Excavator
○ D441-0207	Diamond mower
○ HAMMER HO	Case 580 backhoe hammer attachment

- Seven (7) items valued over \$500 were not listed on the inventory list:

<b>Description</b>
○ 5ft ditch basket attachment for Linkbelt excavator
○ Tailgate spreader
○ Tailgate spreader
○ Tailgate spreader
○ Stihl MS 362 chainsaw
○ Stihl HT 131 pole saw
○ Ingersoll Rand impact wrench

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- Inventory asset tag D330-0206 Stihl MS 290 chainsaw (SN 277928973) is listed twice on the inventory list.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the County's fixed assets to ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and incomplete and inaccurate fixed asset records.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that management implement internal controls to ensure compliance with 19 O.S. §§ 178.1 and 178.2 and fixed assets are safeguarded against misuse and loss.

**Management Response:**

**Former District 2 Commissioner:**

1. The two (2) items listed on the inventory list that were unable to be located were disposed of as part of the installation of the new fuel system.
2. The two (2) items struck through on the inventory listed and noted as gone had not been surplused according to County Clerk's records was for a grader that had went out for bid and been sold and a trailer that went to auction.
3. For the seven (7) items on the inventory list that the serial number listed did not match the number identified on the item, we will go through them again to ensure accuracy.
4. The tailgate spreaders not listed on the inventory list were on hand prior to my starting here and I have added the second impact wrench to the inventory list.
5. The inventory item listed twice on the list has been removed.

**Auditor Response:** Documentation is required to be maintained for the disposition and sales of any fixed asset items surplused. Also, fixed asset records are to be kept up to date for all items sold and purchased.

**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 quasigovernmental entities.

The 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.

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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 2021-002 – Lack of Internal Controls and Noncompliance Over Consumable Inventories**

**Condition:** The observation and test of consumable inventories for District 2 indicated the following internal control weaknesses and noncompliance:

- District 2 is not maintaining consumable inventory cards for tires and road materials; therefore, these items are not being reconciled.

While reconciling consumable items on hand to the District 2 records, the following variances were noted:

Consumable Item	Consumable Record Quantity	On Hand	Variance
5D-9561 Grader blade	8	6	-2

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Consumable Item	Consumable Record Quantity	On Hand	Variance
12"x20' Gray HP (plastic)	6	5	-1
12"x30' Corrugated Metal pipe (CMP)	2	1	-1
15"x20' Gray HP (plastic)	0	1	1
18x8 C Culvert	14	16	2
18" band	4	1	-3
18"x30' Corrugated Metal pipe (CMP)	4	2	-2
24"x20' Corrugated Metal pipe (CMP)	0	2	2
24"x20' Gray HP (plastic)	4	7	3
24"x24' Corrugated Metal pipe (CMP)	1	0	-1
28"x20"x24' Corrugated Metal pipe (CMP)	2.25	0	-2.25
36x7.5 C Culvert	19	8	-11
48x8 C Culvert	4	7	3
48"x40' Corrugated Metal pipe (CMP)	-1	0	1
60"x8' C Culverts	0	2	2
30"x4' Concrete Culverts	0	2	2
36" Bands	0	4	4
12" Bands	0	1	1

**Cause of Condition:** Policies and procedures have not been designed and implemented over the County's Consumable inventories to ensure compliance with state statutes.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. When consumable inventory items are not adequately safeguarded and accounted for, there is an opportunity for misappropriation and undetected errors.

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

- Performing and documenting a periodic physical count of all consumable inventory.

**Management Response:**

**District 2 Commissioner:** District 2 Commissioner chose not to respond.



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**Criteria:** The 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. § 1504A 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.”

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



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

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