


STATUTORY REPORT

SEQUOYAH COUNTY SHERIFF TURNOVER

January 4, 2017



*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
RON LOCKHART
SEQUOYAH COUNTY SHERIFF
JANUARY 4, 2017**

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Oklahoma State Auditor & Inspector

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March 9, 2017

BOARD OF COUNTY COMMISSIONERS
SEQUOYAH COUNTY COURTHOUSE
SALLISAW, OKLAHOMA 74955

Transmitted herewith is the Sequoyah County Officer Turnover Statutory Report for January 4, 2017. 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 written in a cursive style with a long horizontal line extending from the end of the name.

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



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Ron Lockhart
Sequoyah County Sheriff
Sequoyah County Courthouse
Sallisaw, Oklahoma 74955

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 4, 2017:

- Verify that equipment items on hand agree with inventory records maintained per 19 O.S. § 178.1.
- Verify that a monthly report of the Office is on file with the County Clerk per 19 O.S. § 684.
- Verify that the Officers' depository account balances reconcile with the County Treasurer's records and that undeposited cash reconciles to receipts.
- Verify that the Inmate Trust Ledger is balanced to the Inmate Trust Fund Checking Account bank statement and monthly bank reconciliations are performed.
- Verify that the Sheriff maintains an evidence locker log, that evidence locker entrance is restricted, and document who has access (keys or combination) to the evidence locker.
- Verify that the Sheriff has entered all confiscated vehicle license plates into the Oklahoma Temporary Motorist Liability Plan system.
- Verify the Sheriff maintains a log of all county owned property, including weapons, uniforms, etc. and to whom it is issued.
- Verify the Sheriff is maintaining an inventory of telephone calling cards and the proceeds are reconciled to the sales and deposited into the Sheriff Service Fee.
- Verify that the Officer has a designated first or chief deputy on file with the County Clerk in accordance with 19 O.S. § 180.81.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.

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.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

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

February 2, 2017

COUNTY OFFICER TURNOVER STATUTORY REPORT
RON LOCKHART
SEQUOYAH COUNTY SHERIFF
JANUARY 4, 2017

SCHEDULE OF FINDINGS AND RESPONSES

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

Condition: While performing a review of Sequoyah County Sheriff’s fixed assets inventory, we noted the following:

County Identification Number	Equipment Type	Serial Number On List	Exception
810	Model 26 Taser	X00-338319	Unable to locate
B-612	Bushnell Binoculars	Not listed	Unable to locate
Not listed	Lexmark Printer T650	#7951MHR	Unable to locate

Additionally, we noted the following items were on the previous inventory list filed with the County Clerk on April 1, 2016. The items were not listed on the most current inventory list filed with the County Clerk on December 15, 2016, and there was no documentation to support the surplus/removal of the items.

County Identification Number	Equipment Type	Serial Number On List	Exception
Not listed	Colt 223 Assault Rifle	025479	Unable to locate
Not listed	Model 26 Taser	X00-485597	Unable to locate
Not listed	Model 26 Taser	TI-1110-05 WYM	Unable to locate
Not listed	Model 26 Taser	X00-569930	Unable to locate

Cause of Condition: Policies and procedures have not been designed and implemented with regard to effective internal controls over safeguarding of fixed assets.

Effect of Condition: These conditions resulted in noncompliance with state statute, unrecorded transactions and possible misappropriation of fixed assets items.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County Sheriff 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 Sheriff’s inventory records. Additionally, the list shall be filed with the County Clerk.

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Management Response:

Current County Sheriff: In response to the items that were unable to be located, we have searched all vehicles, storage areas, and all other areas inventory is kept. We have also searched documents of personal inventory of employees for employees and former employees. As the new Sheriff, I have no way of knowing where these items could be located. Going forward, my administration has been directed to keep a better and more accurate inventory of items. We are also looking into the legalities of entering the items into the National Crime Information Center (NCIC) as stolen.

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 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."

Finding 2017-03 – Inadequate Internal Controls Over Inmate Trust Fund Checking Account

Condition: Upon inquiry and observation of the County Sheriff's Inmate Trust Fund Checking Account, we noted the following:

- The inmate trust fund ledger is not being reconciled to the Inmate Trust Fund Checking Account.

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Cause of Condition: Policies and procedures have not been designed and implemented to ensure the inmate trust fund ledger is reconciled to the Inmate Trust Fund Checking Account.

Effect of Condition: Without proper accounting and safeguarding of the inmate's personal property, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the County Sheriff reconcile the Inmate Trust Fund Checking Account to the inmate trust fund ledger on a monthly basis.

Management Response:

Current County Sheriff: We are working to reconcile the Inmate Trust Fund Checking Account to the inmate trust fund ledger.

Criteria: Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an important aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Finding 2017-04 – Inadequate Internal Controls and Noncompliance Over Telephone Calling Cards

Condition: While performing a review of the County Sheriff's inventory of inmate telephone calling cards, we noted the following:

- The County Sheriff is not maintaining an inventory of telephone calling cards.
- The proceeds are not reconciled to sales and deposited into the Sheriff Service Fee fund as required by 19 O.S. § 180.43 E.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the inmate phone card inventory and remitting the sale proceeds to the proper county fund.

Effect of Condition: These conditions resulted in noncompliance with state statute. In addition, without proper accounting and safeguarding of the jail telephone cards, there is an increased risk of misappropriation of assets.

Recommendation: OSAI recommends that the County Sheriff maintain an accurate inventory of the telephone calling cards. This would include maintaining the number of cards received, sold, and balance of cards on hand. Further, the proceeds for the sale of cards should be reconciled to the number of cards sold and remitted to the Sheriff Service Fee fund on a monthly basis.

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Management Response:

Current County Sheriff: As the new Sheriff's administration, we will maintain an inventory of the telephone calling cards. We will also reconcile the sales and profits and will start depositing the profits into the Sheriff Service fee account, as required by 19 O.S. 180.43.E.

Criteria: Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed and documented on a monthly basis.

Title 19 O.S. § 180.43 E. states, " Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Service Fee Account. Such funds may be expended according to the guidelines previously established for expenditures from the general fund. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims."



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