

STATUTORY REPORT

# STEPHENS COUNTY COMMISSIONER DISTRICT 2 TURNOVER

December 28, 2016



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

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
LONNIE ESTES  
STEPHENS COUNTY COMMISSIONER  
DISTRICT 2  
DECEMBER 28, 2016**

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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.



# Oklahoma State Auditor & Inspector

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

February 6, 2017

BOARD OF COUNTY COMMISSIONERS  
STEPHENS COUNTY COURTHOUSE  
DUNCAN, OKLAHOMA 73533

Transmitted herewith is the Stephens County Officer Turnover Statutory Report for December 28, 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 letters of each name being capitalized and prominent.

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



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Lonnie Estes  
Stephens County Commissioner, District 2  
Stephens County Courthouse  
Duncan, Oklahoma 73533

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 28, 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 finding 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".

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

January 11, 2017

**COUNTY OFFICER TURNOVER STATUTORY REPORT  
LONNIE ESTES  
STEPHENS COUNTY COMMISSIONER  
DECEMBER 28, 2016**

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**SCHEDULE OF FINDINGS AND RESPONSES**

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

**Condition:** During our review of the District 2 County Commissioner’s fixed assets, we noted the following weaknesses:

- An accurate fixed asset inventory list had not been prepared or maintained by the County Commissioner and said inventory list was not filed with the County Clerk.

Additionally, the following twenty-three items could not be visually verified:

Inventory Number	Description	Cost
302-0135B	CST Service Bed	\$ 3,909.00
410-0008	Power Team Power Washer	\$ 599.99
45-0032	Regency Mobil MCH-44B	\$ 639.00
20-0020	1999 Compact Monitor	\$ 230.00
330-0040	2001 Husqvarna	\$ 179.95
410-0004	Sunex Transmission Jack	\$ 398.02
443-0012	Johnson Radio	\$ 297.75
443-0026	Wilson Mobile Radio	\$ 470.79
443-0057	Motorola Radio	\$ 275.00
443-0058	Radius Motorola Radio	\$ 311.88
443-0059	Radius Motorola Radio	\$ 311.88
443-0060	Radius Motorola Radio	\$ 311.88
443-0062	Radius Motorola Radio	\$ 311.88
443-0063	Radius Motorola Radio	\$ 311.88
443-0078	Radio Motorola Radio	\$ 400.00
443-0090	Radio Motorola Radio	\$ 404.75
443-0094	Radio	\$ 355.00
443-0097	Motorola Radio	\$ 475.00
443-0103	Motorola Radio	\$ 480.00
446-0003	Proto Socket Set	\$ 303.58
446-0006	Louisville 28' Lift	\$ 288.43
499-0004	Ingersoll Rand Impact Wrench	\$ 435.00
499-0005	Dynapar Tach	\$ 281.25

**Cause of Condition:** Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets.

**Effect of Condition:** These conditions resulted in noncompliance with state statute. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place for account for fixed assets.

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**LONNIE ESTES**  
**STEPHENS COUNTY COMMISSIONER**  
**DECEMBER 28, 2016**

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**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the County comply with 19 O.S. § 178.1 by maintaining inventory records and performing and documenting a periodic inventory of fixed assets. The verification should be performed by an individual independent of the fixed assets recordkeeping process. Further, yearly counts of fixed asset items should be filed with the County Clerk.

**Management Response:**

**Current County Commissioner District 2:** We will work to correct these issues.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. 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 transactions and safeguarding assets from 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 therefore maintain or cause to be maintained a continuous inventory records thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any 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 the 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.”



**OFFICE OF THE STATE AUDITOR & INSPECTOR**  
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