

STATUTORY REPORT

WOODS COUNTY COMMISSIONER DISTRICT 3 TURNOVER

December 17, 2014



*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 GOUCHER
WOODS COUNTY COMMISSIONER
DISTRICT 3
DECEMBER 17, 2014**

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Oklahoma State Auditor & Inspector

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January 30, 2015

BOARD OF COUNTY COMMISSIONERS
WOODS COUNTY COURTHOUSE
ALVA, OKLAHOMA 73717

Transmitted herewith is the Woods County Officer Turnover Statutory Report for December 17, 2014. 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".

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



Oklahoma State Auditor & Inspector

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Mike Goucher
Woods County Commissioner, District 3
Woods County Courthouse
Alva, Oklahoma 73717

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for December 17, 2014:

- 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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

January 26, 2015

**COUNTY OFFICER TURNOVER STATUTORY REPORT
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DECEMBER 17, 2014**

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory Items

Condition: During our review of fixed asset inventory items at District 3, OSAI noted eighteen inventory items were not labeled with the County identification number and five inventory items were not clearly marked Property of Woods County. Additionally, two inventory items could not be located and one item was visually verified but was not on the inventory listing.

The following exceptions were noted with regard to the District 3 County Commissioner’s inventory records:

County Identification Number	Make	Model	Serial Number	Comment
D301-130	Pickup 2008	CKI0542	2GCEK13J081255791	Not marked “Property of Woods County”
D301-140	Pickup	¾ Ton Extended Cab	1GC2KXCG2CZ254006	Not marked “Property of Woods County”
D302-138	Truck Tractor	Not noted on list	7M1AN07Y0DM013783	Not marked “Property of Woods County” on both sides
D302-145	Semi Truck 2015	CHU613	1M1AN07YXFM017889	Not marked “Property of Woods County”
D348-050	Trailer 5 x 8	Equipment 5 x 8	1J9FS081861033174	Not marked “Property of Woods County” on both sides
D322-003	Paving Breaker	Not applicable	A1PB8A753518	Marked with incorrect identification number D322-30
D348-044	Utility Trailer	CB7016MR30T	3BZBP16225C002966	Not marked with County Identification Number
D354-003	Truck Flat Bed	Not applicable	Not Applicable	Not marked with County Identification Number
D354-007	Flatbed	Not applicable	75699	Not marked with County Identification Number
D355-007	Laser Level	RL-H3C	9W3702	Not marked with County Identification Number
D417-003	Generator	Not noted on list	1106538	Not marked with County Identification Number
D421-002	Shop Vise	Not applicable	Not applicable	Not marked with County Identification Number
D449-003	Imp. Wrench	C/P797-6	3181K119	Not marked with County Identification Number
D451-006	Tool Box	LA400B	Not applicable	Not marked with County Identification Number
D451-007	Tool Box	LA400B	Not applicable	Not marked with County Identification Number
D452-001	Gas Heater	TF250AINAA11	G04307201000012	Not marked with County Identification Number

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County Identification Number	Make	Model	Serial Number	Comment
D602-178	Radio	AAM50KQF9AA1A	922TJN3481	Not marked with County Identification Number
D602-179	CB Radio	CM300	922TKH0207	Not marked with County Identification Number
D602-180	CB Radio	CM300	922TKJ0155	Not marked with County Identification Number
D602-181	CB Radio	CM300	922TKJ0156	Not marked with County Identification Number
D602-188	Radio	PM400	019TNN0556	Not marked with County Identification Number
D609-002	Table & Bench	Not applicable	Not applicable	Not marked with County Identification Number
D609-003	Bench	Not applicable	Not applicable	Not marked with County Identification Number
D354-002	Truck Flat Bed	Not applicable	Not applicable	Item not located
D602-165	Motorola Radio	M43D6C90J2AA	869YDA0082	Item not located
Not numbered	Texhoma Truck Bodies	Flat Bed	Not applicable	Not on County inventory listing

Cause of Condition: Internal controls have not been designed and implemented to ensure compliance with state statutes.

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 Woods County” opportunities for misuse or loss of equipment can occur.

Recommendation: OSAI recommends that management implement internal controls to comply with Title 19 O.S. § 178.1 and 69 § 645. We also recommend that the District 3 County Commissioner perform annual inventory verification, and retain documentation to verify the physical inventory counts are performed.

Management Response:

Newly Elected County Commissioner: I can see the importance of properly labeling the County equipment and will implement this practice in the future and will get these items labeled in a timely manner.

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.

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Title 19 O.S. § 178.1 states in part, “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...annually thereafter, or oftener.”

Title 69 O.S. § 645 states, “The board of county commissioners shall cause each piece of county-owned, rented or leased road machinery and equipment, and each automobile and truck, to be marked in accordance with the provisions of this section. County-owned automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY, and leased automobiles, trucks, road machinery and equipment shall be conspicuously and legibly marked LEASED BY (name of county) COUNTY, on each side, in upper case letters, on a background of sharply contrasting color.”

Finding 2015-03 – Inadequate Internal Controls Over Disposition of Fixed Assets

Condition: Observation of records with regard to the disposition of fixed assets reflected that a Declaration to Surplus Resolution was not prepared for the fixed asset items that were traded or disposed of.

County Identification Number	Make	Model	Resolution Number	Disposition Resolution Date	Disposition Resolution Action
D302-118	Truck 2006 Semi	T800	13-14-79	5/19/2014	Traded
D302-120	Truck 2006 Semi	T800	13-14-79	5/19/2014	Traded
D303-054	John Deere Tractor	6715	13-14-79	5/19/2014	Traded
D303-055	John Deere Tractor	6715	13-14-79	5/19/2014	Traded
D303-056	John Deere Tractor	6715	13-14-79	5/19/2014	Traded
D441-061	Mower	RCM5015	13-14-79	5/19/2014	Traded
D441-062	Mower	RCM5015	13-14-79	5/19/2014	Traded
D441-063	Mower	RCM5015	13-14-79	5/19/2014	Traded
D449-004	Impact Wrench	Not available	13-14-77	5/19/2014	Disposed of

Cause of Condition: Procedures have not been designed and implemented to properly declare fixed assets items surplus prior to disposing of those fixed assets items.

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Effect of Condition: When fixed assets items are not adequately monitored, the opportunity for the misappropriation and undetected errors could result.

Recommendation: OSAI recommends that management implement internal controls to properly identify fixed asset items as surplus items prior to disposing of the items.

Management Response:

Newly Elected County Commissioner:

I am aware that this process was not handled correctly, and I will make sure I surplus inventory items prior to disposing in the future.

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. Before disposing of any surplus property, the Board of County Commissioners must declare the property as surplus by resolution and enter that declaration into the minutes of a Board meeting.



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