



Woods County Commissioners District No. 2 & District No. 3 Special Audit Report July 1, 2002 – December 31, 2005

JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE

OF THE

STATE AUDITOR & INSPECTOR

Audit Summary:

- ✓ District No. 2 County Commissioner's travel appears to have been erroneously documented based on odometer readings by 7,856 miles or \$3,107.22, for the period July 1, 2002 through December 31, 2005.
- ✓ District No. 3 County Commissioner's travel appears to have been erroneously documented based on odometer readings by 455 miles or \$166.86, for the period July 1, 2002 through December 31, 2005.

Why the audit was performed

The audit was conducted in response to a request by the District Attorney of Woods County pursuant to 74 O.S. 2001, § 212.H.

To view a copy of the entire report, please visit our website at: www.sai.state.ok.us.

If you have questions or would like to contact our office, please call (405) 521-3495.

**WOODS COUNTY COMMISSIONERS
DISTRICT NO. 2 AND DISTRICT NO. 3
SPECIAL AUDIT REPORT
JULY 1, 2002 THROUGH DECEMBER 31, 2005**

This publication is printed and issued by the State Auditor and Inspector as required by 74 O.S. § 212.H. Pursuant to 74 O.S. § 3105.B, 12 copies have been prepared and distributed at a cost of \$82.22. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 7, 2006

Honorable Ray Don Jackson
District Attorney, District 26
Woods County Courthouse
Alva, Oklahoma 73701

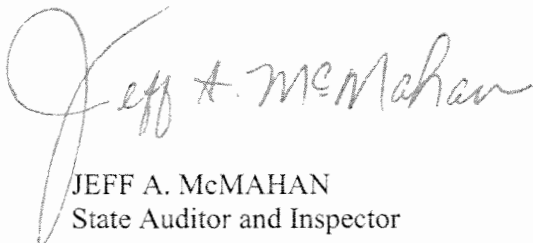
Transmitted herewith is the Special Audit Report for Woods County Commissioners, District No. 2 and District No. 3. We performed our special audit in accordance with the requirements of **74 O.S. § 212.H.**

A report of this type is critical in nature; however, we do not intend to imply that our report failed to disclose commendable features in the present accounting and operating procedures of the Districts.

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State. Our goal is to ensure a government that is accountable to the people of the State of Oklahoma.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our Office during the course of our special audit.

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector

**WOODS COUNTY COMMISSIONERS
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BOARD OF COUNTY COMMISSIONERS

Clint Strawn.....District No. 1
Jimmie WoodardDistrict No. 2
Mike Goucher.....District No. 3



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Honorable Ray Don Jackson
District Attorney, District 26
Woods County Courthouse
Alva, Oklahoma 73701

In accordance with the requirements of **74 O.S. § 212.H**, we have performed a special audit with respect to Woods County Commissioners, District No. 2 and District No. 3, for the period July 1, 2002 through December 31, 2005.

Our special audit primarily included, but was not limited to, the areas outlined as follows:

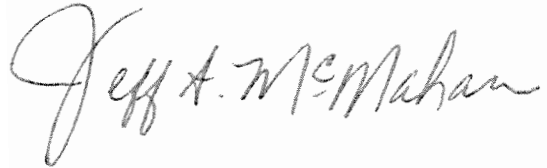
- We reviewed all mileage reimbursement claims submitted by Woods County Commissioner, District No. 2, for the period July 1, 2002 through December 31, 2005, to determine mileage claimed represented valid claims for reimbursement.
- We reviewed all mileage reimbursement claims submitted by Woods County Commissioner, District No. 3, for the period July 1, 2002 through December 31, 2005, to determine mileage claimed represented valid claims for reimbursement.
- We reviewed competitive bidding and subsequent awarding of bids to Northern Equipment, Enid, Oklahoma, to determine if proper procedures were followed.
- We reviewed documentation concerning the procurement process with the bridge project #BRO-176D (35) State Job #18274 (04) to determine if proper procedures were followed.

Our findings and recommendations are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of Woods County, for the period July 1, 2002 through December 31, 2005. Further, due to the test nature and other inherent limitations of our procedures, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of Woods County taken as a whole.

This report is intended solely for the information and use of District Attorney Ray Don Jackson 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., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

**WOODS COUNTY COMMISSIONERS
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INTRODUCTION

The Board of County Commissioners is the chief administrative body for the County. The qualified voters of the County elect each Commissioner for a term of four years. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the County's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the County's chief administrative body, the three County Commissioners must make major financial decisions and transactions.

Because the Commissioners are charged with the duty of maintaining and constructing county roads and bridges, each Commissioner routinely supervises and provides direction with regard to the overseeing of road and bridge construction and maintenance. In conjunction with those duties, each Commissioner has the option to drive a personally owned vehicle and receive actual mileage reimbursement, drive a personally owned vehicle and receive a travel allowance of \$500.00 per month, or drive a county owned vehicle in lieu of reimbursement.

The following statutes apply to those options as described above:

19 O.S. § 163 – Reimbursement for traveling expenses

“Each county officer or his deputy shall be entitled to reimbursement for all traveling expenses incurred in the performance of official duties. All expenses shall be paid upon sworn itemized claims.”

The form prescribed for county official travel reimbursement is SA&I #1117 (2000).

19 O.S. § 164 – Private automobiles—Reimbursement for Use

“When transportation involves the use of the private automobile of a county officer, deputy, or county employee entitled to reimbursement, such county officer, deputy or employee shall be entitled to claim reimbursement for use thereof at the rate provided for in the State Travel Reimbursement Act for state officers and employees. Official duties shall include attendance by a county officer and at least one of his deputies for voluntary instruction.”

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19 O.S. § 165 – Travel allowance in lieu of traveling expenses states in part,

“A. In lieu of reimbursement for traveling expenses within their county each county commissioner and sheriff may receive a monthly travel allowance of Five Hundred Dollars (\$500.00)...”

19 O.S. Supp. 2005, § 180.43 – Feeding, care, housing, and upkeep of prisoners—Expenses –Travel reimbursement—Violations states in part,

“B. In lieu of the travel reimbursement or monthly travel allowance provided for by law, the board of county commissioners may purchase and provide for the operation, maintenance, insurance, equipping, and repair of an automobile for each county commissioner to be used in performing the duties of his office...The use of any said automobile for private or personal purposes is hereby prohibited...Any travel reimbursement other than in-county driving as provided for in this section shall be for actual and necessary expenses as provided for in the State Travel Reimbursement Act. Any person violating the provisions of this subsection, upon conviction, shall be guilty of a misdemeanor and shall be punished by a fine of not more than One Hundred Dollars (\$100.00) or by imprisonment in the county jail for not more than thirty (30) days, or by both said fine and imprisonment, and in addition thereto shall be discharged from county employment.”

With regard to soliciting and awarding bids, the Board of County Commissioners is responsible for selecting the lowest and the best bid.

19 O.S. § 1505.B.4 states in part,

“The board of county commissioners, in an open meeting, shall open the sealed bids and compare them to the state contract price. The board of county commissioners shall select the lowest and best bid based upon the availability of material and transportation cost to the job site within thirty (30) days of the meeting...The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.”

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CONCERNS, FINDINGS AND RECOMMENDATIONS

I. CONCERN: *Possible misuse of mileage reimbursement claims filed by District No. 2 County Commissioner*

Criteria: 19 O.S. § 163 – Reimbursement for traveling expenses

“Each county officer or his deputy shall be entitled to reimbursement for all traveling expenses incurred in the performance of official duties. All expenses shall be paid upon sworn itemized claims.”

The form prescribed for county official travel reimbursement is SA&I #1117 (2000).

19 O.S. § 164 – Private automobiles—Reimbursement for Use

“When transportation involves the use of the private automobile of a county officer, deputy, or county employee entitled to reimbursement, such county officer, deputy or employee shall be entitled to claim reimbursement for use thereof at the rate provided for in the State Travel Reimbursement Act for state officers and employees. Official duties shall include attendance by a county officer and at least one of his deputies for voluntary instruction.”

Condition: District No. 2 County Commissioner elected to drive his personal vehicle and collect mileage reimbursement based on miles driven on a daily basis as the expense incurred in the performance of his official duties. The County Commissioner submitted a claim for mileage reimbursement using the prescribed form SA&I #1117 (2000) and attached supporting documentation stating the date of travel, beginning and ending odometer readings, total miles, and destination. During our examination of the period beginning July 1, 2002 through December 31, 2005, the following exceptions were noted:

- In several cases mileage was calculated using odometer readings for which the commissioner had already claimed.
- In several cases mileage total was miscalculated.
- In some cases mileage was claimed twice for the same date.

Examples of these errors are presented in the following table:

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Date	Miles	Rate	Amount overpaid	Exception noted
6/28/02	126	36.5	\$ 45.99	Claimed mileage on June 2002 claim and July 2002 claim
6/28/02	40	36.5	14.60	Mileage already claimed based on odometer readings
9/30/02	300	36.5	109.50	Incorrectly added the total number of miles for the month
4/23/03	360	36.5	131.40	Claimed mileage in excess of the odometer readings
6/10/03	288	36.5	105.12	Claimed mileage twice for that date
9/5/03	126	.36	45.36	Claimed mileage in excess of mileage for destination
2/27/04	100	.375	37.50	Claimed mileage in excess of odometer readings
4/8/04	13	.375	4.88	Claimed mileage in excess of odometer readings
5/21/04	64	.375	24.00	Mileage already claimed based on odometer readings
6/23/04	27	.375	10.13	Mileage already claimed based on odometer readings
7/28/04	959	.375	359.63	Mileage already claimed based on odometer readings
4/29/05	5076	.405	2055.78	Mileage already claimed based on odometer readings
4/22/05	111	.405	44.95	Claimed mileage in excess of mileage for destination
7/11/05	73	.405	29.57	Mileage already claimed based on odometer readings
7/05/05	77	.405	31.19	Mileage already claimed based on odometer readings
9/16/05	10	.445	10.45	Claimed mileage in excess of odometer readings
11/23/05	106	.445	47.17	Mileage already claimed based on odometer readings
Total	7856		\$3,107.22	Amount claimed in error

Based upon the errors noted, it appears that District No. 2 County Commissioner may have erroneously documented total daily mileage of 7,856 miles to be reimbursed totaling \$3,107.22 for the period examined. This mileage was reported and signed by the County Commissioner on a sworn itemized claim as prescribed by **19 O.S. § 163** that reads as follows:

“I, _____ the undersigned, upon oath, do depose and say I have full knowledge of the above and foregoing account, that said account is just, correct, due and according to law, and is now due and wholly unpaid, and I am duly authorized to make this affidavit.”

Recommendation: We recommend the District Attorney review this finding to determine what action may be necessary.

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II. CONCERN: *Possible misuse of mileage reimbursement claims filed by District No. 3 County Commissioner*

Criteria: 19 O.S. § 163 – Reimbursement for traveling expenses

“Each county officer or his deputy shall be entitled to reimbursement for all traveling expenses incurred in the performance of official duties. All expenses shall be paid upon sworn itemized claims.”

The form prescribed for county official travel reimbursement is SA&I #1117 (2000).

19 O.S. § 164 – Private automobiles—Reimbursement for Use

“When transportation involves the use of the private automobile of a county officer, deputy, or county employee entitled to reimbursement, such county officer, deputy or employee shall be entitled to claim reimbursement for use thereof at the rate provided for in the State Travel Reimbursement Act for state officers and employees. Official duties shall include attendance by a county officer and at least one of his deputies for voluntary instruction.”

Condition: District No. 3 County Commissioner elected to drive his personal vehicle from September 2002 through September 2004, and collect mileage based on miles driven on a daily basis as the expense incurred in the performance of his official duties. The County Commissioner submitted a claim for mileage reimbursement using the prescribed form SA&I #1117 (2000).

- In several cases mileage was calculated using odometer readings for which the commissioner had already claimed.
- In most cases the destination or purpose was not documented; however, the nature of business was documented as “Monthly Travel.”
- In some cases mileage was claimed twice for the same date; however, different odometer readings reflected that two different vehicles were driven on the same day.
- Based on the numerical sequence of odometer readings, the County Commissioner drove as many as seven different personal vehicles while performing official duties.

Examples of these errors are presented in the following table:

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Date	Miles	Rate	Amount overpaid	Exception noted
3/17/03	139	.36	\$ 50.04	Mileage already claimed based on odometer readings
10/21/03	112	.36	40.32	Mileage already claimed based on odometer readings
7/8/04	184	.375	69.00	Mileage already claimed based on odometer readings
7/18/04	20	.375	7.50	Mileage already claimed based on odometer readings
Total	455		\$166.86	Amount claimed in error

Based upon the errors noted, that could be documented using claims filed, it appears that District No. 3 County Commissioner may have erroneously documented total daily mileage of 455 miles to be reimbursed totaling \$166.86 for the period examined.

Because there were at least seven different sequences of odometer readings reported by the County Commissioner during this time period, we were unable to determine if additional errors in reporting occurred.

This mileage was reported and signed by the County Commissioner on a sworn itemized claim as prescribed by **19 O.S. § 163** that reads as follows:

“I, _____ the undersigned, upon oath, do depose and say I have full knowledge of the above and foregoing account, that said account is just, correct, due and according to law, and is now due and wholly unpaid, and I am duly authorized to make this affidavit.”

Additionally, **62 O.S. § 372** states in part,

“Every officer... of any county.... who shall hereafter order or direct the payment of any money or transfer of any property belonging.... to such county.... in settlement of any claim known to such officers to be fraudulent or void, or in pursuance of any unauthorized, unlawful or fraudulent contract or agreement made or attempted to be made, ... for any such county... by any officer thereof, and every person, having notice of the facts... shall be jointly and severally liable in damage to all innocent persons in any manner injured thereby, and shall be furthermore jointly liable to the ...county... affected, for triple the amount of all such sums of money so paid... as a penalty, to be recovered at the suit of the proper officers of the state or such county... or of any resident taxpayer thereof, as hereinafter provided.”

Recommendation: We recommend the District Attorney review this finding to determine what action may be necessary.

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The following information represents the amounts claimed and paid to each Woods County Commissioner during the time period under examination.

Fiscal Year	District 1	District 2	District 3
2002-2003	\$ 6,000.00	\$ 15,892.49	\$ 10,194.14
2003-2004	\$ 6,000.00	\$ 14,160.16	\$ 11,850.57
2004-2005	\$ 6,000.00	\$ 17,666.93	\$ 2,377.14
			\$ 3,000.00
			County Vehicle
2005-2006	\$ 3,000.00	\$ 9,004.29	County Vehicle
Total	\$ 21,000.00	\$ 56,723.87	\$ 27,421.85

Although, each option is allowable by law, it is obvious that taking the monthly allowance in lieu of actual mileage claimed is a cost saving factor for the County.

III. CONCERN: Possible irregularities with regard to the bidding process for equipment for District No. 3 County Commissioner

Criteria: 19 O.S. §1505.B.4 states in part,

“The board of county commissioners, in an open meeting, shall open the sealed bids and compare them to the state contract price. The board of county commissioners shall select the lowest and best bid based upon the availability of material and transportation cost to the job site within thirty (30) days of the meeting...The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest and best bid, the reason for such conclusion shall be recorded.”

Condition: During the period under examination, no bid contracts were awarded to Northern Equipment However, District No. 3 County Commissioner solicited bids for a motor grader using the ODOT Revolving Fund prior to the date of examination. The bid from Northern Equipment was accepted on January 21, 2002, was for a John Deere 770C-H motor grader. The bid was not the lowest bid submitted; however, the County Commissioner documented the following reason for selecting this bid in the Board of County Commissioners Minutes dated January 21, 2002.

“District No. 3 County Commissioner was the first to approve his grader bid. He elected to take the John Deere with electric air and the 5-year extended warranty totaling \$131,862.00. This was not the lowest bid, so he documented through past history this

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machine has been a proven piece of equipment, with less down time for repairs and higher resale value. District No. 3 County Commissioner made the motion to approve; it was seconded, carried by unanimous vote.”

CONCLUSION: Based on information examined, the above bid was appropriately awarded and documented in accordance with 19 O.S. § 1505.B.4.

IV. CONCERN: *Possible irregularities with regard to the procurement process of a bridge in District No. 3*

Condition: Beginning on March 22, 2000, the County received approval from ODOT to enter into a contract with them for the construction of a bridge. The bridge project being *State Project: BRO-176D (35) CO, described as “bridge and approaches over Eagle Chief Creek, 6.0 miles east and 5.9 miles South of the Junction US 64 and SH 14. The bridge location number is 76N2380E0200009.* A review of the correspondence maintained by the Woods County Clerk was examined. All funds disbursed on the construction of the bridge were made through ODOT. All records of procurement and disbursement were maintained by ODOT. ODOT approved the plans to construct the bridge at the designated site. The estimated total cost of the bridge was \$446,000.00. However, the actual cost of the bridge was \$296,720.84. The federal share (80%) of the project was \$237,376.67 and the state share (20%) was \$59,344.17. Additional costs of \$39,535.00 were incurred and paid by ODOT for testing and engineering services.

We noted that dead limbs and other debris were collecting in the fencerow. County officials informed us that when it rains the north approach to the bridge completely floods and the road is impassable. The bridge was constructed in a low-lying area. One mile of road to the north of the bridge was unused for many years. However, District No. 3 County Commissioner opened it after the bridge was constructed.

CONCLUSION: Based on discussion with county officials, the initial intent was for the bridge to be used to reroute traffic while another bridge was being replaced or repaired. ODOT approved the plans to construct the bridge and the County had very limited involvement in the process. Based on records maintained at the County level, we were unable to determine if any irregularities occurred in the procurement and subsequent disbursement of funds for the construction of the bridge.

* * * * *

Throughout this report there are numerous references to state statutes and legal authorities, which appear to be potentially relevant to issues reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence,

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culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that Woods County Commissioners, District No.2 and District No. 3, or any of the individuals named in this report or acting on behalf of the County have violated any statutory requirement or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the County and other interested parties to review and consider the cited provisions, independently ascertain whether or not County policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.