

**LOGAN COUNTY
AUDIT FINDING INPUT SHEET
FOR THE PERIOD JULY 1, 2012-JUNE 30, 2013**

<u>REPORTABLE:</u>		X-Ref: G4-7, G9, G10 and G11
<input type="checkbox"/>	Significant Deficiency	Prepared by: KMC
<input type="checkbox"/>	Material Weakness	Reviewed by:
<input checked="" type="checkbox"/>	Compliance	Date Delivered:
		Document No.
<u>NON-REPORTABLE:</u>		
Reason:		

REF NO: Inadequate Internal Controls and Noncompliance over Fixed Asset and Consumable Inventories (Repeat Finding)

Condition: Upon inquiry and documentation of controls over fixed and consumable assets and review of inventory records to fixed and consumable items on hand OSAI noted the following:

District #1

- Of the 15 fixed asset items tested 3 pieces of equipment did not have an inventory asset number.
- Not every piece of rolling stock was mark with "Property of Logan County".
- Transfer documents have never been used.
- Consumable records had not been updated for almost a year.
- There were no records indicating when the last physical inventory of consumable assets was taken.
- There appears to be a lack of controls over fixed asset and consumable inventories in that one person was responsible for all record keeping and no one else was cross trained to perform those duties.

District #2

- Fuel tanks are not stuck and amounts in tanks are not reconciled to consumable records. The District does not have a counter stick and relies solely on gauge readings.
- There were no records indicating when the last physical inventories of fixed assets or consumable assets were taken.
- All employees have access to fuel with no mitigating controls.

District #3

- Of the 15fixed asset items tested 1 item did not have an inventory asset number.
- Not every piece of rolling stock was marked with "Property of Logan County".
- Consumable records were not up to date for all consumable items.
- Transfer documents are not always prepared in a timely manner.
- There were no records indicating when the last physical inventory of fixed assets was taken.
- All employees have access to fuel with no mitigating controls.

County Clerk

- There were no records indicating when the last physical inventory of fixed assets was taken.
- Inventory records were not up to date.

County Treasurer

- There were no records indicating when the last physical inventory of fixed assets was taken.

County Assessor

- Of the 10 fixed asset items tested 1 item noted on inventory did not have an inventory asset number and inventory records did not note serial number.

Sheriff

- There were no records indicating when the last physical inventory of fixed assets was taken.
- There appears to be a lack of controls over fixed asset and consumable inventories in that one person was responsible for all record keeping and no one else was cross trained to perform those duties.

Cause of Condition: Procedures have not been designed to perform periodic inventories of fixed and consumable items on hand to inventory records and procedures have not been implemented regarding the accurate identification and reporting of fixed and consumable assets and surplus of fixed assets inventory items prior to the disposal.

Effect of Condition: Failure to maintain accurate identification and records of fixed and consumable inventories, failure to perform a periodic physical inventory of assets, and failure to surplus items prior to the disposing of items could result in inaccurate records, unauthorized use of assets, misappropriation of assets and non compliance with statutes

Recommendation: OSAI recommends the County implement internal control procedures to ensure the periodic physical verification of fixed and consumable assets to inventory records. Additionally, inventory records should be maintained for all fixed and consumable inventory items in an accurate manner. OSAI also recommends fuel conversion charts be obtained for all fuel tanks and be used to calculate the amount of fuel in stock and compare those calculations to fuel records. Lastly, OSAI recommends fixed asset inventories be documented and filed with

the County Clerk and inventory items only be disposed of upon being declared surplus by the Board of County Commissioners.

Management Response:

BOCC Chair/District #1 County Commissioner, Mark Sharpton

District #2 County Commissioner, Mike Pearson

District #3 County Commissioner, Monty Piearcy

County Clerk, Troy Cole

County Treasurer, Sherry Longnecker

County Assessor, Tisha Hampton

County Sheriff, Jim Bauman

Auditor Response:

Criteria: Title 10 O.S. § 1504A requires the receiving officer to maintain a record of all supplies materials, and equipment received, disbursed, stored and consumed by his department.

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 lease 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... biennially thereafter, or oftener...

Title 69 O.S. § 645states in part:

Equipment be clearly and visibly marked "Property of" the county.