

STATUTORY REPORT

# GRANT COUNTY SHERIFF TURNOVER

January 3, 2013



*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  
ROLAND HULA  
GRANT COUNTY SHERIFF  
JANUARY 3, 2013**

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# Oklahoma State Auditor & Inspector

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February 7, 2013

BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY COURTHOUSE  
MEDFORD, OKLAHOMA 73759

Transmitted herewith is the Grant County Officer Turnover Statutory Report for January 3, 2012. 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, appearing to read "Gary A. Jones".

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



# Oklahoma State Auditor & Inspector

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

Roland Hula  
Grant County Sheriff  
Grant County Courthouse  
Medford, Oklahoma 73759

For the purpose of complying with 19 O.S. § 171, we have performed the following procedures for January 3, 2013:

- Verify that equipment items on hand agree with inventory records as per 19 O.S. § 178.1.
- 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.
- Verify that the Office is not exceeding the maximum amount of cash authorized for their change needs per 19 O.S. § 682.
- 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.

Information addressed in this report is the representation of the respective county officers.

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 4, 2013

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Finding 2013-1 – Segregation of Duties**

**Condition:** Based on inquiries of County personnel and test work performed, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the Sheriff's office were not properly segregated to ensure adequate internal control structure.

**Cause of Condition:** Due to a lack of management oversight, written job descriptions and policies and procedures have not been developed to separate the key accounting functions of the office. In addition, employees appear to be inadequately trained on the proper bookkeeping duties and responsibilities of the Sheriff's office.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

**Recommendation:** OSAI recommends management be aware of these conditions and realize the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

**Management Response:** New management took office prior to the end of fieldwork. Therefore, no management response was obtained.

**Criteria:** Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

**Finding 2013-2 – Inmate Trust Account**

**Condition:** Inmate money received from various sources such as booking, daily mail deposits, and money received from visitors was not being deposited on a daily basis. Further, these monies were not receipted sequentially, as multiple receipt books were used at any given time. Between the period of July 1, 2011 and September 13, 2012, on eleven (11) occasions there was a gap of at least fourteen days (14) between deposits. During this same period, on four (4) occasions there was a gap of at least twenty-one (21) days between deposits.

Additionally, bank reconciliations have not been performed. During fiscal year 2012, the OSAI annual county financial audit noted that no reconciliation was conducted for any month on the Inmate Trust Account.

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**Cause of Condition:** Due to a lack of management oversight, policies and procedures were not designed and implemented to ensure monies were deposited daily, receipts were issued sequentially, and bank reconciliations were conducted on a monthly basis.

**Effect of Condition:** Not depositing daily monies received and reconciling cash balances to the bank increases the risk of errors going undetected and possible impropriety.

**Recommendation:** OSAI recommends that inmate money be deposited daily, a ledger of the Inmate Trust Fund Account be maintained, and a monthly reconciliation be performed and reviewed and approved by someone other than the preparer.

**Management Response:** New management took office prior to the end of fieldwork. Therefore, no management response was obtained.

**Criteria:** Title 19 O.S. § 531.A. states in part, "The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

The goal of effective internal controls, as they relate to governmental entities, is to demonstrate accountability and stewardship. To help ensure a proper accounting of funds, all monies collected should be deposited on a daily basis. Such a daily deposit serves as a safeguard towards the proper accounting of receipted funds.

In addition, reconciliations should be performed of accounting records to bank records. The reconciliation is an important process in ensuring the accuracy of accounting records and ensuring that all monies are accounted for. Supervisory review is an integral part of ensuring that established office policies and procedures are being followed.

**Finding 2013-3 – Inventory Records**

**Condition:** It was determined that an accurate inventory listing had not been prepared and maintained since sometime in 2004.

**Cause of Condition:** Due to a lack of management oversight, policies and procedures have not been designed and implemented to ensure inventory is tracked and reported in accordance with state statute.

**Effect of Condition:** This condition could result in misappropriation of assets and loss of county equipment.

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**Recommendation:** OSAI recommends management review inventory records and periodically perform inventory counts to determine all equipment items listed on the inventory records are properly accounted for. OSAI also recommends management present an annual current inventory listing to the Board of County Commissioners to be filed with the County Clerk's office.

**Management Response:** New management took office prior to the end of fieldwork. Therefore, no management response was obtained.

**Criteria:** 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 biennially 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."

**Finding 2013-4 – Official Depository**

**Condition:** From the test work performed during the course of the annual county financial audit and a special investigative audit, instances were noted where the official depository funds were not being managed sufficiently in accordance with state statutes. The noted instances consisted of inconsistent deposit procedures and expenditures being incurred contrary to the normal county purchasing procedures.

**Cause of Condition:** Due to a lack of management oversight, policies and procedures were not designed and implemented to ensure monies were deposited daily and expended appropriately in accordance with state statutes.

**Effect of Condition:** Not depositing daily monies received increases the risk of errors going undetected and possible impropriety. Further, not sufficiently following the normal county purchasing procedures circumvents the control procedures statutorily in place.

**Recommendation:** OSAI recommends that Official Depository money be deposited daily, and the normal county purchasing procedures be followed with the purchase of all goods and services.

**Management Response:** New management took office prior to the end of fieldwork. Therefore, no management response was obtained.

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**Criteria:** Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...”

Title 19 O.S. § 1505 depicts the requirements for the county officer purchasing process and states in part the “...procedures shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government unless otherwise provided for by law.”

**Subsequent Event**

In October 2012, the District Attorney for District 4 requested an investigation of certain issues related to the inmate trust, commissary and official depository operations of the Grant County Sheriff’s Office. Fieldwork began in November 2012, and continues as of the date of this report.

A separate report addressing the District Attorney’s concerns will be issued at a later date. The report will become public following the District Attorney’s release.



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