



CIRCUIT ENGINEERING DISTRICT #6

Operational Audit

For the period of July 1, 2020 through June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**CIRCUIT ENGINEERING DISTRICT #6
OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

January 13, 2023

**TO THE BOARD OF THE
CIRCUIT ENGINEERING DISTRICT #6**

We present the audit report of the Circuit Engineering District #6 for the period of July 1, 2020 through June 30, 2021. 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.

This report is 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**CIRCUIT ENGINEERING DISTRICT #6
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

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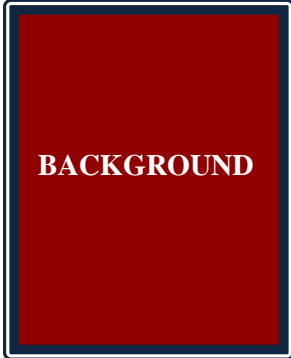
OPERATIONAL AUDIT REPORT

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INTRODUCTORY SECTION
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**CIRCUIT ENGINEERING DISTRICT #6
DISTRICT INFORMATION AND OFFICIALS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**



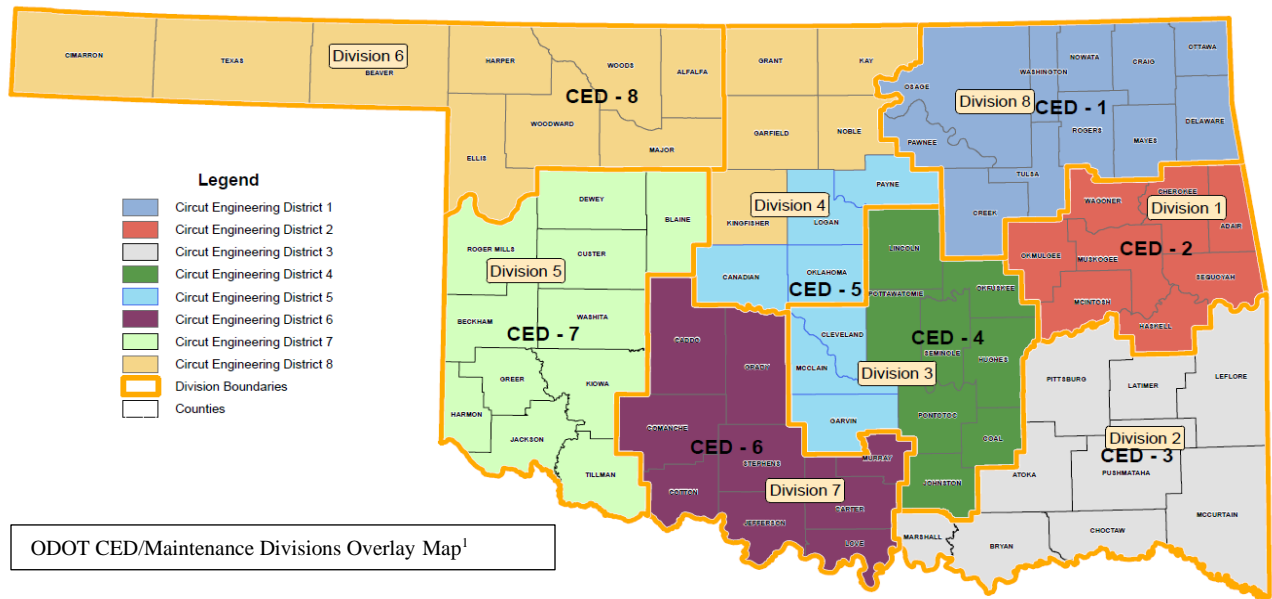
Pursuant to 69 O.S. § 687.1, counties may “create a circuit engineering district with any other county or counties” to allow county governments to “make the most efficient use of their powers [...] that will accord best with geographic, economic, population and other factors influencing the needs and development of county government.” The District is considered a political subdivision of the state.

The circuit engineering district provides project-focused assistance for its member counties, a shared engineer between counties in an advisory capacity, engineering expertise that counties could not afford alone, help for small, rural counties, and help with a county five-year construction work plan.

Each participating county in the District has an appointed county commissioner or county representative to serve as members from the District’s respective county seats. Each District then elects officers from the members as follows: President, Vice-President, and Secretary/Treasurer.

Ty Phillips	President, Jefferson County
Jerry Alvord	Vice-President, Carter County
Linda Hyman	Secretary/Treasurer, Love County
Jeff Boren	Caddo County
Alvin Cargill	Comanche County
Ricky Vardell	Cotton County
Kirk Painter	Grady County
Kent McKinley	Murray County
Russell Morgan	Stephens County

**CIRCUIT ENGINEERING DISTRICT #6
DISTRICT AREA
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**



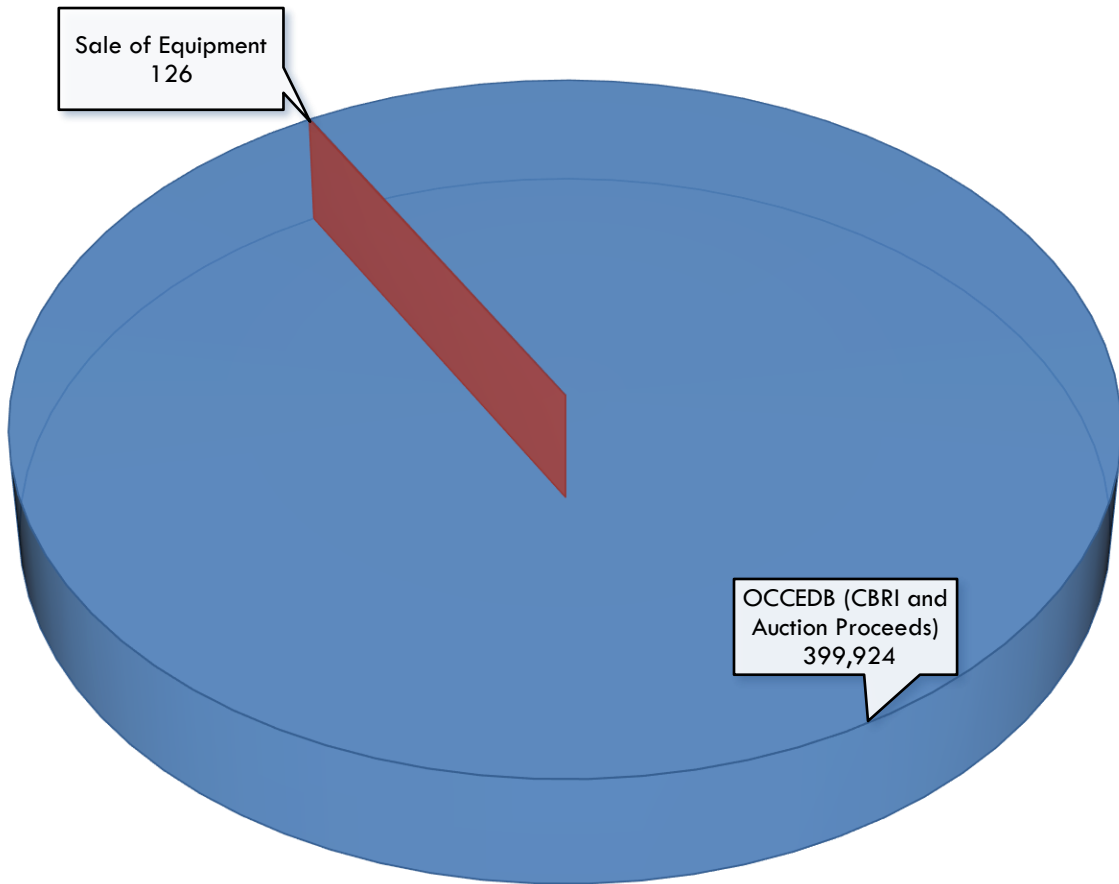
Circuit Engineering District #6 (the District) is comprised of a nine-county region, in the south central/western part of the state including: Caddo, Carter, Comanche, Cotton, Grady, Jefferson, Love, Murray, and Stephens¹.

¹Map <https://oklahoma.gov/content/dam/ok/en/odot/documents/cirb/pdfs/cirb-engr-dist.pdf>

CIRCUIT ENGINEERING DISTRICT #6
REVENUE BY SOURCE
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021

The District is funded by state and local revenues. The chart below summarizes the revenue sources.

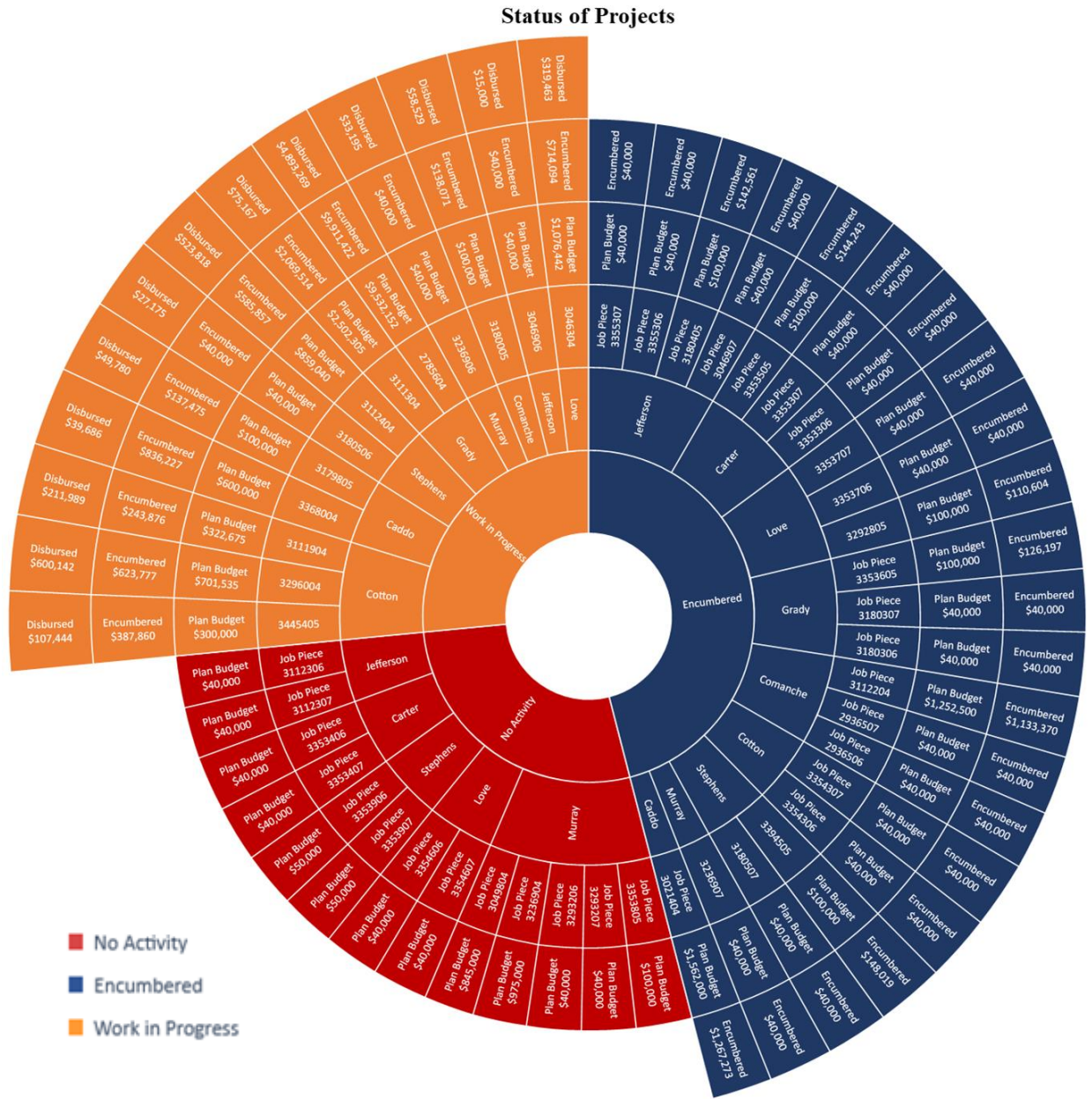
Revenue by Source



During the period the District collected \$400,050 in total revenue.

CIRCUIT ENGINEERING DISTRICT #6 STATUS OF PROJECTS FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021

Below represents the status of projects for District #6 for planned jobs in fiscal year 2021 in the 5 Year Construction Work Plan SFY-2021 through SFY-2025 consisting of projects totaling \$22,468,469.

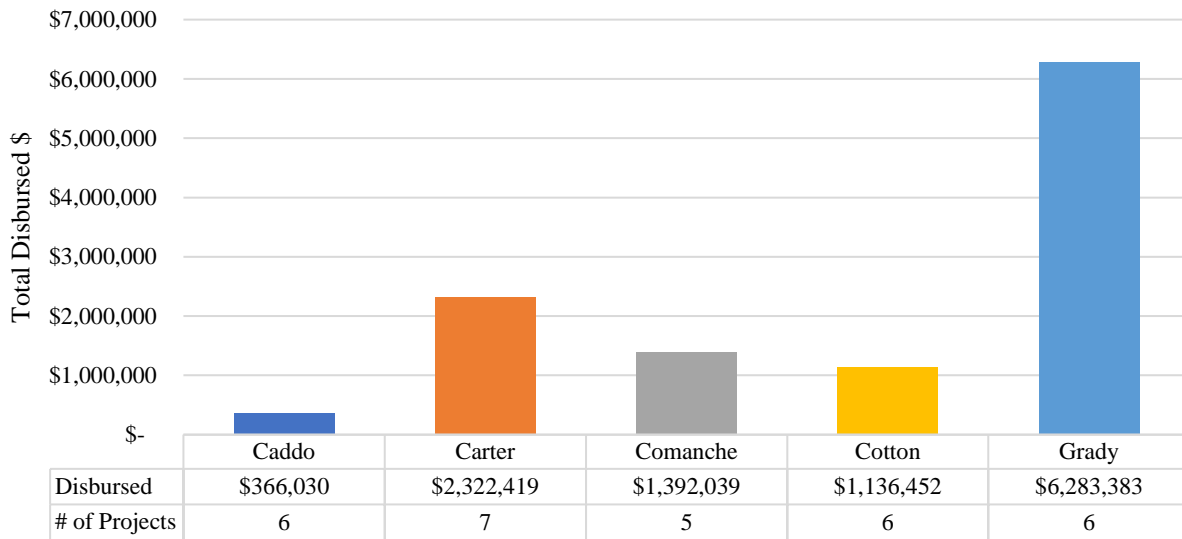


Source: Information provided from [5 Year Construction Work Plan SFY-2021 through SFY-2025](#) and Oklahoma Department of Transportation CIRB Project Information report.

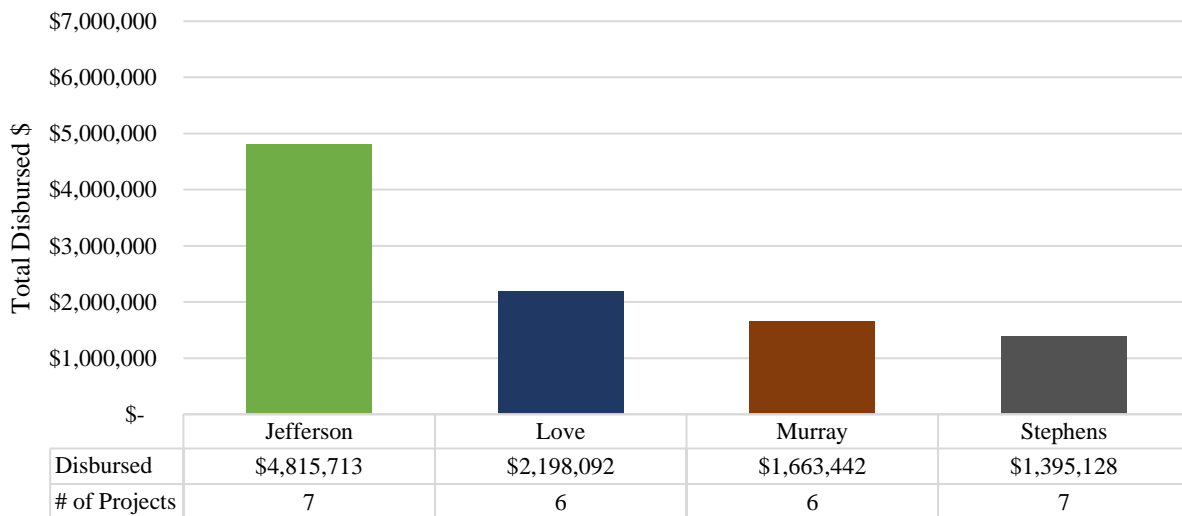
**CIRCUIT ENGINEERING DISTRICT #6
DISBURSEMENTS BY COUNTY
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Below represents fiscal year 2021 disbursements made from the County Improvements for Roads and Bridges (CIRB) fund for projects in District #6 totaling \$21,572,698. This amount includes funds budgeted during fiscal years 2015 through 2021 listed by beneficiary County.

Disbursements by County



Disbursements by County

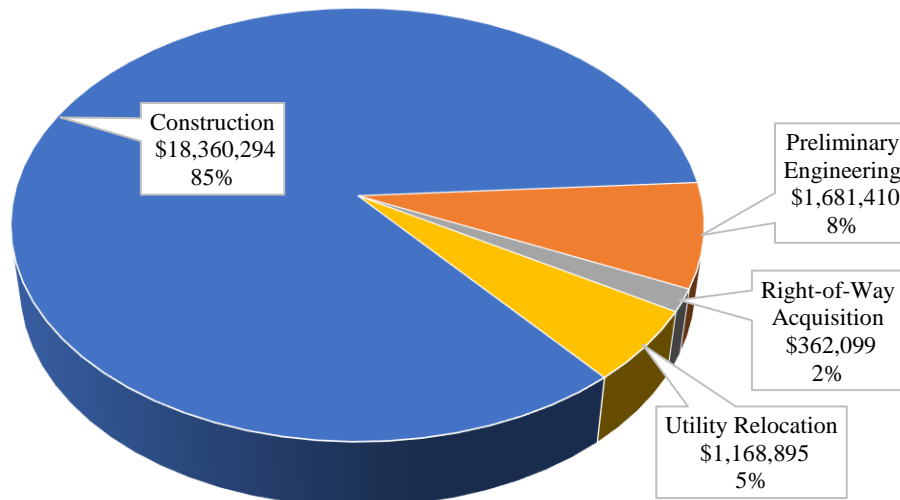


Source: Information provided from ODOT PFS report and the Statewide Accounting System – Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash Reports (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
DISBURSEMENTS BY JOB PHASE
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Below represents fiscal year 2021 disbursements made from the County Improvements for Roads and Bridges (CIRB) fund for District #6 totaling \$21,572,698. This amount includes funds budgeted during fiscal years 2015 through 2021 listed by job phase.

Disbursement by Job Phase



Preliminary Engineering – this job phase accounts for the design portion of the PDP (Project Development Process) that includes collection of survey, geotechnical, and other design data. Further, this phase includes the application of design standards to a proposed typical section/bridge location; hydraulic analysis for all drainage structures; and compilation into a plan set. Also, this phase can include environmental clearance requirements through the National Environmental Policy Act (NEPA) when utilizing federal funding and a checklist clearance when 100% state funded.

Right-of-Way Acquisition – this job phase consists of acquiring the needed property to relocate utilities and construct the project to current design standards based on the application of the design to the existing facility.

Utility Relocation – this job phase consists of moving existing utilities (electric, water, phone, gas lines, etc.) from being in conflict with the cut and fill of the earthwork and bridge structure so the construction site is free from conflict and hazards.

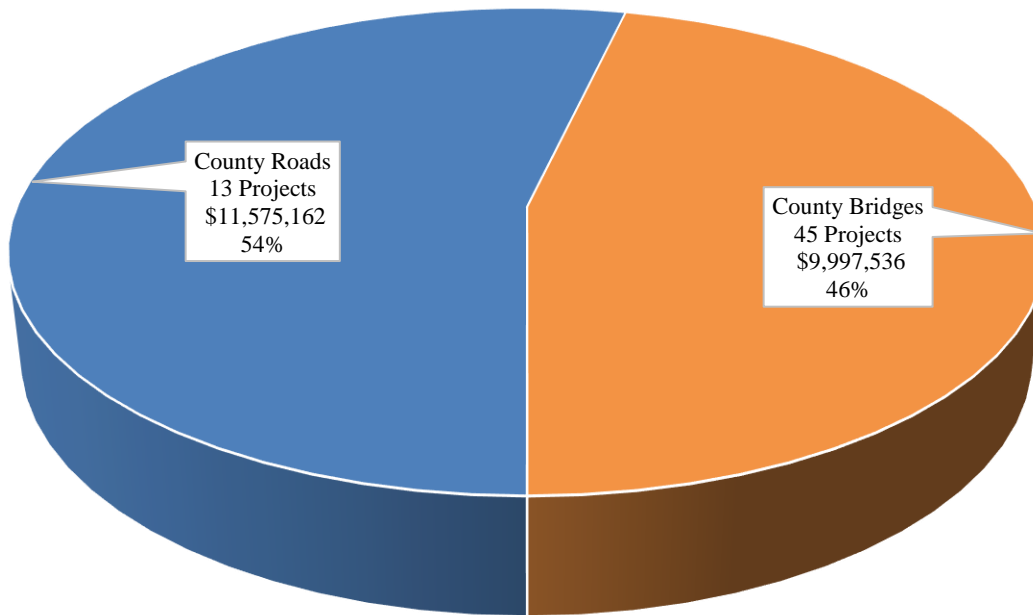
Construction – this job phase consists of building the project as proposed and designed. Further, this phase includes preparing project for letting which involves compiling all bid specifications, plans and estimates.

Source: Information provided from ODOT PFS report and the Statewide Accounting System – Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash Reports (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
DISBURSEMENTS BY PROJECT TYPE
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Below represents the amount of disbursements made from the County Improvements for Roads and Bridges (CIRB) fund for District #6 totaling \$21,572,698. This amount includes funds budgeted during fiscal years 2015 through 2021 listed by project type. Title 69 O.S. § 507(B) defines the purpose of the 5 year construction work plan as “construction or reconstruction of county roads or bridges on the county highway system that are of the highest priority as defined by the Transportation Commission.”

Disbursements by Project Type



Source: Information provided from ODOT PFS report and the Statewide Accounting System – Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash Reports (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
DISBURSEMENTS BY BUDGET YEAR
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Below represents the fiscal year 2021 disbursement for County Roads and County Bridge projects for District #6 divided into their respective budget years.

Fiscal Year 2021 Disbursements by Budget Year

County	2015	2016	2017	2018	2019	2020	2021	Total *
Caddo	-	-	32,840	6,908	-	47,219	279,063	\$ 366,030
Carter	-	1,260	51,751	14,476	352,722	770,277	1,131,933	\$ 2,322,419
Comanche	-	-	12,394	3,155	-	90,008	1,286,482	\$ 1,392,039
Cotton	-	-	83,156	-	34,275	99,446	919,575	\$ 1,136,452
Grady	-	-	109,459	33,150	6,900	807,762	5,326,112	\$ 6,283,383
Jefferson	-	-	1,913	28,378	5,982	4,762,284	17,156	\$ 4,815,713
Love	6,432	-	61,221	-	-	1,565,338	565,101	\$ 2,198,092
Murray	1,842	188,453	44,522	338,208	38,260	72,654	979,503	\$ 1,663,442
Stephens	-	-	1,452	-	30,341	134,352	1,228,983	\$ 1,395,128
Total	\$ 8,274	\$ 189,713	\$ 398,708	\$ 424,275	\$ 468,480	\$ 8,349,340	\$ 11,733,908	\$ 21,572,698

*-These totals are payments made during FY 2021 from the County Improvement for Roads and Bridges (CIRB) funds to vendors. The amounts are presented by the beneficiary County and the year in which the funds were encumbered.

Source: Information provided from ODOT PFS report and the Statewide Accounting System – Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash Reports (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
PROJECT HIGHLIGHTS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Circuit Engineering District #6 (CED #6) was established in 1999 as a cooperative and provides efficiencies that are not available to an individual county. CED #6 acts as a political sub-division of the State managed by the counties it represents: Caddo, Carter, Comanche, Cotton, Grady, Jefferson, Love, Murray, and Stephens.

HB1176, the County Improvements for Roads and Bridges Fund, has been utilized with all nine counties approving the CIRB 5-Year transportation plan annually. The plan includes projects from all nine counties with the primary focus on structurally deficient bridges that the counties could not afford to construct with previous funding sources.

Design was begun in 2015 to replace a structurally deficient truss bridge with a 3-span prestressed concrete beam bridge. The project required extensive coordination with SHPO and the USACE due to the historic status of the old bridge. Construction began in the summer of 2020, at a cost of approximately \$1.5 million.



East Cache Creek, Caddo County



Cobb Creek, Caddo County

In November 2020, Caddo County let a project to construct a new 105' single span bridge to replace a structurally deficient bridge that was also fracture critical and load posted. Estimated cost for this project was \$788,735.

In Fiscal Year 2021, CED #6 let four new construction projects for a combined total of \$6,191,918 while ten construction projects were completed for a total of \$13,645,816.63

Source: Information provided by Circuit Engineering District #6 (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
PRESENTATION OF REVENUES, EXPENDITURES,
AND FUND BALANCES OF DISTRICT FUNDS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Presentation of District #6 Funds for the Period of July 1, 2020 through June 30, 2021

	General Fund
Beginning Cash Balance, July 1	\$ 321,459
Revenues:	
OCCEDB (CBRI and Auction Proceeds)	399,924
Sale of Equipment	126
Total Revenues	400,050
Expenditures:	
Auto Expense	2,155
Computer & IT Support	2,171
Insurance - General	5,084
Insurance - Health	8,024
Meetings & Conferences	35
Meals	2,100
Outside Services	8,601
Retirement Plan Expense	11,550
Salaries	70,000
Supplies	130
Payroll Taxes	5,591
Travel	193
Total Expenditures	115,634
Ending Cash Balance, June 30	\$ 605,875

Source: District's Financial Report (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
DESCRIPTION OF THE DISTRICT'S FUNDS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Description of the District's Funds

The District uses funds to report on revenues, expenditures, and fund balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the District's funds within the Presentation of Revenues, Expenditures, and Fund Balances of District Funds:

Circuit Engineering District #6 General Fund – the General Fund is the primary operating fund of the District and is used to account for all activities.

**CIRCUIT ENGINEERING DISTRICT #6
PURPOSE, SCOPE, GENERAL METHODOLOGY
AND INTERNAL CONTROL CONSIDERATIONS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

**PURPOSE, SCOPE,
GENERAL
METHODOLOGY,
AND INTERNAL
CONTROL
CONSIDERATIONS**

This audit was conducted in response to 69 O.S. § 687.1, which requires the State Auditor and Inspector's Office to audit the books and accounts of the circuit engineering district.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the period July 1, 2020 through June 30, 2021.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the District's operations. We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples. Further details regarding our methodology are included under each objective.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Internal Control Considerations

The Government Accountability Office (GAO) emphasizes the importance of internal controls at all levels of government entities. Their *Standards for Internal Control*² outline the five overarching components of internal control: the control environment, risk assessment, information and communication, monitoring, and detailed control activities. Each of these components includes a subset of principles that are expected to be operating at government entities.

The *Standards for Internal Control*² underscore that an internal control system is effective only when the five components of internal control are effectively designed, implemented, and operating together in an integrated manner. As required by *Government Auditing Standards*³, we have

**CIRCUIT ENGINEERING DISTRICT #6
PURPOSE, SCOPE, GENERAL METHODOLOGY
AND INTERNAL CONTROL CONSIDERATIONS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

identified the aspects of internal control components and underlying principles significant to each audit objective in this engagement.

Any internal control deficiencies are documented in the findings included under each objective in this report. Because our audit was limited to the internal control components and underlying principles deemed significant to our audit objectives, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit.

² *Standards for Internal Control in the Federal Government*, or the “Green Book,” sets standards and the overall framework for an effective internal control system in federal agencies and is treated as best practices for other levels of government. Last update 2014, accessible online at <https://www.gao.gov/products/GAO-14-704G>

³ *Government Auditing Standards*, or the “Yellow Book,” also promulgated by the GAO, guides our performance and operational audits. Last version 2018, accessible online at <https://www.gao.gov/products/GAO-18-568G>.

**CIRCUIT ENGINEERING DISTRICT #6
OBJECTIVES AND RESULTS OF OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Objective 1: To determine the District’s revenues, expenditures, and fund balances are accurately presented on the District’s financial reports for the period.

Conclusion: With respect to the items reconciled and reviewed; the District’s revenues, expenditures, and fund balances were accurately presented on the District’s financial reports for the period.

Objective 1 Methodology: To accomplish objective 1, we performed the following:

- Documented our understanding of the process for preparing the District’s monthly financial reports. Evaluated the process and identified significant internal controls related to the preparation of the District’s monthly financial reports.
- Compared the process to governmental internal control standards outlined in the *GAO Standards for Internal Control*.
- Reviewed a random sample of three (3) District monthly financial reports (25% of months in the population tested) to ensure the monthly reports were signed and approved by someone other than the preparer, reconciled to the general ledger, and reconciled to the bank statement.
- Reviewed a random sample of three (3) bank statements and related bank reconciliations (25% of the total bank statements in the population tested) to ensure bank reconciliations were reviewed and approved by someone other than the preparer and correctly reconciled to the bank statement.
- Confirmed \$399,924 in monies (99.97% of total monies) received from the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB) and determined these monies were entered into the accounting system in the proper amount.
- Prepared a general ledger schedule of cash and investments at June 30 to ensure the schedule reconciled to the District’s monthly financial reports.
- Confirmed all cash and investment balances at June 30th.
- Re-performed the June 30th bank reconciliation and confirmed reconciling items.
- Reviewed bank balances of all accounts at June 30th on the District’s general ledger to ensure that investments were adequately secured as required by 62 O.S. § 517.4.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

**CIRCUIT ENGINEERING DISTRICT #6
OBJECTIVES AND RESULTS OF OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Objective 2: To determine whether the District’s expenditures (including payroll) are supported by adequate documentation and for the allowable operations of the District.

Conclusion: With respect to the items tested, the District’s expenditures (including payroll) were for the allowable operations of the District.

Objective 2 Methodology: To accomplish objective 2, we performed the following:

- Documented our understanding of the expenditure process (including payroll). Evaluated those processes and identified significant internal controls related to expenditures.
- Compared those processes to governmental internal control standards outlined in the GAO *Standards for Internal Control*.
- Reviewed a random sample of six (6) expenditures totaling \$1,311 representing 7.66% of expenditures in the population tested.
- Reviewed a random sample of two (2) payroll periods totaling \$5,833 representing 6.13% of payroll expenditures in the population tested.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

**CIRCUIT ENGINEERING DISTRICT #6
OBJECTIVES AND RESULTS OF OPERATIONAL AUDIT
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

Objective 3: To determine whether the District established a process to evaluate proposed changes to the District's 5 Year Construction Work Plan to ensure compliance with 69 O.S. § 507(B) and Administrative Code 730:10-23-5 and 730:10-23-7.

Conclusion: With respect to the items reviewed, the District complied with 69 O.S. § 507(B) and Administrative Code 730:10-23-5 and 730:10-23-7, which required the District to establish a process to evaluate proposed changes to projects when using County Improvements for Roads and Bridges funds.

Objective 3 Methodology: To accomplish objective 3, we performed the following:

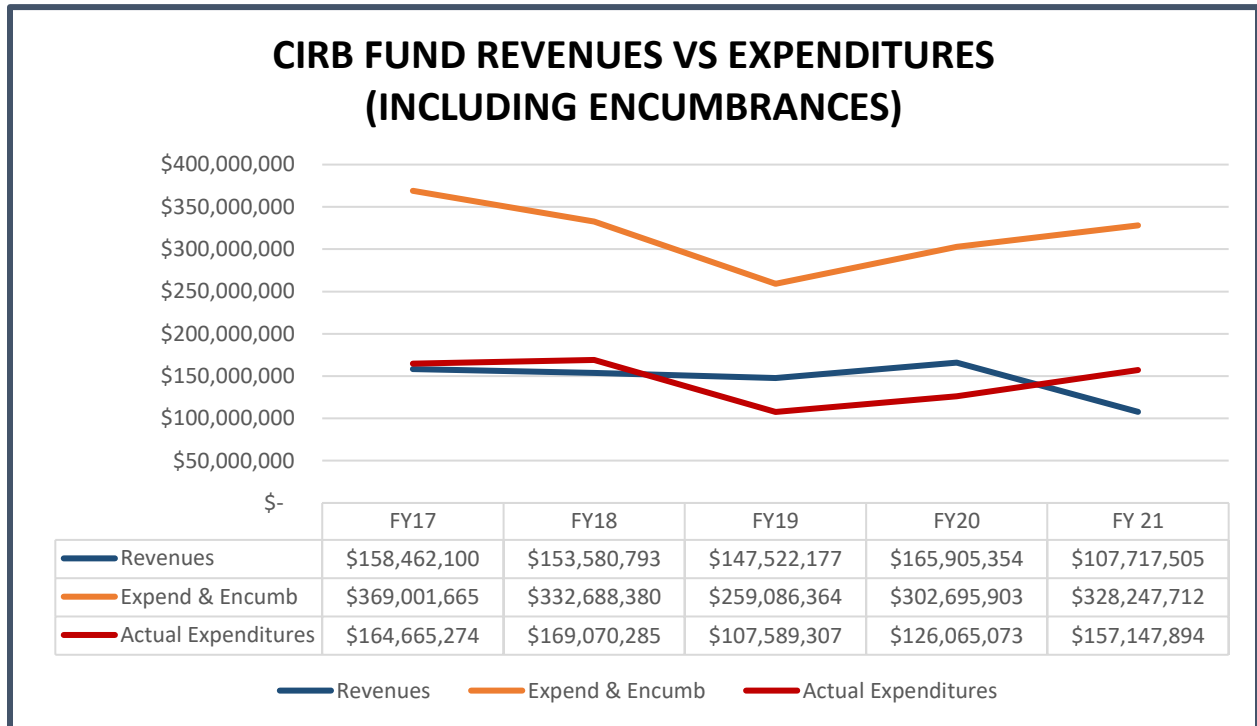
- Documented our understanding of the process for evaluating proposed changes to projects prior to modifying the District's 5 Year Construction Work Plan.
- Verified documentation for projects added to the plan prior to modifying the District's 5 Year Construction Work Plan.
- Verified documentation for removed projects on the plan prior to modifying the District's 5 Year Construction Work Plan.

FINDINGS AND RECOMMENDATIONS

No findings were noted as a result of the procedures performed.

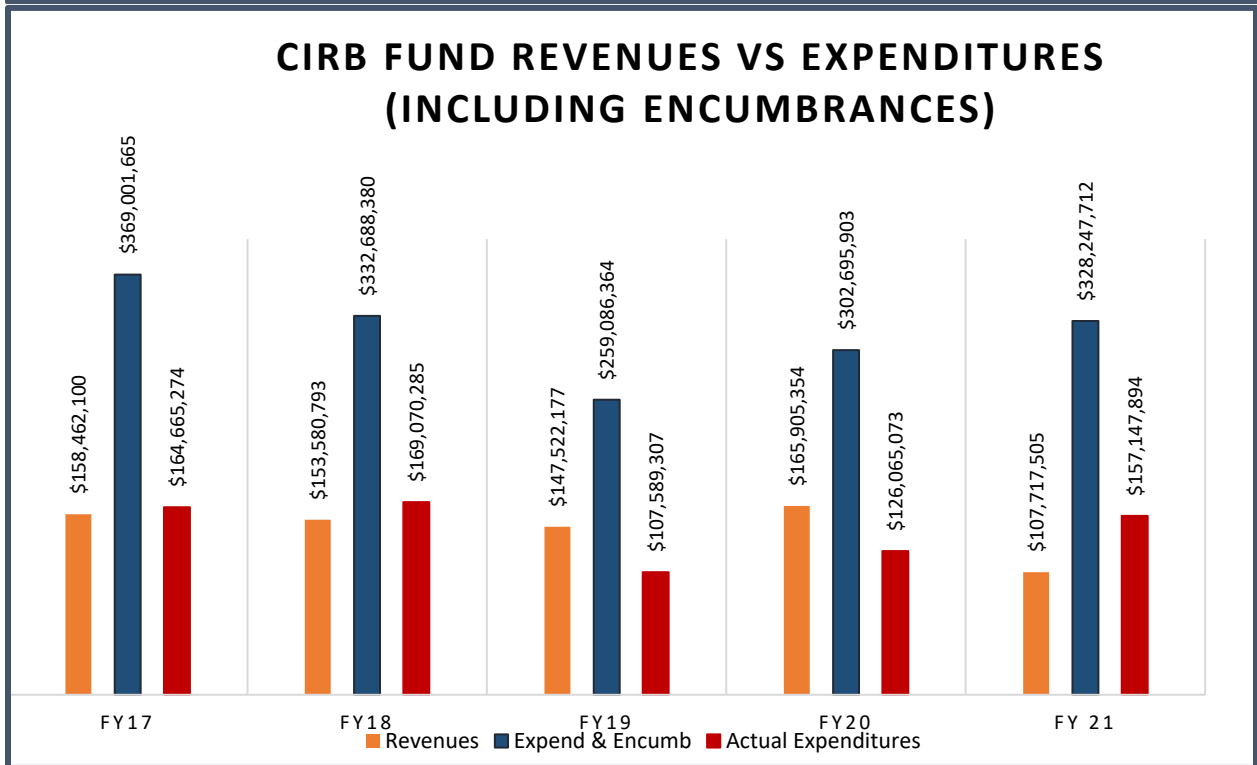
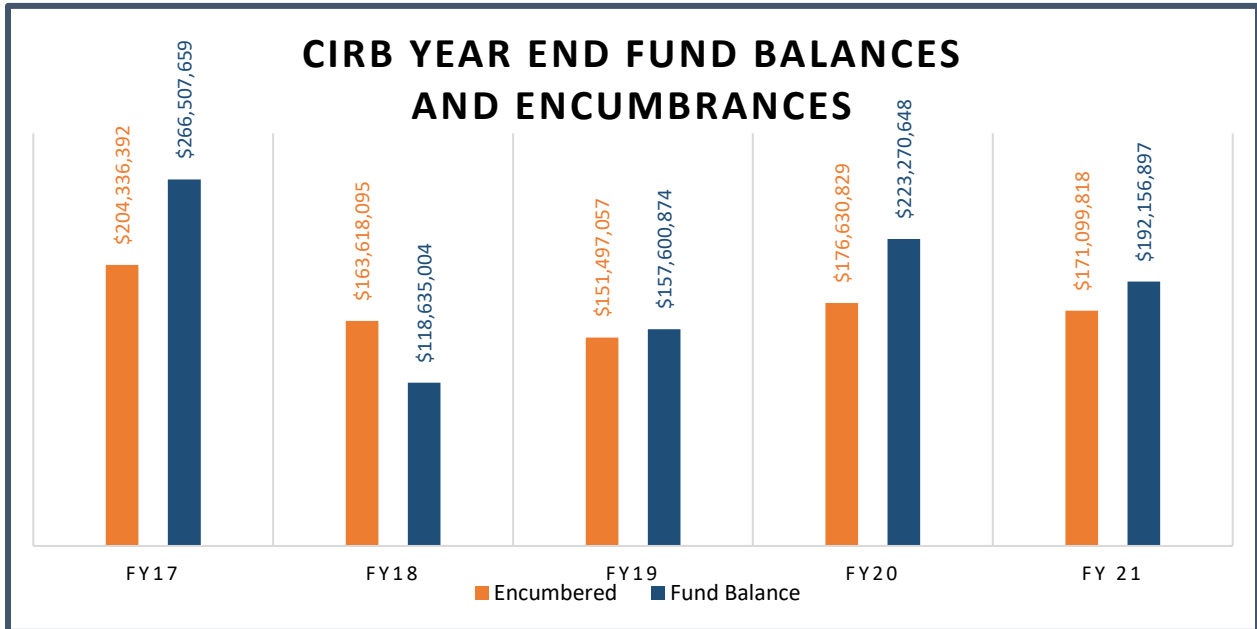
**CIRCUIT ENGINEERING DISTRICT #6
APPENDIX: STATEWIDE CIRB FUND ANALYSIS
FOR ALL CIRCUIT ENGINEERING DISTRICTS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**

The analysis of the CIRB fund presented in the charts below, represents activities for all eight (8) Circuit Engineering Districts.



Source: Information provided from the Statewide Accounting System - Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash reports (presented for informational purposes).

**CIRCUIT ENGINEERING DISTRICT #6
APPENDIX: STATEWIDE CIRB FUND ANALYSIS
FOR ALL CIRCUIT ENGINEERING DISTRICTS
FOR THE PERIOD OF JULY 1, 2020 THROUGH JUNE 30, 2021**



Source: Information provided from the Statewide Accounting System - Summary of Receipts and Disbursement reports and Allotment Budget and Available Cash reports (presented for informational purposes).

O·K·L·A·H·O·M·A
S·A·I
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov