

COUNTY AUDIT

CADDO COUNTY

For the fiscal year ended June 30, 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

**CADDO COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Oklahoma State Auditor & Inspector

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

March 19, 2015

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo County, Oklahoma for the fiscal year ended June 30, 2013. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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

**CADDO COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	4
Notes to the Financial Statement.....	5

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	12
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	13
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	14
Notes to Other Supplementary Information	15
Schedule of Expenditures of Federal Awards	18
Note to the Schedule of Expenditures of Federal Awards.....	19

**CADDO COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 20

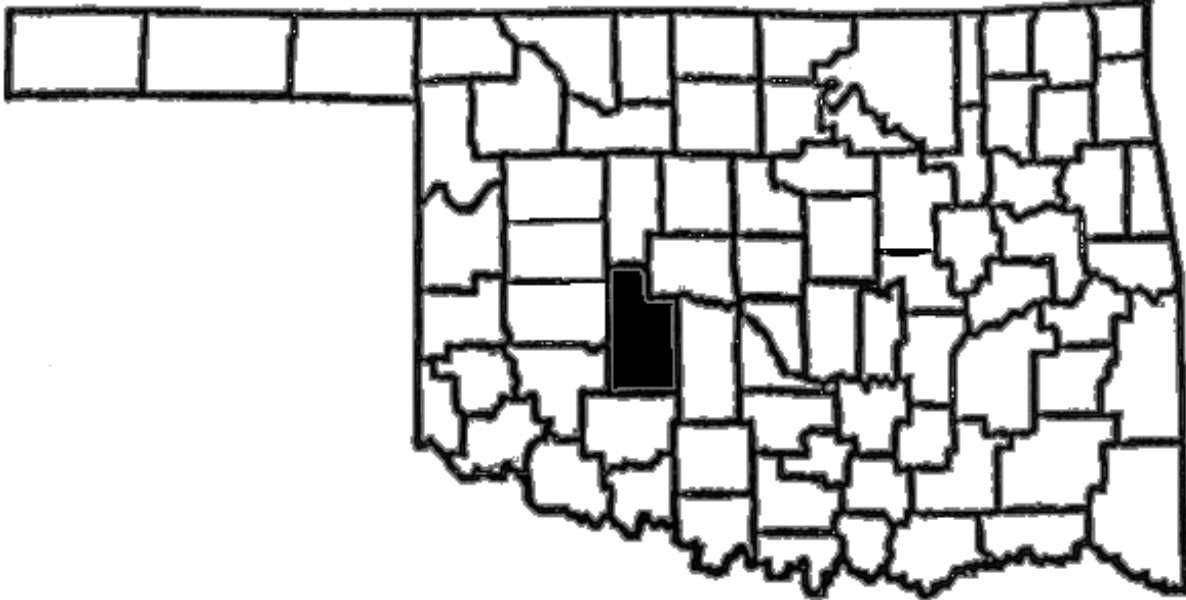
Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133 22

Schedule of Findings and Questioned Costs..... 24

Schedule of Prior Year Findings and Questioned Costs 46

**INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**CADDO COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



Caddo County was organized on August 6, 1901, when much of southwestern Oklahoma was opened by land lottery, Caddo comes from an Indian word, Kaddi, meaning “life” or “chief.” The county is primarily agricultural and produces much of Oklahoma’s peanuts, alfalfa, and wheat.

As one of the original five “Main Street” communities in the state, Anadarko, the county seat, has sought to establish the economic and historical restoration of its downtown area. It is the site of Western Farmers Electric Cooperative, the largest industry in Caddo County.

The American Indian Exposition, the largest event of its kind in the world, is held annually in Anadarko, as are the Southern Plains Indian Rendezvous Art Show and the Autumn Festival.

There are three historical societies in Caddo County. They are: Cyril Historical Society in Cyril, Hinton Historical Society in Hinton, and the Philomathic Museum in Anadarko. The National Hall of Fame for American Indians and Tourist Information Center is located on Highway 62 in Anadarko. For more information, call the county clerk’s office at 405/247-3304.

County Seat –Anadarko

Area – 1,290.31 Square Miles

County Population – 29,678
(2012 est.)

Farms – 1,584

Land in Farms – 749,918 Acres

Primary Source: Oklahoma Almanac 2013-2014

**CADDO COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Benny Bowling
District 2 – Randy McLemore
District 3 – Brent Kinder

County Assessor

Edward Whitworth

County Clerk

Patrice Dolch

County Sheriff

Gene Cain

County Treasurer

Stan Jennings

Court Clerk

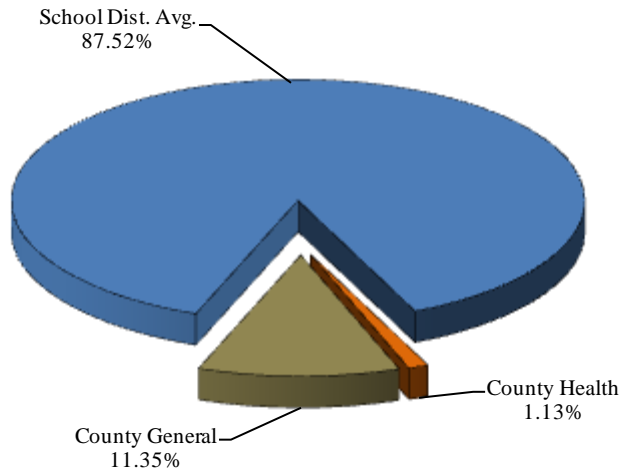
Opal Finch

District Attorney

Jason Hicks

**CADDO COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

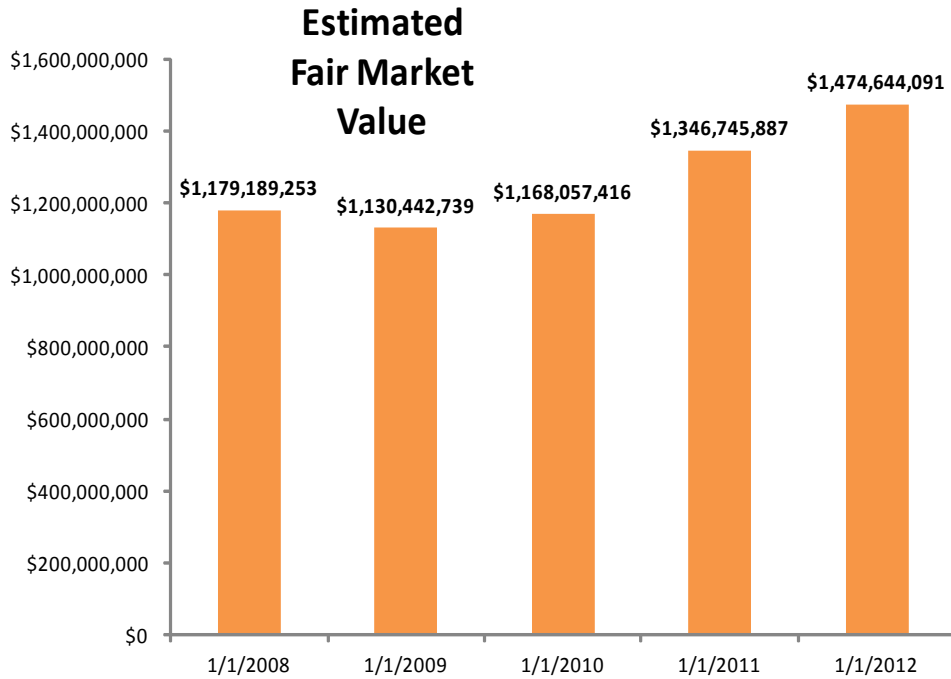
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.24								
County Health	1.02	Anadarko	I-20	35.57	5.08	17.99	11.26	4.10	74.00
		Hydro-Eakly	I-11	36.01	5.14	22.21	11.26	4.10	78.72
		Boone-Apache	I-56	35.86	5.12	14.61	11.26	4.10	70.95
		Ft. Cobb Broxton	I-167	36.26	5.18	8.44	11.26	4.10	65.24
		Lookeba-Sickles	I-12	36.32	5.19	10.07	11.26	4.10	66.94
		Binger-Oney V2	I-168	35.98	5.14	22.75	11.26	4.10	79.23
		Binger-Oney V6	I-168	35.98	5.14	22.75	15.36	4.10	83.33
		Carnegie	I-33	36.03	5.15	17.53	11.26	4.10	74.07
		Cyril	I-64	35.62	5.09	18.70	11.26	4.10	74.77
		Gracemont	I-86	36.94	5.28	11.66	11.26	4.10	69.24
		Cement	I-160	35.67	5.10	11.87	11.26	4.10	68.00
		Hinton V2	I-161	35.59	5.08	13.48	11.26	4.10	69.51
		Hinton V6	I-161	35.59	5.08	13.48	15.36	4.10	73.61
		Jt 2 Gdly V6	I-2	35.97	5.14	7.64	15.36	4.10	68.21
		Jt 11/6/9 (Com V9)	I-11	35.50	5.07	14.34	14.15	4.10	73.16
		Jt 9 Washita	I-9	36.48	5.21	8.54	9.60	4.10	63.93
		Jt 99 V2 Grady	I-99	35.66	5.09	17.12	11.26	4.10	73.23
		Jt 131 V6 Grady	I-131	35.02	5.00	12.35	15.36	4.10	71.83
Other									
Sugar Creek Ambulance Service (School Districts I-12, I-168, & I-161)	3.08								

**CADDO COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

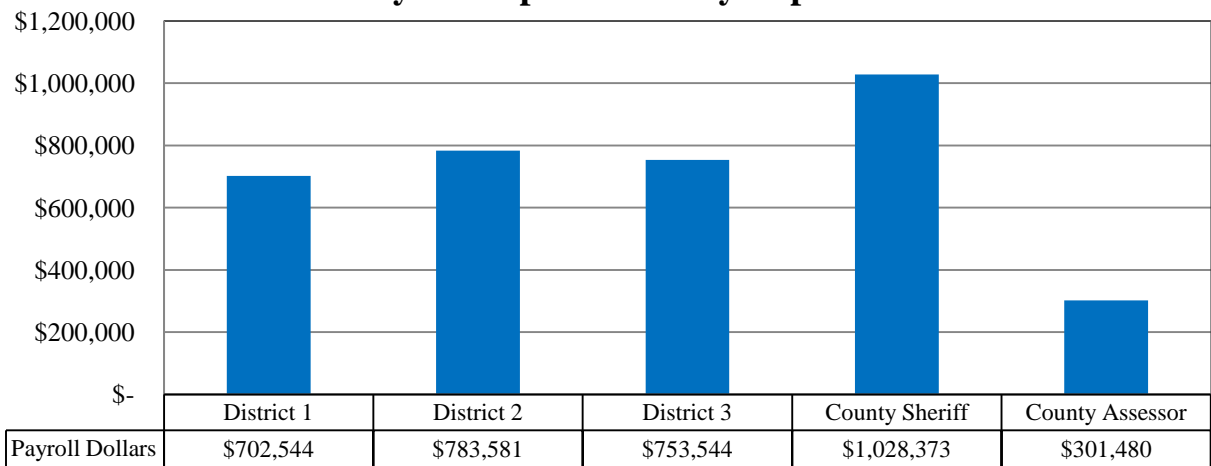
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$73,794,130	\$40,612,148	\$75,015,525	\$6,696,648	\$182,725,155	\$1,474,644,091
1/1/2011	\$60,889,775	\$39,838,924	\$73,147,945	\$6,754,378	\$167,122,266	\$1,346,745,887
1/1/2010	\$48,041,855	\$35,836,271	\$68,937,670	\$6,680,723	\$146,135,073	\$1,168,057,416
1/1/2009	\$46,334,135	\$34,856,865	\$66,801,225	\$6,635,408	\$141,356,817	\$1,130,442,739
1/1/2008	\$53,844,545	\$32,779,547	\$65,548,565	\$6,610,625	\$145,562,032	\$1,179,189,253



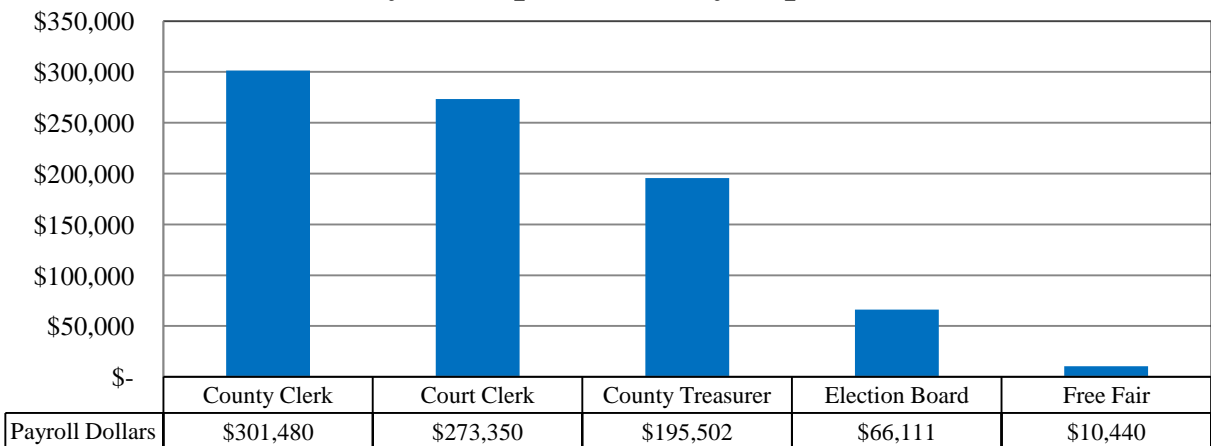
**CADDO COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2013.

Payroll Expenditures by Department



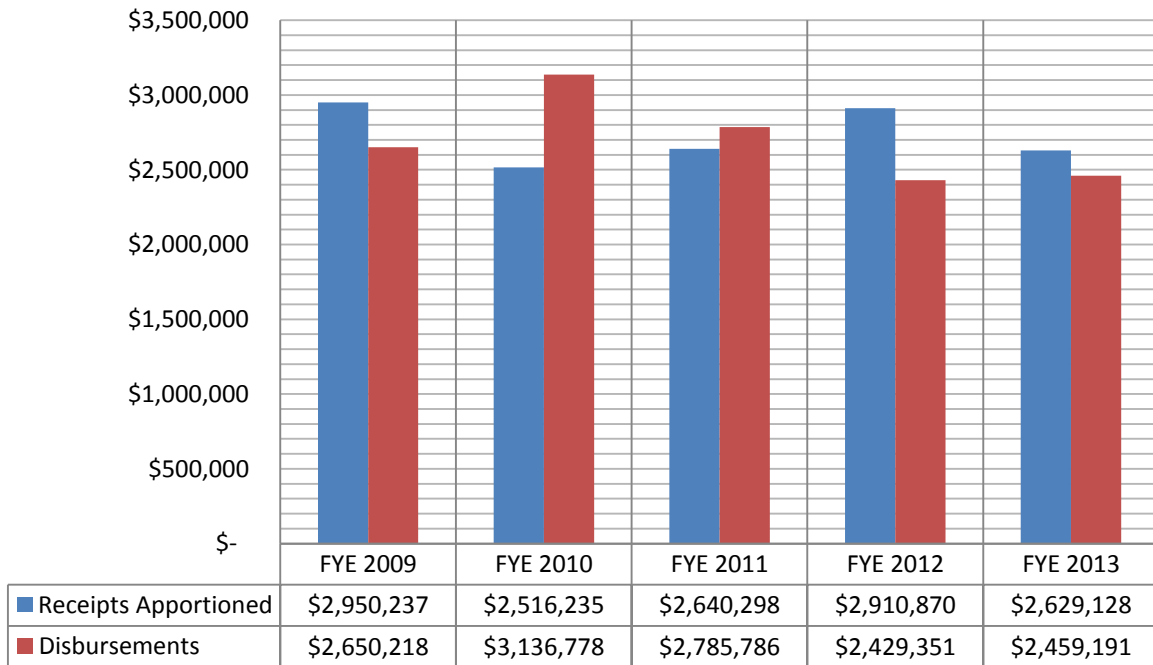
Payroll Expenditures by Department



**CADDO COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

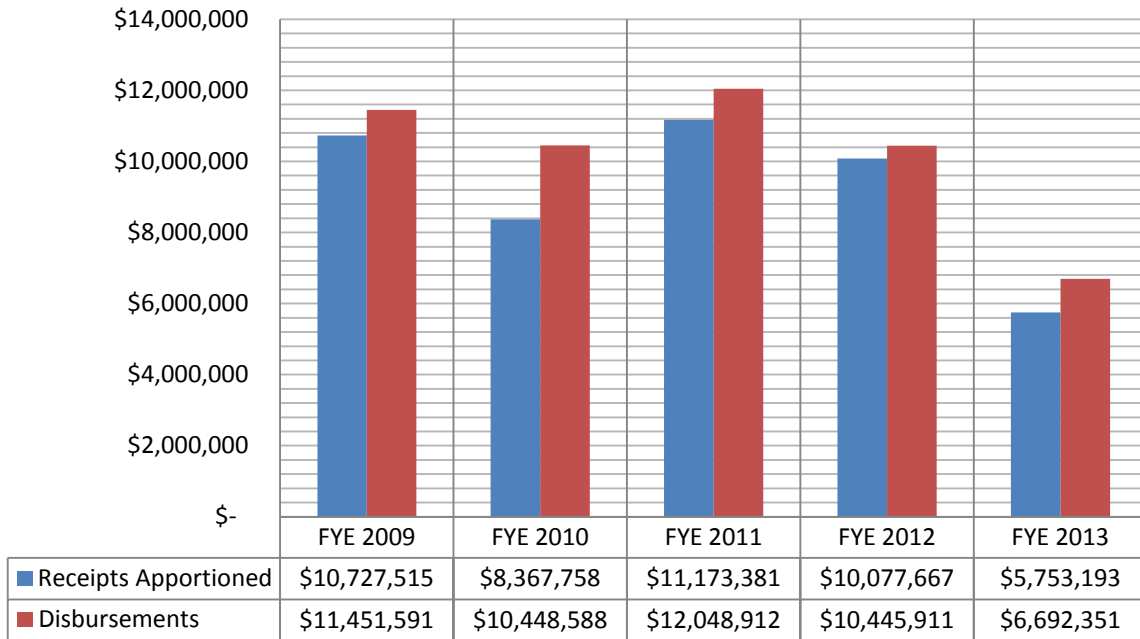
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.



**CADDO COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405-521.3495 • Fax: 405-521.3426

Independent Auditor's Report

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2013, listed in the table of contents as the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Caddo County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Caddo County as of June 30, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Caddo County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the remaining Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015, on our consideration of Caddo County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Caddo County's internal control over financial reporting and compliance.

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

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

March 16, 2015

REGULATORY BASIS FINANCIAL STATEMENT

CADDO COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combing Information:						
Major Funds:						
County General Fund	\$ 939,739	\$ 2,629,128	\$ -	\$ -	\$ 2,459,191	\$ 1,109,676
County Highway Cash	1,882,382	5,753,193	-	-	6,692,351	943,224
County Highway T-8	563,341	743,605	-	-	734,690	572,256
Caddo County Health Department	212,320	160,116	-	-	135,176	237,260
Sheriff Cash	106,546	204,350	-	-	71,387	239,509
County Use Tax	297,547	358,389	-	-	349,746	306,190
Sales Tax Jail/Courthouse Renovation	125,161	1,754,268	-	1,714,523	-	164,906
Caddo County Governmental Building Authority Capital Improvement Bond	1,120,942	9,817	857,261	-	825,183	1,162,837
Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations	16,462	37,500	-	-	51,998	1,964
Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operations	1,952,084	25,587	933,797	1,160,000	414,414	1,337,054
Caddo County Governmental Building Authority Bond Interest Maintenance and Operations	20,824	34,270	-	-	6,100	48,994
OSU Extension Sales Tax	70,392	118,121	-	-	93,258	95,255
3/8 911 Sales Tax	46,226	240,919	-	-	286,766	379
3/8 Sheriff Sales Tax	-	-	1,160,000	76,535	1,038,537	44,928
Sheriff Sales Tax	255,275	141,511	-	-	264,955	131,831
Capital Improvements Sales Tax	87,035	112,273	-	-	125,636	73,672
Free Fair & Livestock Sales Tax	82,945	97,243	-	-	99,437	80,751
Township Fair Sales Tax	68,259	83,035	-	-	108,156	43,138
Rural Fire Sales Tax	68,930	118,121	-	-	125,684	61,367
Fairground/Facilities Sales Tax	48,288	18,800	-	-	11,556	55,532
Anadarko Senior Citizen Sales Tax	6,549	10,379	-	-	13,279	3,649
Apache Senior Citizen Sales Tax	53,443	10,379	-	-	34,002	29,820
Binger Senior Citizen Sales Tax	4,464	10,379	-	-	10,571	4,272
Carnegie Senior Citizen Sales Tax	18,887	10,379	-	-	14,928	14,338
Cement Senior Citizen Sales Tax	1,905	10,379	-	-	10,486	1,798
Cyril Senior Citizen Sales Tax	3,133	10,379	-	-	10,650	2,862
Fort Cobb Senior Citizen Sales Tax	1,376	10,379	-	-	10,574	1,181
Hinton Senior Citizen Sales Tax	18,396	10,379	-	-	4,562	24,213
Health Sales Tax	4,585	12,865	-	-	14,180	3,270
Emergency Reserve Fund Sales Tax	60,000	-	-	-	-	60,000
Ambulance Service Fund Sales Tax	25,032	350,854	-	-	342,905	32,981
Ambulance Run Fund Sales Tax	42,400	233,902	-	-	231,303	44,999
Grandstand Sales Tax	4,455	-	-	-	-	4,455
Remaining Aggregate Funds	1,451,929	2,392,058	-	-	2,053,155	1,790,832
Combined Total - All County Funds	\$ 9,661,252	\$ 15,712,957	\$ 2,951,058	\$ 2,951,058	\$ 16,644,816	\$ 8,729,393

The notes to the financial statement are an integral part of this statement.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Caddo County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash 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 county funds included as combining information within the financial statement:

County General Fund – accounts for the general operations of the government.

County Highway Cash – accounts for state, local, and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

County Highway T-8 – accounts for state receipts and disbursements for the purpose of maintaining roads.

Caddo County Health Department – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

Sheriff Cash – accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Use Tax – accounts for use tax collected and disbursed for the purpose of maintenance and operation of the Sheriff’s department.

Sales Tax Jail/Courthouse Renovation – accounts for the 3/4% county sales tax collected and disbursed to the Capital Improvement Bond fund, the Caddo County Governmental Building Authority Operations and Expense Renovation Maintenance and Operations fund, and the newly created Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operation fund.

Caddo County Governmental Building Authority Capital Improvement Bond – accounts for 50% of the 3/4% county sales tax collected and disbursed for bond payments.

Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations – accounts for 50% of the 3/4% county sales tax collected and disbursed for operations and expenses of the courthouse and jail while under renovation.

Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operations – accounts for 50% of the 3/4% county sales tax collected after completion of renovations and shall be disbursed for the operations and expenses of the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses.

Caddo County Governmental Building Authority Bond Interest Maintenance and Operations – accounts for the collection of an authority acceptance fee from the Bank of Oklahoma. Disbursements are for the County Clerk’s office for maintenance and operation regarding the Caddo County Governmental Building Authority.

OSU Extension Sales Tax – accounts for the .50% county sales tax collected and disbursed for OSU Extension services. This account has been subsequently established to be used solely for sales tax collections.

3/8 911 Sales Tax – accounts for monies collected from the 3/4% county sales tax and is expended for the maintenance and operation of the 911 center.

3/8 Sheriff Sales Tax – accounts for monies collected from the 3/4% county sales tax and is expended for the maintenance and operation of the Detention Center and other public safety services.

Sheriff Sales Tax – accounts for the .50% county sales tax collected and disbursed for the Sheriff’s office.

Capital Improvement Sales Tax – accounts for the .50% county sales tax collected and disbursed for improvements of the courthouse.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Free Fair & Livestock Sales Tax – accounts for the .50% county sales tax collected and disbursed for improvements of the County fairgrounds.

Township Fair Sales Tax – accounts for the .50% county sales tax collected and disbursed for operation of the township fairs.

Rural Fire Sales Tax – accounts for the .50% county sales tax collected and disbursed for maintenance and operation of the rural fire districts in the County.

Fairgrounds/Facilities Sales Tax – accounts for the .50% county sales tax collected and disbursed for maintenance of the Fairground Facilities.

Anadarko Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Apache Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Binger Senior Citizen Sales Tax – accounts for county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Carnegie Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Cement Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Cyril Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Fort Cobb Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Hinton Senior Citizen Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the Senior Citizen Center.

Health Sales Tax – accounts for the .50% county sales tax collected and disbursed for the maintenance and operation of the County Health Department.

Emergency Reserve Fund Sales Tax – accounts for the monies transferred for the Ambulance Service Fund Sales Tax in 2009, to be disbursed for lawsuits awarded against the County. The account must maintain a balance of \$60,000.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Ambulance Service Fund Sales Tax – accounts for the 1/4% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

Ambulance Run Fund Sales Tax – accounts for the 1/4% county sales tax collected and disbursed for maintenance and operation of the county ambulance services.

Grandstand Sales Tax – accounts for county sales tax collected and disbursed for improvements of the County grandstands.

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

Caddo County voters approved a .50% sales tax effective January 1, 2009. This sales tax expired January 1, 2014. The sales tax was established to provide revenue in the following manner, and is accounted for within the following sales tax funds:

County General Fund	34.00%
OSU Extension Sales Tax	10.00%
Free Fair & Livestock Sales Tax	7.00%
Township Fair Sales Tax	7.00%
Capital Improvements Sales Tax	9.50%
Sheriff Sales Tax	12.00%
Rural Fire Sales Tax	10.00%
Health Sales Tax	1.00%
Senior Citizen Nutrition Centers	7.00%
Fairground/Facilities Sales Tax	1.50%
To Pay for the Collection of Said Tax	1.00%

**CADDO COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Caddo County voters approved a three-quarter of one percent (3/4%) sales tax effective January 1, 2010, to be deposited with the County Treasurer, pledged toward the retirement of indebtedness incurred therefore; payment of operations and maintenance expenses related thereto; and to be used specifically for the renovation, expansion, construction, and equipping the Caddo County Detention Facility, Courthouse improvements, including additional space in the courthouse to provide for a 911 dispatch center, with \$200,000 of bond proceeds to go toward construction of a new Oklahoma State University Extension Center for Caddo County and operating and maintaining the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses. Three-eighths of one percent (3/8%) shall have a limited duration of thirty (30) years or until the principal and interest on the indebtedness is paid in full. The Caddo County Governmental Building Authority issued \$17,170,000 Sales Tax Revenue Bonds to pay for this construction. The remaining portion (3/8%) will continue until repealed by majority of Caddo County electors. These funds are accounted for within the following funds: Sales Tax Jail/Courthouse Renovation fund, Caddo County Governmental Building Authority Capital Improvement Bond fund, Caddo County Governmental Building Authority Operations and Expenses Renovation Maintenance and Operations fund, Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operation fund, Caddo County Governmental Building Authority Bond Interest Maintenance and Operations fund, and 3/8 911 Sales Tax fund.

The voters of Caddo County approved a one-quarter of one percent (1/4%) sales tax for the sole purpose of acquiring, continuing, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. The sales tax began on June 1, 2007 and expired May 31, 2012. These funds are accounted for in the Ambulance Service Fund Sales Tax and the Ambulance Run Fund Sales Tax.

E. Interfund Transfers

During the fiscal year, the County made the following transfers between cash funds:

- \$1,714,523 was transferred from Sales Tax Jail/Courthouse Renovation fund. \$857,261 was transferred into the Caddo County Governmental Building Authority Capital Improvement Bond fund for expenses relating to bond payments. \$857,262 was transferred into the Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operations fund for expenses relating to the jail and courthouse renovation.
- \$76,535 was transferred from the 3/8 Sheriff Sales Tax fund into the Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operations fund for expenses relating to the jail and courthouse renovation.
- \$1,160,000 was transferred from the Caddo County Governmental Building Authority Gross Revenue Operation and Expenses Maintenance and Operations fund to the 3/8 Sheriff Sales Tax fund, to establish the fund in accordance with sales tax ballot.

OTHER SUPPLEMENTARY INFORMATION

CADDO COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balance:	\$ 939,739	\$ 939,739	\$ -
Less: Prior Year Outstanding Warrants	(44,240)	(44,240)	-
Less: Prior Year Reserves	(34,226)	(32,962)	1,264
Beginning Cash Balances, Budgetary Basis	<u>861,273</u>	<u>862,537</u>	<u>1,264</u>
Receipt:			
Ad Valorem taxes	1,555,756	1,572,065	16,309
Sales Tax	-	398,803	398,803
Charges for Services	140,000	163,710	23,710
Intergovernmental revenues	37,654	424,324	386,670
Miscellaneous revenues	14,113	70,226	56,113
Total Receipts, Budgetary Basis	<u>1,747,523</u>	<u>2,629,128</u>	<u>881,605</u>
Expenditures:			
County District Attorney			
County Sheriff	868,198	804,336	63,862
County Treasurer	277,682	268,575	9,107
County Clerk	264,757	246,810	17,947
Court Clerk	316,411	306,275	10,136
County Assessor	259,798	253,426	6,372
Revaluation of Real Property	296,968	294,422	2,546
Juvenile Shelter Bureau	71,461	59,109	12,352
General Government	140,856	133,612	7,244
Excise-Equalization Board	2,730	2,364	366
County Election Board	94,935	83,057	11,878
County Audit Budget Acct	15,000	-	15,000
Total Expenditures, Budgetary Basis	<u>2,608,796</u>	<u>2,451,986</u>	<u>156,810</u>
Excess of Receipts and Beginning Cash Balances over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ 1,039,679</u>	<u>\$ 1,039,679</u>
Reconciliation to Statement of Receipts Disbursements, and Changes in Cash Balances			
Plus Current Year Reserves		24,990	
Plus Current Year Outstanding Warrants		45,007	
Ending Cash Balances		<u>\$ 1,109,676</u>	

**CADDO COUNTY, OKLAHOMA
 COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
 CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
 COUNTY HEALTH DEPARTMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balance:	\$ 212,320	\$ 212,320	\$ -
Less: Prior Year Outstanding Warrants	(6,505)	(6,505)	-
Less: Prior Year Reserves	(937)	(239)	698
Beginning Cash Balances, Budgetary Basis	204,878	205,576	698
Receipts:			
Ad valorem taxes	154,968	156,599	1,631
Charges for Services	3,538	3,191	(347)
Miscellaneous revenues	-	326	326
Total Receipts, Budgetary Basis	158,506	160,116	1,610
Expenditures:			
Health and Welfare	363,384	178,972	184,412
Total Expenditures, Budgetary Basis	363,384	178,972	184,412
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	186,720	\$ 186,720
Reconciliation to Statement of Receipts Disbursements and Changes in Cash Balances:			
Plus Current Year Reserves		49,786	
Plus Current Year Outstanding Warrants		754	
Ending Cash Balance		\$ 237,260	

CADDO COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:				
Credit Card Tax Payments	\$ 18	\$ -	\$ -	\$ 18
Caddo County Education Facilities Authority	11,796	17,209	1,850	27,155
Resale Property	118,518	142,262	118,530	142,250
CED Circuit Engineering	210	60,000	20,089	40,121
County Bridge and Road Improvements	471,228	526,052	639,780	357,500
CDBG REAP 10 Baldwin	-	83,936	82,442	1,494
Cash County Treasurer	33,609	4,190	6,543	31,256
Cash County Clerk	77,609	36,478	51,161	62,926
Cash County Assessor	205	-	-	205
Assessor Revolving	5,781	3,220	40	8,961
Sheriff Department of Corrections	51,391	116,883	26,303	141,971
Sheriff State Criminal Alien Assistance Program (SCAAP) Grant	4,908	2,154	5,490	1,572
Sheriff Drug Enforcement	12,263	514	4,239	8,538
Sheriff Courthouse Security	22,841	17,131	19,971	20,001
Sheriff Recovery Justice Assistance Grant	2,682	-	2,649	33
Sheriff Special Response Team	11,036	2,313	4,885	8,464
E-911 Association of South Central Oklahoma Governments Cellular Phones	42,082	109,258	7,563	143,777
E-911 Account	20,746	-	1,597	19,149
County Clerk Records Preservaiton	134,566	47,056	52,928	128,694
OSU Extension Support Fund	5,715	-	4,915	800
E-911-5	375,267	201,775	180,918	396,124
Emergency Management SLA	8,693	10,000	13,979	4,714
Court Clerk Cimarex Settlement	35,312	-	8,601	26,711
County Farm Lease	-	5,725	-	5,725
Local Environmental Planning Commission	3,355	-	-	3,355
Community Service Sentencing Program	152	-	-	152
Civil Emergency	995	-	-	995
Veterans Statue	751	-	-	751
Reward Fund	200	-	-	200
Hazard Mitigation Plan	-	1,773	-	1,773
BIA Hatchetville Rd #6602	-	282,280	282,280	-
BIA Whitfield Rd	-	721,849	516,402	205,447
Combined Total - Remaining Aggregate Funds	\$ 1,451,929	\$ 2,392,058	\$ 2,053,155	\$ 1,790,832

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

Credit Card Tax Payments - accounts for collections for tax payments made by credit cards. The account had no activity for the fiscal year but maintains an \$18 balance.

Caddo County Educational Facilities Authority – accounts for collections from school districts to be disbursed for the operations of the Caddo County Educational Facilities Authority.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

CED Circuit Engineering – accounts for collections from the CED District to be disbursed for road and bridge projects.

County Bridge and Road Improvements – accounts for state receipts and disbursements for the purpose of county bridge and road improvements.

CDBG REAP 10 Baldwin – accounts for state grant funds for the capital improvement of the Baldwin Building located at the Fairgrounds that was destroyed by the tornado.

Cash County Treasurer – accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

Cash County Clerk – accounts for lien fee collections and disbursements as restricted by statute.

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cash County Assessor – accounts for the collection and disbursement of monies by the Assessor as restricted by state statute for the visual inspection program.

Assessor Revolving – accounts for the collection of fees for the copies restricted by state statute.

Sheriff Department of Corrections – accounts for collections of funding through the State Department of Corrections for housing prisoners.

Sheriff State Criminal Alien Assistance Program (SCAAP) Grant – accounts for federal grant funds for the purpose of housing illegal alien criminals in the County jail.

Sheriff Drug Enforcement – accounts for forfeitures and disbursements for drug enforcement.

Sheriff Courthouse Security – accounts for the collection of fees from court cost and disbursed for surveillance equipment.

Sheriff Recovery Justice Assistance Grant – accounts for the collection of grant monies to be distributed by the Sheriff's office in deterring gang related activities.

Sheriff Special Response Team – accounts for all federal grants collected and disbursed for the purpose of the Special Response Team.

E-911 Association of Southern Central Oklahoma Governments Cellular Phones – accounts for the collection of pre-paid 911 fees from the State of Oklahoma to be disbursed for operations of E-911.

E-911 Account – accounts for the collection of fees imposed on the residents within the boundaries of Caddo County from the phone company and disbursements are made to maintain an emergency telephone system.

County Clerk Records Preservation – accounts for fees collected for instruments filed in the County Clerk's office as restricted by statute for preservation of records.

OSU Extension Support Fund – accounts for collections from donations to be disbursed for operations of the OSU Extension office.

E-911-5 – accounts for monies received from telephone companies to maintain an emergency telephone system.

Emergency Management SLA – accounts for federal funds for the purpose of the County's emergency management program.

**CADDO COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Court Clerk Cimarex Settlement – accounts for the collection from a court order to be disbursed for maintenance and operations of the Caddo County Court System.

County Farm Lease – accounts for the collection of a lease-rental from county-owned property.

Local Environmental Planning Commission – accounts for federal funds collected and disbursed for environmental control.

Community Service Sentencing Program – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Civil Emergency – accounts for funds received from state and local governments to be disbursed for civil emergency purposes.

Veterans Statue – accounts for donations received to restore and repair the veteran's memorial statue.

Reward Fund – accounts for the monies collected and disbursed to citizens involved in the reporting of littering offenses.

Hazard Mitigation Plan – accounts for the reimbursement of funds from FEMA by the Department of Civil Emergency

BIA Hatchetville Rd #6602 – accounts for funds received from the Bureau of Indian affairs for county road maintenance for Hatchetville Road.

BIA Whitfield Rd – accounts for funds received from the Bureau of Indian affairs for county road maintenance for Whitfield Road.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228		\$ 82,442
Total U.S. Department of Housing and Urban Development			<u>82,442</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		20,956
Total U.S. Department of the Interior			<u>20,956</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
State Criminal Alien Assistance Program (SCAAP)	16.606		5,490
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2,649
Total U.S. Department of Justice			<u>8,139</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Bureau of Indian Affairs:			
Highway Planning and Construction	20.205		1,899,198
Total U.S. Department of Transportation			<u>1,899,198</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	76968	13,946
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1718, DR-1754, DR-1883	932,206
Hazard Mitigation Grant	97.039		51,773
Total U.S. Department of Homeland Security			<u>997,925</u>
Total Expenditures of Federal Awards			<u>\$ 3,008,660</u>

**CADDO COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Caddo County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2013, which comprises Caddo County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 16, 2015.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2013, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Caddo County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Caddo County's internal control. Accordingly, we do not express an opinion on the effectiveness of Caddo County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2013-1, 2013-3, 2013-4, and 2013-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2013-4.

We noted certain matters regarding statutory compliance that we reported to the management of Caddo County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

Caddo County's Responses to Findings

Caddo County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Caddo County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable 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.



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

March 16, 2015



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

TO THE OFFICERS OF
CADDO COUNTY, OKLAHOMA

Report on Compliance for Each Major Program

We have audited the compliance of Caddo County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Caddo County's major federal programs for the year ended June 30, 2013. Caddo County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of Caddo County's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Caddo County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Caddo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Caddo County's compliance with those requirements.

As described in items 2013-16 and 2013-17, in the accompanying schedule of findings and questioned costs, Caddo County did not comply with requirements regarding Davis-Bacon Act and Reporting that are applicable to its Highway Planning and Construction program. Compliance with such requirements is necessary, in our opinion, for Caddo County to comply with the requirements applicable to that program.

Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the preceding paragraph, the County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

Internal Control Over Compliance

Management of Caddo County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Caddo County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Caddo County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-13, 2013-14, 2013-15, 2013-18, and 2013-19 to be material weaknesses.

Caddo County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Caddo County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. 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.



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

March 16, 2015

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted?..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on
compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133?..... Yes

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?..... No

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2013-1 – Inadequate County-Wide Controls - Risk Assessment and Monitoring (Repeat Finding)

Condition: County-wide controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to address risks of the County.

Effect of Condition: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

BOCC Chairman, County Clerk, and County Treasurer: We will set up quarterly meetings, during the County Commissioners’ meeting, with all elected officials to discuss and take action regarding risk management and monitoring.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding 2013-3 – Inadequate Segregation of Duties – County Treasurer (Repeat Finding)

Condition: The County Treasurer has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the employees who perform these duties also issue receipts and prepare journal entries. In addition, all employees work from the same cash drawer. There is no documentation that bank reconciliations are independently reviewed. For mail in payments, all employees can open the mail and issue receipts. Further, a daily mail log is not maintained.

Cause of Condition: Internal controls have not been designed and implemented regarding segregation of duties.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that 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. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response:

County Treasurer: We have made it our goal to achieve a fair and equal segregation of duties, so one deputy or official will not be totally responsible for several duties. Management will oversee each operation of the office, to reduce the risk of any one employee being responsible for one area of transactions.

Criteria: Effective internal controls require that key functions within a process be adequately segregated to allow for prevention and detection of errors and possible misappropriation of funds.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-4 – Inadequate Internal Controls and Noncompliance Over the Apportionment of Sales Tax (Repeat Finding)

Condition: Upon inquiry and observation of the recordkeeping process of apportioning sales tax collections, the following was noted:

- There is no independent oversight of the calculation of sales tax collections that is presented for appropriation by the County Treasurer to the County Clerk.
- A sales tax of one half of one percent (.50%) was passed with the provision of earmarking one percent of the sales tax collections for administrative purposes. However, this amount was not set aside for this purpose. Instead, the County distributed the sales tax collections among all entities receiving this sales tax. For the fiscal year ending June 30, 2013, this amounted to \$11,695,12 that was not apportioned in accordance with the sales tax ballot.
- The County has not properly apportioned and appropriated the three-quarters percent (3/4%) sales tax collections during the fiscal year ending June 30, 2013. The County collected \$1,754,268 and apportioned all proceeds for this tax into the Sales Tax Jail/Courthouse Renovation fund and then transferred a portion of the funds to the Caddo County Governmental Building Authority Capital Improvement Bond fund and the Caddo County Governmental Building Authority Gross Revenue Operation and Expense Maintenance and Operations fund. However, the amount transferred to each fund was not in accordance with sales tax ballot. The following exceptions were noted:

Fund	Amount Apportioned and Appropriated	Apportionment per Sales Tax Ballot	Variance	Disbursements and Transfers In <Out>	Variance
Sales Tax Jail/Courthouse Renovation	\$1,754,268	\$ 0	\$1,754,268	<\$1,714,523>	<\$39,745>
Caddo County Governmental Building Authority Capital Improvement Bond	\$0	\$877,134	<\$877,134>	\$857,261	< \$19,873>
Caddo County Governmental Building Authority Gross Revenue Operations and Expenses Maintenance and Operations	\$0	\$877,134	<\$877,134>	\$857,262	< \$19,872>

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cause of Condition: Procedures have not been designed to have someone review the calculation of sales tax apportionments for accuracy and compliance with the sales tax ballot. Management stated that it was not the intent of the sales tax to charge the 1% administrative fee and that the ballot was worded incorrectly. Further, procedures have not been designed to ensure compliance with 68 O.S. § 1370.E.

Effect of Condition: This condition resulted in noncompliance with state statute. Sales tax was not appropriated in accordance with the sales tax ballot.

Recommendation: OSAI recommends that the sales tax collections be earmarked and apportioned as approved by the voters of the County. We further recommend that an employee recalculate the apportionment of sales tax collections that is presented for appropriation by the County Treasurer to the County Clerk. The employee should initial and date the recalculation.

Management Response:

County Commissioner District 1, 2, 3, County Clerk, and County Treasurer: The sales tax ballot was worded incorrectly, creating difficulty in calculating the sales tax apportionment to the proper funds. You cannot earmark sales tax collections correctly when the ballot does not designate specific apportionments, so management designated those funds as the State Auditor's Office suggested. Those funds are now being recalculated by management on a monthly basis with employee's initials and date as documentation of such.

As far as the three-quarters percent sales tax, this is how we were told by the bond attorneys and previous auditors to set the sales tax up. This has now been corrected; this sales tax is now apportioned into the appropriate funds.

Criteria: Effective internal controls require that management properly implement procedures to ensure compliance with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

Finding 2013-5 – Inadequate Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding)

Condition: We noted the following weaknesses regarding the disbursement process:

- The Purchasing Agent solely performs key duties with no independent verification of accuracy.
- The Purchasing Agent encumbers funds, verifies availability of encumbrance, prints the purchase orders, verifies supporting documentation, initiates payments for claims, and prints warrants.
- The County Clerk reconciles the appropriation ledger and warrants registered to the County Treasurer monthly; however, there is no verification of an independent review maintained.
- The duties of processing payroll are not adequately segregated. The Payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

While testing 58 total disbursements, the following was noted:

Of the 55 purchase orders tested;

- 1 did not have supporting documentation attached.
- 2 did not have a receiving report attached.
- 5 employee files were missing the wage/salary designation documentation (2 from the Court Clerk's office, 1 from the District 3, 1 from the Sheriff's office, and one from the Assessor's office).
- 1 timesheet was not signed by the employee and the employee file was missing the wage/salary determination documentation (Sheriff's office).
- 1 timesheet was not signed by the supervisor (Sheriff's office).

Of the 3 cash vouchers tested;

- 1 had no supporting documentation attached to the claim.

Additionally, the County is remitting the sales tax to the rural fire districts and to the ambulance districts in Caddo County on purchase orders without documentation of how the funds are expended.

Cause of Condition: Procedures have not been designed to adequately segregate key accounting functions regarding the purchasing and payroll processes to ensure compliance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statute, laws, regulations, or legislative intent, and could result in inaccurate records, incomplete information, or misappropriation of assets.

Recommendation: OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approve accounting functions.

OSAI also recommends the following key account functions of the payroll process be adequately segregated:

- Posting new hires and/or making payroll changes to the payroll system,
- Maintaining personnel files, and
- Preparing end of month payroll reports.

Additionally, OSAI recommends disbursements of County funds be supported with invoices and receiving reports in accordance with 19 O.S. §1505E. OSAI further recommends sales tax be apportioned and expended in accordance with Title 68 O.S. § 1370E.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Management Response:

BOCC Chairman: Purchase orders will have proper documents attached and properly encumbered or a letter from our legal counsel will be obtained prior to BOCC approval of purchase orders. The sales tax will no longer be remitted on purchase orders. This will be corrected and all expenditures will be made on purchase orders with proper documentation attached.

County Clerk: Compensating controls over payroll will be implemented. The key payroll processes will be separated where possible. All reviews will be documented and dated. To become more compliant with the statutes, I will send out a memo to all entities to ensure that proper procedures are followed when purchasing. Receiving reports, purchase orders being encumbered initially, requisitioning and receiving officers, have all been stressed in following proper procedures. All purchase orders that do not comply with purchasing guidelines will be marked as *“Does not comply with purchasing guidelines”* prior to being submitted to the BOCC for approval. The sales tax will no longer be remitted on purchase orders. This will be corrected and all expenditures will be made on purchase orders with proper documentation attached.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated. Also, internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursement calculations and/or transactions.

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505C, 19 O.S. § 1505E, 19 O.S. § 1505F, and 68 O.S. § 1370E.

SECTION 3—Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2013-13 – Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

QUESTIONED COSTS: \$-0-

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Condition: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Cause of Condition: Procedures have not been designed to accurately report federal expenditures on the Schedule of Expenditures of Federal Awards.

Effect of Condition: This condition could result in a misstatement of the Schedule of Expenditures of Federal Awards.

Recommendation: OSAI recommends the County have a policy for handling all federal grants awarded to the County. These policies could incorporate by reference applicable federal regulations to be followed, as well as the appropriate policy for the application, receipt, and expenditure of federal funds. OSAI also recommends that amounts reported on the Schedule of Expenditures of Federal Awards be reconciled to accounting records.

Management Response:

BOCC: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented and that all documentation is provided to the County Clerk, in order to prepare an accurate Schedule of Expenditures of Federal Awards.

Criteria: *OMB A-133, Subpart C, §___.300* reads as follows:

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §___.310.

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

Finding 2013-14 – Inadequate County-Wide Controls Over Major Federal Programs – BIA (Repeat Finding)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

QUESTIONED COSTS: \$-0-

Condition: County-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements.

Recommendation: OSAI recommends that the County implement a system of internal controls to ensure compliance with grant requirements.

Management Response:

County Commissioner District 1, 2, and 3: We will work to implement a risk management plan. We will implement controls to help make sure we are in compliance with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

The control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Risk assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding 2013-15 – Inadequate Internal Controls over Major Federal Programs – BIA (Repeat Finding)

PASS-HROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: All

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Cause of Condition: Procedures have not been designed to ensure federal expenditures are made in accordance with federal compliance requirements.

Effect of Condition: This condition resulted in noncompliance to grant requirements and loss of federal funds to the County.

Recommendation: OSAI recommends the County gain an understanding of requirements for these programs and implement internal control procedures to ensure compliance with requirements.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Management Response:

BOCC: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented.

Criteria: *OMB A-133, Subpart C, §__.300* reads as follows:

Subpart C—Auditees

§__.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

Finding 2013-16 – Noncompliance with Davis-Bacon Act (Repeat Finding)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Davis-Bacon Act

QUESTIONED COSTS: \$525,219.43

Condition: The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's Davis-Bacon wage determination for corresponding classes of laborers and mechanics employed on similar projects in the area. The following exceptions were noted regarding compliance with the Davis-Bacon Act.

- District 1 – 4 of the eight expenditures had no documentation that the County complied with the Davis-Bacon Act, resulting in questioned costs of \$242,939.74.
- District 3 – 2 of the Twenty-six had no documentation that the County complied with the Davis-Bacon Act, resulting in questioned costs of \$282,279.69.

Cause of Condition: Procedures have not been designed to ensure federal expenditures are made in accordance with federal compliance requirements.

Effect of Condition: This condition resulted in noncompliance to grant requirements and could lead to loss of federal funds to the County.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Recommendation: We recommend the County obtain and monitor certified payroll reports from the contractors to ensure compliance with the Davis-Bacon Act.

Management Response:

BOCC: The Board of County Commissioners are taking measures to ensure future compliance with the Davis-Bacon Act is properly documented.

Criteria: *OMB A-133, Subpart C, §___.300* reads as follows:

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

Finding 2013-17 – Noncompliance with Reporting Over Federal Grants (Repeat Finding)

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$-0-

Condition: The following exceptions were noted regarding compliance with project reporting requirements as outlined within the cooperative agreement(s):

- District 1 –All 8 expenditures had no documentation that the Bureau of Indian Affairs received written notification of bids or notification that the projects were complete.
- District 2 – 1 expenditure had no documentation that the Bureau of Indian Affairs received written notification of bids or notification that the projects were complete.
- District 3 – All 26 expenditures had no documentation that the Bureau of Indian Affairs received written notification of bids or notification that the projects were complete.

Cause of Condition: Lack of communication between offices and the lack of understanding federal compliance requirements for federal grant funds.

Effect of Condition: This condition resulted in noncompliance with Federal Grant requirements.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Recommendation: OSAI recommends the County gain an understanding of the requirements for this program and implement internal controls to ensure compliance with these requirements.

Management Response:

BOCC: The Board of County Commissioners are taking measures to ensure future compliance with the all reporting requirements concerning all cooperative agreements with the Bureau of Indian Affairs.

Criteria: *OMB A-133, Subpart C, §___.300* reads as follows:

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they are received. Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Finding 2013-18 – Inadequate County-Wide Controls Over Major Federal Programs – FEMA

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-1718, DR-1754, DR-1883

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: County-wide controls regarding Control Environment, Risk Assessment, and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements.

Recommendation: OSAI recommends that the County implement a system of internal controls to ensure compliance with grant requirements.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Management Response:

County Commissioner District 1, 2, and 3: We will work to implement a risk management plan. We will implement controls to help make sure we are in compliance with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk Assessment, Information and Communication, and Monitoring for the achievement of these goals.

The control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

Risk assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives of efficient and effective operations, reliable financial reporting, and compliance with laws and regulations.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-19 – Inadequate Internal Controls over Major Federal Programs – FEMA

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-1718, DR-1754, DR-1883

FEDERAL AWARD YEAR: 2013

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

QUESTIONED COSTS: -\$0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions.

Cause of Condition: Procedures have not been designed to ensure federal expenditures are made in accordance with federal compliance requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements and loss of federal funds to the County.

Recommendation: OSAI recommends the County gain an understanding of requirements for these programs and implement internal control procedures to ensure compliance with requirements.

Management Response:

BOCC: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented.

Criteria: *OMB A-133, Subpart C, §___.300* reads as follows:

Subpart C—Auditees

§___.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

Further, accountability and stewardship should be overall goals in management’s accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2013-9 – Interfund Transfers (Repeat Finding)

Condition: The County apportioned part of the County sales tax collections into the Jail/Courthouse Renovation fund and then transferred the funds into the Caddo County Governmental Building Authority Capital Improvement Bond fund for bond payments, and to the Caddo County Governmental Building Authority Gross Revenue Operating and Expense Maintenance and Operation fund for expenses relating to the jail and courthouse during renovation. There are no statutory guidelines that allow operating transfers between cash funds.

Cause of Condition: Policies and procedures have not have not been designed to ensure compliance with 68 O.S. § 3021.

Effect of Condition: This condition resulted in noncompliance with state statutes.

Recommendation: OSAI recommends that the sales tax collections be apportioned, appropriated, and expended by warrants from the appropriate funds, as approved by the voters of the County. We further recommend that transfers between funds comply with Title 68 O.S. § 3021.

Management Response:

Board of County Commissioners: This is how we were told by the bond attorneys and previous auditors to set this sales tax up. This has now been corrected; this sales tax is now apportioned into the appropriate funds.

Criteria: Title 68 O.S. § 3021 states in part “If at any time during the budget year it appears to the county treasurer that there is temporarily insufficient money in a particular fund to meet the requirements of appropriation in the fund, the excise board,... may temporarily transfer from one fund to any other fund with the permission of the county officer in charge of the fund that the money will be temporarily transferred from... Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the finds were transferred.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2013-10 – Inadequate Internal Controls Over Court Clerk Revolving Fund and Court Fund Expenditures (Repeat Finding)

Condition: Upon inquiry and observation of the expenditure process the following was noted:

Court Clerk Revolving Fund

The Deputy Court Clerk performs all of the duties pertaining to the Court Clerk Revolving Fund expenditures:

- Requisitions;
- Prepares claims;
- Verifies goods/services were received;
- Approves claim for payment; and
- Disburses voucher to vendor.

Court Fund

The Court Clerk performs all of the duties pertaining to Court Fund expenditures:

- Requisitions;
- Prepares claims;
- Verifies goods/services were received;
- Approves claim for payment;
- Prepares voucher for payment;
- Registers vouchers with Treasurer; and
- Disburses voucher to vendor.

The audit of 25 voided District Court Receipts reflected the following deficiencies within the receipting process:

- 8 receipts were not properly marked as void.

The audit of 10 Court Clerk Revolving Fund claims reflected the following weakness:

- 2 claims did not have proper approval for disbursement of funds.

Cause of Condition: Policies and procedures have not been designed and implemented to formally segregate the duties within the Court Clerk's office. Procedures have not been designed to ensure compliance with statutes over the disbursement of funds from the Court Clerk Revolving Fund.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and implement compensating procedures to mitigate the risks involved with a concentration of duties. Compensating procedures would include separating key processes and/or critical functions of the office, and having management review and approve the accounting functions. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI also recommends management provide guidance with regard to segregating the duties so that no one employee is able to perform all accounting functions. OSAI further recommends that when a receipt is voided, that the original receipt be maintained and marked void.

Additionally, OSAI recommends the Court Clerk comply with Title 19 O.S. § 220, which outlines the procedures for expending Court Clerk Revolving Fund monies, including proper authorization and approval of claims.

Management Response:

Court Clerk: The Court Clerk is aware of the situation involving inadequate segregation of duties, and will work to implement a review process. Further, the Court Clerk will work toward implementing procedures to ensure claims are approved by the Governing Board.

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. An important aspect of internal controls is the safeguarding of assets. 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. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements, signatures, safeguarding of assets and reconciliation.

Title 19 O.S. § 220 (A) states, "Claims against the fund shall include only expenses incurred for the operation of the court clerk's office in each county, and payment may be made after the claim is approved by the court clerk and either the district or the associate district judge of that county."

Finding 2013-11 – Inadequate Internal Controls and Noncompliance Over Inventories (Repeat Finding)

Condition: Upon inquiry and observation of consumable inventory and fixed assets records, the following weaknesses were noted:

- **District 1, 2 and 3:** The consumable inventory process is not adequately segregated. One individual verifies the goods were received, records the items on the inventory cards, and performs a visual verification of the items on hand.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

- The County has not designed procedures to perform and document an annual physical inventory of all fixed assets.

Also, of the 90 consumable items tested, the following was noted:

District Office	Description	Amount on Inventory	Amount Visually Verified
District 2	11R 24.5 Truck Tires	6 each	5 each
District 2	18" CGSP	<20> feet	0
District 2	24" Used Steel Pipe	<21> feet	0
District 2	295/75R225 Tires	1 each	2 each
District 2	33x118x42.5 Used WF Beam	8 each	6 each
District 2	5/8x8x84 Grader Blades	24 each	18 each
District 2	Guardrail	69 feet	1000 feet
District 2	Bridge Abutment Marker	38 each	26 each
District 2	20 Ton Weight Limit Signs	20 each	18 each
District 2	35 MPH Sign	2 each	8 each
District 2	Bridge Out Sign	26 each	18 each
District 2	Caution Sign	12 each	8 each
District 2	Caution Intersection Ahead Sign	4 each	1 each
District 2	Caution Trucks Entering Sign	5 each	4 each
District 2	Children at Play Sign	6 each	7 each
District 2	Damaged Bridge Sign	6 each	9 each
District 2	Detour Sign	24 each	12 each
District 2	Detour Ahead Sign	6 each	5 each
District 2	Local Traffic Only Sign	12 each	5 each
District 2	Loose Gravel Sign	21 each	23 each
District 2	Men at Work Sign	6 each	2 each
District 2	No Dumping Sign	6 each	0
District 2	No Trucks Sign	16 each	12 each
District 2	Road Closed Sign	43 each	15 each
District 2	Road Construction Ahead Sign	8 each	4 each
District 2	T Intersection Symbol Sign	1 each	4 each
District 2	Weight Limit 18 Tons Sign	0	1 each
District 2	Weight Limit 5 Tons Sign	<1> each	2 each
District 2	Slow Children at Play Sign	0	7 each
District 3	Arched 42' x 30' 14 Gauge	0	2 each
District 3	3 x 12 x 20 Bridge Boards	1 each	4 each

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

District Office	Description	Amount on Inventory	Amount Visually Verified
District 3	Native Gravel	<2,267> cubic yards	0

Additionally, of the 230 fixed assets tested, the following was noted:

5 items were not visibly marked with County identification numbers and/or "Property of Caddo County."

County Identification Number	Description of Item	County Office
106-020	Cabinet	County Treasurer
105-010	Desk	County Assessor
199-001	Sofa/Loveseat	County Assessor
306-0006	Grader/120 Caterpillar	District 2
348-0055	Sure-pull Trailer DG322	District 3

1 item was not included on the County inventory.

County Identification Number	Description of Item	County Office
325-008	Spreader	District 2

3 items were disposed from inventory without Board of County Commissioner approval.

County Identification Number	Description of Item	County Office
201-004	IBM 3500	County Sheriff
219-014	2000 Zoom Camera GVD 800	County Sheriff
241-015	Monitor/Computer	County Sheriff

9 items on inventory could not be located.

County Identification Number	Description of Item	County Office
216-001	Postage Meter	County Treasurer
294-001	Check Endorser	County Treasurer
299-027	Computer	County Treasurer
116-027	Shelves	County Clerk
113-008	Copier	County Court Clerk
225-014	Deskpro	County Court Clerk
226-002	Computer Server	County Court Clerk
238-002	Computer	County Court Clerk

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Identification Number	Description of Item	County Office
299-002	Folding Machine	County Assessor

Cause of Condition: Procedures have not been designed and implemented by county officers for the accurate reporting of fixed assets and consumable inventory items as well as procedures to ensure the proper marking of equipment.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets and consumable inventories.

Recommendation: OSAI recommends the County adopt policies and procedures to implement a system of internal controls over the fixed assets and consumable inventory records to ensure compliance with 69 O.S. § 645, 19 O.S. § 178.1, 19 O.S. § 1502(A)(1), and 19 O.S. § 1504(A).

Management Response:

County Commissioner District 1: We will maintain documentation of the physical inventory in the future. We will also work to implement a system of internal controls over the consumable inventory.

County Commissioner District 2: We will maintain documentation of the physical inventory in the future, and ensure that all items are properly marked with County identification numbers. We will also work to implement a system of internal controls over the consumable inventory.

County Commissioner District 3: We will maintain documentation of the physical inventory in the future, and ensure that all items are properly marked with County identification numbers. We will also work to implement a system of internal controls over the consumable inventory.

County Assessor: We will maintain documentation of the physical inventory in the future. We will also work to ensure that all items are properly marked with County identification numbers.

County Clerk: We will maintain documentation of the physical inventory in the future. We will also work to ensure that all items are properly marked with County identification numbers.

County Sheriff: We will maintain documentation of the physical inventory in the future. We will also work to ensure that BOCC approvals are attached to inventory records when items are disposed, and that all items are properly marked with County identification numbers.

County Treasurer: We will maintain documentation of the physical inventory in the future, and ensure that all items are properly marked with County identification numbers.

Court Clerk: We will maintain documentation of the physical inventory in the future.

**CADDO COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. 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.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2009-10 – Federal Awards - Schedule of Expenditures of Federal Awards (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Year: 2008 and 2009 Grants – Public Assistance, as required by OMB Circular A-133.

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Disaster Grants – Public Assistance as required by OMB Circular A-133.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2009-11 – Procedures over Major Programs - FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Year: 2009

Control Category: All

Finding Summary: During the process of documenting the County’s internal controls regarding federal disbursements, we noted the County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Special Tests and Provisions.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2009-12 – County-Wide Internal Control Procedures over Major Programs (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Year: 2009

Control Category: All

Finding Summary: County-wide controls regarding Control Environment, Risk Management, Information and Communication, and Monitoring have not been designed.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2009-13— Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2009-14— Lack of Internal Control over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the compliance requirements regarding Highway Planning and Construction.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2009-15—County-Wide Procedures over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Finding Summary: County-wide procedures regarding Control Environment, Risk Management, Information and Communication, and Monitoring have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2010-10 – Schedule of Expenditures of Federal Awards (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1712, DR-1718, DR-1883, DR-1876

Federal Award Year: 2008, 2009, 2010

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Disaster Grants – Public Assistance, as required by OMB Circular A-133.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2010-11 – Procedures Over Major Programs – FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1712, DR-1718, DR-1883, DR-1876

Federal Award Year: 2009, 2010

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2010-12 – County-Wide Procedures over Major Programs FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1712, DR-1718, DR-1883, DR-1876

Federal Award Year: 2009, 2010

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide procedures regarding Risk Management and Monitoring have not been designed.

Status: No corrective action taken, similar finding noted in current year. See finding 2013-18

Finding 2010-13 – Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2010-14 – Lack of Internal Control over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the compliance requirements regarding Highway Planning and Construction.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2010-15 – County-Wide Procedures Over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2009

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide procedures regarding Control Environment, Risk Management, Information and Communication, and Monitoring have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2011-10 – Schedule of Expenditures of Federal Awards FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1718, DR-1883

Federal Award Year: 2008, 2009, 2010, 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Disaster Grants – Public Assistance as required by OMB Circular A-133.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-11 – Procedures Over Major Programs – FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1718, DR-1883

Federal Award Year: 2009, 2010, and 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Special Tests and Provisions.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-12 – County-Wide Procedures over Major Programs FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: DR-1678, DR-1718, DR-1883

Federal Award Year: 2009, 2010, 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Risk Management and Monitoring have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-13— Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-14 – Procedures Over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal control procedures regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the compliance requirements regarding Highway Planning and Construction.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-15 – County Wide Procedures Over Major Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs **Federal Agency:**

U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Program Income; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide procedures regarding Control Environment, Risk Management, Information and Communication, and Monitoring have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2012-11 - Inadequate County-Wide Controls Over Major Federal Programs – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2012

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting

Questioned Costs: \$-0-

Finding Summary: County-wide controls regarding Risk Management and Monitoring have not been designed.

Status: No corrective action taken.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding 2012-12 - Schedule of Expenditures of Federal Awards – BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2012

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal procedures for the reporting of its major federal program for Highway Planning and Construction as required by OMB Circular A-133.

Status: No corrective action taken.

Finding 2012-13 – Inadequate Internal Controls over Major Federal Programs– BIA (Repeat Finding)

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Davis-Bacon Act; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

Status: No corrective action taken.

Finding 2012-14 – Noncompliance with Davis-Bacon Act

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Davis-Bacon Act

Questioned Costs: \$2,969,558.65

Finding Summary: The County did not have documentation of compliance with the Davis-Bacon Act.

**CADDO COUNTY, OKLAHOMA
PRIOR YEAR SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Status: No corrective action taken.

Finding 2012-15 – Noncompliance with Reporting Over Federal Grants

Pass-Through Grantor: Bureau of Indian Affairs

Federal Agency: U.S. Department of Transportation

CFDA No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: All

Control Category: Reporting

Questioned Costs: \$-0-

Finding Summary: The County did not comply with reporting requirements of the cooperative agreement.

Status: No corrective action taken.



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