ATOKA COUNTY

Financial Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA

State Auditor & Inspector

ATOKA COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (http://digitalprairie.ok.gov/cdm/search/collection/audits/) pursuant to 65 O.S. § 3-114.

Cindy Byrd, CPA | State Auditor & Inspector
2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

November 8, 2021

TO THE CITIZENS OF
ATOKA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Atoka County, Oklahoma for the fiscal year ended June 30, 2019. 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,

Cindy Byrd

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

Board of County Commissioners

District 1 – Marvin Dale
District 2 – Gilbert Wilson
District 3 – Shane Tomlinson

County Assessor

Joe McClour

County Clerk

Christie Henry

County Sheriff

Tony Head

County Treasurer

Carla Jackson

Court Clerk

April Maxey

District Attorney

Emily Redman

TABLE OF CONTENTS

FINANCIAL SECTION

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR
Cindy Byrd, CPA | State Auditor & Inspector
2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF
ATOKA 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 Atoka County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

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 this 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, the financial statement is prepared by Atoka 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 statement 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 Atoka County as of June 30, 2019, or changes in financial position for the year then ended.

Unmodified 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 Atoka County, for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of Atoka 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atoka County's internal control over financial reporting and compliance.

CINDY BYRD, CPA

September 27, 2021

REGULATORY BASIS FINANCIAL STATEMENT

ATOKA COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES—REGULATORY BASIS (WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General	$ 1,630,334	$ 2,194,754	$ 1,103	$ -	$ 2,254,204	$ 1,571,987
County Highway	704,355	2,728,772	401,152	-	3,369,790	464,489
County Health	530,258	413,753	-	-	425,570	518,441
County Sinking	217	44,678	-	-	44,643	252
Hospital Sales Tax	159,109	1,228,132	-	-	1,160,178	227,063
Resale Property	69,596	141,384	-	-	118,336	92,644
Sheriff Drug Account	783	8	-	-	-	791
911 Fund	5,652	-	-	-	-	5,652
County Bridge and Road Improvement 105	291,160	523,666	-	401,152	-	413,674
Fire Department Sales Tax	530,311	380,472	-	1,103	126,388	783,292
Sheriff Department Sales Tax	101,917	552,370	-	-	554,865	99,422
Donations	-	47,055	-	-	916	46,139
Flood Plain	50	-	-	-	-	50
Combined Total - All County Funds as Restated	$ 4,023,742	$ 8,255,044	$ 402,255	$ 402,255	$ 8,054,890	$ 4,223,896

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Atoka 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, libraries, 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 – accounts for the collection of sales tax revenue, ad valorem taxes, officers' fees, interest earnings and miscellaneous collections of the County. Disbursements are for the operations of the government and disbursement of the funds as restricted by state statutes and sales tax ballots.

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

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

County Sinking – accounts for debt service receipts derived generally from a special ad valorem tax levy of cash not immediately required for debt service payments.

Hospital Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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

Sheriff Drug Account – accounts for monies set aside for law enforcement to use for the intervention and prevention of narcotics.

911 Fund – accounts for monies received from private telephone companies for the operations of emergency 911 services.

County Bridge and Road Improvement 105 – accounts for funds received from the Oklahoma Department of Transportation, and disbursements are restricted by state statutes for the purpose of reimbursement for constructing and maintaining county roads and bridges.

Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Sheriff Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Donations – accounts for revenue from private donors to be disbursed for a specific purpose.

Flood Plain – accounts for a fee charged to minimize flood hazards and protect the natural and beneficial functions of the flood plain to be used to offset the cost of flood plain management.

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 with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

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

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents 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.

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. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

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.

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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

D. Long Term Obligations

1. Judgments

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period.

Case Number	Original Judgment
CJ-16-29	$121,644

A payment in the amount of $45,689 was made during the fiscal year ended June 30, 2019, of this amount $1,046 was paid from the County General fund. The payment amount was $43,470 for principal and $2,219 for interest. No future principal and interest payments are due. The judgement obligation has been paid in full.

E. Sales Tax

The voters of Atoka County passed a permanent one cent (1%) sales tax on March 26, 1985. All proceeds of the sales tax are designated for the purpose of the operation, maintenance, and improvement of the Atoka County Memorial Hospital and public acute healthcare purposes. These funds are accounted for in the Hospital Sales Tax fund.

The voters of Atoka County approved the continuation of a one-half cent (1/2%) sales tax on November 6, 2012, with the proceeds of such tax becoming a permanent tax beginning January 1, 2013. This sales tax was designated as follows: ninety percent (90%) for funding the maintenance and operation of the Atoka County Sheriff's Office and Atoka County Jail; and ten percent (10%) for all fire departments in Atoka County. These funds are accounted for in the County General fund, Sheriff Department Sales Tax fund and Fire Department Sales Tax fund.

The voters of Atoka County approved an unlimited duration one-fourth cent (1/4%) sales tax on February 9, 2016, effective January 1, 2017 to replace the one-half cent (1/2%) sales tax that was previously approved, and which expired on December 31, 2016, with the sole and only purpose of such sales tax to be for the equal benefit of all Atoka County Fire Departments (existing as of the day of this election and continuing to remain as the existing certified fire departments as determined by the Atoka County Fire Chief's Association and the Atoka County Board of Commissioners). These funds are accounted for in the Fire Department Sales Tax fund.

F. Interfund Transfers

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

- $401,152 was transferred from the County Bridge and Road Improvement 105 fund to the County Highway fund for road projects of Atoka County.
- $1,103 was transferred from the Fire Department Sales Tax fund to the County General fund to meet requirements of appropriations.

G. Restatement of Fund Balance

During the fiscal year, the County had a reclassification of funds. The Flood Plain fund was reclassified as a county fund.

Prior year ending balance, as reported	$ 4,023,692
Funds reclassified to County Funds: Flood Plain fund reclassified from a Trust and Agency Fund to a County Fund	50
Prior year ending balance, as restated	$ 4,023,742

SUPPLEMENTARY INFORMATION

ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund		
	Budget	Actual	Variance
District Attorney	$ 6,032	$ 67	$ 5,965
County Sheriff	463,174	425,199	37,975
County Treasurer	85,107	69,028	16,079
County Commissioners	4,000	3,953	47
County Commissioners O.S.U. Extension	22,000	21,648	352
County Clerk	280,669	213,393	67,276
Court Clerk	77,711	77,706	5
County Assessor	85,767	75,066	10,701
Revaluation of Real Property	209,813	205,959	3,854
Drug Court	2,501	2,500	1
General Government	195,010	186,705	8,305
Excise - Equalization Board	11,600	9,715	1,885
County Election Expense	58,806	56,086	2,720
Insurance - Benefits	792,510	476,427	316,083
Atoka County Flood Plain	2,009	-	2,009
E-911	277,921	109,584	168,337
OLETS	6,761	4,515	2,246
Courthouse Security	36,795	34,213	2,582
Sheriff Account	16,723	3,481	13,242
County Audit Budget Account	21,244	18,470	2,774
Free Fair Budget Account	3,500	3,476	24
Sales Tax - Fire Department (1)	196,355	51,859	144,496
Sales Tax - Fire Department (2)	462,454	124,089	338,365
Total Expenditures, Budgetary Basis	$ 3,318,462	$ 2,173,139	$ 1,145,323

ATOKA COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	$ 666,226	$ 402,145	$ 264,081
Total Expenditures, Budgetary Basis	$ 666,226	$ 402,145	$ 264,081

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health 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 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.

INTERNAL CONTROL AND COMPLIANCE SECTION

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
ATOKA 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 Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Atoka County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Atoka County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 27, 2021.

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, 2019, 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 Atoka 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 Atoka County's internal control. Accordingly, we do not express an opinion on the effectiveness of Atoka 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 responses to be material weaknesses: 2019-001, 2019-003, 2019-004, 2019-005, and 2019-006.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2019-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Atoka 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-005.

We noted certain matters regarding statutory compliance that we reported to the management of Atoka County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Atoka County's Response to Findings

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

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.

Cindy Byrd

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 27, 2021

SECTION 1—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 2019-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2012-001, 2013-001, 2014-001, 2017-001, 2018-001)

Condition: The County has not addressed all of the components of an internal control framework which are the Control Environment, Risk Assessment, Information and Communication, and Monitoring.

Cause of Condition: Policies and procedures have not been designed and implemented to address Control Environment, Risk Assessment, Information and Communication, and Monitoring in the County.

Effect of Condition: This condition does not allow the County to function in the most effective manner possible. Additionally, without written documentation of the county-wide controls, it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, indicate what internal controls are present and monitor those controls.

Recommendation: The Oklahoma State Auditor and Inspector's Office (OSAI) recommends that the County design and implement procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risks that the County has identified, the control activities established to address the risks, the steps to take to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time.

Management Response:
Chairman of the Board of County Commissioners: We will work with the elected officials to help with risk assessment meetings and for better communication and procedures to allow the County to function in the most effective manner possible.

County Clerk: I feel communication between elected officials has improved, and we are implementing more procedures to address these issues, so that we may better monitor controls county-wide and adhere to the recommendation of the State Auditor.

County Treasurer: I participate in the risk management meetings and feel as though we are improving communication and attendance with all elected officials.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

> *Definition of Internal Control*
> Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

> *Components, Principles, and Attributes*
> Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
>
> Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.
>
> Information and Communication - The quality information management and personnel communicate and use to support the internal control system.
>
> Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Finding 2019-002 – Disaster Recovery Plan - County Treasurer (Repeat Finding – 2012-002, 2013-002, 2014-002, 2017-002, 2018-002)

Condition: Upon inquiry, the County Treasurer did not prepare a Disaster Recovery Plan.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all officials prepare a formal Disaster Recovery Plan.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster.

Recommendation: OSAI recommends Disaster Recovery Plans contain all pertinent information, be updated yearly, and distributed to key personnel. To safeguard the document in times of disaster, a copy should be stored in a secure off-site location. The Disaster Recovery Plan should include the following:

- Current names, addresses, contact numbers of key county personnel and their roles and responsibilities of information services function.
- Listing of contracted service providers.
- Information on location of key resources, including back-up site for recovery operating system, application, data files, operating manuals and program/system/user/documentation.

- Alternative work locations once IT resources are available.

Management Response:
County Treasurer: This was under the previous Treasurer's administration. I took office in July 2019 and had my Disaster Recovery Plan completed in August 2019.

Criteria: An important aspect of internal controls is the safeguarding of assets which includes adequate Disaster Recovery Plans. 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 in a County being unable to function in the event of a disaster.

According to the standards of the Information Systems Audit and Control Association (CobiT Deliver and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the recovery plan;
- Emergency procedures to ensure the safety of all affected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software);
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step by step execution;
- Training and/or awareness of individual and group roles in continuing plan;
- Listing of contracted service providers;
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals, and program/system/user documentation;
- Current names, addresses, telephone numbers of key personnel;
- Business resumption alternatives for all users for establishing alternative work locations once IT services are available.

Finding 2019-003 - Segregation of Duties in the County Treasurer's Office (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2012-004, 2013-004, 2014-004, 2017-003, 2018-003)

Condition: Upon inquiry, observation, review of documentation, and testwork regarding the receipting and balancing process, the following was noted:

- One deputy performs the duties of balancing the cash drawer, posting daily receipts to the daily reports and general ledger, preparing the monthly reports, and reconciling the bank accounts. This deputy also routinely issues miscellaneous receipts and issues other receipts when needed.
- All employees work from one cash drawer.

- The apportionments are not reviewed and approved by someone other than the preparer.
- Documentation that certified levies were reviewed for accuracy when entered into the ad valorem tax system was not maintained.
- All employees can void/alter receipts and no one is reviewing/approving voids and changes to receipt.
- Bank reconciliations were not reviewed and approved by someone other than the preparer.
- The calculation of sales tax collections performed and apportioned by the County Treasurer's First Deputy and that are appropriated by the County Clerk are not reviewed or approved by someone other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Treasurer's office.

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 that management be aware of these conditions and realize that a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. OSAI recommends designing and implementing internal controls over the critical functions of the office and having management review and approval of accounting functions. We recommend the following key accounting functions be adequately segregated:

- Issuing receipts and balancing the cash drawer.
- Maintaining accounting ledgers and reconciling bank statements.
- Bank reconciliations be reviewed by someone other than the preparer.
- Sales tax and ad valorem calculations be reviewed by someone other than the preparer.

In addition, OSAI recommends establishing a system of controls to adequately protect the collections of the County Treasurer's office, which includes but are not limited to the following:

- Establish separate cash drawers for all employees receiving cash.
- Limit personnel authorization to void receipts.

Management Response:
County Treasurer: This finding was under the previous Treasurer's administration. I took office in July 2019. I implemented procedures for segregation of duties upon taking office.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

> *Segregation of Duties*
> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities

for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Finding 2019-004 - Lack of Internal Controls Over the Reconciliation of the Appropriation Ledger to the General Ledger (Repeat Finding – 2012-008, 2013-008, 2014-008, 2017-004, 2018-004)

Condition: The County Clerk's appropriation ledger is not reconciled to the County Treasurer's general ledger.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure a monthly reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: OSAI recommends management take steps to ensure reconciliations are performed between the funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger on a monthly basis. Documentation of this reconciliation be reviewed and approved by someone other than the preparer.

Management Response:
County Clerk: This issue has been corrected and a monthly reconciliation is now being performed regularly.

County Treasurer: This finding was under the previous Treasurer's administration. My office started the reconciling process in April 2020.

Criteria: The GAO Standards - Principle 16 – Perform Monitoring Activities: 16.05 states, in part:

> *Internal Control System Monitoring*
> Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

Finding 2019-005 - Segregation of Duties and Noncompliance Over the Disbursement Process (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-012, 2012-005, 2012-011, 2013-005, 2013-011, 2014-005, 2014-011, 2017-005, 2018-005)

Condition: Upon inquiry and observation of the County's purchasing process, it was noted that the Purchasing Deputy prepares purchase orders, encumbers purchase orders, approves/authorizes the encumbrance, reviews the purchase order for accuracy, maintains ledgers, and prepares, prints and distributes warrants. Also, The County Clerk's signature stamp is utilized by the Purchasing Deputy to sign warrants.

Additionally, of the sixty (60) disbursements tested, the following exceptions were noted:

- One (1) was not reviewed/authorized.
- One (1) was not supported by adequate documentation.
- Ten (10) were not encumbered prior to ordering goods or services.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk's office with regard to the purchasing process and control over the County Clerk's signature stamp. Additionally, policies and procedures have not been designed and implemented to ensure the County is in compliance with state statute regarding the disbursement process.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, undetected errors, inaccurate records, incomplete information, and misappropriation of funds. Also, the concentration of duties regarding the purchasing process is increased due to the Purchasing Deputy utilizing the County Clerk's signature stamp to sign all warrants.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, 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.

Additionally, OSAI recommends that the County implement internal control procedures to ensure compliance with purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered. Adequate supporting documentation should be attached to the purchase order and purchase orders should be properly reviewed/authorized.

Further, OSAI recommends that signature stamps be used only by the official to whom it belongs. Officials who utilize signature stamps should ensure their signature stamps are adequately safeguarded from unauthorized use.

Management Response:
County Clerk: I have visited with all officials about the importance of the timely encumbrance of purchase orders. I also have recommended that all officials attend a purchasing class. I will continue to encourage all departments to follow the purchasing act. Due to limited staff, segregation of duties can be difficult. I will continue to work on methods to resolve the finding. The County Clerk's signature stamp from this point forward will only be utilized by the County Clerk. The signature stamp is secured in the County Clerk's office in a locked drawer that can only be accessed by the County Clerk.

Chairman of the Board of County Commissioners: I will make sure the certified approval has been signed by the County Clerk/Deputy when I am signing the purchase orders. I will also talk to the other elected officials about the importance of signing timesheets and encumbering a purchase order in a timely manner.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

> *Segregation of Duties*
> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

> 10.12 Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.
>
> 10.13 Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely

> prevent it because of the risk of collusion, where two or more employees act together to commit fraud.
>
> 10.14 If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

Finding 2019-006 - Segregation of Duties Over the Payroll Process (Repeat Finding – 2012-006, 2013-006, 2014-006, 2017-006, 2018-006)

Condition: A lack of segregation of duties exists over the County's payroll process. The Payroll Clerk enrolls new employees, inputs payroll information into the system, maintains personnel files, and prepares the OPERS reports and state and federal tax reports. In addition, the Payroll Clerk processes payroll claims, prints and reviews payroll verification reports for errors, prints payroll warrants, take warrants to the Treasurer to be registered, distributes payroll warrants, initiates direct deposits, and maintains ledgers.

Additionally, the Payroll Clerk utilizes the County Clerk's signature stamp to sign all payroll warrants.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to segregation of duties and/or compensating controls of the payroll process and the usage of the County Clerk's signature stamp.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds. Additionally, this condition increases the concentration of duties regarding the payroll process due to the Payroll Deputy utilizing the County Clerk's signature stamp to sign all warrants. Consequently, this could result in unauthorized transactions, misappropriation of funds, or clerical errors that are not detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. 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.

Further, OSAI recommends that signature stamps be used only by the official to whom it belongs. Officials who utilize signature stamps should ensure their signature stamps are adequately safeguarded from unauthorized use.

Management Response:
County Clerk: Due to limited staff, segregation of duties has always been a difficult process within the Clerk's office. I have slowly tried to implement procedures on the division of duties of the issues mentioned. I will continue to focus on ways to improve internal controls. The County Clerk's signature stamp from this point forward will only be utilized by the County Clerk. The signature stamp is secured in the County Clerk's office in a locked drawer that can only be accessed by the County Clerk.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

> *Segregation of Duties*
> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

> 10.12 Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.
>
> 10.13 Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.
>
> 10.14 If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

SECTION 2—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 2019-007 - Segregation of Duties Over the Court Fund (Repeat Finding)

Condition: Upon inquiry and observation of the Court Clerk's office, we noted a lack of segregation of duties related to Court Fund expenditures. One employee prepares claims, approves/signs claims, prints vouchers, signs vouchers, takes vouchers to be registered with the Treasurer, and disburses vouchers to vendors.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregation of duties over the disbursement processes of the Court Fund.

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 that management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. OSAI further recommends implementing compensation 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. Key process for the expenditures of the Court Fund should be adequately segregated including preparing claims, preparing vouchers, and distributing vouchers.

Management Response:
Court Clerk: Due to limited staff it is often difficult to segregate duties. I will continue to strive to work on a plan to implement internal controls.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

> *Segregation of duties*
> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

> 10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.
>
> 10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.
>
> 10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Finding 2019-008 - Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: An audit of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- Duties are not adequately segregated: One person retrieves funds, balances funds to the commissary system, prepares deposits, takes deposits to the bank, posts deposits to the commissary system, and issues inmate trust fund checks.
- Inmate ledger balances are not reconciled to the bank statements.
- Debit cards are not reconciled to individual inmate accounts.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15th of each year.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the following:

- The Sheriff establish procedures to separate the key functions of the receipting and expenditure process over the Inmate Trust Fund Checking Account.
- Bank reconciliations should be accurately performed on a monthly basis. Additionally, Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances should be reconciled to the bank statements each month and proper supporting documentation should be maintained for all reconciling items.
- Debit cards listed on the monthly statements received from the debit card company should be reconciled to individual inmate accounts.
- The County Sheriff should file a report of the Commissary with the Board of County Commissioners by January 15th of each year in accordance with 19 O.S. § 180.43 D. Amounts noted on the report should agree/reconcile to the County Treasurer's records.

Management Response:
County Sheriff: The Sheriff's Office will work to establish procedures to separate the key functions of the receipting and expenditure process over the Inmate Trust Fund Checking Account. The Sheriff's Office will try to reconcile the Inmate Trust Fund Checking Account on a monthly basis. The debit cards listed on the monthly statement received from the company should and will be reconciled to individual inmate accounts. The Sheriff's Office will file a report of the Commissary with the Board of County Commissioners by January 15th of each year in accordance with state law. The amounts noted on the report should and will reconcile to the County Treasurer's records.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

> *Establishment of review of performance measurers and indicators*
> Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.
>
> *Segregation of duties*
> Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

> 10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

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

Title 19 O.S. § 180.43 D. states in part, "The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

Cindy Byrd, CPA | State Auditor & Inspector
2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov