



BRYAN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

November 7, 2022

TO THE CITIZENS OF
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma for the fiscal year ended June 30, 2021. 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.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**BRYAN COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Board of County Commissioners

District 1 – Ron Boyer
District 2 – Tony Simmons
District 3 – Jay Perry

County Assessor

Mike Hull

County Clerk

Tammy Reynolds

County Sheriff

Johnny Christian

County Treasurer

Prudy Sullivan-Holt

Court Clerk

Donna Alexander

District Attorney

Tim Webster

**BRYAN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**BRYAN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2021, 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 Bryan 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 Bryan County as of June 30, 2021, 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 total receipts, disbursements, and changes in cash balances for all county funds of Bryan County, as of and for the year ended June 30, 2021, 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 total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining 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 schedule of expenditures of federal awards and the remaining 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 August 9, 2022, on our consideration of Bryan 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 Bryan County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 9, 2022

REGULATORY BASIS FINANCIAL STATEMENT

BRYAN COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 2,315,315	\$ 5,918,435	\$ 215,811	\$ 31,847	\$ 6,003,588	\$ 2,414,126
County Highway Unrestricted	1,607,599	3,660,005	-	120,000	3,102,282	2,045,322
Roads and Bridges-ST	629,890	506,722	-	-	619,289	517,323
Health	1,793,461	1,125,537	-	-	742,195	2,176,803
County Health Cash in Office	100	-	-	-	-	100
County Sinking Fund	3,348	2	-	-	-	3,350
Assessor Revolving Fee	41,242	4,525	6,853	-	14,286	38,334
County Assessor Cash in Office	25	-	-	-	-	25
County Clerk Lien Fee	75,232	15,331	-	-	14,279	76,284
County Clerk Records Management and Preservation	136,286	115,016	-	-	19,528	231,774
County Clerk Cash in Office	100	-	-	-	-	100
Trash Cop	3,224	200	-	-	-	3,424
County Treasurer Resale Cash in Office	700	-	-	-	-	700
Resale Property	620,313	489,211	-	-	324,810	784,714
911 Phone Fees	16,306	43,615	-	-	38,857	21,064
Treasurer Mortgage Certification	28,433	10,660	-	-	1,800	37,293
Jail	16,742	16,185	-	-	4,521	28,406
Sheriff Commissary	172,121	198,026	-	-	176,906	193,241
Sheriff Service Fee	418,094	640,635	-	-	297,242	761,487
Lake Patrol	67,484	47,090	-	-	48,439	66,135
Sheriff-ST	301,480	531,618	12,000	-	514,272	330,826
Sheriff Training	12	-	-	-	-	12
Court Clerk Payroll	35,325	271,600	31,847	-	303,383	35,389
Sheriff Forfeiture	3,476	2,388	-	-	737	5,127
Courthouse Building	3,963	2	-	-	-	3,965
County Bridge & Road Improvement	658,014	291,106	-	-	623,009	326,111
Jail Debt Payments	73,204	371,352	-	34,609	370,729	39,218
Lakewood Fire Department Sales Tax	106	-	-	106	-	-
Philadelphia Fire Department Sales Tax	512	-	-	512	-	-
Safe Oklahoma - AG	1	-	-	-	-	1
Drug Court	61,350	92,882	-	-	81,716	72,516
Flood Plain	11,459	35,650	-	-	18,977	28,132
County Donations	229,105	28,100	-	-	5,067	252,138
CDBG	-	244,442	-	-	244,442	-
Rural Fire-ST	2,151,692	1,516,648	618	-	1,321,315	2,347,643
Covid Aid and Relief	-	1,691,294	-	480,055	-	1,211,239
American Rescue Plan Act 2021	-	4,661,233	-	-	-	4,661,233
Total - All County Funds	\$ 11,475,714	\$ 22,529,510	\$ 267,129	\$ 667,129	\$ 14,891,669	\$ 18,713,555

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

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Bryan 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 within the financial statement:

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

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

Roads and Bridges-ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution to be used for the maintenance of county highways and bridges.

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

County Health Cash in Office – accounts for cash set aside to maintain the change fund used for the Health Department's collections.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Assessor Revolving Fee – accounts for collection of fees for copies and disbursement as restricted by state statute.

County Assessor Cash in Office – accounts for cash set aside to maintain the change fund used for the collections of the Assessor’s office.

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by state statute.

County Clerk Records Management and Preservation – accounts for fees collected on instruments filed in the County Clerk’s office and disbursements as restricted by state statute for preservation of records.

County Clerk Cash in Office – accounts for cash set aside to maintain the change fund used for the County Clerk’s collections.

Trash Cop – accounts for state funds used to pay personal service fees for the prevention of illegal dumping as restricted by state statute.

County Treasurer Resale Cash in Office – accounts for cash set aside to maintain the change fund used for the County Treasurer’s collections.

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

911 Phone Fees – accounts for monies received from the telephone companies for operation of the emergency 911 services.

Treasurer Mortgage Certification – accounts for collections of fees by the County Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by state statute.

Jail – accounts for collection of Court Clerk fees for the jail and the disbursement of funds for county jail operations expenses.

Sheriff Commissary – accounts for monies received from the commissary sales and disbursement of funds for commissary expenses and jail operating expenses.

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

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Lake Patrol – accounts for monies received from the Corps of Engineers for patrolling the lake area.

Sheriff-ST – accounts for sales tax revenues received for the maintenance and operation of the Sheriff's office.

Sheriff Training – accounts for funds collected from the disposition of unclaimed property for the purposes of purchasing equipment, material, or supplies that may be used in crime prevention.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expense for that office.

Sheriff Forfeiture – accounts for funds collected from forfeitures to be used for the intervention and prevention of narcotic use.

Courthouse Building – accounts for funds received from the sale of county-owned property, to be used for the repair of existing county properties.

County Bridge & Road Improvement – 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.

Jail Debt Payments – accounts for sales tax revenues to be used for the repayment of debt incurred for the remodeling to the existing jail and the construction of a new expansion for the jail.

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

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

Safe Oklahoma - AG – accounts for grant funds received from the Oklahoma Attorney General's office to provide additional resources to reduce violent crimes.

Drug Court – accounts for monies received from the Oklahoma Department of Mental Health and Substance Abuse Services to be expended for the maintenance and operation of the Drug Court.

Flood Plain – accounts for permit fees issued for construction in flood plain areas.

County Donations – accounts for revenue from private donors to be disbursed for specific purposes.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CDBG – accounts for Community Development Block Grant funds received by Bryan County Rural Water District 6 for improvements.

Rural Fire-ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Covid Aid and Relief – accounts for the proceeds of the Coronavirus Relief Fund reimbursements and may be appropriated to any lawful purpose (department) of the county as directed by the resolution.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact as restricted by federal guidelines.

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 allows 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, which specifies the format and presentation of such regulatory basis financial statements: 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.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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.

At June 30, 2021, the County's investments were under-collateralized in the amount of \$413,294.

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.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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; however, 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. Long Term Obligations

1. Sales Tax Reallocation for Payment of Promissory Note

The Board of County Commissioners by resolution on August 26, 2010, authorizes a County Sales Tax Reallocation Question to be placed on the November 2, 2010, General Election Ballot for consideration by the voters of Bryan County. The voters of Bryan

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

County approved the County Sales Tax Reallocation of one-third of an existing one quarter of one percent sales tax to be reallocated for the repayment of an indebtedness of \$3,000,000 to be used for improvements, including construction and remodeling of the Bryan County Jail, the acquisition of land for courthouse parking, the installation of a security fence, and electronic gate.

Purpose	Interest Rate	Original Amount
Bryan County, Oklahoma Improvements	4.75%	\$3,006,943

During fiscal year 2021, the final payments included \$363,041 for principal, \$7,688 interest.

E. Sales Tax

On November 2, 2010, the voters of Bryan County approved a reallocation of the permanent one-fourth percent (1/4%) sales tax. This sales tax was reallocated to provide revenue for the operation of the Bryan County Sheriff's Office for law enforcement purposes, to provide revenue for the construction and maintenance of county roads and bridges, and to provide revenue for the retirement of the proposed indebtedness for the remodeling of the Bryan County Jail. These funds are accounted for in Sheriff-ST, Roads and Bridges-ST, and Jail Debt Payment funds.

On March 8, 2021, the County paid in full the General Obligation bond. These funds were subsequently redirected as designated by the Sales Tax ballot to the County General fund.

On June 26, 2012, the voters of Bryan County approved an additional permanent one-fourth percent (1/4%) sales tax. This sales tax was allocated to provide revenue for the purpose of fire protection, prevention, communications, training related expenses (not to include salaries), and Fire/EMS/Rescue Operations. This includes maintenance and construction of buildings and facilities both current and future, the purchase and maintenance of current and future apparatus, vehicles and supplies for all current Bryan County Fire Departments, Bryan County Communications Center, and the Bryan County Fire Chiefs' Association. These funds are accounted for in Lakewood Fire Department Sales Tax fund, Philadelphia Fire Department Sales Tax fund, and Rural Fire-ST fund.

F. Tax Abatements

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$542,994 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

G. Interfund Transfers

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

- \$31,847 was transferred from County General fund to Court Clerk Payroll fund to cover payroll expenses pursuant to the Board of County Commissioners' (BOCC) resolution. The interfund loan was not repaid to the County General fund within the current year.
- \$106 was transferred from Lakewood Fire Department Sales Tax and \$512 was transferred from Philadelphia Fire Department Sales Tax funds to the Rural Fire-ST fund pursuant to the BOCC resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$280,000 was transferred from Covid Aid and Relief fund to BCAA Apportionment fund (a trust and agency fund) pursuant to the BOCC resolution. These funds were transferred to the Bryan County Ambulance Authority a 522 Emergency Medical District.
- \$181,202 was transferred from Covid Aid and Relief fund to County General fund pursuant to the BOCC resolution.
- \$12,000 was transferred from Covid Aid and Relief fund to Sheriff-ST fund to purchase forensic software and training pursuant to the BOCC resolution.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- \$6,853 was transferred from Covid Aid and Relief fund to Assessor Revolving Fee fund to purchase seven (7) laptops pursuant to the BOCC resolution.
- \$34,609 was transferred from Jail Debt Payments fund to County General fund for residual balance pursuant to the BOCC resolution.
- \$120,000 was transferred from County Highway Unrestricted fund to the County Highway ETR Loan fund (a trust and agency fund) for loan repayment for bridge and road projects in the County pursuant to the BOCC resolution.

SUPPLEMENTARY INFORMATION

BRYAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 60,000	\$ 59,606	\$ 394
County Sheriff	683,779	681,783	1,996
County Treasurer	141,902	139,316	2,586
County Commissioners	613,133	558,835	54,298
County Commissioners O.S.U. Extension	93,531	63,642	29,889
County Clerk	243,081	235,098	7,983
Court Clerk	262,621	253,652	8,969
County Assessor	109,860	101,956	7,904
Assessor's Visual Inspection	456,249	409,353	46,896
General Government	3,015,861	2,407,176	608,685
Excise - Equalization Board	7,001	3,660	3,341
Election Board	131,015	112,251	18,764
Charity	2,100	1,650	450
County Jail	1,183,350	1,125,972	57,378
County Audit Budget Account	101,842	37,129	64,713
Free Fair Budget Account	12,500	12,494	6
Total Expenditures, Budgetary Basis	\$ 7,117,825	\$ 6,203,573	\$ 914,252

BRYAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,539,846	\$ 840,623	\$ 1,699,223
Total Expenditures, Budgetary Basis	\$ 2,539,846	\$ 840,623	\$ 1,699,223

**BRYAN COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listng Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Grant:			
Payments to States in Lieu of Real Estate Taxes	12.112		\$ 16,562
Total U.S. Department of Defense			<u>16,562</u>
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	17516 CDBG 19	244,442
Total U.S. Department of Housing and Urban Development			<u>244,442</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		78,976
Total U.S. Department of Interior			<u>78,976</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
National Criminal History Improvement Program (NCHIP)	16.554	2020-RU-BX-K012	17,433
Total U.S. Department of Justice			<u>17,433</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Public Safety:			
State and Community Highway Safety	20.600	SE-20-03-03-03	13,101
State and Community Highway Safety	20.600	PT-21-03-03-04	30,244
Total U.S. Department of Transportation			<u>43,345</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through the Oklahoma Department of Emergency Management:			
COVID-19 Coronavirus Relief Fund	21.019	4530-DR-OK	9,005
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0076	1,691,294
Total U.S. Department of the Treasury			<u>1,700,299</u>
Total Expenditures of Federal Awards			<u>\$ 2,101,057</u>

BRYAN COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Bryan County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Bryan County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 11, 2021, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. Bryan County received \$1,700,299 in federal relief funds. The County incurred \$687,700 of eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 1, 2020 through June 30, 2020 and were accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 21.019 – Coronavirus Relief Fund includes \$687,700 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures that were incurred in the fiscal year ending June 30, 2021.

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
BRYAN COUNTY, OKLAHOMA

We have audited, 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, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Bryan County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 9, 2022.

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 as of and for the year ended June 30, 2021, 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 Bryan County’s internal control over financial reporting (internal control) as basis for designing 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 Bryan County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Bryan County’s internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001 and 2021-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bryan 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. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Bryan County's Response to Findings

Bryan County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bryan 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 it.

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 results 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 9, 2022



**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Bryan County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Bryan County's major federal program for the year ended June 30, 2021. Bryan County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Bryan 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Bryan County's compliance.

Basis for Qualified Opinion on Coronavirus Relief Fund

As described in Findings 2021-012 and 2021-013 in the accompanying schedule of findings and questioned costs, Bryan County did not comply with requirements regarding the following:

Finding #	Assistance Listing	Program (or Cluster) Name	Compliance Requirement
2020-012	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
2020-013	21.019	Coronavirus Relief Fund	Period of Performance

Compliance with such requirements is necessary, in our opinion, for Bryan County to comply with the requirements applicable to that program.

Qualified Opinion on Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Bryan County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Coronavirus Relief Fund for the year ended June 30, 2021.

Other Matters

Bryan County’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bryan County’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Bryan County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bryan County’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Bryan County’s internal control over compliance.

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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-010 and 2021-011, that we consider to be material weaknesses.

Bryan County's Response to Findings

Bryan County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Bryan County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 9, 2022

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? No

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 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

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

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001 – Segregation of Duties and Noncompliance Over Disbursements (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-012, 2009-012, 2010-012, 2011-012, 2012-008, 2013-004, 2014-004, 2015-003, 2016-003, 2019-001, 2020-001)

Condition: Upon inquiry and observation of the County’s purchasing process, it was noted that the County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Additionally, after performing testwork of a sample of forty-seven (47) disbursements, the following was noted:

- Three (3) were not reviewed or authorized.
- Seven (7) were not supported by adequate documentation.
- Two (2) were not encumbered prior to receiving goods or services.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the segregation of duties of the disbursement process. Additionally, policies and procedures have not been designed and implemented over the disbursement process to strengthen internal controls and ensure compliance with state statute.

Effect of Condition: This condition resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial records, undetected errors, incomplete information, and misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management be aware of this condition 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.

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Preparing purchase orders.
- Encumbering purchase orders.
- Printing warrants.
- Distributing warrants.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Additionally, OSAI recommends the County adhere to state purchasing guidelines to ensure encumbrances are made before goods or services are ordered and adequate supporting documentation is maintained and should be reviewed for accuracy.

Management Response:

Chairman of the Board of County Commissioners: Bryan County will work to address the concerns regarding segregation of duties and compliance with state purchasing statutes.

County Clerk: The County Clerk's office will continue to implement recommendations to limit risk associated with a concentration of duties. Further, the County Clerk's office will emphasize strict adherence to the state purchasing guidelines and improve communication within the County offices regarding compliance.

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 – 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.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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, design 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 operations to achieve adequate segregation of duties. In particular,

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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.

Further, GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Finally, Title 19 O.S. § 1505 prescribes the procedures for the encumbrance of funds.

Finding 2021-002 – Segregation of Duties Over the Payroll Process (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-008, 2009-008, 2010-008, 2011-008, 2012-012, 2013-005, 2014-005, 2015-004, 2016-004, 2019-002, 2020-002)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that the County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

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 payroll process.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors and misappropriation of funds.

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.

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Enrolling new employees and maintaining personnel files.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- Reviewing time records and preparing payroll.
- Distributing payroll warrants to individuals.

Management Response:

Chairman of the Board of County Commissioners: Bryan County will work to address these concerns and segregation of duties as feasible with limited personnel.

County Clerk: The County Clerk's office will continue to implement compensating controls to limit risk associated with a concentration of duties. The County Clerk's office has implemented additional reviews to mitigate the limited controls regarding payroll process.

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.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 3—Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Finding 2021-010 – County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management and Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: 4530-DR-OK and SA-0076

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

QUESTIONED COSTS: \$-0-

Condition: Through the process of gaining an understanding of the County's internal control structure for federal programs, it was noted that county-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the County is in compliance with federal award requirements.

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in noncompliance to federal award requirements.

Recommendation: OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to compliance with federal award requirements and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement 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:

Chairman of the Board of County Commissioners: Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioner's Meetings and Quarterly Elected Officials' Meetings.

Criteria: 2 CFR § 200.303 *Internal Controls (a)* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Also, 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 2021-011 – Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management and Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: 4530-DR-OK and SA-0076

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding the disbursement of federal awards, we noted the County has not established procedures to ensure compliance with the

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with federal award requirements.

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

Recommendation: OSAI recommends the County gain an understanding of award requirements for federal awards and design and implement internal controls to ensure compliance with award requirements.

Management Response:

Chairman of the Board of County Commissioners: Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioners Meetings and Quarterly Elected Officials Meetings.

Criteria: 2 CFR § 200.303 *Internal Controls (a)* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 Activities – The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-012 – Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

PASS-THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0076

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

QUESTIONED COSTS: \$111,960

Condition: After performing expenditure testwork on 100% of the program, disbursements totaling \$111,960 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements due to unsubstantiated, duplicated and ineligible costs.

- Reimbursed payroll expenditures totaling \$18,676 were previously reimbursed by another federal program.
- June payroll expenditures for an individual were claimed five times. Duplicated disbursements totaled \$9,204.
- Ambulance Authority payroll expenditures totaling \$57,868 were included in documentation submitted for audit; however, these disbursements were not included in submissions approved by pass-through entity (State of Oklahoma) for reimbursements awarded.
- Expenditures totaling \$26,212 were unaccounted for and were not supported by adequate documentation to determine costs were incurred for allowable activities and allowable cost.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with federal award requirements.

Effect of Condition: These conditions resulted in noncompliance with grant requirements. The County runs the risk of misappropriation of funds which could hinder the County from receiving future federal funding. Further, this could result in the repayment of funds .

Recommendation: OSAI recommends that the County design and implement policies and procedures to ensure compliance with applicable grant requirements.

Management Response:

Chairman of the Board of County Commissioners: Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for ensuring records are adequately maintained to reflect accurate detailed expenditures to prevent reoccurrence of this issue.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Criteria: 2 CFR § 200.303 *Internal Controls (a)* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Additionally, 2 CFR § 200.403 - *Factors affecting allowability costs* states in part, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.”

The Department of the Treasury Federal Register, Vol. 86, No. 10 states in part, “Fund payments may not be used for expenses that have been or will be reimbursed by another federal program.”

Additionally, guidance provided in the Subrecipient Agreement - *Federal Funding Certification* executed June 3, 2020 between Bryan County and the State of Oklahoma states in part,

4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

6. Any local government entity receiving funds pursuant to this certification shall retain documentation of all uses of the funds,...

8. Any funds provided pursuant to this certification cannot be used as a revenue replacement for lower than expected tax or other revenue collections.

10. I acknowledge and certify that Recipient has not received, and will not apply for, federal funds from any other source, to reimburse it for the expenditures for which funds are sought pursuant hereto.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-013 – Noncompliance Over Major Federal Program – Period of Performance

PASS-THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0076

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Period of Performance

QUESTIONED COSTS: \$156,706

Condition: After performing expenditure testwork on 100% of the program, disbursements totaling \$156,706 were not expended in accordance with the Period of Performance compliance requirement due to unsubstantiated and ineligible costs.

- Expenditures totaling \$130,494 were included in documentation submitted for audit; however, these costs were incurred prior to the period of performance.
- Expenditures totaling \$26,212 were unaccounted for and were not supported by adequate documentation to determine costs were incurred during period of performance.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with federal award requirements.

Effect of Condition: These conditions resulted in noncompliance with grant requirements. The County runs the risk of misappropriation of funds which could hinder the County from receiving future federal funding. Further, this could result in the repayment of grant funds to the grantor agency.

Recommendation: OSAI recommends that the County design and implement policies and procedures to ensure compliance with applicable grant requirements.

Management Response:

Chairman of the Board of County Commissioners: Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for ensuring records are adequately maintained to reflect accurate detailed expenditures to prevent reoccurrence of this issue.

Criteria: 2 CFR § 200.303 *Internal Controls (a)* reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Department of the Treasury Federal Register, Vol. 86, No. 10 states in part, “The CARES [Coronavirus Aid, Relief, & Economic Security] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

This guidance further states, “...for a cost to be considered to have been incurred, performance or delivery must occur during the covered period ”

Additionally, guidance provided in the Subrecipient Agreement - *Federal Funding Certification* executed June 3, 2020 between Bryan County and the State of Oklahoma states in part,

4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

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 2021-004 – Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account, Sheriff Commissary and Sheriff Commissary Fund (Repeat Finding - 2008-013, 2009-013, 2010-013, 2011-013, 2012-013, 2013-010, 2014-010, 2015-008, 2016-008)

Condition: Upon inquiry and observation of the processes regarding the Inmate Trust Fund Checking Account, Sheriff Commissary and Sheriff Commissary Fund, we noted adequate segregation of duties have not been implemented to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

These internal control weaknesses include:

Inmate Trust Fund Checking Account:

- One employee collects monies, enters monies into the accounting system, prepares the deposit and takes the deposit to the bank without a secondary review.
- Bank reconciliations are not properly performed with verification to subsidiary ledgers which include inmate balances, cost of goods sold, and profit from sales.
- Bank reconciliations are not reviewed by someone other than the preparer.
- Preauthorized checks are retained by employee responsible for preparing and issuing disbursements.
- A signature stamp is utilized to preauthorize blank checks; in addition, the signature stamp is not registered with the Secretary of State as required and is not maintained in a secured location to prevent unauthorized access.
- Disbursements were issued in violation of statutorily allowed expenditures from the account.

Sheriff Commissary:

- Physical inventory counts are not conducted or maintained for commissary items on hand.

Sheriff Commissary Fund:

- The County Sheriff's office does not file an annual report for the Sheriff Commissary fund with Board of County Commissioners as required by January 15th of each year.

Cause of Condition: Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account, Sheriff Commissary and Sheriff Commissary Fund. Additionally, policies and procedures have not been designed and implemented to ensure control of the signature stamps to limit the risk involved with someone other than stamp owner having access to their signature stamps.

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

Recommendation: OSAI recommends the following:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- 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. Reviews should be conducted by someone other than the person performing the deposits and reconciliations.
- The Sheriff's office should implement a procedure for regularly conducting physical inventory of goods to be sold.

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- All checks from the Inmate Trust Fund Checking Account should have two authorized signatures.
- Expenditures should be made from the Inmate Trust Fund Checking Account in accordance with 19 O.S. § 531.
- Signature stamps be adequately safeguarded from unauthorized use and are used only by the official to whom it belongs. Authorized signatures should only be affixed on completed documents.
- Signature stamps are required to be registered with Secretary of State in accordance with 62 O.S. § 602.
- 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: We will be strongly implementing new procedures on how the Inmate Trust Fund Checking Account and Sheriff Commissary Fund is being handled. Key responsibilities will be delegated between more than one employee: the Commissary Officer will be pulling inmate funds with an additional person (jailer /office staff) and depositing funds in the system; the Jail Administrator or Assistant Jail Administrator will prepare the deposit; deposit will have two (2) verifications with signatures (we will rotate between administrative staff taking the deposits. Further, the Sheriff's office receptionist will release funds to inmates, with a check requiring two (2) signatures, the individual's signature stamp has been removed from office, and no checks will be pre-signed. Jail Administration and Sheriff's Office Administration will reconcile the Inmate Trust Fund Checking account together. In addition, we are now implementing Inmate Trust Policy and Procedures.

Criteria: The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.03 states:

Definition of Internal Control

Internal control comprises the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity. Internal control serves as the first line of defense in safeguarding assets. In short, internal control helps managers achieve desired results through effective stewardship of public resources.

The GAO Standards – Section 2 – Objectives of an Entity – OV2.24 states in part:

Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

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,

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper.

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.

Effective internal controls include management properly implementing procedures to ensure that collections and expenditures of inmate funds comply with 19 O.S. § 531 and that internal control procedures be implemented to ensure the safeguarding of inmate trust funds. In addition, effective internal controls include management properly implementing procedures to ensure compliance with 19 O.S. § 180.43 regarding the Sheriff's Commissary. Further, 62 O.S. § 602 requires facsimile signatures to be filled with Secretary of State.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

BRYAN COUNTY COMMISSIONERS

323 WEST BEECH STREET
 DURANT, OK 74701
 (580) 924-2201
 (580) 924-3094 FAX

COUNTY CLERK
 TAMMY REYNOLDS
 (580) 924-2202



DISTRICT NO. 1
 RON BOYER

DISTRICT NO. 2
 TONY SIMMONS

DISTRICT NO. 3
 JAY PERRY

Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2021

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Segregation of Duties and Noncompliance Over Disbursements	The County Clerk's office will continue to implement recommendations to limit risk associated with a concentration of duties. Further, the County Clerk's office will emphasis strict adherence to the state purchasing guidelines and improve communication within the County offices regarding compliance.	6/30/22	Tammy Reynolds, County Clerk
2021-002	Segregation of Duties Over the Payroll Process	The County Clerk's office will continue to implement compensating controls to limit risk associated with a concentration of duties. The County Clerk's office has implemented additional reviews to mitigate the limited controls regarding payroll process.	6/30/22	Tammy Reynolds, County Clerk
2021-010	21.019 Coronavirus Relief Fund County-Wide Controls Over Major Federal Program	Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioners Meetings and Quarterly Elected Officials Meetings.	6/30/22	Tony Simmons, BOCC Chair
2021-011	21.019 Coronavirus Relief Fund Internal Controls Over Major Federal Program	Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. Information regarding federal grants will be communicated during the Board of County Commissioners Meetings and	6/30/22	Tony Simmons, BOCC Chair

		Quarterly Elected Officials Meetings.		
2021-012	21.019 Coronavirus Relief Fund Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles	Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for ensuring records are adequately maintained to reflect accurate detailed expenditures to prevent reoccurred of this issue.	6/30/22	Tony Simmons, BOCC Chair
2021-013	21.019 Coronavirus Relief Fund Noncompliance Over Major Federal Program – Period of Performance	Bryan County will implement the recommendations to address these concerns and prevent reoccurrence. The County administrator applying for the federal awards on behalf of the County will be responsible for ensuring records are adequately maintained to reflect accurate detailed expenditures to prevent reoccurred of this issue.	6/30/22	Tony Simmons, BOCC Chair

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

BRYAN COUNTY COMMISSIONERS

323 W. BEECH
DURANT, OK 74701
(580) 924-2201
Fax: (580) 924-3094

BRYAN COUNTY CLERK
TAMMY REYNOLDS
(580) 924-2202



DISTRICT No. 1
RON BOYER

DISTRICT No. 2
TONY SIMMONS

DISTRICT No. 3
JAY PERRY

Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2021

FINANCIAL AUDIT FINDINGS

Finding 2007-009, 2008-001, 2009-001, 2010-001, 2011-001, & 2012-001

Inadequate County-Wide Controls

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

Status: Fully Corrected

Finding 2007-007, 2007-008, 2008-002, 2009-2, 2010-2, 2011-002, & 2012-002

Disaster Recovery Plan

Finding Summary: Upon inquiry, the following offices did not have a Disaster Recovery Plan: County Assessor, County Treasurer, and County Clerk

Status: Partially Corrected

Finding 2007-005, 2008-003, 2009-003, 2010-3, 2011-003, & 2012-003

Inadequate Internal Controls Over Information Systems Security – County Assessor, County Clerk, and County Treasurer

Finding Summary: Upon review of the computer systems within the County Assessor's, County Clerk's, and the County Treasurer's offices, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The following was noted:

Status: Fully Corrected

Finding 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-006, 2009-006, 2010-6, 2011-006, & 2012-006

Inadequate Segregation of Duties – County Treasurer

Finding Summary: A concentration of duties exists in the County Treasurer's office because one person is responsible for posting to the general ledger, preparing the monthly reports, taking deposits to the bank, and reconciling the bank accounts.

Status: Fully Corrected

Finding 2008-007, 2009-007, 2010-007, 2011-007, & 2012-007

Reconciliation of the Appropriation Ledger to General Ledger

Finding Summary: Based on our documentation of controls, reconciliations are not documented between the County Clerk's appropriation ledger and the County Treasurer's general ledger.

Status: Fully Corrected

Finding 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-008, 2009-008, 2010-008, 2011-008, & 2012-008

Segregation of Duties – Payroll

Finding Summary: Based on our documentation of controls, a lack of segregation of duties exists in the County Clerk's office because one deputy performs all key payroll processes.

Status: Not Corrected

Finding 2008-009, 2009-009, 2010-009, 2011-009, & 2012-009

Inadequate Internal Controls Over Signature Stamps – County Clerk and County Commissioners

Finding Summary: Upon inquiry, observation, and review of documents we noted the following control weaknesses with regard to purchasing procedures:

- The County Clerk's and District 1, 2, and 3 Commissioners' signature stamps were not on file with the Secretary of State.
- The Board of County Commissioners' (BOCC) secretary has physical control of District 1, 2, and 3 County Commissioners' signature stamps. (Stamps are retained in a locked filing cabinet in the BOCC office; the secretary has the only key.)
- The County Clerk's office employees have access to her signature stamp.

Status: Fully Corrected

Finding 2008-012, 2009-012, 2010-012, 2011-012, & 2012-012

Inadequate Internal Controls and Noncompliance Over Purchasing

Finding Summary: Of the seventy-two expenditures tested, the following exceptions were noted:

- Sixteen were not timely encumbered.
- One was not supported by adequate documentation.

Status: Not Corrected

Finding 2010-17, 2011-017, & 2012-017

Noncompliance with State Statute Regarding Financing of Equipment District 1

Finding Summary: County Commissioner District 1 purchased the following equipment off the state contract and subsequently obtained financing for the equipment at a local bank.

- 2011 International Truck
- 2010 Pack Mule Belly Dump Trailer

On April 15, 2010, County Commissioner District 1 entered into a lease purchase agreement with a local bank that indebted the County past the current fiscal year without a vote of the people, which is a violation of the Oklahoma Constitution Article X § 26. Additionally, the County did not properly bid the purchase. **Status:** No longer valid

Finding 2011-018, & 2012-018

Promissory Note – Noncompliance with State Statute Regarding Financing of Equipment – District 2

Finding Summary: County Commissioner District 2 purchased the following items at the Circuit Engineering District spring auction and subsequently entered into a promissory note with a local bank to finance the equipment.

- 2005 Sterling Acterra Dump Truck
- 2005 Sterling Acterra Dump Truck
- 2006 Ford Pickup

On April 4, 2010, County Commissioner District 2 entered into a promissory note with a local bank that indebted the County past the current fiscal year without a vote of the people, which is a violation of the Oklahoma Constitution Article X § 26.

Status: No longer valid

FEDERAL AUDIT FINDINGS

Finding 2012-020

Inadequate County-Wide Controls over Federal Programs – CDBG and HOME

FEDERAL AGENCY: Department of Housing and Urban Development

CFDA NO: 14.228, 14.239

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, Home Investment Partnerships Program

FEDERAL AWARD NUMBER: 14301 CDBG 09, 14571 CDBG 10, 1334 HOME 10

FEDERAL AWARD YEAR: 2012

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

QUESTIONED COSTS: \$-0-

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

Status: No longer valid

Finding 2012-021

Inadequate Internal Controls Over Major Federal Programs – CDBG and HOME

FEDERAL AGENCY: Department of Housing and Urban Development

CFDA NO: 14.228, 14.239

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, Home Investment Partnerships Program

FEDERAL AWARD NUMBER: 14301 CDBG 09, 14571 CDBG 10, 1334 HOME 10

FEDERAL AWARD YEAR: 2012

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

QUESTIONED COSTS: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that 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; Davis Bacon Act; Eligibility; Matching Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement, Suspension and Debarment; Reporting; and Special Test and Provisions.

Due to the lack of internal controls our test of cash management, 14301 CDBG 09, documented that one reimbursement in the amount of \$86,898.24 was not expended within the fifteen days from the date funds were received.

Status: No longer valid

Finding 2010-20 – Inadequate County-Wide Controls Over Major Programs – CDBG and FEMA

PASS THROUGH GRANTOR: Oklahoma Department of Commerce, Oklahoma Department of Emergency Management

FEDERAL AGENCY: Department of Housing and Urban Development, United States Department of Homeland Security

CFDA NO: 14.228, 97.036

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: 13105 CDBG 07, 13241 CDBG 08, 13581 CDBG 08, 1876

FEDERAL AWARD YEAR: 2010

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, Suspension and Debarment; Reporting; and Special Tests and Provisions

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

Status: No longer valid

Finding 2010-21 – Inadequate Internal Controls Over Major Federal Program – CDBG and FEMA

PASS THROUGH GRANTOR: Oklahoma Department of Commerce, Oklahoma Department of Emergency Management

FEDERAL AGENCY: Department of Housing and Urban Development, United States Department of Homeland Security

CFDA NO: 14.228, 97.036

FEDERAL PROGRAM NAME: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii, Disaster Grants - Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: 13105 CDBG 07, 13241 CDBG 08, 13581 CDBG 08, 1876

FEDERAL AWARD YEAR: 2010

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, Suspension and Debarment; Reporting; and Special Tests and Provisions

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that 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; Davis Bacon Act; Matching Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement, Suspension and Debarment; Reporting; and Special Test and Provisions.

Status: No longer valid.

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



Cindy Byrd, CPA | State Auditor & Inspector

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