



# BRYAN COUNTY

## Operational Audit

For the fiscal year ended June 30, 2017

**Cindy Byrd, CPA**  
State Auditor & Inspector

**BRYAN COUNTY OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Cindy Byrd, CPA | State Auditor & Inspector

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May 30, 2019

**TO THE CITIZENS OF  
BRYAN COUNTY, OKLAHOMA**

Transmitted herewith is the audit report of Bryan County for the fiscal year ended June 30, 2017.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**TABLE OF CONTENTS**

**OPERATIONAL AUDIT REPORT**

Introductory Section (Unaudited)

County Officials.....	ii
Sales Tax Distribution.....	iii

Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2017.....	1
--	---

Description of County Funds .....	3
-----------------------------------	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County General Fund.....	9
--	---

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund.....	10
--	----

Purpose, Scope, and General Methodology .....	11
---	----

Objectives and Results of Operational Audit.....	12
--	----

**REPORT ON STATUTORY COMPLIANCE - OTHER MATTERS**

Statutory Report.....	20
-----------------------	----

Schedule of Findings and Responses.....	21
---	----

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

**Board of County Commissioners**

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

**County Assessor**

Glendel Rushing

**County Clerk**

Tammy Reynolds

**County Sheriff**

Johnny Christian

**County Treasurer**

Sheila Presley

**Court Clerk**

Donna Alexander

**District Attorney**

Emily Redman

**BRYAN COUNTY, OKLAHOMA  
SALES TAX DISTRIBUTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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## **Sales Tax**

### **Sales Tax of 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 the Sheriff Revolving fund, T-Highway Roads and Bridges Revolving fund, and Jail Renovation Note fund.

### **Sales Tax of 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 the Achille, Albany, Bennington, Bokchito, Bryan County, Caddo, Calera, Cartwright, Colbert, Durant, Freeny Valley, Kemp, Lakewood, Philadelphia, Roberta, Silo, Wade, West Bryan County, and Yuba Fire Department Sales Tax funds and Bryan County Communication Sales Tax fund.

During the fiscal year the County collected \$2,321,447 in total sales tax.

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the Fiscal Year Ended June 30, 2017**

	Beginning Cash Balances July 1, 2016	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2017
Combining Information:				
County Funds:				
County General	\$ 1,315,410	\$ 4,391,961	\$ 4,039,833	\$ 1,667,538
T-Highway	1,878,135	3,221,325	3,191,560	1,907,900
T-Highway Roads and Bridges Revolving	503,525	486,810	339,146	651,189
County Health Department	979,326	1,339,418	1,138,050	1,180,694
County Health Department Petty Cash	300	-	-	300
County Sinking	3,162	171	-	3,333
COPS Fast	1	-	-	1
REAP RW 6 Contract 15-040	13,578	-	13,578	-
County Assessor Fee Revolving	37,021	4,615	3,124	38,512
County Assessor Visual Inspection Reimbursement	8,592	4	9	8,587
County Assessor Cash Drawer Increase	25	-	-	25
County Clerk Lien Fee	40,780	23,534	13,032	51,282
County Clerk Record Management and Preservation	92,720	40,615	68,449	64,886
County Clerk Cash Drawer Increase	100	-	-	100
County Commissioner Trash Cop	796	478	-	1,274
County Treasurer Resale Cash Drawer Increase	700	-	-	700
County Treasurer Resale Property	276,454	316,370	278,327	314,497
Courthouse Security-SSF	58,923	38,520	38,362	59,081
DHS Attendant Care	95	-	-	95
Emergency 911	13,318	77,245	78,515	12,048
Keep Bryan County Beautiful	1,638	-	-	1,638
Mortgage Tax Certification Fee	6,439	7,280	4,736	8,983
OSU Extension Grant	832	-	-	832
Jail Revolving	13,629	6,790	8,838	11,581
Jail Special	5	-	-	5
Sheriff City Prisoners	27,298	89,469	95,699	21,068
Sheriff Commissary	23,538	122,906	77,223	69,221
Sheriff Commissary Profit	73,552	125,801	153,681	45,672
Sheriff Department of Corrections	88,871	390,015	274,664	204,222
Sheriff Social Security Administration	22,144	3,400	22,000	3,544
Sheriff Service Fees	43,277	175,091	181,122	37,246
Sheriff Corps	8,560	28,002	26,984	9,578
Sheriff DARE	102	-	-	102
Sheriff Helicopter	14,273	80,000	63,330	30,943

Continued on next page

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Beginning Cash Balances July 1, 2016	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2017
Continued from previous page:				
Sheriff Revolving	147,933	423,990	461,528	110,395
Sheriff Training	395	-	-	395
Court Clerk Payroll	28,826	269,396	268,071	30,151
Sheriff Forfeited Revolving	3,804	3,058	148	6,714
T-Highway Orchard Road BIA II	88,573	-	21,406	67,167
T-Highway District 3	5,376	-	5,376	-
T-Highway Roads and Bridges Revolving District 2	4,381	-	4,381	-
Bryan County Building	2,828	66,034	64,192	4,670
CBRI 105	538,477	667,046	336,750	868,773
Jail Renovation Note	177,296	387,563	455,667	109,192
Sheriff Combating Rural Crime	1	-	-	1
Circuit Engineering	2	60,019	20,000	40,021
State Criminal Alien Assistance Program	2,078	-	-	2,078
Achille Fire Department Sales Tax	82,132	58,086	4,862	135,356
Albany Fire Department Sales Tax	142,635	58,084	74,013	126,706
Bennington Fire Department Sales Tax	170,567	58,636	74,451	154,752
Bokchito Fire Department Sales Tax	98,453	58,622	48,593	108,482
Bryan County Fire Department Sales Tax	142,672	58,110	23,496	177,286
Bryan County Communication Sales Tax	20,980	58,052	61,842	17,190
Caddo Fire Department Sales Tax	57,269	58,268	30,976	84,561
Calera Fire Department Sales Tax	40,387	58,060	33,203	65,244
Cartwright Fire Department Sales Tax	58,697	58,061	50,702	66,056
Colbert Fire Department Sales Tax	136,725	58,090	32,000	162,815
Durant Fire Department Sales Tax	81,022	58,083	16,611	122,494
Freeny Valley Fire Department Sales Tax	27,767	58,053	42,844	42,976
Kemp Fire Department Sales Tax	94,034	58,091	12,860	139,265
Lakewood Fire Department Sales Tax	31,044	58,050	66,658	22,436
Philadelphia Fire Department Sales Tax	86,597	58,088	10,247	134,438
Roberta Fire Department Sales Tax	81,780	58,086	5,147	134,719
Silo Fire Department Sales Tax	81,284	58,921	71,136	69,069
Wade Fire Department Sales Tax	58,494	58,055	81,985	34,564
West Bryan County Fire Department Sales Tax	23,842	58,044	75,163	6,723
Yuba Fire Department Sales Tax	11,363	58,060	59,490	9,933
Safe Oklahoma Grant Program	29,147	-	29,146	1
CDBG RW 2	-	299,999	299,999	-
Drug Court	27,753	119,549	111,522	35,780
Drug Court Donation	15,551	11,600	4,489	22,662
Sheriff Donation Revolving	-	14,112	2,841	11,271
<b>Combined Total - All County Funds</b>	<b>\$ 8,147,284</b>	<b>\$ 14,455,786</b>	<b>\$ 13,072,057</b>	<b>\$ 9,531,013</b>

Source: County Treasurer's Monthly Reports (presented for informational purposes)

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Description of County Funds**

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 within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

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

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

T-Highway Roads and Bridges Revolving – 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.

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

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

County Sinking – 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.

COPS Fast – remnant of federal funds to be expended for deputies' salaries in the Sheriff's office.

REAP RW 6 Contract 15-040 – accounts for funds received from the Oklahoma Department of Commerce, and disbursements as restricted by state statute for the purpose of reimbursement for rural infrastructure developments.

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

County Assessor Visual Inspection Reimbursement – accounts for the remainder of the funds given to the Assessor for the startup and operation of the Computer Assisted Mass Appraisal and computer mapping of the County and related expenditures.

County Assessor Cash Drawer Increase – accounts for cash set aside to maintain the change fund used for the County Assessor's collections.

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

County Clerk Record 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 Drawer Increase – accounts for cash set aside to maintain the change fund used for the County Clerk's collections.

County Commissioner 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 Drawer Increase – accounts for cash set aside to maintain the change fund used for the County Treasurer's collections.

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

Courthouse Security-SSF – accounts for collections and disbursement of Sheriff service fees as collected by the Court Clerk's office as restricted by state statute to be used for courthouse security.

DHS Attendant Care – accounts for the state contract funds for juvenile care.

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

Keep Bryan County Beautiful – accounts for donations to be used for the beautification of Bryan County.

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

OSU Extension Grant – accounts for the remaining match funds for a federal grant used to renovate the Expo Building.

Jail Revolving – accounts for sales tax revenues received to be used for the maintenance of the jail.

Jail Special – accounts for donations to help fund the county jail.

Sheriff City Prisoners – accounts for monies received for housing city prisoners to be used for jail operating expenses.

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

Sheriff Department of Corrections – accounts for monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Sheriff Social Security Administration – accounts for the collection and deposit of Social Security funds to be used for jail operating expenses.

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

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

Sheriff DARE – accounts for the excess match remaining from the Drug Awareness Resistance Education grant.

Sheriff Helicopter – accounts for donations received for the purpose of advancing utilization of the Sheriff Department helicopter.

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

T-Highway Orchard Road BIA II – accounts for grant funds to be expended for the repair of Orchard Road.

T-Highway District 3 – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining District 3's county roads and bridges.

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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T-Highway Roads and Bridges Revolving District 2 – 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 District 2's county highways and bridges.

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

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

Jail Renovation Note – 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.

Sheriff Combating Rural Crime – accounts for grant funds received to be expended for the prevention and detection of rural crime.

Circuit Engineering – accounts for monies made available for reimbursement of constructing and maintaining county roads and bridges.

State Criminal Alien Assistance Program – accounts for grant funds received from the Department of Justice to be used for reimbursement of expenses related to the identification of unknown inmates in the jail.

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

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

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

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

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

Bryan County Communication Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

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

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

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.

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

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

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

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

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

**BRYAN COUNTY  
DESCRIPTION OF COUNTY FUNDS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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Safe Oklahoma Grant Program – accounts for grant funds received from the Oklahoma Attorney General’s office to provide additional resources to reduce violent crimes.

CDBG RW 2 – accounts for funds received from the Community Development Block Grant to be expended by Bryan County Rural Water District 2 for water tower improvements.

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.

Drug Court Donation – accounts for donations to be used for the emergency operations of the Drug Court.

Sheriff Donation Revolving – accounts for donations to be used for the operations of the Sheriff’s office.

**BRYAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,315,410	\$ 1,315,410	\$ -
Less: Prior Year Outstanding Warrants	(269,765)	(269,765)	-
Less: Prior Year Encumbrances	(41,925)	(28,180)	13,745
Beginning Cash Balances, Budgetary Basis	<u>1,003,720</u>	<u>1,017,465</u>	<u>13,745</u>
Receipts:			
Ad Valorem Taxes	3,115,685	3,403,032	287,347
Charges for Services	163,902	180,425	16,523
Intergovernmental Revenues	539,572	696,565	156,993
Miscellaneous Revenues	39,000	111,939	72,939
Total Receipts, Budgetary Basis	<u>3,858,159</u>	<u>4,391,961</u>	<u>533,802</u>
Expenditures:			
County Sheriff	438,180	437,823	357
County Treasurer	128,702	122,526	6,176
County Commissioners	137,901	137,409	492
County Commissioners OSU Extension	98,384	74,843	23,541
County Clerk	205,781	205,158	623
Court Clerk	191,781	190,461	1,320
County Assessor	93,761	93,676	85
Revaluation	378,585	299,356	79,229
General Government	2,024,724	1,377,491	647,233
Excise Equalization	7,001	4,509	2,492
County Election Expense	114,003	100,536	13,467
Charity	2,100	1,550	550
County Jail	939,798	938,299	1,499
Emergency Management	25,000	25,000	-
County Audit Budget Account	63,677	63,676	1
Free Fair Budget Account	12,500	12,500	-
SRT	1	-	1
Total Expenditures, Budgetary Basis	<u>4,861,879</u>	<u>4,084,813</u>	<u>777,066</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	1,324,613	<u>\$ 1,324,613</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		24	
Add: Current Year Outstanding Warrants		284,411	
Add: Current Year Encumbrances		58,490	
Ending Cash Balance		<u>\$ 1,667,538</u>	

*Source: County Estimate of Needs (presented for informational purposes)*

**BRYAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 979,326	\$ 979,326	\$ -
Less: Prior Year Outstanding Warrants	(65,677)	(65,677)	-
Less: Prior Year Encumbrances	(101,248)	(99,007)	2,241
Beginning Cash Balances, Budgetary Basis	812,401	814,642	2,241
Receipts:			
Ad Valorem Taxes	780,445	852,199	71,754
Charges for Services	-	325,232	325,232
Intergovernmental Revenues	-	391	391
Miscellaneous Revenues	-	161,596	161,596
Total Receipts, Budgetary Basis	780,445	1,339,418	558,973
Expenditures:			
County Health Budget Account	1,592,846	1,108,823	484,023
Total Expenditures, Budgetary Basis	1,592,846	1,108,823	484,023
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,045,237	\$ 1,045,237
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		44,729	
Add: Current Year Outstanding Warrants		90,728	
Ending Cash Balance		\$ 1,180,694	

*Source: County Estimate of Needs (presented for informational purposes)*

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**PURPOSE, SCOPE, AND GENERAL METHODOLOGY**

This audit was conducted in response to 19 O.S. § 171, which requires the State Auditor and Inspector's Office to audit the books and accounts of county officers.

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

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2017.

Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of the County's operations. Further details regarding our methodology are included under each objective.

We utilized sampling of transactions to achieve our objectives. To ensure the samples were representative of the population and provided sufficient, appropriate evidence, the random sample methodology was used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

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

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.

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Objective 1:** To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2017.

**Conclusion:** With respect to the items reconciled and reviewed; the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports. However, we noted some deficiencies in internal controls regarding the financial reporting process.

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

- Evaluated significant internal controls related to preparing the Treasurer's Monthly Reports.
- Reconciled total collections from the monthly reports to the apportionments ledger for each month and to the annual summary of the Treasurer's reports.
- Confirmed \$11,469,053 in cash receipts (79% of total cash receipts) received from the Oklahoma Tax Commission, Federal grantor agencies, and the State Treasurer's Office, and determined that these receipts were apportioned to the proper fund in the proper amount.
- Prepared a general ledger schedule of cash and investments at June 30 to ensure the schedule reconciled to the annual summary of the Treasurer's reports.
- Confirmed all cash and investment balances.
- Re-performed the June 30 bank reconciliation and confirmed reconciling items.
- Reviewed bank balances of all accounts at June 30 on the Treasurer's general ledger to ensure that investments were adequately secured as required by 62 O.S. § 517.4.
- Examined the Treasurer's total cash disbursements and compared it to the County Clerk's total checks and cash vouchers issued to ensure the totals reconciled.

**FINDINGS AND RECOMMENDATIONS**

**Finding 2017-001 – Inadequate Internal Controls Over the County Treasurer's Monthly Reports and Bank Reconciliations in the County Treasurer's Office**

**Condition:** Upon inquiry, observation, review of documentation, and testwork, the following was noted:

- One person prepares the monthly reports which were not reviewed for accuracy by someone other than the preparer.
- One person performs the bank reconciliations which were not reviewed and approved by someone other than the preparer.

**Cause of Condition:** Policies and procedures have not been designed and implemented to review apportionments, disbursements, and cash balances to verify that these amounts are accurately presented on the monthly reports. Additionally, policies and procedures have not been designed and implemented to

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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ensure bank account reconciliations are reviewed by someone other than the preparer and documentation of the review is maintained.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County Treasurer implement a system of internal control to provide reasonable assurance that receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports. To improve controls over the County Treasurer's monthly reports, we recommend the following:

- Monthly reports should be reviewed by someone other than the preparer.
- Bank reconciliations should be reviewed by someone other than the preparer.

**Management Response:**

**County Treasurer:** In January 2019, a review of the monthly reports was implemented. Therefore, all future monthly reports will be reviewed for accuracy by a secondary person. During the previous audit, I learned from the Auditors that bank reconciliations should be reviewed and approved by a secondary person. The July, August, and September 2016 bank reconciliations were not reviewed by a secondary person; however, the reviewing of bank reconciliations was implemented in November 2016. All bank reconciliations for the remainder of fiscal year 2017 were reviewed and initialed by a secondary person.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions, and safeguarding assets from misappropriation. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

**Objective 2:** To determine the County's financial operations complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated.

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 1370E, which requires the sales tax collections to be deposited in the general revenue or Sales Tax Revolving Fund of the County and be used only for the purpose for which such sales tax was designated. However, we noted some deficiencies in internal controls regarding the sales tax collection process.

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

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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- Evaluated significant internal controls related to sales tax, which included:
  - Reviewing sales tax collections to ensure the collection was apportioned and appropriated in accordance with the sales tax ballot and that the apportionment and appropriation were reviewed and approved.
  - Reviewing a random sample of sales tax disbursements totaling \$50,413 (2.36% of sales tax disbursements in the population tested) to ensure the expenditure was approved and made for the purposes designated in the sales tax ballot.
- Confirmed all sales tax receipts received from the Oklahoma Tax Commission.

<b>FINDINGS AND RECOMMENDATIONS</b>
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**Finding 2017-002 – Inadequate Internal Controls Over Apportionment of Sales Tax**

**Condition:** Upon inquiry and observation, and review of documentation regarding the process of apportioning sales tax collections and disbursing of sales tax funds, the following was noted:

- The calculation of sales tax collections performed and apportioned by the County Treasurer are not reviewed or approved, by someone other than the preparer.

**Cause of Condition:** Policies and procedures have not been designed and implemented to review the sales tax apportionment to ensure the collections are properly apportioned and appropriated to designated funds.

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

**Recommendation:** OSAI recommends that procedures be designed and implemented to review the calculation of the sales tax apportionment and appropriation to ensure collections are distributed in accordance with the sales tax ballot.

**Management Response:**

**County Treasurer:** The review process for sales tax collections was implemented in December 2018. Therefore, all future sales tax collections will be reviewed for accuracy by a secondary person.

**Criteria:** Accountability and stewardship are overall goals in evaluating management's accounting of funds. Internal controls should be designed and implemented to analyze and check accuracy and completeness. To help ensure proper accounting of funds, a recalculation of the sales tax apportionment should be independently performed and documented.

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Objective 3:** To determine the County's financial operations complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

**Conclusion:** With respect to the items tested, the County complied with 68 O.S. § 2923, which requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

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

- Evaluated significant internal controls related to ad valorem tax collections, which included comparing the certified levies to the approved levies entered into the computer system to ensure levies were entered correctly.
- Recalculated the apportionment of ad valorem tax collections to determine collections were accurately apportioned to the taxing entities.

**Objective 4:** To determine whether the County's internal controls provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations complied with significant laws and regulations.

**Conclusion:** The County's internal controls do not provide reasonable assurance that expenditures, including payroll, were accurately reported in the accounting records.

The County's financial operations did not comply with 19 O.S. § 1505, which requires that disbursements be properly supported with adequate documentation, requisitions signed by an authorized requisitioning officer, and disbursements be timely encumbered.

**Objective 4 Methodology:** To accomplish objective 4, we performed the following:

- Evaluated significant internal controls related to the expending of County funds through purchase orders, which included reviewing a random sample of purchase orders totaling \$20,349 (0.29% of purchase orders in the population tested) to ensure:
  - The purchase order was requisitioned and signed by an approved Requisition County Official,
  - The encumbrance was made or funds were available prior to ordering goods or services and the encumbrance was approved by the County Clerk/Deputy,
  - The disbursement was reviewed and authorized and supported by adequate documentation, and
  - The BOCC reviewed and approved the disbursement and the disbursement was made for the appropriate amount.

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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- Evaluated significant internal controls related to the expending of County funds through cash vouchers, which included reviewing a random sample of cash vouchers totaling \$1,494 (1.64% of cash vouchers in the population tested) to ensure:
  - The disbursement was reviewed and authorized,
  - The claimant signed the cash voucher claim,
  - The disbursement was made for the appropriate amount, and
  - The disbursement was supported by adequate documentation.
- Evaluated significant internal controls related to payroll expenditures, which included reviewing a random sample of 20 payroll claims (5% of payroll claims in the population tested) to ensure:
  - Timesheets are accurate and are signed by the employee and supervisor,
  - The payroll claim was reviewed and approved, and
  - The payroll claim was supported by adequate documentation.

<b>FINDINGS AND RECOMMENDATIONS</b>
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**Finding 2017-003 – Inadequate Segregation of Duties and Noncompliance Over the Purchasing Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County’s purchasing process, it was noted that the Purchasing Deputy prepares purchases orders, encumbers purchase orders, approves/authorizes the encumbrance, certifies the purchase orders, prepares the warrants, distributes warrants, maintains ledgers, and has access to make changes in the purchasing system software.

Additionally, based on testwork performed of forty (40) purchase orders, the following exceptions were noted:

- One (1) purchase order was not signed and approved by a requisitioning officer.
- Six (6) purchase orders were not encumbered prior to receiving goods or services.
- Two (2) purchase orders incurred a late fee.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the purchasing process. Additionally, the County did not follow the policies and procedures designed by state statute regarding the purchasing process.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, undetected errors, inaccurate records, incomplete information, and misappropriation of funds.

**Recommendation:** 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

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include having management review and approve accounting functions. Additionally, OSAI recommends the County implement internal control procedures to ensure compliance with the purchasing statutes.

**Management Response:**

**County Clerk:** We will take steps to implement recommendations.

**Chairman of the Board:** If diverse personnel are available to perform these duties a policy will be implemented, if not every effort will be made by the Department head to review the process's accuracy.

**County Commissioner District 2:** We are aware of these conditions and will attempt to see these duties are segregated and implemented in the future.

**County Commissioner District 3:** We will do our best to comply with all SA&I findings.

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

Effective internal controls require that management properly implement procedures to ensure that purchases are made in compliance with 19 O.S. § 1505.

**Finding 2017-004 – Inadequate Segregation of Duties and Over the Payroll Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County's payroll process, it was noted that the Payroll Clerk enrolls new employees, inputs payroll information into the system, makes payroll changes, maintains personnel files, prepares and prints payroll warrants, and distributes payroll warrants. Additionally, no one reviews and approves direct deposits to payroll claims.

Additionally, based on testwork performed of twenty (20) payroll claims, the following exceptions were noted:

- Six (6) payroll claims had timesheets that were not signed by the supervisor.
- Five (5) payroll claims had timesheets that were not signed by the employee.
- Ten (10) payroll claims were not adequately supported by withholding documentation.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regards to segregation and/or compensating controls over the payroll process. Additionally, policies and procedures have not been designed and implemented to ensure timesheets are completed, signed by employees, approved by the supervisor/department head, and filed with the County Clerk's office.

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**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. Additionally, all timesheets should be completed and signed by the employee, then approved by the immediate supervisor/department head, and filed in the County Clerk's office. Further, payroll claims should be reviewed and approved by the department head and the Board of County Commissioners.

**Management Response:**

**County Clerk:** We have implemented procedures to ensure withholdings are properly documented and will work on segregating duties.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated. In addition, supporting documentation should be maintained in the County Clerk's office including payroll claims and timesheets signed and approved by the appropriate personnel.

**All Objectives:**

The following findings are not specific to any objective, but are considered significant to all of the audit objectives.

**Finding 2017-005 - Inadequate County-Wide Internal Controls (Repeat Finding)**

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to address risks of the County.

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

**BRYAN COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Recommendation:** OSAI recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**County Commissioner District 1:** Procedures and/or controls for Risk Assessment will be reviewed.

**County Commissioner District 2:** I will address these policies and procedures at our next elected officials' meeting.

**County Commissioner District 3:** Bryan County will incorporate county-wide internal controls regarding Risk Assessment and Monitoring into our handbook.

**County Treasurer:** Part of the discussion at the last officials' meeting was regarding officials' concerns. At future meetings, the Treasurer will provide copies of the Tax Paid Summary report for a comparison view of percentages of tax collections. The Treasurer will also give an update on any remaining entities that have not paid their share of visual inspection costs.

**County Clerk:** We are updating the handbook and are working to correct these issues.

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

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

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

**REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS**

Bryan County  
Board of County Commissioners  
Bryan County Courthouse  
Durant, Oklahoma 74701

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2017:

- All County Offices - Fixed Assets procedures (19 O.S. § 178.1, 19 O.S. § 178.2, and 69 O.S. § 645).
- All County Offices - Consumable Inventories procedures (19 O.S. § 1502 and 19 O.S. § 1504).
- Court Clerk procedures (20 O.S. § 1304 and 19 O.S. § 220).
- Inmate Trust Fund procedures (19 O.S. § 531 and 19 O.S. § 180.43).

Our statutory compliance engagement was limited to the procedures related to the statutes above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Bryan County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

May 30, 2019



**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2017-008 – Inadequate Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** We noted the following weaknesses regarding the Inmate Trust Fund Checking Account and Sheriff Commissary fund:

- One employee posts deposits, receives deposit slips, controls bank statements, prepares disbursements, authorizes debit cards, distributes debit cards, prints checks, authorizes checks, disburses checks, has administrative rights to software program, and performs the reconciliation for the Inmate Trust Fund Checking Account.
- Disbursements issued by debit cards and checks are not monitored, able to be authorized by one employee without oversight, and transactions are not reviewed or reconciled to the inmate trust ledgers. Additionally, the inmates are not required to sign an acknowledgement for the receipt of funds on debit cards.
- Reconciliations of the Inmate Trust Fund Checking Account are not properly performed.
  - There was \$10,078 more in the account than reflected on the inmate ledger balance.
  - Reconciling items included outstanding disbursements and deposits from prior years.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary fund with the Board of County Commissioners by January 15<sup>th</sup>, 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 and Sheriff Commissary fund.

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

**Recommendation:** OSAI recommends the following:

- 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.
- Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmates' trust fund balances should be reconciled to the bank statements each month.
- The Sheriff file a report of the commissary with the County Commissioners by January 15<sup>th</sup>, of each year in accordance with Title 19 O.S. § 180.43.

**Management Response:**

**County Sheriff:** We will be implementing new procedures on how the Commissary Trust Fund Account is being handled. Key responsibilities will be delegated between more than one employee. The Commissary officer will be pulling inmate funds and preparing the deposit. The Jail Administrator and Deputy Clerk

**BRYAN COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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will verify the deposit (we will rotate between office staff of taking the deposits). The Jail Administrator will then deposit the funds into the system. Jail Administrator assistant will issue checks for purchase of commissary and profit. Jail Administrator and Sheriff's office administrative assistant will reconcile the bank account together. Each office staff have been given their own login to disburse inmate funds, a receipt book has been implemented and inmate signs for his/her funds.

As to the discrepancy in the account balances, we are creating new ledger/check register for more accuracy this point going forward. We will also be going back to the beginning when the account was open, to decipher which funds belong to whom.

As for the Sheriff's Commissary Report due on January 15<sup>th</sup> of each year, it will be submitted from this point forward.

**Criteria:** Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an important aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control.

Title 19 O.S. § 180.43 D. states in part, "Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The Sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

**Finding 2017-009 – Inadequate Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding)**

**Condition:** Upon inquiry and observation, the following weaknesses over fixed assets inventory were noted:

- The County has not set forth procedures to perform and document an annual physical inventory to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2.
- The following offices did not file an annual inventory with the County Clerk:
  - County Commissioner District 1, County Commissioner District 3, Election Board, and fire departments of Achille, Albany, Bennington, Caddo, Durant, Kemp, Roberta, Wade, West Bryan, and Yuba.

**BRYAN COUNTY, OKLAHOMA  
STATUTORY REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to effective internal controls over safeguarding of fixed assets by performing an annual physical inventory count and maintaining the fixed assets inventory records with the County Clerk.

**Effect of Condition:** This condition resulted in noncompliance with state statutes and could result in unrecorded transactions and misappropriation of assets.

**Recommendation:** OSAI recommends the County comply with 19 O.S. § 178.1 and 19 O.S. § 178.2 by performing and documenting an annual inventory of fixed assets. The verification should be performed by an individual independent of the fixed asset recordkeeping process.

**Management Response:**

**County Commissioner District 1:** Upon investigation it was found that the required inventory document was completed as required by state statute, but because of new personnel's inexperience with the statutory requirements the document was not properly filed in the Clerk's office. This over-sight has been addressed and corrected. A District Policy has been implemented to help minimize the over-sight in the future.

**County Commissioner District 2:** We will strive to see that all offices comply with state statutes.

**County Commissioner District 3:** In the future, we have all the necessary information.

**County Clerk:** We will discuss this issue with all offices.

**Criteria:** Effective internal controls include designing and implementing procedures to ensure that all fixed assets be safeguarded from loss, damage, or misappropriation and ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2.

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



**Cindy Byrd, CPA | State Auditor & Inspector**

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