



CADDO COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**CADDO 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

May 16, 2022

TO THE CITIZENS OF
CADDO COUNTY, OKLAHOMA

Transmitted herewith is the audit of Caddo 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,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Benny Bowling
District 2 – Vacant
District 3 – Brent Kinder

County Assessor

Ladonna Phillips

County Clerk

Rhonda Johnson

County Sheriff

Spencer Davis

County Treasurer

Regina Moser

Court Clerk

Patti Barger

District Attorney

Jason Hicks

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

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
CADDO 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 Caddo 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 Caddo County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial 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 Caddo 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 Caddo 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 May 2, 2022, on our consideration of Caddo County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Caddo County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

May 2, 2022

REGULATORY BASIS FINANCIAL STATEMENT

CADDO 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	\$ 1,184,883	\$ 2,322,063	\$ 2,011	\$ -	\$ 2,411,776	\$ 1,097,181
County Highway Unrestricted	1,855,514	5,007,953	290,000	-	4,982,796	2,170,671
Health	412,790	177,909	-	-	139,135	451,564
Resale Property	483,980	178,155	2,685	-	133,559	531,261
County Bridge and Road Improvements	768,935	356,596	-	-	466,908	658,623
Use Tax - Sales Tax	869,238	845,084	-	-	554,353	1,159,969
Treasurer Mortgage Certification Fee	20,662	6,015	-	-	2,112	24,565
County Clerk Lien Fee	197,322	35,926	-	-	20,628	212,620
Assessor Revolving Fee	9,248	1,869	-	-	1,307	9,810
Sheriff Service Fee	333,451	1,709,710	-	-	1,854,240	188,921
State Criminal Alien Assistance Program (SCAAP) Grant	289	-	-	-	-	289
Sheriff Forfeiture	4,363	456	-	-	399	4,420
County Clerk Records Management and Preservation	159,939	61,978	-	-	26,683	195,234
Jail Debt Payments	122,024	1,490,345	-	-	1,472,845	139,524
Extension Sales Tax	162,445	89,421	-	-	83,438	168,428
Sheriff Sales Tax	30,325	112,692	-	-	99,181	43,836
Courthouse Improvement Sales Tax	121,476	130,330	-	-	136,853	114,953
Fair Sales Tax	128,845	124,532	-	-	96,286	157,091
Fair Improvement Sales Tax	30,467	16,672	-	-	7,938	39,201
Rural Fire Sales Tax	335,103	115,923	-	-	140,742	310,284
Senior Citizens Sales Tax	92,479	109,292	-	-	115,663	86,108
Health Sales Tax	3,643	14,903	-	-	14,078	4,468
Ambulance Service District Sales Tax	129,011	496,782	-	-	483,917	141,876
911 Phone Fees	81,556	651,487	-	-	639,755	93,288
Emergency Management	5,461	11,560	-	-	3,021	14,000
Court Ordered Trust	75,028	10,394	-	75,028	-	10,394
County Building	38,277	6,500	-	-	-	44,777
Local Emergency Planning Committee	5,472	2,000	-	-	105	7,367
Community Service Program	152	-	-	-	-	152
CT-OBG Grant 2013	9	-	-	-	-	9
Reward Fund	200	-	-	-	-	200
Rental of County Property	2,965	-	-	-	-	2,965
Sheriff Commissary	40,023	96,647	-	-	91,379	45,291
Court Clerk Payroll	3,927	87,096	593	-	76,373	15,243
County Donations	16,433	1,946,034	75,028	2,011	1,678,269	357,215
General Government - Sales Tax	294,997	327,876	-	-	321,975	300,898
BIA	918,580	1,190,890	-	-	2,105,470	4,000
Reap Revolving Grant Fund	-	45,000	-	-	45,000	-
Federal Grants	-	2,793,736	-	-	-	2,793,736
Total - All County Funds	\$ 8,939,512	\$ 20,573,826	\$ 370,317	\$ 77,039	\$ 18,206,184	\$ 11,600,432

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, 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 to be disbursements for the purpose of constructing and maintaining county roads and bridges.

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

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

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

Use Tax – Sales Tax – accounts for use tax collected and disbursed for the purpose of maintenance and operation of the government.

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

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the Treasurer for mortgage tax certifications to be disbursed as restricted by state statute.

County Clerk Lien Fee – accounts for the collection of lien fees to be disbursed as restricted by state statute.

Assessor Revolving Fee – accounts for the collection of monies by the Assessor to be disbursed as restricted by state statute for the visual inspection program.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute, the collection of funding from the State Department of Corrections and local police department to be disbursed as restricted by state statute; the collection of fees through the courts to be disbursed for administrative expenses and supervision of offenders; and for fees collected through the courts to be disbursed for courthouse security.

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

Sheriff Forfeiture – accounts for forfeitures to be disbursed for drug enforcement.

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

Jail Debt Payments – accounts for collections of sales tax to be disbursed in accordance with sales tax ballot and agreements.

Extension Sales Tax – accounts for the portion of the .50% county sales tax to be disbursed for OSU Extension services.

Sheriff Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for the Sheriff's office.

Courthouse Improvements Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for improvements of the courthouse.

Fair Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for operation of the township fairs.

Fair Improvement Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for improvements of the County fairgrounds and maintenance of the Fairground Facilities.

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

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

Senior Citizens Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for the maintenance and operation of the Anadarko, Apache, Binger, Carnegie, Cement, Cyril, Fort Cobb and Hinton Senior Citizen Centers.

Health Sales Tax – accounts for the portion of the .50% county sales tax collected to be disbursed for the maintenance and operation of the county health department.

Ambulance Service District Sales Tax – accounts for the .25% county sales tax collected to be disbursed for maintenance and operation of the county ambulance services.

911 Phone Fees – accounts for monies received from telephone companies to maintain an emergency telephone system.

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

Court Ordered Trust – accounts for the collection from donation to be disbursed for maintenance and operations of the Caddo County Court System.

County Building – accounts for the collection of a lease-rental from county-owned property to be disbursed for maintenance of the property.

Local Emergency Planning Committee – accounts for federal funds collected to be disbursed for environmental control.

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

CT-OBF Grant 2013 – accounts for funds received from the Oklahoma Bar Foundation to be disbursed for court room renovations.

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

Rental of County Property – accounts for insurance reimbursements from the Association of County Commissioners to be disbursed for hail damage.

Sheriff Commissary – accounts for the collection of profits on commissary sales in the County jail to be disbursed for jail operations as defined by state statute.

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

Court Clerk Payroll – accounts for monies received from the Court Clerk’s Court Fund to be disbursed for the payroll to Court Fund employees.

County Donations – accounts for the collection of donations received by the County to be disbursed in accordance with Board of County Commissioner resolutions.

General Government – Sales Tax – accounts for the collections of a portion of the .75% sales tax established as a separate fund by the County to be disbursed in accordance with sales tax ballot.

BIA – accounts for funds received from the Bureau of Indian Affairs to be disbursed for county road maintenance.

REAP Revolving Grant Fund – accounts for the collection of state grants to be disbursed for the Twin Cities Fire Department.

Federal Grants – accounts for monies received from the American Rescue Plan Act and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

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 prepare financial statements either 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.

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

D. Budget

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

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

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

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

D. Sales Tax

Sales Tax of March 6, 2018

Caddo County voters approved a continuation of a one-half of one percent (1/2%) sales tax effective March 6, 2018 for a duration of five (5) years, with a change in distribution among various entities. The proceeds of said tax is to be allocated for exclusive use as follows: County General Fund 33%; OSU Extension 9%; Free Fair and Livestock Show 6%; Free Township Fairs 6%; Courthouse Maintenance 9%; Sheriff's Office 11%; Rural and Local Firefighting Programs 12%; County Health Department 1.5%; Senior Citizen Nutrition Centers 11%; and Caddo County Fairgrounds and Facilities 1.5%.

These funds are accounted for in the following funds: General Government Sales Tax fund, Extension Sales Tax fund, Fair Sales Tax fund, Courthouse Improvement Sales Tax fund, Sheriff Sales Tax fund, Rural Fire Sales Tax fund, Health Sales Tax fund, Senior Citizens Sales Tax fund, and Fair Improvement Sales Tax fund.

Sales Tax of June 13, 2017

Caddo County voters approved a continuation of a one-quarter of one percent (1/4%) sales tax, effective July 1, 2017 for the duration of five (5) years, expiring June 30, 2022 for the sole purpose of acquiring, equipping, repairing, renovating, operating, maintaining, and advancing ground ambulance services. These funds are accounted for in the Ambulance Service District Sales Tax fund.

Sales Tax of August 11, 2009

On August 11, 2009, Caddo County voters approved a three-quarter of one percent (3/4%) sales tax, effective January 1, 2010 pledged toward the retirement of indebtedness incurred therefore: payment of operations and maintenance expenses related thereto; and to be used specifically for the renovation, expansion, construction, and equipping the Caddo County Detention Facility, Courthouse Improvements, including additional space in the courthouse to provide a 911 dispatch center and a County wide dispatch center, with \$200,000 of bond proceeds to go toward the construction of a new Oklahoma State University Extension Center for Caddo County, and operating and maintaining the Caddo County Detention Facility, county-wide dispatch center, and other public safety expenses.

A portion of such sales tax, three-eighths (.375) of one percent shall have a limited durations of thirty (30) years from the date of commencement, or until the principal and interest upon indebtedness incurred on behalf of Caddo County by the Caddo County Governmental Building

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

Authority in furtherance of the County Detention Facility and courthouse improvements is paid in full, whichever occurs earlier. In September 2010, the Caddo County Government Building Authority issued \$17,170,000 Sales Tax Revenue Bonds to pay for the construction of the Caddo County Detention Facility and County Courthouse renovation.

The remaining portion three-eighths (.375) of one percent will continue until repealed by a majority of Caddo County Electors to be allocated for the operations and maintenance of the county detention facility and county wide dispatch center and other public safety expenses; making provisions separable; and declaring an emergency.

These funds are accounted for in the Jail Debt Payments fund

E. Interfund Transfers

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

- \$593, a residual balance, was transferred to the Court Clerk Payroll fund from the Court Clerk Revolving fund (a Trust & Agency fund) by BOCC resolution to close out the fund.
- \$2,685 was transferred to the Resale Property fund from the Excess Resale fund (a Trust & Agency fund) in accordance with 68 O.S. § 3131C.
- \$290,000 was transferred to the County Highway fund from the Emergency Transportation Revolving Fund (a Trust & Agency fund) for borrowed funds used for bridge and road projects in the County.
- \$75,028 was transferred to the County Donations fund from the Court Ordered Trust fund in order to correct a chart of accounts error from prior year.
- \$2,011 was transferred to the County General fund from the County Donations fund for the purpose of correcting a reimbursement to the County General fund for the expenditure of two computers from prior year.

SUPPLEMENTARY INFORMATION

CADDO 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
County Sheriff	\$ 721,316	\$ 718,372	\$ 2,944
County Treasurer	229,730	228,115	1,615
County Commissioners	21,166	21,166	-
County Clerk	273,068	272,920	148
Court Clerk	262,642	257,431	5,211
County Assessor	239,313	230,399	8,914
Visual Inspection	275,790	254,818	20,972
Juvenile Shelter/Bureau	105,000	75,416	29,584
General Government	523,659	124,141	399,518
Excise Equalization	5,514	3,443	2,071
Election Board	110,390	89,227	21,163
County Jail	154,301	123,679	30,622
Total Expenditures, Budgetary Basis	<u>\$ 2,921,889</u>	<u>\$ 2,399,127</u>	<u>\$ 522,762</u>

CADDO 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
Public Health	\$ 535,154	\$ 184,327	\$ 350,827
Total Expenditures, Budgetary Basis	<u>\$ 535,154</u>	<u>\$ 184,327</u>	<u>\$ 350,827</u>

**CADDO 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

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	\$ 24,613
Total U.S. Department of Interior			<u>24,613</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma District Attorneys Council:			
National Criminal History Improvement Program (NCHIP)	16.554	20P003	<u>17,433</u>
Total U.S. Department of Justice			<u>17,433</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Transferred to the Bureau of Indian Affairs			
Direct Grant:			
Highway Planning and Construction	20.205	A17AC00079-Windmill Road	1,706,213
Highway Planning and Construction	20.205	A179AC00020-Broxtown Road	399,257
Passed Through the Oklahoma Highway Safety Office:			
State and Community Highway Safety	20.600	SE-20-341	10,257
State and Community Highway Safety	20.600	PT-21-342	<u>14,189</u>
Total U.S. Department of Transportation			<u>2,129,916</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4247	32,012
Emergency Management Performance Grants	97.042	EMPG-20-21	<u>3,021</u>
Total U.S. Department of Homeland Security			<u>35,033</u>
Total Expenditures of Federal Awards			<u>\$ 2,206,995</u>

CADDO 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 Caddo 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

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

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
CADDO COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Caddo County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Caddo County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 2, 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 Caddo County's internal control over financial reporting (internal control) as a 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 Caddo County's internal control. Accordingly, we do not express an opinion on the effectiveness of Caddo 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 2021-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-005.

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

Caddo County's Response to Findings

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

May 2, 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
CADDO COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Caddo County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Caddo County's major federal program for the year ended June 30, 2021. Caddo 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 Caddo County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Caddo County's compliance.

Opinion on Each Major Federal Program

In our opinion, Caddo County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Caddo 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 Caddo 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 Caddo 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 2021-014 and 2021-015, that we consider to be material weaknesses

Caddo County's Response to Findings

Caddo County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Caddo 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

May 2, 2022

**CADDO 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? Yes

Federal Awards

Internal control over major programs:

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

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

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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

**CADDO 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 – Lack of County-Wide Controls (Repeat Finding - 2009-008, 2010-008, 2011-008, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001)

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

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

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

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner, and the methodology to monitor 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, Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls.

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

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

Definition of Internal Control

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

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

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 2021-005 – Lack of Internal Controls and Noncompliance Over the Payroll and Disbursement Process (Repeat Finding - 2009-002, 2010-002, 2011-002, 2012-005, 2013-005, 2014-005, 2015-005, 2016-005, 2017-005, 2018-005, 2019-005, 2020-005)

Condition: The county does not have an adequate segregation of duties over payroll or cash vouchers 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.

Further, the audit of forty-four (44) disbursements, reflected the following:

- Four (4) disbursements were not encumbered properly.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to segregation of duties and/or compensating controls of the payroll process and cash vouchers. Additionally, policies and procedures have not been designed and implemented to ensure the County is in compliance with state statutes regarding the disbursement process.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management's oversight of the office operations and a review of said operations while maintaining supporting documentation of designed and implemented internal controls. Further, OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing

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

procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to fellow County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services and the maintaining of invoices and documentation.

County Clerk: We are working to properly segregate all the duties over payroll and disbursements.

Criteria: The GAO Standards – Principal 10 – Design Control Activities – Design of Appropriate Types of 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.

Further, effective internal controls require that management properly implement procedures to ensure that disbursements comply with 19 O.S. § 1505.

**CADDO 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 2021-014 – Lack of County-Wide Controls Over Major Federal Program – Highway Planning and Construction (Repeat Finding - 2013-014, 2014-014, 2015-014, 2017-014, 2018-014, 2020-014)

DIRECT GRANT

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension and Debarment, Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: 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 complies with grant requirements.

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

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

Management Response:

Chairman, Board of County Commissioners: The Board of County Commissioners will work to implement a risk assessment plan. We will implement controls to help make sure we comply with all grant requirements. We will ensure that employees have the current and correct compliance supplement to work from.

Criteria: 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.

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

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 2021-015 – Lack of Internal Controls Over Major Federal Program – Highway Planning and Construction (Repeat Finding - 2013-015, 2014-015, 2015-015, 2017-015, 2018-015, 2020-015)

DIRECT GRANT

FEDERAL AGENCY: U.S. Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not establish procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Special Tests and Provisions.

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

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

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

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

Management Response:

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

Criteria: *OMB 2 CFR 200, Subpart D. § .303(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).

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

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 2021-002 - Lack of Internal Controls and Noncompliance Over Protest Tax

Condition: Upon inquiry and observation of the ad valorem tax collections, it was noted that a total of \$1,833,325 in protest taxes was received during the 2021 fiscal year. \$991,983 received in December 2020 and \$841,342 received in March 2021 was not entered into the county ad valorem tax system and: therefore, it was not reflected as collected on the Tax Paid Summary Report provided by the Treasurer. This resulted in the County records reflecting a 10.11% decrease in the percentage of taxes collected for tax year 2020. Additionally, the tax records incorrectly reflected 87.51% collections in fiscal year 2021 compared to 97.55% collections for the fiscal year 2020.

Cause of Condition: Policies and procedures have not been designed to document and retain evidence of procedures performed to ensure ad valorem tax collections are accurately entered into the system.

Effect of Condition: These conditions resulted in noncompliance with state statute which resulted in tax collections being understated. Further, these conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

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

Recommendation: OSAI recommends that the County Treasurer design and implement a system of internal controls to provide reasonable assurance that protest taxes are entered into the County tax system.

Management Response:

County Treasurer: We will ensure any protest tax received will be entered into the county tax system and reflected on the County's Collection Summary Report.

Criteria: 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, the GAO Standards – Section 2 – Establishing an Effective Internal Control System - 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.

Also, Title 68 O.S. § 2884 states in part:

B. When such taxes are paid, or by December 31, whichever is earlier, the persons protesting the taxes shall give notice to the county treasurer that an appeal involving such taxes has been taken and is pending and shall set forth the total amount of tax that has been paid under protest or required by law to be paid prior to April 1 that will be paid under protest.

C. It shall be the duty of the county treasurer to hold taxes paid under protest separate and apart from other taxes collected. Any portion of such taxes not paid under protest shall be apportioned as provided by law. Except as otherwise provided for in this subsection, the treasurer shall invest the protested taxes in the same manner as the treasurer invests surplus tax funds not paid under protest but shall select an interest-bearing investment medium which will permit prompt refund or apportionment of the protested taxes upon final determination of the appeal.

D.1. Prior to January 31 of each year, the county treasurer shall determine the amount of ad valorem taxes paid under protest and those ad valorem taxes that will be paid under protest pursuant to subsection B of this section.

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

Lastly, The Handbook for County Treasurer – Chapter 12: Collecting Protested Taxes states in part:

For all protest tax payment situations, the County Treasurer must perform the following actions:

- Enter the protested payment and protest numbers in the Protest Tax Record.
- Hold the portion of the tax payment that is being paid under protest in a tax protest account. The funds in this account are not apportioned pending the court order regarding the protest appeal. Protested tax monies should be invested in the same way as surplus tax funds not paid under protest...

Finding 2021-011 - Lack of Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding - 2013-011, 2014-011, 2015-011, 2016-011, 2017-011, 2018-011, 2019-011, 2020-011)

Condition: Upon inquiry and observation of fixed assets inventory, the following was noted:

- An annual inventory list of fixed assets was not on file with the County Clerk's office in the 2021 fiscal year, and no audit evidence exists to support that each item was visually verified for the following departments:
 - Fire Departments
 - Senior Citizen Centers
- An annual inventory list of fixed assets was on file with the County Clerk's office; however, audit evidence does not exist to support that each item was visually verified for the following department:
 - OSU Extension

Cause of Condition: Policies and procedures have not been adequately designed and implemented by all county offices/departments to ensure the accurate reporting of fixed assets.

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

Recommendation: OSAI recommends that County Officers design and implement internal controls to ensure that annual counts of fixed assets are performed and filed with the County Clerk.

Management Response:

Chairman of BOCC: We will work to ensure all departments file a fixed asset verification report and perform an annual inventory and file that with the County Clerk on a yearly basis.

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.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

Board of County Commissioners

CADDO COUNTY COURTHOUSE
Post Office Box 1427 Anadarko, Oklahoma 7300S
Telephone: 40S-247-310S

BENNY BOWLING

District I
LOOKEBA BARN
405/457-6373

JEFF BOREN

District II
ANADARKO BARN
405/247-5321

BRENT KINDER

District III
CARNEGIE BARN
580/654-2294

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	Lack of County-Wide Controls	The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls.	7/1/2022	Jeff Boren, BOCC Chairman
2021-005	Lack of Internal Controls and Noncompliance Over the Payroll and Disbursement Process	The Board of County Commissioners will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services and the maintaining of invoices and documentation. We will work with the County Clerk to ensure a proper segregation of duties over payroll and disbursements.	7/1/2022	Jeff Boren, BOCC Chairman
2021-014	Assistance Listing #20.205 Highway Planning and Construction	The Board of County Commissioners will work to implement a risk assessment plan. We will implement controls to help make sure we comply with all grant requirements. We will ensure that employees have the current and correct compliance supplement to work from.	7/1/2022	Jeff Boren, BOCC Chairman
2021-015	Assistance Listing #20.205 Highway Planning and Construction	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Caddo County receives to ensure that proper internal controls are implemented.	7/1/2022	Jeff Boren, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

Board of County Commissioners

CADDO COUNTY COURTHOUSE
Post Office Box 1427 Anadarko, Oklahoma 73005
Telephone: 405-247-3105

BENNY BOWLING

District I
LOOKEBA BARN
405/457-6373

JEFF BOREN

District II
ANADARKO BARN
405/247-5321

BRENT KINDER

District III
CARNEGIE BARN
580/654-2294

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 2009-008, 2010-008, 2011-008, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001

Lack of County-Wide Controls

Finding Summary: When assessing the county-wide internal controls the following weakness were noted:

- County-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.
- Upon review of the computer systems within the County Clerk's office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Status: Partially Corrected. The finding over Risk Assessment, and Monitoring has been recurring as we work on how to design and incorporate county-wide controls into the written County Handbook as well as perform risk assessment in quarterly officer meetings. Further, the County Clerk has put into place controls to safeguard data from unauthorized modification, loss, or disclosure.

Finding 2009-002, 2010-002, 2011-002, 2012-005, 2013-005, 2014-005, 2015-005, 2016-005, 2017-005, 2018-005, 2019-005, 2020-005

Internal Controls and Noncompliance Over the Disbursement Process

Finding Summary: The Payroll Clerk enrolls new hires, make payroll changes, maintain personnel files, and prepares end of month payroll reports. In addition, there is no evidence of review of payroll changes or enrollments.

Further, we noted the following weaknesses with regards to the disbursement process:

- In review of cash voucher #2144, there was no evidence of the cash voucher being prepared and reviewed by different individuals.
- The names of the County Clerk and the Purchasing Agent are preprinted on the purchase order and are initialed by the same person.

In addition, the inquiry of fifty-two (52) disbursements revealed the following:

- Seven (7) disbursements were not timely encumbered
- One (1) disbursement exceeded the amount of encumbrance without written explanation.

- One (1) disbursement had no supporting documentation.

Status: No corrective action has been taken regarding this finding. It has been recurring as we work on how to design and incorporate a proper segregation of duties within the payroll department. Further, the Board of County Commissioners will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services and the maintaining of invoices and documentation.

Finding 2018-021, 2019-021, 2020-021

Lack of Internal Controls Over the County Financial

Statement Finding Summary:

Caddo County has not designed and implemented internal controls to accurately present the County Financial Statement. During the review and reconciliation of the financial statement as prepared by the County, we determined that the financial statement was overstated \$1,144,032.00 in aggregate.

Status: Corrective action has been taken. Internal controls have been designed and implemented to accurately present County Financial Statement. Immaterial adjustments were made and approved by the Treasurer for the fiscal year under review.

FEDERAL AUDIT FINDINGS

Finding 2013-014, 2014-014, 2015-014, 2017-014, 2018-014, 2020-014

Lack of County-Wide Controls Over Major Federal Program – Highway Planning and Construction Direct Grant

Federal Agency: U.S. Department of Transportation

Assistance Listing No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Grant Award Number: B-12-UC-10-0001

Federal Award Year: 2012

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension and Debarment, Special Tests and Provisions

Questioned Costs: \$-0-

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

Status: No corrective action has been taken regarding county-wide controls. The finding over Control Environment, Risk Assessment, Information and Communication, and Monitoring has been recurring as we work on how to design and incorporate county-wide controls over federal programs into the written County Handbook as well as perform risk assessment in quarterly officer meetings.

Finding 2013-015, 2014-015, 2015-015, 2017-015, 2018-015, 2020-015

Lack of Internal Controls Over Major Program – Highway Planning and Construction Direct Grant

Federal Agency: U.S. Department of Transportation

Assistance Listing No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Grant Award Number: B-12-UC-10-0001

Federal Award Year: 2012

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension and Debarment, Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: During the process of documenting the County's internal controls regarding federal disbursements, we noted that Caddo County has not establish procedures to ensure compliance with the following

compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension and Debarment, Special Tests and Provisions.

Status: No corrective action has been taken regarding the internal controls over compliance requirements county taken. The finding has been recurring as we work on how to design and incorporate a federal grant policy to enhance the internal controls over all federal grants received by the County.

Finding 2017-030, 2018-030

Noncompliance with Compliance Requirements Over Federal Grant

Direct Grant

Federal Agency: U.S. Department of Transportation

Assistance Listing No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2018

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance of Federal Finds, Procurement, Suspension and Debarment, Reporting

Questioned Costs: \$842,075

Finding Summary: Of the twenty-four (24) expenditures tested, the following was noted:

- Two (2) purchase orders were not encumbered prior to the invoice.
- Two (2) invoices totaling \$461,732 could not be located.
- The County did not maintain documentation to verify that they reviewed whether vendors are suspended or debarred.
- Three (3) of the approved projects exceeded the bid amounts by \$380,343 in total, without approval from the federal granting agency.
- There was no documentation to support compliance with project reporting requirements, as outlined within the cooperative agreement, that the County notified the Bureau of Indian Affairs and Triba of opening dates and all pre-award conferences in writing.

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

Finding 2018-031

Noncompliance with Compliance Requirements Over Federal Grant

Direct Grant

Federal Agency: U.S. Department of Transportation

Assistance Listing No: 20.205

Federal Program Name: Highway Planning and Construction

Federal Award Year: 2018

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance of Federal Finds, Procurement, Suspension and Debarment, Reporting

Questioned Costs: \$843,984

Finding Summary: It was noted that the County had matching requirements of \$1,250,000 for the approved projects and could only provide documentation for \$406,016 of matching funds. The County did not maintain any documentation for the remaining \$543,984 in required matching funds in accordance with grant agreements.

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



Cindy Byrd, CPA | State Auditor & Inspector

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