



CANADIAN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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



November 7, 2022

TO THE CITIZENS OF
CANADIAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Canadian County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Marc Hader
District 2 – Dave Anderson
District 3 – Jack Stewart

County Assessor

Matt Wehmuller

County Clerk

Sherry Murray

County Sheriff

Chris West

County Treasurer

Carolyn Leck

Court Clerk

Marie Hirst

District Attorney

Mike Fields

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
CANADIAN 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 Canadian 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 Canadian 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 Canadian 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 Canadian 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 September 19, 2022, on our consideration of Canadian 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 Canadian County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 19, 2022

REGULATORY BASIS FINANCIAL STATEMENT

**CANADIAN 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:						
General	\$ 16,678,811	\$ 21,181,953	\$ 157,948	\$ 750	\$ 21,740,531	\$ 16,277,431
Highway Unrestricted	10,648,911	10,496,912	-	-	12,157,529	8,988,294
Bridge and Road Improvement	1,584,609	342,782	-	-	-	1,927,391
Emergency Management	42,711	71,712	-	-	76,957	37,466
Health	5,560,241	2,843,866	-	-	2,112,366	6,291,741
Federal Grant	4,922	1,000	-	-	-	5,922
Assessor Revolving Fee	81,267	4,966	-	-	-	86,233
Trash Cop	1,651	-	-	-	-	1,651
Flood Plain	42,709	5,150	-	-	11,059	36,800
Resale Property	1,054,131	939,993	14,917	471,593	508,626	1,028,822
Juvenile Detention Contracts	221,720	385,851	-	-	312,087	295,484
Sheriff Service Fee	574,003	2,633,163	-	-	2,016,812	1,190,354
Sheriff Commissary	139,988	346,557	-	-	248,579	237,966
Donations	44,773	84,871	-	-	77,449	52,195
Sheriff Training	4,547	845	-	-	889	4,503
Sheriff Federal Equitable Share Grant	35,278	15,453	-	-	19,663	31,068
Sheriff Federal Treasury Grant	40,136	3,259	-	-	7,537	35,858
Treasurer Mortgage Certification	143,583	64,540	-	-	48,345	159,778
County Clerk Lien Fee	517,729	159,087	-	-	80,160	596,656
County Clerk Records Management	806,999	497,290	-	-	50,947	1,253,342
ARI Assessors Revolving	64,000	-	-	-	-	64,000
AVI Assessors Visual	84,837	149	-	-	-	84,986
Court Clerk Payroll	43,407	-	-	-	-	43,407
Juvenile Detention - ST	9,794,845	7,432,484	-	-	8,890,620	8,336,709
Use Tax Free Fair Improvements	109,177	1,501,124	-	-	1,461,244	149,057
Total - All County Funds	\$ 48,324,985	\$ 49,013,007	\$ 172,865	\$ 472,343	\$ 49,821,400	\$ 47,217,114

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds included within the financial statement:

General – accounts for the general operations of the government.

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

Bridge and Road Improvement – accounts for the County Bridge and Road Improvement (CBRI) funding from the state to be used for improving county roads and bridges.

Emergency Management – accounts for the collection of grant monies to be disbursed for the purpose of a Homeland Security Grant by Canadian County.

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

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

Federal Grant – accounts for monies received from state or federal grants to be expended as outlined by grant agreements.

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

Trash Cop – accounts for fines collected by the Court Clerk and disbursed for the purpose of trash patrol.

Flood Plain – accounts for the collection of monies from flood plain permits. Disbursements are for computer software in relation to flood mapping.

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

Juvenile Detention Contracts – accounts for the collection and disbursement of contract and other miscellaneous revenue in the operations of the Canadian County Juvenile Justice Detention Facility.

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

Sheriff Commissary – accounts for the collection from the sale of commissary items to inmates and disbursements to improve or provide jail services and any surplus may be expended for administration expenses for training, equipment, travel, or for capital expenditures.

Donations – accounts for donations received for special projects not funded by the County and disbursed as restricted by Board of County Commissioner resolution.

Sheriff Training – accounts for the collection of forfeitures of seized property and disbursements are for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Sheriff Federal Equitable Share Grant – accounts for monies received from federal grants and disbursed for law enforcement purposes.

Sheriff Federal Treasury Grant – account for federal money received from the Department of Treasury for a federal seizure grant and disbursed according to grant terms.

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

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

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

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

ARI Assessor’s Revolving – accounts for the collection and disbursement of fees as restricted by state statute.

AVI Assessor’s Visual – accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be disbursed for payroll of the Court Clerk’s office.

Juvenile Detention - ST – accounts for the collection and disbursement of sales tax funds for the purpose of operations of the Canadian County Juvenile Justice Detention Facility.

Use Tax Free Fair Improvements – accounts for use tax collected and disbursed for the purpose of supporting the Canadian County Fairgrounds.

C. Basis of Accounting

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

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

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is

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

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."

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

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

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.

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.

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

D. Sales Tax

On August 27, 1996, a 0.35% sales tax was passed by voters to establish for an unlimited period. The proceeds are to be used for financing, constructing, equipping, and operating a Juvenile Delinquent Detention Facility and Juvenile Justice Facility in Canadian County. These funds are accounted for within the Juvenile Detention – ST fund. For the fiscal year ended June 30, 2021, the County apportioned \$6,994,384. The sales tax in the amount of \$6,894,666 was appropriated to the Juvenile Detention – ST account and \$99,718 was appropriated to the JD Reserves (Sales Tax) account. Both of these sales tax accounts have been combined for reporting purposes.

E. Tax Abatements

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

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

The County had \$239,403 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

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

F. Interfund Transfers

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

- A total of \$471,593 was transferred from the Resale Property fund to the following funds:
 - \$157,198 was transferred to the General fund in accordance with 68 O.S § 3131F.
 - \$2,981 was transferred to the SDG School District General fund, (a Trust and Agency fund), in accordance with 68 O.S § 3131F.

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

- \$154,216 was transferred to the Independent School Remit fund, (a Trust and Agency fund), in accordance with 68 O.S § 3131F.
- \$157,198 was transferred to the Municipal-City-Town Remit fund (a Trust and Agency fund), in accordance with 68 O.S § 3131F.
- \$750 was transferred from the Supervision Fees fund, (a Trust and Agency fund), to the General fund for a loan for the District Attorney’s State Fund account in accordance with 68 O.S § 3021.
- \$750 was transferred from the General fund to the Supervision Fees fund, (a Trust and Agency fund), for repayment of the borrowed funds used for the District Attorney’s State Fund account in accordance with 68 O.S § 3021.
- \$14,917 was transferred from the Excess Resale fund, (a Trust and Agency fund), to the Resale Property fund in accordance with 68 O.S § 3131C.

G. Juvenile Sales Tax Revolving Fund

A temporary injunction was issued by Judge Roger H. Stuart on January 8, 2015, and filed in the District Court of Canadian County on January 28, 2015 in response to CV-2014-265. The temporary injunction ordered the Canadian County Board of Commissioners to continue funding “the services of the Canadian County Children’s Justice Center from the proceeds generated from the 1996 .035% sales tax unless said tax is modified by vote of the citizens of Canadian County or further order of the court, whichever is earlier.”

After an appeal filed by the Canadian County Board of Commissioners, the Oklahoma Supreme Court upheld the temporary injunction issued by Judge Stuart on October 15, 2015 in Supreme Court Case No. 113697.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 47,000	\$ 38,709	\$ 8,291
District Attorney - County	20,366	17,544	2,822
County Sheriff	5,534,374	5,337,929	196,445
County Treasurer	632,338	543,363	88,975
County Commissioners	630,254	556,269	73,985
O.S.U. Extension	433,000	414,459	18,541
County Clerk	1,363,959	1,266,489	97,470
County Court Clerk	1,711,298	1,611,762	99,536
County Assessor	1,189,784	945,792	243,992
Visual Inspection	1,251,383	1,070,993	180,390
General Government	14,192,994	3,971,428	10,221,566
Excise Equalization	12,819	10,269	2,550
Election Board	559,967	490,904	69,063
Emergency Management	119,363	80,574	38,789
Charity	10,000	1,150	8,850
County Jail	3,396,647	3,283,147	113,500
Highway Budget Account	494,392	485,908	8,484
County Audit Budget	444,656	19,109	425,547
Free Fair	371,758	360,539	11,219
Total Expenditures, Budgetary Basis	\$ 32,416,352	\$ 20,506,337	\$ 11,910,015

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 7,481,847	\$ 2,486,008	\$ 4,995,839
Total Expenditures, Budgetary Basis	\$ 7,481,847	\$ 2,486,008	\$ 4,995,839

**CANADIAN 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

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Oklahoma Department of Education:			
National School Lunch Program	10.555	NSLP-21	\$ 21,670
Total U.S. Department of Agriculture			<u>21,670</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Tax	15.226	N/A	465
Total U.S. Department of Interior			<u>465</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Oklahoma State Bureau of Investigations:			
Missing Children's Assistance	16.543	MCA-20-21	23,585
Title V Delinquency Prevention Program	16.548	IV-E-20-21	30,832
Bulletproof Vest Partnership Program	16.607		7,631
Direct Grant:			
Equitable Sharing Program	16.922	N/A	28,959
Total U.S. Department of Justice			<u>91,007</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Transportation:			
Highway Planning and Construction	20.205	OK2019-01-1106-09-01	60,443
Total U.S. Department of Transportation			<u>60,443</u>
U.S. DEPARTMENT OF TREASURY			
Direct Grant:			
Equitable Sharing	21.016	N/A	22,966
Passed Through the Oklahoma Office of Management and Enterprise Services			
COVID-19 Coronavirus Relief Fund	21.019	SA-0278	530,691
Passed Through Oklahoma Emergency Management and Homeland Security			
COVID-19 Coronavirus Relief Fund	21.019	4530 DR-OK	8,919
Total Assistance Listing 21.019			<u>539,610</u>
Total U.S. Department of Treasury			<u>562,576</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Oklahoma Department of Mental Health and Substance Abuse			
Temporary Assistance for Needy Families	93.558	TANF-20-21	10,350
Total U.S. Department of Health and Human Services			<u>10,350</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG	7,500
Total U.S. Department of Homeland Security			<u>7,500</u>
Total Expenditures of Federal Awards			<u>\$ 754,011</u>

**CANADIAN 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 Canadian 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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 11, 2020, the President of the United States signed the Coronavirus Relief Fund into law. Canadian County received \$539,610 in federal relief funds. The County incurred \$465,389 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 27, 2020 through June 30, 2020, and are accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$465,389 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures that were incurred in the fiscal year ending June 30, 2021, which totaled \$33,593. There was \$40,628 questioned costs that were undocumented federal expenditures, which makes the total expenditures reported on the schedule of federal awards as \$539,610.

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
CANADIAN COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Canadian County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Canadian County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 19, 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 Canadian 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 Canadian County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Canadian 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.

Compliance and Other Matters

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

Canadian County's Response to Findings

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

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 19, 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
CANADIAN COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Canadian County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Canadian County's major federal program for the year ended June 30, 2021. Canadian 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 Canadian 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 Canadian County's compliance.

Basis for Qualified Opinion on ALN 21.019 – Coronavirus Relief Fund

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

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-013	20.219	COVID-19 Coronavirus Relief Fund	Activities Allowed or Unallowed
2021-013	20.109	COVID-19 Coronavirus Relief Fund	Allowable Cost / Cost Principles
2021-013	20.109	COVID-19 Coronavirus Relief Fund	Period of Performance

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

Qualified Opinion on ALN 21.019 – Coronavirus Relief Fund

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Canadian County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 21.019 – Coronavirus Relief Fund for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Canadian 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 Canadian 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 Canadian County’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-010 and 2021-012, that we consider to be material weaknesses.

Canadian County's Response to Findings

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

September 19, 2022

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? Yes

Identification of Major Programs

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

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

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

**CANADIAN 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 Internal Controls (Repeat Finding - 2011-001, 2012-001, 2013-001, 2014-001, 2018-001, 2019-001, 2020-001)

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

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

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

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 of the Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls. Beginning in 2022 the County began meeting quarterly to discuss risk within each office and the effectiveness of their internal controls. Notes of the meetings are kept and reviewed by the officers and department heads.

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.

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

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

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

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

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING NO: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

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

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

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 attributed to the noncompliance with grant requirements and could result in a loss of federal funds to the County.

Recommendation: OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to compliance with federal award requirements and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: We will work to implement a Risk Assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

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

The non-Federal entity must:

(a) 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).

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

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

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 2021-012 – Lack of Internal Controls Over Major Program – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING NO: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that procedures have not been established to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance of Federal Funds.

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 attributed to the noncompliance with grant requirements and could result in a loss of federal funds to the County.

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

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 the County receives to ensure that proper internal controls are implemented.

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

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

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

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

Finding 2021-013 – Noncompliance Over Major Federal Program – Coronavirus Relief Fund

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

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING NO: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$40,628

Condition: We tested 100% of the Program expenditures. The Program expenditures totaling \$539,610 were claimed for reimbursement and the County was reimbursed \$530,691 by the Oklahoma Office of Management and Enterprise Services, as well as \$8,919 by the Oklahoma Department of Emergency Management and Homeland Security. However, the county only submitted \$498,982 in documentation. Therefore, the county was reimbursed \$40,628 with no documentation of those disbursements.

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

Effect of Condition: This condition resulted in noncompliance with federal grant requirements for this program and could result in loss of federal funds.

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

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

Management Response:

Chairman of the BOCC: We will work to ensure future claims for Federal reimbursements comply with program requirements. The County has compiled the documentation of allowable expenditures that were not initially included in the original report sent to the Oklahoma Office of Management and Enterprise Services. The County will send in an amended report of expenditures to document the total amount the County was reimbursed.

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

The non-Federal entity must:

(a) 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).

2 CFR § 200.403 – *Factors affecting allowability costs* states in part,

“Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.

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

Additional guidance provided in the Subrecipient Agreement - Federal Funding Certification executed between Canadian County and the State of Oklahoma states in part, “4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.” “5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.” “6. Any local government entity receiving funds pursuant to this certification shall retain documentation of all uses of the funds”; “8. Any funds provided pursuant to this certification cannot be used as a revenue replacement for lower than expected tax or other revenue collections.”; “10. I acknowledge and certify that Recipient has not received, and

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

will not apply for, federal funds from any other source, to reimburse it for the expenditures for which funds are sought pursuant hereto.”

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.

No matters were reported.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

OFFICE OF
County Commissioners

201 N. CHOCTAW
CANADIAN COUNTY OKLAHOMA
EL RENO, OKLAHOMA 73036

Marc Hader, District No. 1
David Anderson, District No. 2
Jack Stewart, District No. 3

County Commissioners Office Phone
(405) 262-6200
(405) 422-2429 FAX

**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 Number & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls. Beginning in 2022 the County began meeting quarterly to discuss risk within each office and the effectiveness of their internal controls. Notes of the meetings are kept and reviewed by the officers and department heads.	10/1/2022	Dave Anderson, BOCC Chairman
2021-010	Assistance Listing Number 21.019 – COVID-19 Coronavirus Relief Fund	We will work to implement a risk assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.	10/1/2022	Dave Anderson, BOCC Chairman
2021-012	Assistance Listing Number 21.019 – COVID-19 Coronavirus Relief Fund	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.	10/1/2022	Dave Anderson, BOCC Chairman
2021-013	Assistance Listing Number 21.019 – COVID-19 Coronavirus Relief Fund	We will work to ensure future claims for Federal reimbursements comply with program requirements. The County has compiled the documentation of allowable expenditures that were not initially included in the original report sent to Oklahoma Office of Management and Enterprise Services. The County will send in an amended report of expenditures to document the total amount the County was reimbursed.	10/1/2022	Dave Anderson, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

OFFICE OF
County Commissioners

201 N. CHOCTAW
CANADIAN COUNTY OKLAHOMA
EL RENO, OKLAHOMA 73036

Marc Hader, District No. 1
David Anderson, District No. 2
Jack Stewart, District No. 3

County Commissioners Office Phone
(405) 262-6200
(405) 422-2429 FAX

**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 2011-001, 2012-001, 2013-001, 2014-001, 2018-001, 2019-001, 2020-001

Lack of County-Wide Controls

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

Status: Not Corrected

Finding 2017-004, 2018-004, 2019-004, 2020-004

Internal Controls and Noncompliance Over the County's Investments

Finding Summary:

- The written investment policy for the County does not address liquidity, diversification, safety of principal, yield, maturity, and quality of investment management.
- The County had investments in a financial institution that has invested the funds in Federal Home Loan Bank bonds, Federal National Mortgage Association bonds, and Federal Home Loan Mortgage Corporation bonds which do not appear to be allowed investments as authorized in the written investment policy and resolution signed by the Board of County Commissioners.
- The County has invested \$2,504,345 in bonds that have a final maturity date of July 27, 2021. The market value of the investments as of June 30, 2018, was \$2,467,960 which was a \$36,385 investment loss.

Status: Fully Corrected

Finding 2017-009, 2018-005

Internal Controls Over Pledged Collateral and Noncompliance with State Statute

Finding Summary:

- The Treasurer's office does not monitor daily bank balances to the amounts of pledged collateral to ensure balances are adequately covered.

Status: Fully Corrected.

Finding 2012-005, 2015-003, 2016-003, 2020-005

Lack of Internal Controls and Noncompliance Over the Disbursement Process

Finding Summary:

- It was determined that Court Clerk employees do not sign their timesheets verifying time worked or leave used.
- Five (5) instances were not timely encumbered.

Status: Fully Corrected.

FEDERAL AUDIT FINDINGS

Finding 2018-003

Noncompliance with Compliance Requirements: Allowable Costs, Matching, Period of Performance, and Special Tests and Provisions – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: DR-4247, DR-4256

FEDERAL AWARD YEAR: 2016

CONTROL CATEGORY: Allowable Costs/Cost Principles; Matching; Period of Performance; Special Tests and Provisions

QUESTIONED COSTS: \$351,008

Finding Summary:

- Labor hours were not calculated according to the County handbook for all districts.

Project worksheet 128, (District 1, 2, and 3) questioned cost - \$347,683

- The County was unable to locate any information or documentation for this project. All records had to be retrieved from a third party.
- County was unable to substantiate \$243,320 of contract charges that were listed on the project worksheet.
- The County incurred \$89,324 of contract charges that were not agreed upon in the contract or the task order.
- The final invoice received for contract cost had an unexplained variance of \$2,483.
- The County did not update disputed contract charges on project worksheet. The County reported contract cost including \$1,624 of charges that were not paid.
- There was documented debris removal and truck rental after the 80% reimbursement period.
- Mileage charged to project of \$1,116 could not be substantiated.
- Labor hours reported for monitoring was calculated incorrectly understating expenditures by \$9,816.

Project Worksheet 301: (District 1) questioned cost - \$3,325

- Labor hours reported were calculated using incorrect overtime calculations overstating expenditures by \$1,147.
- Correct equipment rates were not used for each activity report understating expenditures by \$2,041.
- The combined total project costs reported by district 1 did not match the total project costs on the project worksheet resulting in expenditures being overstated by \$137.
- The District totals could not be tied to the underlying records due to the activity reports not being completed in their entirety on a daily basis.

Project Worksheet 309: (District 3)

- Overtime was only reported as labor cost on the project worksheet. No overtime was earned according to timesheets.
- Equipment summaries were not maintained by the County.

Status: Not corrected.

Finding 2018-006

County Wide Controls over Major Federal Programs - Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: DR-4247, DR-4256

FEDERAL AWARD YEAR: 2016

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching; Period of Performance; 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: Not corrected.

Finding 2018-007

Internal Controls Over Compliance Requirements Over Major Federal Programs - Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.036

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

FEDERAL AWARD NUMBER: DR-4247, DR-4256

FEDERAL AWARD YEAR: 2015

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching; Period of Performance; 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 Canadian County has not established procedures to ensure compliance with the following requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching; Period of Performance; Special Tests and Provisions.

Status: Not corrected.

Finding 2012-010

Inadequate Internal Controls Over Major Programs – Juvenile Accountability Block Grants

PASS-THROUGH GRANTOR: Oklahoma Office of Juvenile Affairs

FEDERAL AGENCY: U.S. Department of Justice

CFDA NO: 16.523

FEDERAL PROGRAM NAME: Juvenile Accountability Block Grants

FEDERAL AWARD YEAR: FY 2012

CONTROL CATEGORY: Eligibility, Period of Availability, Reporting, Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Finding Summary: During the process of documenting the County’s internal controls over procedures regarding federal disbursements, we noted the County has not established procedures to ensure compliance with the following compliance requirements: Eligibility, Period of Availability, Reporting, and Special Tests and Provisions.

Status: Management feels this finding is no longer valid 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 management decision has not been issued.

Finding 2012-011

Inadequate County-Wide Controls Over Major Programs – Juvenile Accountability Block Grants

PASS-THROUGH GRANTOR: Oklahoma Office of Juvenile Affairs

FEDERAL AGENCY: U.S. Department of Justice

CFDA NO: 16.523

FEDERAL PROGRAM NAME: Juvenile Accountability Block Grants

FEDERAL AWARD YEAR: FY 2012

CONTROL CATEGORY: Activities Allowed, Allowable Cost, Eligibility, Period of Availability, Reporting, Special Tests and Provisions

QUESTIONED COSTS: \$-0-

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

Status: Management feels this finding is no longer valid 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 management decision has not been issued.

Finding 2012-12

Inadequate Controls Over Major Programs - Non-Profit Security Grant Program Pass-Through Grantor:

Oklahoma Department of Homeland Security

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.008

Federal Program Name: Non-Profit Security Grant Program

Federal Award Year: FY2012

Control Category: Equipment and Real Property Management

Questioned Costs: \$-0-

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

Status: Management feels this finding is no longer valid 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 management decision has not been issued.

Finding 2012-013

Inadequate County-Wide Controls Over Major Programs – Non-Profit Security Program

PASS-THROUGH GRANTOR: Oklahoma Office of Juvenile Affairs

FEDERAL AGENCY: U.S. Department of Justice

CFDA NO: 16.523

FEDERAL PROGRAM NAME: Juvenile Accountability Block Grants

FEDERAL AWARD YEAR: FY 2012

CONTROL CATEGORY: Activities Allowed, Allowable Cost, Cash Management, Equipment Real Property Management, Matching, Period of Availability, Procurement and Suspension and Debarment, Reporting, Subrecipient Monitoring, Special Tests and Provisions.

QUESTIONED COSTS: \$-0-

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

Status: Management feels this finding is no longer valid 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 management decision has not been issued.

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



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