



# CANADIAN COUNTY

## Financial Audit

For the fiscal year ended June 30, 2018

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

**CANADIAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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August 25, 2020

TO THE CITIZENS OF  
CANADIAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Canadian County, Oklahoma for the fiscal year ended June 30, 2018. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is fluid and cursive, with the first and last names clearly legible.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**CANADIAN COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Board of County Commissioners**

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

**County Assessor**

Matt Wehmuller

**County Clerk**

Sherry Murray

**County Sheriff**

Chris West

**County Treasurer**

Carolyn Leck

**Court Clerk**

Marie Ramsey-Hirst

**District Attorney**

Mike Fields

**CANADIAN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**CANADIAN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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 combined 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, 2018, 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, 2018, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Canadian County, for the year ended June 30, 2018, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The 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 are not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the remaining supplementary information is fairly stated, in all material respects, in relation to the financial statement.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020, 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.

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

August 17, 2020

## **REGULATORY BASIS FINANCIAL STATEMENT**

**CANADIAN COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County General Fund	\$ 7,899,484	\$ 18,397,040	\$ 118,073	\$ -	\$ 15,993,234	\$ 10,421,363
County Highway Cash	6,217,927	12,656,307	-	300,000	9,769,425	8,804,809
Juvenile Sales Tax Revolving	3,239,862	6,428,432	267,226	-	6,607,486	3,328,034
County Health Department	3,715,694	2,401,962	-	-	1,885,678	4,231,978
Sheriff Service Fee	647,600	1,653,493	-	-	1,921,592	379,501
Juvenile Contracts	263,982	932,990	-	-	892,459	304,513
Resale Property	976,315	624,855	186,234	221,654	315,750	1,250,000
JD Reserves (Sales Tax)	2,419,950	2,290,651	-	267,226	-	4,443,375
County Sales Tax MMA	2,215,830	2,217	-	-	-	2,218,047
Sheriff Prisoner Care	273,246	305,438	-	-	176,726	401,958
CBRI 105	443,954	300,598	-	-	-	744,552
County Clerk Lien Fee	250,631	222,923	-	-	96,625	376,929
Country Clerk Records Preservation Fee	245,272	208,805	-	-	44,715	409,362
Sheriff Commissary	170,800	132,774	-	-	104,398	199,176
Court Fund Payroll	144,891	46,000	-	-	45,561	145,330
Treasurer Mortgage Tax Certification Fee	100,775	36,285	-	-	21,826	115,234
Emergency Management	74,228	35,000	-	-	65,407	43,821
Assessor Revolving	107,087	20,334	-	-	-	127,421
Sheriff Federal Equitable	78,383	311,729	-	-	5,000	385,112
Flood Plain	41,528	18,350	-	-	12,469	47,409
Sheriff Benefit	10,833	62,355	-	-	9,107	64,081
Sheriff Reward Fund/Trash Cop	1,218	236	-	-	-	1,454
Assessor Visual Inspection Investment	84,429	148	-	-	-	84,577
County Bridge Improvement	76,965	-	-	-	-	76,965
Grant Cash Voucher Fund	5,546	1,000	-	-	1,624	4,922
Sheriff Training	2,849	-	-	-	-	2,849
<b>Combined Total - All County Funds, Restated</b>	<b>\$ 29,709,279</b>	<b>\$ 47,089,922</b>	<b>\$ 571,533</b>	<b>\$ 788,880</b>	<b>\$ 37,969,082</b>	<b>\$ 38,612,772</b>

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, 2018**

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**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, rural fire departments, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

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

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

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

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

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

County Health Department – 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.

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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

JD Reserves (Sales Tax) – accounts for the collection of sales tax revenue in excess of the amount allocated for the operation of the Canadian County Juvenile Justice Detention Facility.

County Sales Tax MMA – accounts for the interest earned on sales tax revenue not immediately needed for juvenile detention facility operations and held in reserve for future use.

Sheriff Prisoner Care – accounts for state receipts and disbursements are for the purpose of housing and feeding Department of Corrections inmates.

CBRI 105 – accounts for the County Bridge and Road Improvement (CBRI) funding from the state to be used for improving county roads and bridges.

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

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

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.

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

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

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

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

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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Sheriff Benefit – accounts for donations to be used for any lawful expenditures of the County Sheriff's office.

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

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

County Bridge Improvement – accounts for state, local, and miscellaneous revenue and disbursements for the purpose of constructing and maintaining county bridges.

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

Sheriff Training – accounts for the collections from 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.

**C. Basis of Accounting**

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

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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**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.

The County has investments with an original cost of \$2,504,345 with 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 are not backed by the full faith and credit of the United States Government and are subject to interest rate risk and credit risk.

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

At June 30, 2018, the County's investments were under-collateralized in the amount of \$2,504,345.

**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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

**3. Other Information**

**A. Pension Plan**

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

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

**B. Other Post Employment Benefits (OPEB)**

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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**C. Contingent Liabilities**

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

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

**D. 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 and equipping, and operating a Juvenile Delinquent Detention Facility and Juvenile Justice Facility in Canadian County. For the fiscal year ended June 30, 2018, the County apportioned \$8,716,113 total with \$6,428,413 apportioned to the Juvenile Sales Tax Revolving fund and \$2,287,700 apportioned to the JD Reserves (Sales Tax) fund.

**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 \$1,052,954 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2018.

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

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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:

- \$221,654 was transferred from the Resale Property fund to distribute surplus funds per Title 68 O.S. § 3137(F) as follows: County General Fund - \$73,884, Schools (trust and agency) - \$73,885, and Cities and Towns (trust and agency) - \$73,885. Trust and agency funds are not accounted for on the County's financial statement.
- \$186,234 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund per Title 68 O.S. § 3131.
- \$19,481 was transferred from the Vending Machine fund, a trust and agency fund, to the County General Fund by Board of County Commissioners (BOCC) Resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$24,708 was transferred from the Individual Redemption fund, a trust and agency fund, to the County General Fund by (BOCC) Resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$300,000 was transferred from the County Highway Cash fund to the ETR fund, a trust and agency fund, to pay back a loan.
- \$267,226 was transferred from JD Reserves (Sales Tax) fund to Juvenile Sales Tax Revolving fund to correct the amount that sales tax collections was below the agreed upon budgeted revenue to the Juvenile Detention.

**G. Juvenile Sales Tax Revolving Fund**

A temporary injunction was issued by Judge Rodger 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.

**H. Restatement of Fund Balance**

Certain amounts in the cash balances have been restated in fiscal year 2017 due to reclassification of individual funds. Cash balances of the funds have been restated as follows:

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Prior year ending balance, as reported	\$29,482,481
Amount adjusted for prior year payments made from the ETR fund, a trust and agency fund, to the County Highway Cash fund.	300,000
Amount adjusted for prior year rounding variances:	
Assessor Visual Inspection Investment fund	1
JD Reserves (Sales Tax) fund	1
Amount adjusted for prior year reimbursements to the Juvenile Sales Tax Revolving Fund	<u>(73,204)</u>
Prior year ending balance, as restated	<u>\$29,709,279</u>

## **SUPPLEMENTARY INFORMATION**

**CANADIAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 7,899,484	\$ 7,899,484	\$ -
Less: Prior Year Outstanding Warrants	(55,960)	(55,960)	-
Less: Prior Year Encumbrances	(951,982)	(810,706)	141,276
Beginning Cash Balances, Budgetary Basis	<u>6,891,542</u>	<u>7,032,818</u>	<u>141,276</u>
Net Residual Equity Transfers	-	44,189	44,189
Total Receipts, Budgetary Basis	<u>15,041,935</u>	<u>18,397,040</u>	<u>3,355,105</u>
Total Expenditures, Budgetary Basis	<u>21,933,477</u>	<u>16,296,660</u>	<u>5,636,817</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	9,177,387	<u>\$ 9,177,387</u>
Net Operating Transfers		73,884	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		80,735	
Add: Current Year Encumbrances		<u>1,089,357</u>	
Ending Cash Balance		<u>\$ 10,421,363</u>	

**CANADIAN COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 3,715,694	\$ 3,715,694	\$ -
Less: Prior Year Outstanding Warrants	(17,501)	(17,501)	-
Less: Prior Year Encumbrances	(231,548)	(173,914)	57,634
Beginning Cash Balances, Budgetary Basis	<u>3,466,645</u>	<u>3,524,279</u>	<u>57,634</u>
 Total Receipts, Budgetary Basis	 <u>2,264,889</u>	 <u>2,401,962</u>	 <u>137,073</u>
 Total Expenditures, Budgetary Basis	 <u>5,731,534</u>	 <u>2,226,200</u>	 <u>3,505,334</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 3,700,041	 <u>\$ 3,700,041</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		520,954	
Add: Current Year Outstanding Warrants		<u>10,983</u>	
Ending Cash Balance		<u>\$ 4,231,978</u>	

**CANADIAN COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through the Oklahoma Department of Education National School Lunch Program	10.555		\$ 31,182
Total U.S. Department of Agriculture			<u>31,182</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Direct Grant			
Payments in Lieu of Taxes	15.226		430
Total U.S. Department of Interior			<u>430</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Grant			
Domestic Cannabis Suppression/Eradication Program	16.U01		7,092
Passed Through Oklahoma Department of Human Services Title V Delinquency Prevention Program	16.548		51,649
Passed Through Oklahoma Department of Mental Health and Substance Abuse Drug Court Discretionary Grant Program	16.585		13,746
Passed Through the District Attorney's Council Edward Byrne Memorial Justice Assistance Grant Program	16.738		9,982
Total U.S. Department of Justice			<u>82,469</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through Oklahoma Department of Transportation State and Community Highway Safety	20.600		19,520
Total U.S. Department of Transportation			<u>19,520</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Direct Grant			
Equitable Sharing	21.016		5,000
Total U.S. Department of Treasury			<u>5,000</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Oklahoma Department of Human Services Temporary Assistance for Needy Families	93.558		3,413
Total U.S. Department of Health and Human Services			<u>3,413</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4247/4256	838,159
Emergency Management Performance Grants	97.042		58,078
Total U.S. Department of Homeland Security			<u>896,237</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,038,251</u>

**CANADIAN COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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 December 29, 2015 the President of the United States approved a Major Disaster Declaration for Canadian County, in response to the Oklahoma severe winter storms and flooding, November 27, 2015 through November 29, 2015, DR-4247. The County incurred \$773,147 in eligible expenditures in the fiscal year ending June 30, 2016. The Federal Emergency Management Agency approved all project worksheets for this disaster in the fiscal year ending June 30, 2018. Therefore, expenditures on the schedule of expenditures of federal awards for CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) will include \$773,147 in eligible expenditures incurred in the fiscal year ending June 30, 2016 and all eligible expenditures that were incurred in the fiscal year ending June 30, 2018.

On February 10, 2016 the President of the United States approved a Major Disaster Declaration for Canadian County, in response to the Oklahoma severe winter storms and flooding, December 26, 2015 through January 05, 2016, DR-4256. The County incurred \$65,012 in eligible expenditures in the fiscal year ending June 30, 2016. The Federal Emergency Management Agency approved all project worksheets for this disaster in the fiscal year ending June 30, 2018. Therefore, expenditures on the schedule of expenditures of federal awards for CFDA 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) will include \$65,013.00 in eligible expenditures incurred in the fiscal year ending June 30, 2016 and all eligible expenditures that were incurred in the fiscal year ending June 30, 2018.

## **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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Canadian County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises Canadian County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 17, 2020.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2018, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of 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: 2018-001, 2018-004, and 2018-005.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2018-004 and 2018-005.

### **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.

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

August 17, 2020

**Independent Auditor's Report on Compliance for Each Major Federal Program  
and 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, 2018. 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 the County's major federal program 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 the major federal program. However, our audit does not provide a legal determination of Canadian County's compliance.



### **Basis for Qualified Opinion on CFDA # 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

As described in Finding 2018-003 in the accompanying schedule of findings and questioned costs, Canadian County did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2018-003	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Allowable Cost/Cost Principles
2018-003	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Matching
2018-003	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Period of Performance
2018-003	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Special Tests and Provisions

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

### **Qualified Opinion on CFDA # 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

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 CFDA # 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2018.

### **Other Matters**

Canadian County's response to the noncompliance findings identified in our audit is 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.

### **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 2018-006 and 2018-007, 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. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

August 17, 2020

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**SECTION 1—Summary of Auditor's Results**

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements 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: ..... 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

CFDA Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance  
(Presidentially Declared Disasters)

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, 2018**

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**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 2018-001 - County-Wide Internal Controls**

**Condition:** Through the process of gaining an understanding of the County's internal control structure, it was noted that 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 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 a system of county-wide procedures to identify and address risks related to financial reporting 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:**

**County Commissioner District 1:** As Chairman I will work with the other officials of Canadian County to assess and identify risk and monitoring and to design written policies/procedures to be included in the county handbook. I will also call for quarterly meetings with all elected officials to discuss and take action regarding risk assessment and monitoring.

**County Commissioner District 2:** Canadian County has been slowly developing a better Internal Control Policy. We recently included language in our Personnel Policy that defines the responsibility of each department official to identify risk and develop written policies and procedures to address that risk exposure. Each department official is now responsible for the maintenance, periodic review, and development of written internal control policies and procedures for their respected offices.

**County Commissioner District 3:** The Commissioners will work with the other officials of Canadian County to assess and identify risk and monitoring and to design written policies/procedures to be included in the county handbook

**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

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2018-004 - Internal Controls and Noncompliance Over the County's Investments (Repeat Finding 2017-004)**

**Condition:** Upon inquiry of the Treasurer's staff, observation and review of the County's investment policy, and review of investment confirmations, the following was noted:

- 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.

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County is in compliance with the statute 62 O.S. § 348.3(A) regarding a written investment policy. Additionally, policies and procedures have not been designed and implemented to ensure investments are allowed per the County's written investment policy.

**Effect of Condition:** These conditions resulted in inadequate internal controls over the County's investment policy and noncompliance with state statute.

**Recommendation:** OSAI recommends the County Treasurer implement a system of internal controls to provide reasonable assurance that the County complies with state statute and adheres to their formal investment policy regarding investments of County funds.

**Management Response:**

**County Commissioner District 1 and District 2:** The Board of County Commissioners (BOCC) will revise the Canadian County Investment Policy Resolution to more clearly define the liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. Also, it is my intent to more clearly define where these investments can be placed and request the Treasurer's office to provide an annual report of the County investments and their performance to the BOCC.

**County Commissioner District 3:** The BOCC will work with the Treasurer to cover these issues. We will continue pursuing that county funds are protected.

**County Treasurer:** I will work with the Board of Canadian County Commissioners to cover these issues, until maturity of the investments in question or when they can be called without any negative return, at which time investments will fall under the 2017-2018 Resolution or any amended Resolution approved by BOCC.

**Criteria:** The GAO Standards - Principle 12 – Implement Control Activities: 12.05 states:

*Periodic Review of Control Activities*

Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology. Regulators; legislators; and in the federal environment, the Office of Management and Budget and the Department of the Treasury may also change either an entity's objectives or how an entity is to achieve an objective. Management considers these changes in its periodic review.

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Title 62 O.S. § 348.3 (A) states in part,

“In addition to the investments authorized by Section 348.1 of this title, the governing body of a city or of a county may adopt a written investment policy directing the investment of the funds of the city or county and any of its public trusts or authorities. If such a policy is adopted by the governing body, such funds shall be invested pursuant to the provisions of the policy. The written policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity [...]”

**Finding 2018-005 - Internal Controls Over Pledged Collateral and Noncompliance with State Statute (Repeat Finding 2017-009)**

**Condition:** Upon inquiry of the County Treasurer, observation, and review of documents regarding the pledged collateral process the following was noted:

- The Treasurer’s office does not monitor daily bank balances to the amounts of pledged collateral to ensure balances are adequately covered.
- At June 30, 2018, the County’s deposits were not secured by pledged collateral in one (1) bank in the amount of \$2,504,345.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the bank deposits are adequately secured.

**Effect of Condition:** This condition resulted in noncompliance with state statute and unsecured county funds. Further, this condition could result in possible loss of County funds.

**Recommendation:** OSAI recommends that the County Treasurer ensure all funds are secured by pledged securities or letters of credit with each bank.

**Management Response:**

**County Treasurer:** I have been in contact with officials with this financial institution and have since corrected the pledged collateral amount. As for the overall collateral controls, our programmer added to our daily General Ledger a section that shows the daily bank balances to the pledged collateral with the remaining percentage. This is now checked daily by at least two Treasurer's office employees.

**Criteria:** The GAO Standards - Principle 13 – Use Quality Information: 13.04 states:

*Relevant Data from Reliable Sources:*

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

Title 62 O.S. § 517.4.A. states, “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.”

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

**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

**Condition:** We tested 100% of FEMA expenditures and the following was noted:

- 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.

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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- 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.

**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:** These conditions resulted in noncompliance to grant requirements and could result in loss of federal funds to the County.

**Recommendation:** OSAI recommends the County gain an understanding of the compliance requirements for federal programs and implement internal control procedures to ensure compliance with all requirements. We further recommend that all documentation be properly maintained for inspection.

**Management Response:**

**County Commissioners District 1, and 3:** The BOCC has taken measures to ensure records are stored in a manner where they can be readily assessable. We have now located all the files and will ensure records are assessable for future inspections. Further, we will ensure that Canadian County complies with all the compliance requirements of federal grants.

**County Commissioner District 2:** Following the disaster in 2015, Canadian County experienced the separation of 3 Emergency Managers. This turnover led to an unorganized filing system. During our audit, records could not be produced to substantiate costs related to the clean-up process. We will take steps to create a “continuity plan” to help a new employee adjust to our filing system. We will also require training for staff that are involved in the expenditure of federal grants and disaster reimbursement to ensure

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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compliance to regulations. Further, we have now located all the files and will ensure records are assessable for future inspections.

**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 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 § 200.318 (a), General procurement standards*, reads as follows:

“The Non-Federal entity must:

Use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. [....]”

*2 CFR § 200.84 Questioned Cost* reads as follows:

“Questioned cost means a cost that is questioned by the auditor because of an audit finding:

(a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for fund used to match Federal funds;

(b) Where the costs, at the time of the audit, are not supported by adequate documentation;  
or

(c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.”

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

*Compliance Objectives*

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

**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)

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**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-

**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 to grant requirements.

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

**Management Response:**

**County Commissioners District 1, and 3:** We will work to implement a risk assessment plan. We will implement controls to help make sure we comply with all grant requirements and that federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure that employees have the current and correct compliance supplement to work from. Furthermore, we will work with the County Treasurer and County Clerk's office to ensure that all checks and balances are done correctly.

**County Commissioner District 2:** We will continue to develop internal control policy that involves risk assessment. We will require staff to attend training related to compliance of expenditure rules for FEMA grants and disaster aid. The county Emergency Manager will work with the Commissioner Office staff, Clerk, and Treasurer to ensure our process includes accounting accuracy.

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

Additionally, 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

**CANADIAN COUNTY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Further, 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 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-

**Condition:** 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.

**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.

**CANADIAN COUNTY, OKLAHOMA  
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**Recommendation:** OSAI recommends the County gain an understanding of requirements for these programs and implement internal control procedures to ensure compliance with requirements.

**Management Response:**

**County Commissioners District 1, and 3:** The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Canadian County receives to ensure that proper internal controls are implemented.

**County Commissioner District 2:** The Board of County Commissioners will require training for the county Emergency Manager in the area of compliance to expenditure rules for FEMA grants and disaster aid. The Emergency Manager will help develop and maintain written internal controls that ensure compliance with federal rules.

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

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System - OV2.23 states in part:

*Objectives of an Entity - 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. Some entities may set objectives to a higher level of performance than established by laws and regulations. In setting those objectives, management is able to exercise discretion relative to the performance of the entity.

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

**CANADIAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**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 noted.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**

OFFICE OF  
*County Commissioners*

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

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David Anderson, District No. 2  
Jack Stewart, District No. 3

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**Corrective Action Plan  
in accordance with 2 CFR § 200.511c  
for the fiscal year ended June 30, 2018**

<b>Finding No.</b>	<b>Title (Financial) or CFDA No. &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	County-Wide Internal Controls	The Board of County Commissioners will work with all County Officials to assess and identify risks for the purpose of designing written county- wide controls.	9-1-2020	Marc Hader, BOCC Chair
2018-004	Internal Controls and Noncompliance Over the County's Investments	The Board of County Commissioners will revise the Canadian County Investment Policy Resolution to more clearly define the liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity.	9-1-2020	Marc Hader, BOCC Chair
		I will work with the Board of County Commissioners to cover this issue.	9-1-2020	Carolyn Leck, County Treasurer
2018-005	Internal Controls Over Pledged Collateral and Noncompliance with State Statute	Financial institutions have since corrected the pledged collateral amount. We have added to our daily General Ledger, a section that shows the daily bank balances and pledged collateral. This is now checked daily.	9-1-2020	Carolyn Leck, County Treasurer



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2018-003	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	The Board of County Commissioners have taken measures to ensure records are stored in manner where they can be readily assessable. Further, we will ensure that Canadian County complies with all the compliance requirements of federal grants.	9-1-2020	Marc Hader, BOCC Chair
2018-006	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	The Board of County Commissioners has taken measures to ensure future compliance with the all procurement requirements of federal grants.	9-1-2020	Marc Hader, BOCC Chair
2018-007	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	The Board of County Commissioners has taken measures to ensure future compliance with the all procurement requirements of federal grants.	9-1-2020	Marc Hader, BOCC Chair



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**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**

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**CANADIAN COUNTY**  
**Summary Schedule of Prior Year Audit Findings**  
**and Questioned Costs**  
**in accordance with 2 CFR 200.511b**  
**For the fiscal year ended June 30, 2018**

**Financial Audit Findings**

**Finding 2011-001, 2012-001, 2013-001, 2014-001**

**Inadequate County-Wide Controls**

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

**Status:** Partially Corrected. The County requested services from a CPA to help design a risk assessment. The CPA was unable to help in doing this. Meetings have been conducted to discuss and implement a written policy related to each Officer's roll in identifying risk in their respective departments. The Internal Controls established by each department shall be written in that policy and reviewed from time to time by the department supervisor or elected official. A County Mission Statement was developed by the County Officers which was incorporated into our County Employee Handbook.

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**Finding 2011-001, 2012-002, 2013-003, 2014-002**

**Inadequate Segregation of Duties and Internal Controls Over the Collection Process**

**Finding Summary:** The following weaknesses were noted regarding the collection process:

County Treasurer:

- The duties of issuing receipts, voiding receipts, accepting cash, reconciling the cash drawer and preparing the deposit were not adequately segregated within the County Treasurer's office which is the office primarily responsible for safeguarding collections.
- Additionally, it was also noted that two persons operate from the same cash drawer.
- Although the cash drawer can be locked, we observed that the key remains in the lock.



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- It was also noted that voiding receipts can be performed by any cashier and there are no policies for the review and approval of voided receipts within the Treasurer's Office.
- The duties of receipting, depositing, and reconciling were not adequately segregated within the official depository account.

**Status:** Corrected. There are 3 cash drawers and no employee can get into the other drawers. The Accounting functions are overseen by management.

**Finding 2011-005, 2012-005, 2013-005, 2014-005, 2015-003, 2016-003**

**Inadequate Internal Controls and Noncompliance Over the Disbursement Process**

**Finding Summary:** Weaknesses regarding the disbursement process:

- Unauthorized County personnel are allowed to make purchases.
- In some instances, the same employees are authorized as both requisitioning and receiving officers.
- The duties of processing payroll are not adequately segregated. The payroll Clerk enrolls new hires, makes payroll changes, maintains personnel files, and prepares end of month payroll reports. The Payroll Clerk is also responsible for logging on to the financial institution website and initiating the direct deposit.

However, the test of forty purchase orders reflected two instances in which receiving reports were not attached to support all cash disbursements as required by 19 O.S. § 1500-1505.

**Status:** Corrected. Purchases can only be made by authorized county personnel. Other than the elected officer there are two people designated as the Requisitioning Officers and two completely different people designated as the Receiving Officers. Segregation of duties over the purchasing and payroll processes has been designed – they are divided into two batches and the batches are switched every six months. A county Human Resources Director has been employed who is becoming more involved in the new-hire onboarding process.

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**Finding 2011-007, 2012-007**

**Inadequate Internal Controls and Noncompliance Over the Competitive Bidding Process**

**Finding Summary:** Internal controls have been designed but not fully implemented to ensure that items over \$10,000.00 were competitively bid in accordance with Title 19 O.S. § 1505B.

**Status:** Corrected. Internal controls have been designed to include the purchasing agent and accounts payable as a double check to make sure we are following the Competitive Bidding Rules.

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**Finding 2011-008, 2012-008, 2013-006, 2014-006**

**Inadequate Internal Controls and Noncompliance Over Disbursement of County Sales Tax**

**Finding Summary:** Upon inquiry and observation of the record-keeping process of collecting and expending county sales tax, the following weaknesses were noted:

- The County Sales Tax was not deposited into a dedicated Sales Tax Revolving Fund nor into the County General Fund as specified by Title 68 O.S. § 1370E.
- Since the sales tax collections were commingled with other sources of revenue, we could not perform a test of expenditures.

**Status:** Corrected. The accounts have been separated.

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**Federal Audit Findings**

**Finding 2012-9**

**Schedule of Expenditures of Federal Awards – 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:** FY2012

**Control Category:** Reporting

**Questioned Costs:** \$-0-

**Finding Summary:** The County has not designed and implemented formal procedures for the reporting of its major federal programs required by OMB Circular A-133. When reviewing the Schedule of the Expenditures of Federal Awards (SEFA) errors were noted and an amended SEFA had to be prepared. The federal expenditures recorded on the original SEFA were \$428,595; however, the amount of federal expenditures recorded on the final SEFA was \$652,921, which was a \$224,326 increase in expenditures. The Juvenile Accountability Block Grants for Sanctions Detention was not listed on the original SEFA and accounted for \$178,726 of the federal expenditures on the final SEFA.

**Status:** Corrected. The County has taken steps to meet with person(s) who are responsible for preparing the SEFA and an explanation is provided as to what is being reported. This ended June 2014.



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**Finding 2012-10**

**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:** FY2012

**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:** Partially Corrected. The Juvenile Justice Center has established a written policy in order to ensure that all funding received from the Juvenile Accountability Block Grants is in compliance with OMB Circular A-133. This ended June 2014.

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**Finding 2012-11**

**Inadequate County-Wide Controls Over Major Federal Programs – Juvenile Accountability 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:** FY2012

**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:** Partially Corrected. Meetings have been conducted to discuss and implement a written policy related to each Officer's roll in identifying risk in their respective departments. The Internal Controls established by each department shall be written in that policy and reviewed from time to time by the department supervisor or elected official. A County Mission Statement was developed by the County Officers which was incorporated into our County Employee Handbook. This ended June 2014.



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**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:** Partially Corrected. The office has followed the grant guidelines and all items purchased through the grant has been marked with an identifying inventory sticker.

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**Finding 2012-13**

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

**Pass-Through Grantor:** Oklahoma Department of Homeland Security

**Federal Agency:** U.S. Department of Justice

**CFDA No:** 97.008

**Federal Program Name:** Non-Profit Security Grant Program

**Federal Award Year:** FY2012

**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:** Partially Corrected. It has not been incorporated into the County's Policy and Procedures handbook. All grants are required to go through the BOCC meeting to be approved. Emergency Management has developed a FEMA binder which contains directions related to steps necessary for reimbursement of disaster expenditures.



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