

OPERATIONAL AUDIT

# CIMARRON COUNTY

For the fiscal year ended June 30, 2014



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**CIMARRON COUNTY OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

August 23, 2017

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

Transmitted herewith is the audit report of Cimarron County for the fiscal year ended June 30, 2014.

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 "Gary A. Jones". The signature is written in a cursive style with a long, sweeping tail on the final letter.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**CIMARRON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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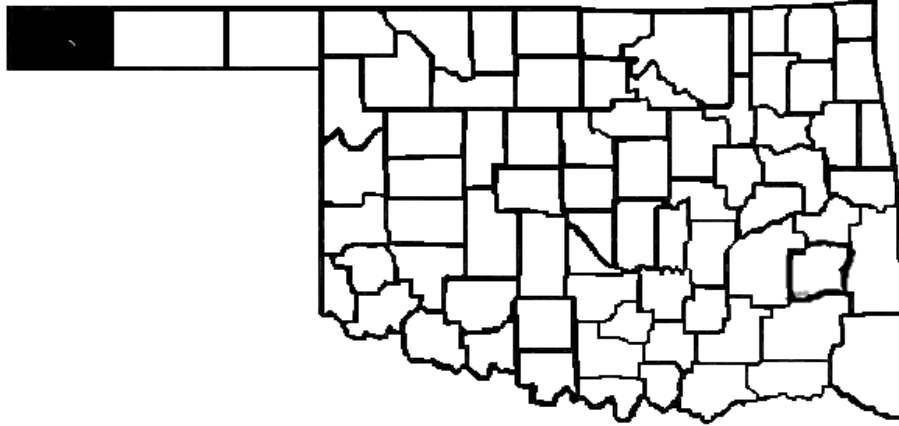
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**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**CIMARRON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Cimarron County was formed at statehood and named for the Cimarron River. The name Cimarron is a Mexican-Apache word meaning “wanderer.”

For many years, present-day Cimarron County was a part of “No Man’s Land,” an area populated with few settlers and regulated by virtually no law. Sheep and cattle ranchers entered this area long before it was opened to homesteaders, and today, farming and ranching constitute the economic base of the county.

In 1943, Boise City, the county seat, was accidentally bombed by United States servicemen from Dalhart Army Base. Cimarron County is also the site of Black Mesa, the highest point in Oklahoma. The county also holds the distinction of being the only one in the U.S. to be bordered by four other states – Colorado, Kansas, New Mexico, and Texas.

The Santa Fe Trail is a tourist attraction and the Santa Fe Trail Daze is a four-day festival held during the first weekend of June. The Cimarron Heritage Center Museum sponsors a tour of the Santa Fe Trail on the first Saturday in October annually. Cimarron County was once home to Hollywood stars Vera Miles and Jack Hoxie (featured in the museum). Several books have been published about Cimarron County. Contact the Cimarron Heritage Center Museum at 580-544-3479.

County Seat – Boise City

Area – 1,841.17 Square Miles

County Population – 2,385  
(2012 est.)

Farms – 557

Land in Farms – 1,044,528 Acres

Primary Source: Oklahoma Almanac 2013-2014

**CIMARRON COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Board of County Commissioners**

District 1 – Danny Bass  
District 2 – John Freeman  
District 3 – Tommy Grazier

**County Assessor**

Patricia Hiner

**County Clerk**

Coleen Allen

**County Sheriff**

Bob White

**County Treasurer**

Jenny Richardson

**Court Clerk**

Debbie Kincannon

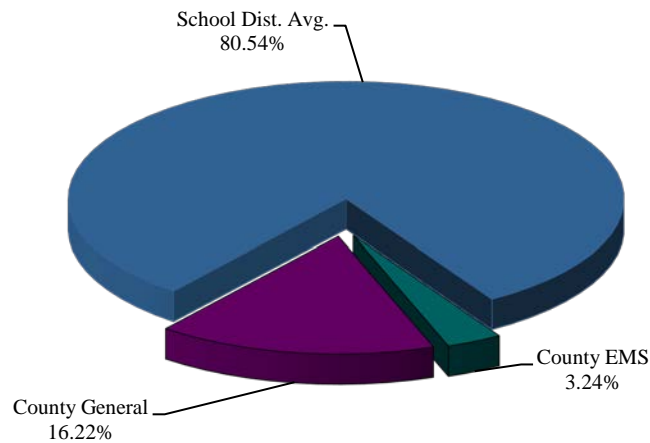
**District Attorney**

James Boring

**CIMARRON COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages						
				Gen.	Bldg.	Skg.	Common	Total
County General	10.40							
County EMS	2.08							
		Boise City	I-2	37.28	5.33	2.47	4.16	49.24
		Keyes	I-11	35.53	5.08	6.65	4.16	51.42
		Felt	I-10	37.48	5.35	7.89	4.16	54.88
		Yarbrough	Jt-1	35.42	5.06	6.32	4.16	50.96



**CIMARRON COUNTY, OKLAHOMA  
SALES TAX DISTRIBUTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## **Sales Tax**

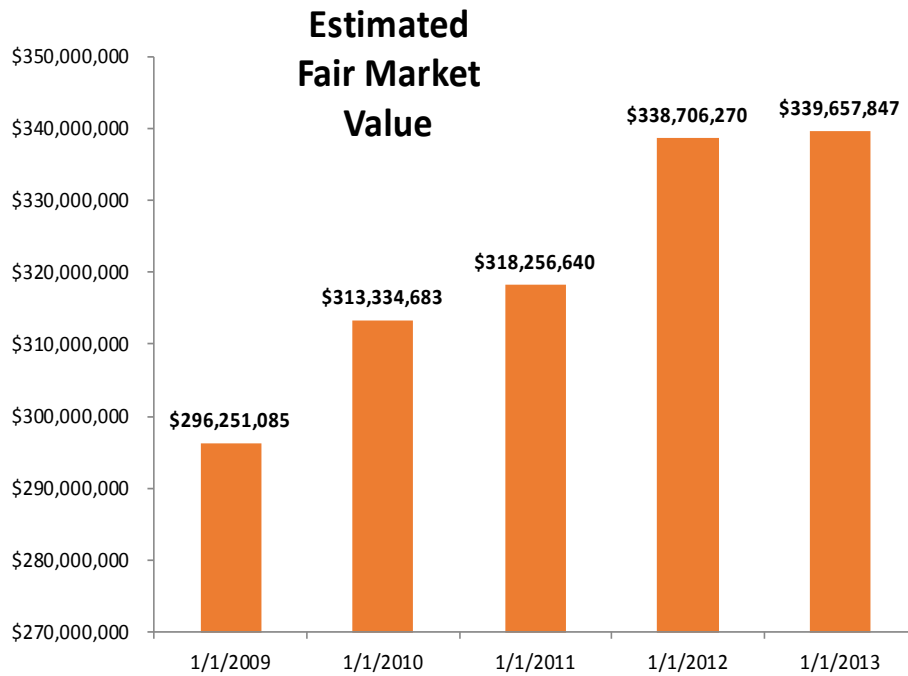
### **Sales Tax of April 6, 2010**

The voters of Cimarron County approved a continuation of a two percent (2%) sales tax on April 10, 2010. This sales tax is to be allocated 1.5% for the support of Cimarron Memorial Hospital and Medical Facilities and 0.5% to be apportioned for the support of general operation and capital improvements for the Cimarron County Free Fair, Soutar Memorial Library, Cimarron County OSU Extension and Cimarron County Courthouse Revolving Fund. With an effective date to expire after forty-eight (48) months (time period from July 1, 2011 through June 30, 2015). These funds are accounted for in the following funds: Cimarron County Hospital Sales Tax, Free Fair Sales Tax, OSU Extension Sales Tax, Courthouse Revolving Sales Tax, and Soutar Memorial Library Sales Tax.

During the fiscal year, the County collected \$404,389 in total sales tax.

**CIMARRON COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 TREND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Valuation Date	Personal	Public Service	Real Estate	Total Exemptions	Net Value	Estimated Fair Market Value
1/1/2013	\$17,183,189	\$11,823,731	\$20,245,482	\$687,199	\$48,565,203	\$339,657,847
1/1/2012	\$17,200,854	\$11,823,731	\$20,104,112	\$697,496	\$48,431,201	\$338,706,270
1/1/2011	\$15,079,345	\$11,410,378	\$19,802,337	\$696,326	\$45,595,734	\$318,256,640
1/1/2010	\$14,922,735	\$11,082,661	\$19,505,540	\$691,370	\$44,819,566	\$313,334,683
1/1/2009	\$14,126,851	\$9,390,610	\$19,043,211	\$679,771	\$41,880,901	\$296,251,085

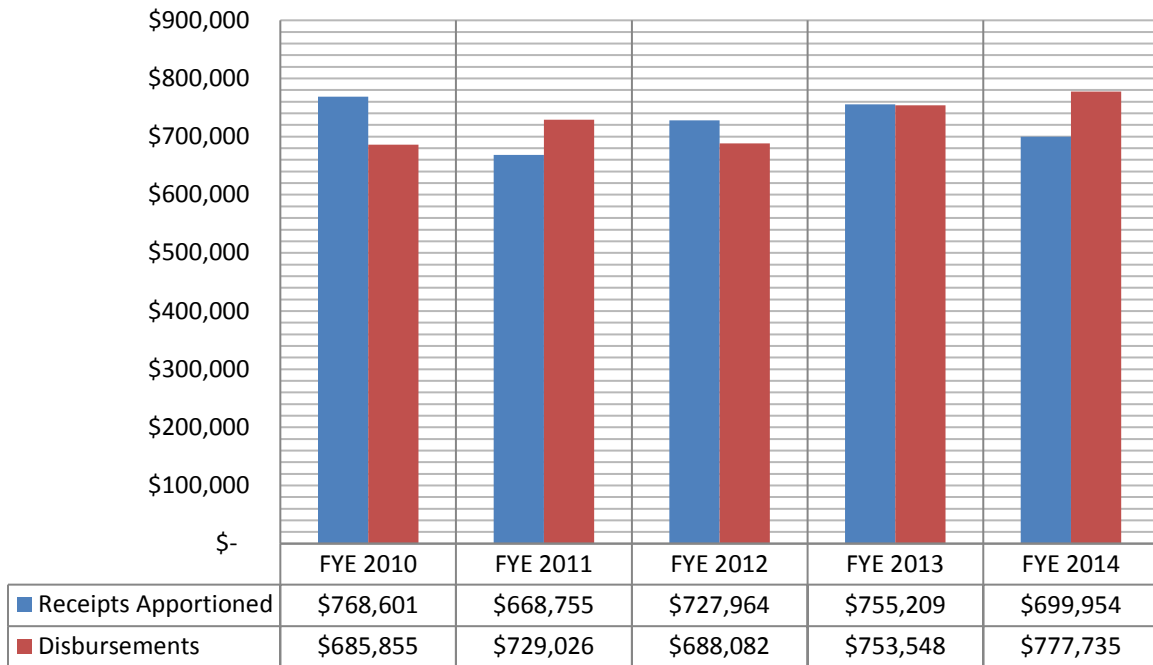


**CIMARRON COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.

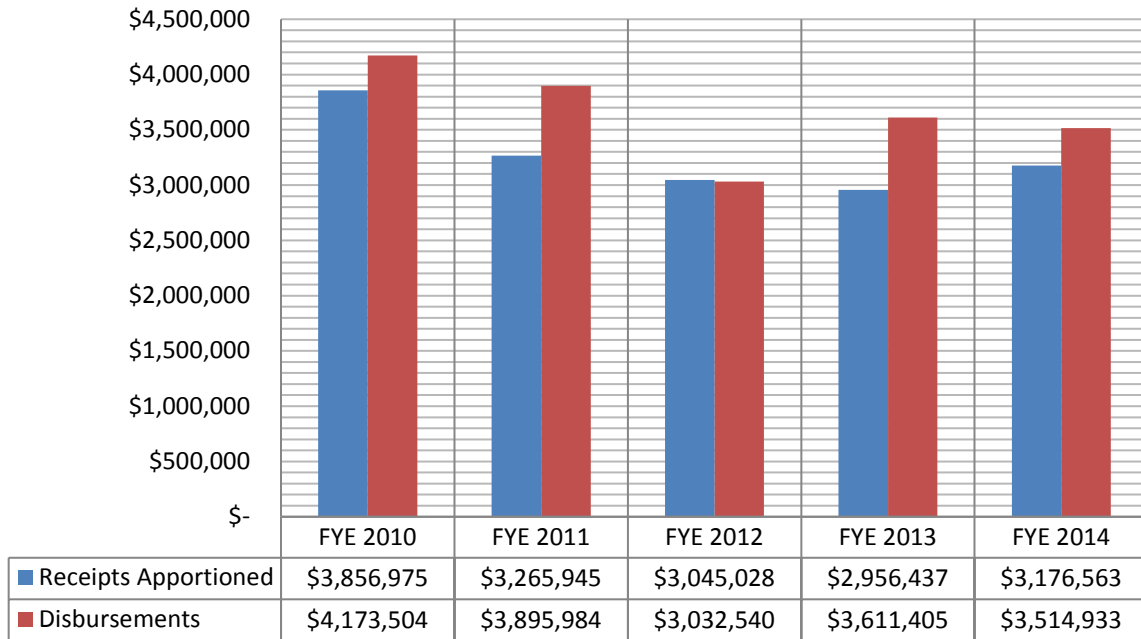


**CIMARRON COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for Fiscal Year Ended June 30, 2014**

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combining Information:						
County Funds:						
County General Fund	\$ 400,779	\$ 699,954	\$ -	\$ -	\$ 777,735	\$ 322,998
County Highway Fund	3,753,536	3,176,563	150,000	88,679	3,514,933	3,476,487
Cimarron County Hospital Sales Tax	-	303,597	-	-	303,597	-
County Bridge and Road Improvement Fund 105	423,167	264,380	-	150,000	6,611	530,936
Free Fair Sales Tax	3,659	10,623	-	-	11,230	3,052
OSU Extension Sales Tax	9,834	10,736	-	-	6,171	14,399
Courthouse Revolving Sales Tax	70,943	151,472	-	-	92,059	130,356
Soutar Memorial Library Sales Tax	6,320	10,648	-	-	12,964	4,004
Grant	-	10,645	-	-	10,645	-
Resale Property	15,190	19,377	-	-	13,497	21,070
Treasurer Mortgage Tax Certification Fee	1,841	505	-	-	151	2,195
County Clerk Lien Fee	7,847	9,691	-	-	7,298	10,240
County Clerk Preservation	3,339	14,710	-	-	11,704	6,345
Assessor Revolving Fee	2,081	4,563	-	-	5,739	905
Sheriff Service Fee	70,212	45,901	-	-	51,348	64,765
E-911	45,971	40,561	-	-	-	86,532
Local Emergency Planning Commission	1,250	-	-	-	-	1,250
Sheriff Commissary	-	230	-	-	-	230
<b>Total All County Funds, as Restated</b>	<b>\$ 4,815,969</b>	<b>\$ 4,774,156</b>	<b>\$ 150,000</b>	<b>\$ 238,679</b>	<b>\$ 4,825,682</b>	<b>\$ 4,675,764</b>

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

**CIMARRON COUNTY  
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Description of County Funds**

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

Following are descriptions of the county funds within the Presentation of Apportionments, Disbursements, and Cash Balances of County Funds:

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

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

Cimarron County Hospital Sales Tax – accounts for sales tax collected for the hospital and disbursed for expenses of the hospital.

County Bridge and Road Improvement Fund 105 – accounts for state receipts and the disbursements are for the purpose of maintaining bridges and roads.

Free Fair Sales Tax – accounts for the collections of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

OSU Extension Sales Tax – accounts for the collections of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Courthouse Revolving Sales Tax – accounts for the collections of sales tax revenue, lodging tax, use tax, and reimbursements and the disbursement of funds as restricted by the sales tax resolution.

Soutar Memorial Library Sales Tax – accounts for the collections of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Grant – accounts for cash fund established for the purpose of maintaining collections and disbursements of grant awards.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and the disbursements are restricted by state statute.

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

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

**CIMARRON COUNTY  
DESCRIPTION OF COUNTY FUNDS AND TRANSFERS  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

E-911 – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Local Emergency Planning Commission – accounts for fees collected and disbursed for local emergency planning.

Sheriff Commissary – accounts for the profit from the sale of items to inmates and disbursements to purchase commissary goods from the vendor. Excess funds are used for maintenance and operations of the Sheriff’s department as allowed by state statute.

**Transfers**

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

- \$150,000 from County Bridge and Road Improvement Fund 105 to County Highway Fund to reimburse for expenditures on bridge and road projects in the County.
- \$88,679 from County Highway Fund to Emergency Transportation Revolving Fund, a trust and agency Fund, for the repayment of loans.

**Restatement of Fund Balance**

During the fiscal year, the County reclassified funds for the Emergency Transportation Revolving Funds which were incorrectly included in the Highway Fund to Trust and Agency Funds in the amount of \$579,623.

Prior year ending fund balance, as reported	\$4,236,346
Funds reclassified to Trust and Agency Funds:	
Emergency Transportation Revolving funds	<u>579,623</u>
Beginning Fund Balance, as restated	<u>\$4,815,969</u>

**CIMARRON COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 400,779	\$ 400,779	\$ -
Less: Prior Year Outstanding Warrants	(39,229)	(39,229)	-
Less: Prior Year Encumbrances	(1,520)	(684)	836
Beginning Cash Balances, Budgetary Basis	<u>360,030</u>	<u>360,866</u>	<u>836</u>
Receipts:			
Ad Valorem Taxes	461,444	507,290	45,846
Charges for Services	34,619	47,590	12,971
Intergovernmental Revenues	82,734	84,098	1,364
Miscellaneous Revenues	14,039	60,976	46,937
Total Receipts, Budgetary Basis	<u>592,836</u>	<u>699,954</u>	<u>107,118</u>
Expenditures:			
District Attorney	3,500	3,500	-
County Sheriff	193,616	193,712	(96)
County Treasurer	50,397	50,397	-
County Clerk	61,601	61,601	-
Court Clerk	58,326	58,326	-
County Assessor	62,183	61,558	625
Revaluation of Real Property	38,849	30,930	7,919
Juvenile Shelter Bureau	5,000	4,081	919
General Government	125,112	14,150	110,962
Excise-Equalization Board	4,800	1,955	2,845
County Election Board	39,208	41,942	(2,734)
Insurance Benefits	286,000	215,617	70,383
County Supt. Of Health	200	200	-
Charity	1,000	-	1,000
Public Defender	200	46	154
Civil Defense	2	-	2
County Audit Budget Account	8,686	8,686	-
Library Budget Account	1,984	1,984	-
County Hospital Budget Account	12,202	12,202	-
Total Expenditures, Budgetary Basis	<u>952,866</u>	<u>760,887</u>	<u>191,979</u>

Continued on next page

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



**CIMARRON COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY GENERAL FUND - CONTINUED**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	General Fund		
	Budget	Actual	Variance
Continued from previous page			
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	299,933	\$ 299,933
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		18,565	
Add: Current Year Encumbrances		4,500	
Ending Cash Balance		\$ 322,998	

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

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**PURPOSE, SCOPE, AND SAMPLE METHODOLOGY**

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

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

In planning and conducting our audit, we focused on the major financial related areas of operations based on assessment of materiality and risk for the fiscal year ended June 30, 2014. Our audit procedures included:

- Inquiries of appropriate personnel,
- Inspections of documents and records,
- Observations of the County's operations,
- Reconciling total apportionments, disbursements, and balances presented on the County's Presentation of Apportionments, Disbursements, and Cash Balances of County Funds for the fiscal year to the County Treasurer's and County Clerk's financial ledgers,
- Confirming third party confirmations to the financial ledgers,
- Selecting representative samples to determine disbursements were made in accordance with state statutes, approved ballots, and county purchasing procedures, and
- Gaining an understanding of the County's internal controls as it relates to each audit objective.

To ensure the samples were representative of the population and provided sufficient, appropriate evidence, both random sample and judgmental sample methodologies were used. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

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

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

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Objective 1:** To determine the receipts apportioned, disbursements, and cash balances are accurately presented on the County Treasurer's monthly reports for FY 2014.

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

**FINDINGS AND RECOMMENDATIONS**

**Finding 2014-2 - Inadequate Internal Controls Over the County Treasurer's Monthly Reports**

**Condition:** Upon inquiry of the County Treasurer, observation, and review of documents, the following deficiencies in internal controls were noted:

- There is only one cash drawer in the office. Both the County Treasurer and the deputy work from the same cash drawer.
- Fifty-five (55) bank statement reconciliations were tested with ten (10) bank statement reconciliations noted as not having evidence of review and approval by someone other than the preparer.
- The First State Bank ACH account was not included on the monthly reports or the general ledger.
- The First State Bank Sales Tax and Grant account balances of \$0.01 were not included on the general ledger.
- The accounts EMS Investment and County Investment listed on the general ledger are not separated by monies held at separate banks. The accounts are listed by grand total of monies and not listed by how much is invested at each bank.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure a review of the bank reconciliations, monthly reports, and general ledger are performed to ensure accuracy and completeness and to ensure adequate internal controls over the collection and deposit process.

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County Treasurer and the deputy have their own cash drawer to work from and that the cash drawers are kept locked with access restricted to the individual assigned the cash drawer. OSAI further recommends the County Treasurer implement internal control procedures to ensure that bank statement reconciliations are reviewed and signed by someone other than the preparer. Also, procedures should be implemented to ensure that

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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monthly reports and the general ledger include all bank accounts and balances and indicate each bank where the monies are invested.

**Management Response:**

**County Treasurer:** I have tried two different companies to find keys that fit the locks on the drawers in order to separate cash drawers but have not found a solution. I think it will increase the work load at the end of the business day to have separate cash drawers. I will consider a solution to implement separate cash drawers in my office. I have implemented a review and approval of all bank reconciliations. I have added the ACH account and the Sales Tax and Grant account balances of .01 to the general ledger. I will separate investments by bank on the general ledger.

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

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

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

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

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

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**Conclusion:** With respect to the items tested, the County’s internal controls do not provide reasonable assurance that expenditures (including payroll) were accurately reported in the accounting records and financial operations did not comply with significant laws and regulations.

**FINDINGS AND RECOMMENDATIONS**

**Finding 2014-4 - Inadequate Internal Controls and Noncompliance Over the Disbursement Process including Payroll (Repeat Finding)**

**Condition:** Upon inquiry and observation of the disbursement process and test of forty-eight (48) purchase orders, the following deficiencies and noncompliance were noted:

- Four (4) instances were noted in which the funds were not encumbered prior to the invoice date.

Fiscal Year	Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
2014	Highway Cash Fund	130	020	7/15/13	\$77,135.12
2014	Highway Cash Fund	194	033	7/22/13	\$75,135.81
2014	Highway Cash Fund	083	694	9/5/13	\$27,302.32
2014	Highway Cash Fund	509	289	9/16/13	\$23,749.97

- Four (4) instances were noted in which the travel was incurred prior to encumbering funds for the travel.

Fiscal Year	Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
2014	OSU Sales Tax Extension Fund	289	009	8/5/13	\$770.94
2014	OSU Sales Tax Extension Fund	945	027	11/12/13	\$755.88
2014	OSU Sales Tax Extension Fund	1494	039	2/10/14	\$649.71

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Fiscal Year	Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
2014	OSU Sales Tax Extension Fund	1786	044	3/31/14	\$77.28

- One (1) instance was noted in which a resale cash voucher claim was not signed by the claimant.

Fiscal Year	Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
2014	Resale Property	05CC	0005	9/12/13	\$976.11

- One (1) instance was noted in which adequate documentation was not attached to the resale cash voucher claim; therefore, the purpose of the travel and amount of the claim could not be verified.

Fiscal Year	Fund	Purchase Order Number	Warrant Number	Warrant Date	Amount
2014	Resale Property	15CC	0040	5/15/14	\$511.42

- It was noted during the test of payroll disbursements, timesheets could not be located for the Sheriff's office employees for the time period tested.
- One (1) instance was noted regarding payroll disbursements, in which the employee did not sign the timesheet.

Fiscal Year	Office	Purchase Order Number	Account	Warrant Date	Amount
2014	District 2	467	T1A	10/21/13	\$1,633.60

**Cause of Condition:** Policies and procedures have not been designed and implemented over the disbursement process to strengthen internal controls and ensure compliance with state statutes.

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

**Recommendation:** OSAI recommends implementing the following internal controls which comply with 19 O.S. § 1505(A), 1505(C), and 1505(E). County funds should be encumbered prior to the receipt of goods and/or services. Purchase orders should have adequate documentation, which include detailed invoices, itemized receipts, registration receipts and agendas, and timesheets which are signed by the employee and the supervisor.

**CIMARRON COUNTY  
OPERATIONAL AUDIT  
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**Management Response:**

**District 1 Commissioner:** We have implemented travel policies addressing the issues. We will ensure funds are encumbered prior to receiving goods or services. We will ensure all employees sign timesheets and we will turn them over to the County Clerk.

**District 2 Commissioner:** We will make sure we have a purchase order before acquiring goods or services. As officers we have decided that the county will not reimburse tips and that receipts have to be itemized and signed and these will become part of our policies.

**District 3 Commissioner:** We will make sure to encumber funds before purchasing and make sure time sheets are signed.

**County Clerk:** We have already implemented encumbering funds prior to receiving goods/services/travel. Employees are required to sign timesheets before paychecks are released.

**County Sheriff:** We will ensure that funds are encumbered prior to receiving goods/services. We will implement procedures to maintain employee timesheets and ensure they are signed by the employee and officer/supervisor.

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

An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

**All Objectives:**

**Finding 2014-1 - Inadequate County-Wide Controls and Lack of Documentation of County-Wide Controls (Repeat Finding)**

**Condition:** The County has not addressed or documented all of the components of an internal control framework which are the control environment, risk assessment, information and communication, and monitoring.

**Cause of Condition:** This condition is a result of the County not being aware of how the process of identifying risks, implementing control activities, communicating pertinent information, and monitoring could positively impact the operations and reporting of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector (OSAI) recommends that the County design and implement procedures to address the risks to the County, through regular meetings. We recommend the County review the Green Book and to document the county-wide controls in a written format that addresses the 17 principles that cover Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

**Management Response:**

**District 1 Commissioner:** I think we need to review the Green Book and determine what we need to do. We will work to establish an Internal Control Manual.

**District 2 Commissioner:** We will review the example provided, and start implementing the procedures we need to do.

**District 3 Commissioner:** We will work on implementing control activities and monitor those controls.

**County Clerk:** We will meet as County Officers, go over examples of Internal Control Guides and implement that into our internal control structure.

**County Treasurer:** We are meeting as officers monthly as part of the Board meeting with minutes being kept by the County Clerk. We will meet as officers and collectively produce an Internal Control Guide for Cimarron County.

**County Assessor:** I agree with the responses of the County Clerk and County Treasurer.



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FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Court Clerk:** I agree with the responses of the County Clerk and County Treasurer.

**County Sheriff:** I will work with the other elected officials to establish county-wide controls and document the county-wide controls in a manual.

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

The control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

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

For a county to run and control its operations, it must have relevant, reliable information, both financial and nonfinancial. That information should be recorded and communicated to management and others within the County who need it and in a form and within a time frame that enables them to carry out their internal control and operational responsibilities. In addition, the county needs to make sure that the forms of communications are broad-based and that information technology management assures useful, reliable, and continuous communications.

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

**REPORT ON STATUTORY COMPLIANCE – OTHER MATTERS**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Cimarron County  
Board of County Commissioners  
Cimarron County Courthouse  
1 Courthouse Square  
Boise City, Oklahoma 73933

Dear Chairman:

For the purpose of complying with 19 O.S. § 171 and 20 O.S. § 1312, we have performed statutory procedures regarding the following offices and departments for the fiscal year ended June 30, 2014:

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

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

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

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

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

August 14, 2017

**CIMARRON COUNTY, OKLAHOMA  
STATUTORY REPORT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2014-5 - Inadequate Internal Controls Over Court Clerk Collections, Expenditures, Reconciliations, and District Court Case Balances**

**Condition:** Upon inquiry of the Court Clerk employees, and observation and test of records, we noted the following weaknesses with regard to internal controls related to the receipting process of the Court Clerk and the expenditure processes over the Court Clerk Revolving Fund and Court Fund Claims:

Receipting Process:

- All employees operate from the same cash drawer.
- Voided receipts require only one signature and the Voided Receipt Report is not reviewed and signed.
- The employee preparing the deposit slip does not sign the deposit slip.

Expenditure Process:

- One employee is responsible for:
  - Preparing the Court Clerk Revolving Fund claim.
  - Entering the claim into the Court Clerk software.
  - Verifying goods and services and signing the claim acknowledging receipt of goods/services.
  - Printing and signing the vouchers for payment.
  - Taking vouchers to the County Treasurer to be registered.
  - Distributing vouchers to vendors.

Court Fund Claims Process:

- One employee is responsible for:
  - Preparing the Court Fund claims.
  - Printing the Court Fund vouchers.
  - Taking vouchers to the County Treasurer to be registered.
  - Distributing the vouchers to vendors.

Case Balance Reconciliation:

- An overpayment of one case balance in the amount of \$31.00 was noted in October 2013; however, the variance was not reconciled until April 2016.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate internal controls over collections and segregation of duties over the Court Clerk Revolving Fund and Court Fund expenditures process. Policies and procedures have not been designed and implemented to review and monitor case balances on a periodic basis to determine the propriety of older case balances.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions,

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undetected errors, or misappropriation of funds not being detected in a timely manner. These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends each employee have their own cash drawer for the purpose of receiving payments and issuing change. Each cash drawer should be kept locked with the key secured by the person the cash drawer is assigned.

OSAI recommends that policies and procedures be implemented to have a second review of voided receipts at the time the receipt is voided and to have a second review of the deposit slip for accuracy with the signature of both the preparer and reviewer documented on the deposit slip.

OSAI recommends the Court Clerk design and implement policies and procedures to ensure a proper segregation of duties over the expenditures process that include the following accounting functions:

- Preparation of claims,
- Entering the claim into the computer system,
- Initiation of payment and printing the voucher,
- Signing of vouchers,
- Taking vouchers to the County Treasure to be registered, and
- Distribution of the vouchers

Finally, OSAI recommends the Court Clerk's office review case balances monthly to ensure accurate and complete records are maintained.

**Management Response:**

**Court Clerk:** We do not have any place for all of us to have cash drawers. I will give it some thought on what we can do with the cash drawer. When I void a receipt, I have someone else sign it. I will make sure that we have two signatures on voided receipts. The deputy prepares the deposit slip and signs it. I recount the deposit and sign the deposit slip. I will have my deputy prepare the Revolving Fund claim. I will review it and enter it into the Court Clerk system to print the vouchers. I will sign the vouchers and have a deputy take them to the County Treasurer to be registered. My designated receiving agent will verify goods and services received and sign the claim. My deputy will prepare the Court Fund claims. I will enter the claim into Court Clerk system, which prompts the printing of the vouchers. I will sign the vouchers and give them to the deputy to sign and take to the County Treasurer to be registered. I will distribute the vouchers to the vendors.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

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**Finding 2014-6 - Inadequate Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry, observation and test of documents of the Sheriff's Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses in internal control and noncompliance were noted:

- There is a lack of segregation of duties with regard to receipting and depositing Inmate Trust funds and bank deposits are not reviewed by someone other than the preparer.
- Deposits are not made daily.
- No evidence is present as verification of a reconciliation being performed between Sheriff's records of inmate account balances and the Inmate Trust Fund Checking Account bank balance.
- There is no policy or procedure regarding unclaimed funds.
- An annual Commissary Report was not prepared and submitted to the Board of County Commissioners.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that internal controls are established with regards to the Inmate Trust Checking Account fund and Sheriff Commissary Fund.

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

**Recommendation:** OSAI recommends the Sheriff implement the following internal controls:

- Ensure duties of receiving, receipting, and depositing funds are segregated and design procedures which ensure the deposit is reviewed by someone other than the preparer.
- Design policies and procedures to ensure deposits are deposited daily.
- Ensure monthly bank reconciliations are performed between the system reports and the Inmate Trust Fund Checking Account bank statement.
- Establish unclaimed property procedures for checks that are outstanding more than six (6) months.
- Prepare an annual commissary report that identifies beginning commissary balance, deposits of commissary profits, expenditures of commissary funds and ending commissary balance and submit the report by January 15<sup>th</sup> of each year.

**Management Response:**

**County Sheriff:** I will implement procedures to have someone prepare the deposit and someone else review it for accuracy, deposit daily when funds are received, and perform a monthly reconciliation of my accounting records to the bank statements. I will establish a policy regarding unclaimed funds. I will ensure an annual commissary report is prepared and submitted to the Board of County Commissioners.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds.

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Title 19 O.S. § 180.43 D. states, “Each county sheriff may operate, or contract the operation of, a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report in the same manner as other public records of the county. Nothing in this subsection shall circumvent the provisions of Section 73 of Title 7 of the Oklahoma Statutes.”

Title 19 O.S. § 531 A. states, “Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”

Title 22 O.S. § 1325 A. states, “Any sheriff’s office or campus police agency as authorized under the Oklahoma Campus Security Act is authorized to dispose of by public sale, destruction, donation, or transfer for use to a governmental subdivision personal property which has come into its possession, or deposit in a special fund, as hereafter provided, all money or legal tender of the United States which has come into its possession, whether the property or money be stolen, embezzled, lost, abandoned or otherwise, the owner of the property or money being unknown or not having claimed the same, and which the sheriff or campus police agency has held for at least six (6) months, and such property or money, or any part thereof, being no longer needed to be held as evidence or otherwise used in connection with any litigation.”



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