



# CLEVELAND COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

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

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

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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.



March 5, 2024

TO THE CITIZENS OF  
CLEVELAND COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Rod Cleveland  
District 2 – Darry Stacy  
District 3 – Harold Haralson

**County Assessor**

Doug Warr

**County Clerk**

Tammy Belinson

**County Sheriff**

Chris Amason

**County Treasurer**

Jim Reynolds

**Court Clerk**

Marilyn Williams

**District Attorney**

Greg Mashburn

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

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

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
CLEVELAND COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statement is prepared by Cleveland 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 Cleveland County as of June 30, 2021, or changes in financial position for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Cleveland County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

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

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023, on our consideration of Cleveland 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 Cleveland County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 7, 2023

**REGULATORY BASIS FINANCIAL STATEMENT**

**CLEVELAND COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General Fund	\$ 24,900,253	\$ 35,939,766	\$ 571,240	\$ -	\$ 28,930,228	\$ 32,481,031
County Highway Fund	9,010,971	6,858,112	215,081	-	7,022,929	9,061,235
County Health	10,269,904	7,013,868	-	-	7,566,002	9,717,770
County Assessor Revolving	25,582	5,071	-	-	9,581	21,072
Bridge Capital Improvement Fund	214,293	788	-	215,081	-	-
County Clerk Lien Fee	292,718	137,425	-	-	114,671	315,472
County Commissioners Building Fund	705,954	2,406	-	571,240	137,120	-
Commissioners Fairground Capital Improvement	1,472,754	-	-	-	602,076	870,678
County Bridge and Road Improvement Fund	3,572,792	945,932	-	-	799,004	3,719,720
County Clerk Preservation	412,043	694,593	-	-	270,330	836,306
Fairgrounds	972,635	303,316	-	-	141,574	1,134,377
Sheriff Commissary	98,126	649,096	-	-	463,378	283,844
Sheriff Jail Fund	55,545	-	-	-	-	55,545
Local Emergency Planning Fund	18,466	2,000	-	-	-	20,466
Cleveland County Anna McBride Court	50,178	71,784	-	-	76,953	45,009
Resale Property	1,742,289	2,037,247	-	-	681,885	3,097,651
Sales Tax	284,161	5,616,134	-	-	5,387,351	512,944
Sheriff Federal Share Revenue	12,708	22	-	12,730	-	-
Sheriff Justice Assistance Grant	27,506	2,045	-	-	2,164	27,387
Sheriff Service Fee	3,212,207	2,791,363	12,730	-	809,898	5,206,402
Sheriff Special Revenue Fund	1,363	4,400,000	-	-	2,170,384	2,230,979
County Sinking	1,369	2	-	-	-	1,371
County Treasurer Certification Fee	640,155	79,565	-	-	531	719,189
Wellness Committee Donations	400	-	-	-	-	400
District Attorney Incarceration Costs	4,221	6,431	-	10,652	-	-
American Rescue Plan Act	-	27,584,253	-	-	-	27,584,253
Covid Aid Relief Fund	-	162,447	-	-	159,505	2,942
Public Safety Sales Tax	-	458,400	-	-	413,192	45,208
Emergency Rental Assistance Grant	-	6,424,586	-	-	1,024,300	5,400,286
Emergency Rental Assistance Grant 2	-	2,032,585	-	-	-	2,032,585
<b>Total - All County Funds</b>	<b>\$ 57,998,593</b>	<b>\$ 104,219,237</b>	<b>\$ 799,051</b>	<b>\$ 809,703</b>	<b>\$ 56,783,056</b>	<b>\$ 105,424,122</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

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

County General 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.

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

County Assessor Revolving – accounts for the collection of fees for copies restricted by state statute.

Bridge Capital Improvement Fund – accounts for state monies received for the construction and/or improvements of bridges within the County.

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

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

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County Commissioners Building Fund – accounts for proceeds from the sale of county-owned real estate and disbursed as restricted by state statute.

Commissioners Fairground Capital Improvement – accounts for proceeds for Fairground Expansion Project.

County Bridge and Road Improvement Fund – accounts for monies collected by the state to improve county roads and bridges.

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.

Fairgrounds – accounts for the receipt of revenue generated from building rent, booth rental, and other fees. Disbursements are for the operation of the fairgrounds.

Sheriff Commissary – accounts for monies received from commissary sales and disbursements of funds as restricted by state statute.

Sheriff Jail Fund – accounts for the jail bond fees received from the Court Clerk and disbursed for the operation of the jail.

Local Emergency Planning Fund – accounts for grant monies received and disbursed as restricted by the grant agreement.

Cleveland County Anna McBride Court – accounts for grant monies received and disbursed as restricted by the grant agreement.

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

Sales Tax – accounts for the collection of county sales tax to be disbursed as outlined by the sales tax ballot.

Sheriff Federal Share Revenue – accounts for the collection of a percentage of seized assets and disbursed for law enforcement purposes.

Sheriff Justice Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreements.

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

Sheriff Special Revenue Fund – accounts for monies received and disbursed for the operation of the Jail.

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

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County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments.

County Treasurer Certification Fee – accounts for the collection of fees by the County Treasurer for mortgage tax certification and disbursements as restricted by state statute.

Wellness Committee Donations – accounts for donations made to the Wellness Committee Donations fund and disbursements are for equipment for the Wellness Center.

District Attorney Incarceration Costs – accounts for the collection of incarceration fees assessed as court costs and collected by the Court Clerk. Disbursements are for the lawful operation of the office.

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

Covid Aid Relief Fund – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners resolution.

Public Safety Sales Tax – accounts for the collection of county sales tax to be disbursed as outlined by the sales tax ballot.

Emergency Rental Assistance Grant – accounts for grant monies received and disbursed as restricted by the grant agreement.

Emergency Rental Assistance Grant 2 – accounts for grant monies received and disbursed as restricted by the grant agreement.

**C. Basis of Accounting**

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis

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

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

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

**E. Cash and Investments**

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

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

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

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

**2. Ad Valorem Tax**

The County’s property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines



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

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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.

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

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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; however, the County expects such amounts, if any, to be immaterial.

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

**D. Sales Tax**

**Sales Tax of November 12, 2019**

On November 12, 2019, the voters of Cleveland County approved a one-eighth (1/8) of one percent sales tax on gross receipts or proceeds of certain taxable sales within Cleveland County effective April 1, 2020 for a twenty (20) year term; the proceeds of said tax to be utilized for the funding of the following County Public Safety services: operations, programs, equipping, maintenance, repairs and renovations, as necessary, to the Cleveland County Justice Facility, including renovations or new construction, construction, maintenance, operations and programming for the Cleveland County Juvenile Detention facilities and Cleveland County sobering facilities as approved by the Board of County Commissioners; salaries, staffing and training expenses for Cleveland County Sheriff's Deputies; providing grants to fire departments and other emergency responders serving Cleveland County as approved by the Board of County Commissioners; providing funds to the emergency management systems serving Cleveland County; authorizing the pledging of the sales tax debt service on any financing and cost of issuance on public safety facilities. These funds are accounted for in the 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.

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

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The County had \$476,009 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

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

**F. Interfund Transfers**

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

- \$571,240 was transferred to the County General Fund from the County Commissioners Building Fund to close the County Commissioners Building Fund per BOCC Resolution.
- \$12,730 was transferred to the Sheriff Service Fee fund from the Sheriff Federal Share Revenue Fund to close the Sheriff Federal Share Revenue Fund per BOCC Resolution.
- \$215,081 was transferred to the County Highway Fund from Bridge Capital Improvement Fund to close the Bridge Capital Improvement Fund per BOCC Resolution.
- \$10,652 was transferred to the District Attorney Incarceration Costs fund (a trust and agency fund) from the District Attorney Incarceration Costs fund to properly classify the District Attorney Incarceration Costs.

**SUPPLEMENTARY INFORMATION**

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

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 32,327	\$ 31,911	\$ 416
County Sheriff	11,879,590	11,759,115	120,475
County Treasurer	1,458,675	1,433,568	25,107
County Commissioners	1,376,563	1,050,986	325,577
County Commissioners O.S.U. Extension	439,904	402,978	36,926
County Clerk	1,629,953	1,607,421	22,532
Court Clerk	2,131,192	1,862,633	268,559
County Assessor	1,202,805	1,128,618	74,187
Revaluation of Real Property	1,474,760	1,413,446	61,314
District Court	357,598	283,047	74,551
General Government	3,773,346	2,724,033	1,049,313
Excise - Equalization Board	6,500	4,763	1,737
County Election Expense	1,024,585	1,014,045	10,540
Insurance - Benefits	550,266	544,382	5,884
County Purchasing Agent	172,377	159,553	12,824
Emergency Management	219,404	167,758	51,646
Capital Improvements	22,310,797	2,301,873	20,008,924
Human Resources	200,514	183,866	16,648
Early Settlement	174,460	84,740	89,720
IT Department	527,658	464,625	63,033
Court Judges	152,500	68,991	83,509
Highway Budget Account	1,922,799	1,696,207	226,592
County Audit Budget Account	414,828	100,000	314,828
Free Fair Budget Account	84,134	49,537	34,597
Fairgrounds Budget Account	437,082	411,417	25,665
Building Maintenance Account	855,341	712,339	143,002
Other Uses	3,283,596	775,521	2,508,075
Total Expenditures, Budgetary Basis	<u>\$ 58,093,554</u>	<u>\$ 32,437,373</u>	<u>\$ 25,656,181</u>

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

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 15,816,130	\$ 8,177,486	\$ 7,638,644
Other Uses	598,459	-	598,459
Total Expenditures, Budgetary Basis	\$ 16,414,589	\$ 8,177,486	\$ 8,237,103

**CLEVELAND COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**1. Budgetary Schedules**

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF INTERIOR</b>				
Direct Grant:				
Payments in Lieu of Taxes	15.226			\$ 36,835
Total U.S. Department of Interior				<u>36,835</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Grant:				
Violence Against Women Formula Grants	16.588			22,975
Direct Grant:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			2,164
Total U.S. Department of Justice				<u>25,139</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
Passed Through the Oklahoma Office of Management and Enterprise Services:	21.019	SA-0098		5,772,439
COVID-19 Coronavirus Relief Fund				
Direct Grant:				
COVID-19 Emergency Rental Assistance Program	21.023	ERA0174	1,000,000	1,024,300
Total U.S. Department of Treasury			<u>1,000,000</u>	<u>6,796,739</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,000,000</u>	<u>\$ 6,858,713</u>

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

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Cleveland 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

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

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

TO THE OFFICERS OF  
CLEVELAND COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Cleveland County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Cleveland County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 7, 2023.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2021, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Cleveland County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cleveland County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001, 2021-004 and 2021-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cleveland County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005.

### **Cleveland County's Response to Findings**

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

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 7, 2023



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

TO THE OFFICERS OF  
CLEVELAND COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Cleveland County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cleveland County's major federal programs for the year ended June 30, 2021. Cleveland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cleveland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Basis for Qualified Opinion on Emergency Rental Assistance Program**

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

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2021-013	21.023	Emergency Rental Assistance Program	Subrecipient Monitoring

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

### **Qualified Opinion on Emergency Rental Assistance Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Emergency Rental Assistance Program for the year ended June 30, 2021.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, Cleveland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-010 and 2021-011. Our opinion on each major federal program is not modified with respect to these matters.

Cleveland County’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cleveland 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 Cleveland 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 Cleveland 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 Cleveland 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 item 2021-013, that we consider to be a material weakness.

### **Cleveland County's Response to Findings**

Cleveland 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. Cleveland County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 7, 2023



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

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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 regulatory presentation

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? ..... Yes

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

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

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

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

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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 2021-001 – Lack of Internal Controls Over the Reconciliation of Appropriation Ledger to the General Ledger (Repeat Finding 2020-002, 2019-002)**

**Condition:** A monthly reconciliation is not being performed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all funds.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger is performed on a monthly basis for all funds.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of assets.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management take steps to ensure reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger on a monthly basis. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

**Management Response:**

**County Treasurer:** The County converted to a new financial system in July 2019. The ability to reconcile our books with the County Clerk was hampered due to the conversion. Our office retired that system and converted to a new financial system July 2021. Going forward, we will reconcile with the County Clerk monthly.

**County Clerk:** Management acknowledges the validity of this finding dating back to the Munis system conversion, which became effective July 1, 2019. Management committed to retroactively perform this reconciliation on a monthly basis beginning July 1, 2019, to present. As of October 2022, the completion of that project is complete, and balancing is done on a monthly basis documented on the form approved by our use by the OSAI and will be reviewed and approved by the County Clerk.

Furthermore, Management commits to documenting policies and procedures governing this task on a go-forward basis in order to ensure a timely and accurate completion of this reconciliation, along with supervisory review and approval, by the 20<sup>th</sup> day following the previous month-end.

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

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

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The GAO Standards - Principle 16 – Perform Monitoring Activities: 16.05 states in part:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

**Finding 2021-004 – Lack of Internal Controls and Noncompliance Over Disbursements Process (Repeat Finding 2020-007, 2019-009, 2018-002, 2017-002, 2016-012 and 2015-003)**

**Condition:** During our test of thirty-five (35) disbursements, the following was noted:

- Three (3) disbursements were not timely encumbered totaling \$205,043.
- Two (2) disbursements were not made for the appropriate amount totaling \$60,832.

During our test of twenty-five (25) Purchase Card (P-Card) disbursements, the following was noted:

- Nine (9) transactions were not timely encumbered totaling \$2,603 of which two of these transactions had one individual who performed both the requisition and receiving duties.

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

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

**Recommendation:** OSAI recommends the County implement internal control procedures to ensure compliance with purchasing guidelines. All purchases should be properly requisitioned, encumbered and for the appropriate amount.

**Management Response:**

**County Clerk:** This issue has been corrected and proper training on procedures have now been implemented.

**Court Clerk:** Thank you for reviewing our practices and locating where improvements need to be made. As discussed during the audit from last year, when a purchase is going to be made, I will have my 2<sup>nd</sup> deputy verify that a requisition has been placed prior to the ordering of any materials.

**County Sheriff:** I will work with staff to guarantee all procedures are properly followed regarding purchase card disbursements and ensure that a purchase order is obtained prior to purchases.

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

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**Chairman of the Board of County Commissioners:** The Cleveland County Board of County Commissioners (BOCC) will help County Officials understand funds must be encumbered prior to the receipt of goods and/or services. The BOCC will ensure compliance with purchasing guidelines so that all purchases are properly requisitioned and encumbered for the appropriate amount. Furthermore, the BOCC has reviewed procedures for P-Card purchases and updated the training for employees.

**Criteria:** The GAO Standards - Principle 10 – Design Control Activities - Section 10.03 states in part:

*Design of Appropriate Types of Control Objectives*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Additionally, Section 2 – Establishing and Effective Internal Control System – OV2.24states in part:

*Safeguarding of Assets*

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

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

**Finding 2021-005 – Lack of Internal Controls and Noncompliance Over Contract Agreement**

**Condition:** While reviewing a contract agreement with Cleveland County, the following was noted:

- The county received eleven (11) invoices totaling \$179,471; however, the County paid \$334,576 resulting in an overpayment amount of \$155,105.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County pays the correct amount incurred per the contract agreement.

**Effect of Condition:** This condition resulted in noncompliance and overpayment for services.

**Recommendation:** OSAI recommends the County implement internal control procedures to ensure compliance with contract agreements.

**Management Response:**

**Chairman of the Board of County Commissioners:** The contract amount was for \$365,000 and was to be divided in twelve equal payments. Vendor submitted invoices for services owed which totaled \$179,471.

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

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Services provided by vendor were reduced due to COVID. To remedy this finding, BOCC changed the Fiscal Year 2022 contract to pay invoices monthly for actual services of no more than \$365,000 annually.

**Criteria:** The 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.

Additionally, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity’s objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Agreement between the County and vendor states in part:

“...County shall provide funding of no more than \$365,000, inclusive offender payments, per year for the Pre-trial, Mental Health Pre-trial, and Community Service programs. Provided, however, the vendor shall request monthly funding by itemized statement which shall identify the number of people placed in the program by Court order...”

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

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

**Finding 2021-010 - Noncompliance with Reporting Requirement – Emergency Rental Assistance Program**

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance Program

**FEDERAL AWARD NUMBER:** ERA0174

**FEDERAL AWARD YEAR:** 2021

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

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**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

**Condition:** While performing a test over the reporting requirement, we noted the following:

- First Quarter Interim report (Awarded date – March 2021) was not submitted.
- Second Quarter report (April 2021 – June 2021) was submitted after the deadline.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County is in compliance with federal laws and regulations and grant agreements.

**Effect of Condition:** This condition resulted in noncompliance with grant requirements.

**Recommendation:** OSAI recommends the County comply with federal laws and regulations and grant agreements by submitting required reports to the U.S. Department of the Treasury timely.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Cleveland County Board of County Commissioners (BOCC) will implement policies and procedures to ensure compliance with applicable grant requirements. Specifically, the BOCC will ensure compliance with submission of timely reports required as a grant recipient.

**Criteria:** 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.

Per Reporting Guidance Version 2.1, Section II: Reporting Periods and Submission Deadlines:  
State, Local, and Territorial Emergency Rental Assistance (ERA) Recipients are required to submit both Monthly and Quarterly Reports. Recipients must provide all required reports on each ERA1 and ERA2 award separately without commingling funds, data, or records.

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

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**Finding 2021-011 - Noncompliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles Requirements – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of Management Enterprise Services

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD NUMBER:** SA-0098

**FEDERAL AWARD YEAR:** 2021

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

**QUESTIONED COSTS:** \$260,134

**Condition:** During our test of thirty-seven (37) disbursements and 100% of the payroll disbursements that were submitted for Coronavirus Relief Fund reimbursements, the following was noted:

- One (1) payment was overstated by \$50 when submitted to the U.S. Department of Treasury.
- Payroll expenses totaling \$260,084 was determined to be ineligible due to expenses incurred outside the eligibility period.

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

**Effect of Condition:** This condition resulted in noncompliance with grant requirements.

**Recommendation:** OSAI recommends that the County designs and implements policies and procedures to ensure compliance with applicable grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Cleveland County Board of County Commissioners (BOCC) will implement policies and procedures to ensure compliance with applicable grant requirements. Specifically, the BOCC will ensure grant funds are expended on allowed costs as set forth by the grant.

**Criteria:** 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.

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

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Federal Register, Vol. 86, No.10 also states in part:

The CARES Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19).

**Finding 2021-013 – Lack of Internal Controls and Noncompliance with Subrecipient Monitoring –  
Emergency Rental Assistance Program**

**FEDERAL AGENCY:** U.S. Department of the Treasury

**ASSISTANCE LISTING:** 21.023

**FEDERAL PROGRAM NAME:** Emergency Rental Assistance Program

**FEDERAL AWARD NUMBER:** ERA0174

**FEDERAL AWARD YEAR:** 2021

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$124,300

**Condition:** While documenting controls over Subrecipient Monitoring and administrative expenditures for the Emergency Rental Assistance Program (ERA) program, we noted the following:

- The County was unable to provide supporting documents for the administrative costs of the consultant for this grant totaling \$24,300.
- The County was unable to provide supporting documentation of the subrecipient’s administrative expenditures totaling \$100,000.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County is complying with federal laws and regulations, and grant agreements. Also, adequate Subrecipient Monitoring policies and procedures have not been established by the County prior to entering into agreements with subrecipients.

**Effect of Condition:** This condition resulted in noncompliance with grant requirements. Also, the subrecipient may not be in compliance with the award terms and there is an increased risk of mismanagement and fraud by the subgrantees.

**Recommendation:** OSAI recommends the County design and implement internal controls to ensure that it administers current and future ERA grants in accordance with applicable federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of federal requirements related to allowable costs. Subrecipients are reimbursed for administrative costs based on supporting documentation for actual costs incurred rather than making advance payments for a set percentage of advanced program funds.



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

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**Management Response:**

**Chairman of the Board of County Commissioners:** The County has met with the Oklahoma State Auditor & Inspector's office in reference to Finding 2021-013 Lack of Internal Controls and Noncompliance with Subrecipient Monitoring – Emergency Rental Assistance Program. We agree with the auditor's recommendation and will take the following corrective actions:

1. Design and implement internal controls to ensure compliance with all applicable federal laws, regulations, and grant requirements for current and future ERA grants. This will include:
  - a) Amend written policies and procedures to better include Subrecipient Monitoring, including requirements for sub-recipients to provide supporting documents for actual administrative expenditures incurred rather than receiving advance payments.
  - b) Providing annual training to staff on the new sub-recipient monitoring policies and procedures.
  - c) Implementing a documentation and review process to ensure sub-recipients are properly informed of federal requirements related to allowable costs and that expenditures are supported before payment.
2. Strengthen sub-recipient agreements to include clear requirements around supporting documents for administrative costs.
3. Increase monitoring of sub-recipients through periodic desk audits and site visits to review expenditures and supporting documentation.

The County takes these findings seriously and will implement robust internal controls and Subrecipient Monitoring procedures to ensure full compliance with federal grant requirements and prevent any future noncompliance or questioned costs. We appreciate the auditor identifying these issues so they can be properly addressed and corrected. Please let us know if any additional information or documentation is needed regarding the corrective actions.

**Criteria:** 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.

2 CFR § 200.332 (d) *Requirements for pass-through entities* states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.

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

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(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.

The Consolidated Appropriations Act § 501 Emergency Rental Assistance (c) Use of Funds - (5) Administrative Costs states in part,

(A) IN GENERAL. —Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds.

(B) NO OTHER ADMINISTRATIVE COSTS. —Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A).

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #29 *What are the applicable limitations on administrative expenses*, states in part, “Under ERA1, not more than 10 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance and housing stability services to eligible households. Under ERA2, not more than 15 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and eviction prevention activities.”

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



## CLEVELAND COUNTY

### Corrective Action Plan in accordance with 2 CFR § 200.511c for the fiscal year ended June 30, 2021

Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of Internal Controls Over the Reconciliation of Appropriation Ledger to the General Ledger	<p><b>County Clerk:</b> Management acknowledges the validity of this finding dating back to the Munis system conversion, which became effective July 1, 2019. Management committed to retroactively perform this reconciliation on a monthly basis beginning July 1, 2019, to present. As of October 2022, the completion of that project is complete, and balancing is done on a monthly basis documented on the form approved by our use by the OSAI and will be reviewed and approved by the County Clerk.</p> <p>Furthermore, Management commits to documenting policies and procedures governing this task on a go-forward basis in order to ensure a timely and accurate completion of this reconciliation, along with supervisory review and approval, by the 20<sup>th</sup> day following the previous month-end.</p> <p><b>County Treasurer:</b> The County converted to a new financial system in July 2019. The ability to reconcile our books with the County Clerk was hampered due to the conversion. Our office retired that system and converted to a new financial system July 2021. Going forward, we will reconcile with the County Clerk monthly.</p>	October 2022	Tammy Belinson, County Clerk and Jim Reynolds, County Treasurer
2021-004	Lack of Internal Controls and Noncompliance Over	The Cleveland County Board of County Commissioners (BOCC) will help County Officials understand funds must be encumbered prior to the receipt of goods and/or services. The BOCC will	On Going June 2022	Rod Cleveland, Chairman BOCC

	Disbursement Process	ensure compliance with purchasing guidelines so that all purchases are properly requisitioned and encumbered for the appropriate amount. Furthermore, the BOCC has reviewed procedures for P-Card purchases and updated the training for employees.		
2021-005	Lack of Internal Controls and Noncompliance Over Contract Agreement	The Cleveland County Board of County Commissioners (BOCC) contracted with Pre-Trial Service, L.L.C. (vendor) for FY2021 to provide services. The contract amount was for \$365,000 and was to be divided in twelve equal payments. Vendor submitted invoices for services owed which totaled \$179,471. Services provided by vendor were reduced due to COVID. To remedy this finding, BOCC changed the FY2022 contract to pay invoices monthly for actual services of no more than \$365,000 annually.	July 2021	Rod Cleveland, Chairman BOCC
2021-010	21.023 Noncompliance with Reporting Requirement – Emergency Rental Assistance Program	The Cleveland County Board of County Commissioners (BOCC) will implement policies and procedures to ensure compliance with applicable grant requirements. Specifically, the BOCC will ensure compliance with submission of timely reports required as a grant recipient.	On Going April 2021	Rod Cleveland, Chairman BOCC
2021-011	21.019 Noncompliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles Requirements – Coronavirus Relief Fund	The Cleveland County Board of County Commissioners (BOCC) will implement policies and procedures to ensure compliance with applicable grant requirements. Specifically, the BOCC will ensure grant funds are expended on allowed costs as set forth by the grant.	On Going April 2021	Rod Cleveland, Chairman BOCC
2021-013	2021-013 Lack of Internal Controls and Noncompliance with Subrecipient Monitoring – Emergency Rental Assistance Program	The County has met with the Oklahoma State Auditor & Inspector's office in reference to Finding 2021-013 lack of internal controls and noncompliance with sub-recipient monitoring requirements for the Emergency Rental Assistance Program. We agree with the auditor's recommendation and will take the following corrective actions:  1. Design and implement internal controls to ensure compliance with all applicable federal laws, regulations, and grant requirements for current and future ERA grants. This will include:	November 27,2023	Rod Cleveland, Chairman BOCC

		<p>a) Amend written policies and procedures to better include sub-recipient monitoring, including requirements for sub-recipients to provide supporting documents for actual administrative expenditures incurred rather than receiving advance payments.</p> <p>b) Providing annual training to staff on the new sub-recipient monitoring policies and procedures.</p> <p>c) Implementing a documentation and review process to ensure sub-recipients are properly informed of federal requirements related to allowable costs and that expenditures are supported before payment.</p> <p>2. Strengthen sub-recipient agreements to include clear requirements around supporting documents for administrative costs.</p> <p>3. Increase monitoring of sub-recipients through periodic desk audits and site visits to review expenditures and supporting documentation.</p> <p>The County takes these findings seriously and will implement robust internal controls and sub-recipient monitoring procedures to ensure full compliance with federal grant requirements and prevent any future noncompliance or questioned costs. We appreciate the auditor identifying these issues so they can be properly addressed and corrected. Please let us know if any additional information or documentation is needed regarding the corrective actions.</p>		
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**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



## CLEVELAND COUNTY

### Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2021

#### FINANCIAL AUDIT FINDINGS

None Reported

#### FEDERAL AUDIT FINDINGS

**Finding 2016-007, 2017-017, 2018-015 and 2019-012**

**Lack of Internal Controls and Noncompliance Over Reporting - Hurricane Sandy Community Development Block Grant Disaster Recovery Grants**

**Pass-Through Grantor:** Oklahoma Department of Commerce

**Federal Agency:** Department of Housing and Urban Development

**Assistance Listing No:** 14.269

**Federal Program Name:** Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)

**Federal Grant Award Number:** B-13-DS-40-0001

**Federal Award Year:** 2019

**Control Category:** Reporting

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

**Finding Summary:** Of the nineteen (19) expenditures tested, totaling \$4,519,228, there were eleven (11) expenditures totaling \$3,340,506 that were not reported by the 10th of the month following the receipt and/or expenditure of the funds.

**Status:** Not Applicable. Two years have passed since the audit report in which the finding occurred was submitted to the FAC.



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



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

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