



CLEVELAND COUNTY SHERIFF'S OFFICE

Special Audit Report

June 12, 2024

Cindy Byrd, CPA
State Auditor & Inspector

Cleveland County Sheriff's Office

Special Audit Report

Part 1

June 12, 2024



June 12, 2024

TO THE CLEVELAND COUNTY BOARD OF COUNTY COMMISSIONERS

Presented herein is the special audit report – part 1, of the Cleveland County Sheriff’s Office. 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 this engagement.

This report is a public document pursuant to the Open Records Act, 51 O.S. §§ 24A.1, *et seq.* and is available 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 Sheriff's Office

Special Audit Report Part 1

June 12, 2024

WHY WE DID THIS AUDIT

Under 74 O.S. § 212 (I), the Cleveland County Board of County Commissioners (BOCC) requested the Oklahoma State Auditor & Inspector's (OSAI) office to conduct an audit of the Cleveland County Sheriff's Office.

On February 12, 2024, the Cleveland County BOCC requested that OSAI conduct a special audit of the Cleveland County Sheriff's Office (this includes all aspects of the Sheriff's Office, including but not limited to Administration, Operations, Courthouse Security, Detention Center, etc.) for FY24 to date, FY23, FY22, and FY21.

On March 4, 2024, the Cleveland County BOCC followed up their original request and asked that OSAI prioritize the current fiscal year funding available to the Cleveland County Sheriff's Office for the period of July 1, 2023, through February 29, 2024, by reviewing and confirming the following categories of revenue:

- General Fund appropriations approved by the County Budget Board
- Lapsed Forward Funds
- Cash Appropriations
- Encumbered Carry Forward
- Reimbursements

Due to the Sheriff's current budget crisis and disagreements between Budget Board members on the Sheriff's accurate collection amounts, OSAI is issuing this report as Part 1 to fulfill the March 4, 2024, audit request.

Background

Cleveland County Meeting Minutes

Cleveland County had numerous BOCC and Budget Board meetings that lead to the engagement of OSAI to perform a Special Audit of the operations of Cleveland County Sheriff's Office. The following are excerpts of the BOCC and Budget Board meetings regarding the allocation of funds for the Sheriff for fiscal year 2024.

- On September 26, 2023, the Cleveland County Budget Board held a special meeting to vote and approve the Final Budget for the 2023/2024 Fiscal Year. The board approved \$18,360,000 to be available to the Cleveland County Sheriff's Office throughout the 2024 Fiscal Year. The Cleveland County Treasurer moved to adequately fund the Sheriff's Department at a figure of approximately \$18.2 million dollars; and that the Board of County Commissioners formally request the Justice Authority to disburse funds from the Public Safety Sales Tax (PSST) in accordance with legal provisions and that these funds from the PSST should be utilized to supplement the Sheriff's Department's approved general revenue allocation for the Fiscal Year 2023/2024. The total should comprise the Sheriff's Department's uncommitted cash reserves as of July 1st, 2023, in addition to the expected cash receipts throughout the fiscal year 2023/2024. Furthermore, any other funds projected or received during the fiscal year 2023/2024 should be factored in, all summing up to \$18,360,000 dollars. All budget board members, excluding the Sheriff, were at the meeting at the time of this vote. The Sheriff arrived right before the meeting was being called to a close. At that point, the motion was made to adjourn, and all eight Budget Board members voted to adjourn.
- On January 29, 2024, the Cleveland County Board of County Commissioners voted and approved the request of Sheriff Chris Amason to engage with the OSAI to conduct an investigative audit of the Cleveland County Sheriff's Office to clarify misconceptions of funds available and the use of those funds.
- On February 12, 2024, the Cleveland County Board of County Commissioners voted and approved to amend the engagement with the OSAI changing the request from an Investigative audit to a Special audit per the Sheriff.
- On February 12, 2024, the Cleveland County Budget Board had an agenda item to approve a transfer of \$2,000,000 to the Sheriff's General Fund account. This agenda item was removed from the agenda due to discussion during the Budget Board meeting.
- On February 26, 2024, the Cleveland County Budget Board voted and approved a transfer of \$1,300,000 to the Sheriff's General Fund account.
- On March 4, 2024, the Cleveland County Board of County Commissioners voted and approved to amend the previously approved engagement with the OSAI to prioritize the current fiscal year funding available to the Sheriff's Office through February 29, 2024, which is Part 1 of the OSAI engagement.

Cleveland County Sheriff's Revenue Funding Sources

The Cleveland County Sheriff's Office is funded through three different revenue sources: General Fund, Public Safety Sales Tax and Sheriff's Office Daily Collections.

General Fund – The Oklahoma Constitution and the Oklahoma State 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 to pay most 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."

Public Safety Sales Tax - 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 for debt service on any financing and cost of issuance on public safety facilities.

Sheriff's Office Daily Collections – The following funds account for statutorily authorized revenue sources to be expended for specific purposes:

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as process fees, courthouse security, contracts for housing and feeding prisoners per state statute 19 O.S. § 514.1.

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

Sheriff Commissary – revenue from selling goods to prisoners incarcerated in the County jail. The revenue is to be used to improve and provide jail services. The Sheriff may also use any surplus of this fund not needed for jail purposes for administering expenses for training equipment, travel, or for capital expenditures. See 19 O.S. § 180.43 (D).

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

Verified Financial Information

Sheriff's Office Collections for 7/1/23 through 2/29/24	
Category	Amount
General Fund Appropriations Approved by the County Budget Board	3,000,000
Lapsed Forward Funds	7,238,121
Cash Appropriations	5,770,491
Encumbered Carry Forward	449,571
Reimbursements	322,183
Total	16,780,366

See the paragraphs below for more detailed descriptions of the amounts shown in the table above.

General Fund Appropriations Approved by the Cleveland County Budget Board

On September 26, 2023, the Cleveland County Budget Board voted to approve the Cleveland County Sheriff for **\$3,000,000** in General Fund appropriations. The vote passed the Budget Board with a vote of six (6) yes, one (1) abstain, and one (1) member absent.

Lapsed Forward Funds

Lapsed Forward Funds are prior year Sheriff's Office cash fund balances that are moved from one fiscal year to the next fiscal year. The total amount of the Lapsed Forward Funds is shown in the schedule below detailing each type of Sheriff cash fund.

Sheriff Service Fee	Sheriff Special Revenue	Sheriff Commissary	Public Safety Sales Tax	Sheriff Grant Fund	Total
6,441,804	2,985	702,951	41,751	48,628	7,238,121

Cash Appropriations

Cash Appropriations are collections received from daily operations of the Sheriff's Office and the funds are deposited into various Sheriff cash funds. Cash Appropriations also includes \$2,250,000 in Public Safety Sales Tax funds that were deposited into a designated Sheriff cash fund. The total amount of Cash Appropriation amounts is shown in the schedule below detailing each type of Sheriff cash fund.

Sheriff Service Fee	Sheriff Special Revenue	Sheriff Commissary	Public Safety Sales Tax	Sheriff Grant Fund	Total
2,942,384	-	550,486	2,250,000	27,622	5,770,491

Encumbered Carry Forward

Encumbered Carry Forward amounts are funds that have been obligated in one fiscal year yet paid in the next fiscal year. The total of Encumbered Carry Forward amounts is shown in the schedule below detailing each type of Sheriff cash fund and the Sheriff's General Fund account.

General Fund - Sheriff	Sheriff Service Fee	Sheriff Special Revenue	Sheriff Commissary	Public Safety Sales Tax	Sheriff Grant Fund	Totals
160,218	238,958	-	19,677	30,718	-	449,571

Reimbursements

The definition of Reimbursements in the context of our audit objective is amounts reimbursed to the Sheriff's General Fund account for expenditures that were originally paid from the Sheriff's General Fund account. For example, if the County pays for employee salaries from the General Fund which are eligible for reimbursement through a State or Federal program, those reimbursements will be deposited back into General Fund. Another example would be, if the County pays for a piece of equipment out of the General

Fund and then the piece of equipment qualifies for an insurance claim, the insurance reimbursement would be deposited back into General Fund. The total amount of Reimbursements is **\$322,183**.

Additional Funds Provided to the County Sheriff's Office After February 29, 2024

On February 26, 2024, the Cleveland County Budget Board voted and approved a temporary transfer of funds from General Government Capital Improvement Fund to the Sheriff General Fund, Salaries and Wages Account in the amount of \$1,300,000. On February 29, 2024, the Cleveland County Excise Board voted and approved the same temporary transfer. These funds were available for March 2024 Sheriff payroll.

On April 25, 2024, the Cleveland County Budget Board voted and approved the transfer of funds from General Government Capital Improvement Fund to the Sheriff General Fund in the amount of \$275,000. On April 25, 2024, the Cleveland County Excise Board voted and approved the same transfer of Funds.

On April 25, 2024, the Cleveland County Budget Board voted and approved cash fund appropriations from the Justice Authority to the Public Safety Sales Tax in the amount of \$250,000.

On May 13, 2024, the Cleveland County Budget Board voted and approved an emergency appropriation to the Cleveland County Sheriff's Office from the Public Safety Sales Tax in the amount of \$575,000.

Per Budget Board Chairman, Rod Cleveland confirmed, on June 10, 2024, the Cleveland County Budget Board voted and approved the transfer of funds to the General Sheriff Bailout Fund. The transfer included \$2,205,000 from General Government Capital Outlay and \$1,000,000 from Commissioners General Government totaling \$3,205,000. This amount was approved by the Excise Board on June 12, 2024. He also confirmed, \$1,300,000 of the \$3,205,000 transfer is to be used to pay back the temporary loan that was approved on February 26, 2024, by the Budget Board and February 29, 2024, by the Excise Board.

Future Work to Be Performed – Part 2

On May 7, 2024, the Cleveland County BOCC updated the February 12, 2024, request to OSAI investigate the following areas for Fiscal Year 2024 only:

1. PCard Transactions: Review procurement card (PCard) transactions to ensure compliance with policies and procedures established by the State Auditor and Inspector and the Office of Management and Enterprise Services.
2. Transportation Deputies' Credit Card Transactions: Investigate these transactions to confirm adherence to county travel polices, including per diem meal allowances and lodging.
3. Encumbrances for Purchases: Examine expenditures to determine if funds for services or products were appropriately encumbered before purchase.
4. Payroll Expenditures: Review payroll data for the specified period to ascertain:
 - a. Which funds were used to meet payroll.

- b. Whether those funds were available for payroll purposes.
- c. If payroll obligations were met retroactively, such as providing retroactive raises to employees.
5. Contracts and Expenses: Review contracts, lease/purchase agreements, utility bills, and subscription/membership expenses to ensure proper encumbrances and accounted for
6. Jail Financial Operations: Examine the financial operations of the jail to determine whether its expenditures align with its revenue sources. Additionally, compare staffing levels for FY24 versus FY20 and confirm that all expenses were properly accounted for and encumbered on timely basis, according to purchasing statutes.
7. PCard Transactions: Review procurement card (PCard) transactions to ensure compliance with policies and procedures established by the State Auditor and Inspector and the Office of Management and Enterprise Services.
8. Transportation Deputies' Credit Card Transactions: Investigate these transactions to confirm adherence to county travel polices, including per diem meal allowances and lodging.
9. Encumbrances for Purchases: Examine expenditures to determine if funds for services or products were appropriately encumbered before purchase.
10. Payroll Expenditures: Review payroll data for the specified period to ascertain:
 - a. Which funds were used to meet payroll.
 - b. Whether those funds were available for payroll purposes.
 - c. If payroll obligations were met retroactively, such as providing retroactive raises to employees.
11. Contracts and Expenses: Review contracts, lease/purchase agreements, utility bills, and subscription/membership expenses to ensure proper encumbrances and accounted for
12. Jail Financial Operations: Examine the financial operations of the jail to determine whether its expenditures align with its revenue sources. Additionally, compare staffing levels for FY24 versus FY20 and confirm that all expenses were properly accounted for and encumbered on timely basis, according to purchasing statutes.

DISCLAIMER

By the issuance of this report, the Office of State Auditor & Inspector has no intent to determine the guilt, innocence, culpability, or liability, if any, of any person or entity for any act, omission, or transaction reviewed. Such determinations are within the exclusive jurisdiction of regulatory agencies, and law enforcement, prosecutorial, and/or judicial authorities designated by law.

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



Cindy Byrd, CPA | State Auditor & Inspector

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