



# CRAIG COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

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

**CRAIG COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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.



July 26, 2023

TO THE CITIZENS OF  
CRAIG COUNTY, OKLAHOMA

Transmitted herewith is the audit of Craig County, Oklahoma for the fiscal year ended June 30, 2020. 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

**CRAIG COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Board of County Commissioners**

District 1 – Lowell Walker  
District 2 – Mike Fitzpatrick  
District 3 – Dan Peetoom

**County Assessor**

Terri Lee

**County Clerk**

Tammy Malone

**County Sheriff**

Heath Winfrey

**County Treasurer**

Lisa Washam

**Court Clerk**

Debbie Mason

**District Attorney**

Matt Ballard

**CRAIG COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**CRAIG COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
CRAIG 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 Craig County, Oklahoma, as of and for the year ended June 30, 2020, 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 Craig 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 Craig County as of June 30, 2020, 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 Craig County, as of and for the year ended June 30, 2020, 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 July 24, 2023, on our consideration of Craig 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 Craig County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

July 24, 2023

**REGULATORY BASIS FINANCIAL STATEMENT**

**CRAIG COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General Fund	\$ 1,594,932	\$ 4,345,163	\$ -	\$ -	\$ 3,767,975	\$ 2,172,120
County Highway Fund	1,709,470	2,085,972	4,410	-	2,255,326	1,544,526
Sheriff Drug Enforcement	44	-	-	-	-	44
County Health	444,609	262,076	-	-	147,044	559,641
Sales Tax Building Cash Account	178,728	1,641,785	-	-	1,497,647	322,866
Sheriff Service Fee	587,582	436,254	-	-	404,134	619,702
Resale Property	324,696	85,331	394	-	97,875	312,546
Assessor Revolving	29,899	1,770	-	-	9,625	22,044
County Clerk Lien Fee	9,360	2,759	-	-	2,115	10,004
Treasurer Mortgage Tax Certification Fee	16,042	2,695	-	-	1,349	17,388
Juvenile Transport	1,593	257	-	-	231	1,619
County Clerk Records Management and Preservation	10,956	21,250	-	-	20,765	11,441
Sheriff Drug Buy	2,069	-	-	-	-	2,069
Sheriff Jail Commissary Profit	18,344	81,372	-	-	66,667	33,049
Flood Plain Board	184	-	-	-	100	84
County Bridge and Road Improvement Fund	1,042,406	482,910	-	-	304,389	1,220,927
Craig County Emergency Management - 2	9,527	43,728	-	-	23,825	29,430
Sheriff Littering Reward	438	-	-	-	-	438
Local Emergency Planning Committee (LEPC)	1,428	1,000	-	-	398	2,030
CED #1 Easements (Circuit Engineering District #1)	4,410	-	-	4,410	-	-
Drug Court User Fees	15,475	45,206	-	-	41,056	19,625
Safe Room Reimbursement (SRR)	-	159,512	-	-	159,512	-
Senior Companion	-	203,056	-	-	202,666	390
County Donations	-	14,150	-	-	1,273	12,877
Total - All County Funds	<u>\$ 6,002,192</u>	<u>\$ 9,916,246</u>	<u>\$ 4,804</u>	<u>\$ 4,410</u>	<u>\$ 9,003,972</u>	<u>\$ 6,914,860</u>

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

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

During the fiscal year ended June 30, 2020, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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 for the purpose of constructing and maintaining county roads and bridges.

Sheriff Drug Enforcement – accounts for the receipt of state grant monies and donations. Disbursements are for the operations of the County Sheriff's office in the fight of illegal drug possession and use.

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

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Sales Tax Building Cash Account – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Sheriff Service Fee – accounts for the collection and disbursement of sheriff process service fees, Court Clerk fees, and contract revenues related to the boarding of prisoners as restricted by state statute.

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

Assessor Revolving – accounts for revenues from fees charged by the County Assessor and disbursements as restricted by state statute.

County Clerk Lien Fee – accounts for revenues from fees charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the County Clerk's office.

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

Juvenile Transport – accounts for state grant revenues and travel reimbursements from the State of Oklahoma for the transport of juvenile offenders. Disbursements are for the salaries of the transport officers.

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

Sheriff Drug Buy – accounts for monies set aside for law enforcement sting operations.

Sheriff Jail Commissary Profit – accounts for monies received from commissary sales in the county jail. Disbursements are for jail operations as defined by state statute.

Flood Plain Board – accounts for the receipt of fees from flood plain permits obtained from mortgages. Disbursements are for lawful expenses of the flood plain office.

County Bridge and Road Improvement Fund – accounts for state funds to be used in the construction of roads and bridges throughout the County.

Craig County Emergency Management - 2 – accounts for the receipt and disbursement of funds from federal, state, and local governments for the operations of the emergency management office.

Sheriff Littering Reward – accounts for the monies collected from fines imposed for littering and disbursed to citizens involved in the reporting of littering offenses.

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Local Emergency Planning Committee (LEPC) – accounts for revenues from a state grant to cover the cost of paperwork for hazardous materials that are moved within the County. Disbursements as restricted by grant agreement.

CED #1 Easements (Circuit Engineering District #1) – accounts for revenues from the Cherokee Nation to be used for the White Oak Road Project.

Drug Court User Fees – accounts for revenues generated from fines and costs assessed to individuals participating in the Drug Court program and contractual payments from the Oklahoma Department of Mental Health and Substance Abuse to be used to offset costs associated with running the program.

Safe Room Reimbursement (SRR) – accounts for federal grant revenues and expenditures for the Safe Room Reimbursement Project as restricted by the grant agreement.

Senior Companion – accounts for federal grant monies received from the National Corporation for National and Community Service for the reimbursement of salary and travel related expenditures associated with the program as restricted by the grant agreement.

County Donations – accounts for donations received through the Board of County Commissioners and disbursed for the purpose designated at the time of the donation.

**C. Basis of Accounting**

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

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

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash**

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents 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).

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**3. Other Information**

**A. Pension Plan**

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

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

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

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

**C. Contingent Liabilities**

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

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

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**D. Sales Tax**

Sales Tax of December 10, 2002

The voters of Craig County approved a one percent (1%) sales tax effective May 11, 2004. One-fourth of one percent (1/4%) sales tax shall be levied until repealed by a majority of the electors of Craig County in an election called for that purpose, the remaining three-fourths of one percent (3/4%) sales tax shall expire and cease to be collected on January 1, 2023. This sales tax was established to pay for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining County courthouse and jail facilities of Craig County, Oklahoma; and to pay the principal and interest on indebtedness incurred on behalf of said County by the Craig County Governmental Building Authority for such purpose. These funds are accounted for in the Sales Tax Building Cash Account fund.

Sales Tax of May 11, 2010

The voters of Craig County approved to extend and renew the three-fourths of one percent (3/4%) sales tax, set to expire on January 1, 2023, until July 1, 2040. The purpose of the extended sales tax is to pay for acquiring, constructing, equipping, repairing, renovating, operating, and maintaining County community center facilities of Craig County, Oklahoma; and to pay the principal and interest on indebtedness incurred on behalf of said County by the Craig County Governmental Building Authority (Authority) for such purpose.

In the Craig County Governmental Building Authority Sales Tax Revenue Bonds Series 2010, dated September 15, 2010, the Authority incurred indebtedness in the aggregate original principal amount not to exceed \$3,700,000 for the acquiring, constructing, and equipping of county community center facilities and properties of Craig County, Oklahoma. Payments for this indebtedness will not begin until January 25, 2023, more than twelve (12) years after the debt was incurred, resulting in a total of \$13,080,000 in payments made between 2023 and 2040.

Sales Tax of June 26, 2018

The voters of Craig County approved to extend and renew the one percent (1%) sales tax set to expire on June 30, 2019. This extension is for a five (5) year period beginning July 1, 2019. The revenue of said sales tax is to be designated as follows: county roads in the amount of 68%; emergency medical (ambulance) services in the amount of 7%; law enforcement in the amount of 10%; and general county operations in the amount of 15%. These funds are accounted for in the County General Fund.

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**E. Interfund Transfers**

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

- \$4,410 was transferred from the CED #1 Easements (Circuit Engineering District #1) fund to the County Highway Fund by Board of County Commissioners (BOCC) approved transfer resolution to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.
- \$394 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund as authorized by 68 O.S. § 3131.

**SUPPLEMENTARY INFORMATION**

**CRAIG COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 378,000	\$ 371,660	\$ 6,340
County Treasurer	108,168	98,540	9,628
County Commissioners	37,200	37,102	98
County Clerk	185,760	185,436	324
Court Clerk	128,240	128,240	-
County Assessor	62,298	59,570	2,728
Visual Inspection	242,152	127,879	114,273
General Government	268,782	252,864	15,918
Excise - Equalization Board	3,700	2,070	1,630
County Election Board	86,205	83,533	2,672
Insurance - Benefits	502,249	423,264	78,985
Emergency Management	77,540	77,518	22
Recording Account	3,000	2,497	503
Sheriff Sales Tax	158,374	112,516	45,858
OSU Extension Sales Tax	42,000	12,614	29,386
Juvenile Shelter Sales Tax	10,850	3,425	7,425
General Government Sales Tax	131,738	101,020	30,718
District 1 Highway Sales Tax	692,028	420,223	271,805
District 2 Highway Sales Tax	1,419,845	569,059	850,786
District 3 Highway Sales Tax	446,788	327,959	118,829
Ambulance Sales Tax	681,665	288,168	393,497
County Audit Budget	20,832	20,424	408
Free Fair Board	35,000	35,000	-
Total Expenditures, Budgetary Basis	\$ 5,722,414	\$ 3,740,581	\$ 1,981,833

**CRAIG COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 678,647	\$ 147,308	\$ 531,339
Senior Companion	36,946	7,020	29,926
Total Expenditures, Budgetary Basis	\$ 715,593	\$ 154,328	\$ 561,265

**CRAIG COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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 present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through Oklahoma District Attorneys Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019 JAG-LLE	\$ 10,000
Total U.S. Department of Justice			<u>10,000</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through Oklahoma Department of Transportation:			
Highway Planning and Construction Cluster			
		ERSTP-218C(081)	
		ERSTP-218C(084)	
		ERSTP-218C(086)	
		ERSTP-218C(089)ER	
Highway Planning and Construction	20.205	ERSTP-218D(080)ER	<u>184,685</u>
Total U.S. Department of Transportation Cluster			<u>184,685</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Direct Grant:			
Foster Grandparent/Senior Companion Cluster			
Senior Companion Program	94.016		<u>203,056</u>
Total Corporation for National and Community Service Cluster			<u>203,056</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438, DR-4453 Saferoom Reimbursement,	635,080
		HMPG-42299-	
Hazard Mitigation Grant	97.039	Project 4299032	159,512
Emergency Management Performance Grants	97.042	EMPG-2019	<u>25,000</u>
Total U.S. Department of Homeland Security			<u>819,592</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,217,333</u>

**CRAIG COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Basis of Presentation

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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On June 1, 2019, the President of the United States approved a Major Disaster Declaration for Oklahoma Severe Storms, Straight-line Winds, Tornadoes, and Flooding (DR-4438). Then on July 12, 2019, the President of the United States approved a Major Disaster Declaration Oklahoma Severe Storms, Tornadoes, Straight-line Winds, and Flooding (DR-4453). The County incurred \$208,060 of eligible expense in the prior year ending June 30, 2019. The Federal Emergency Management Agency approved all project worksheets for these disasters in the fiscal year ending June 30, 2020. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) includes \$208,060 in eligible expenditures incurred in the fiscal year ending June 30, 2019, and all eligible expenditures that were incurred in the fiscal year ending June 30, 2020.

**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  
CRAIG 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 Craig County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Craig County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 24, 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, 2020, 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 Craig 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 Craig County's internal control. Accordingly, we do not express an opinion on the effectiveness of Craig County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2020-001, 2020-006, and 2020-007.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2020-002 and 2020-005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Craig 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 item 2020-006.

We noted certain matters regarding statutory compliance that we reported to the management of Craig County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

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

Craig County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Craig 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

July 24, 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  
CRAIG COUNTY, OKLAHOMA

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

We have audited the compliance of Craig County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Craig County's major federal program for the year ended June 30, 2020. Craig County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Basis for Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

As described in Finding 2020-017 in the accompanying schedule of findings and questioned costs, Craig County did not comply with requirements regarding the following:

Assistance			
Finding #	Listing	Program (or Cluster) Name	Compliance Requirement
2020-017	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Period of Performance

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

### Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Craig County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants - Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2020.

### Other Matters

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-015, 2020-016, and 2020-017, that we consider to be material weaknesses.

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

Craig 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. Craig 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

July 24, 2023

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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? ..... Yes

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>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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

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

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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 2020-001 - Lack of County-Wide Controls (Repeat Finding - 2008-002, 2010-002, 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001)**

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to address county-wide internal controls.

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

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**District 1 Commissioner/Chairman of the Board of County Commissioners:** As Chairman, I will work with the other officials of Craig County to design and implement county-wide controls to identify and address Risk Assessment and Monitoring. These procedures are to be included in the county handbook. I will also call for quarterly meetings with all elected officials to discuss and take action regarding Risk Assessment and Monitoring.

**District 2 Commissioner:** I was not in office at this time. I am here for the taxpayers and am willing to work with the other County Officials to implement the recommendations suggested by the State Auditor's Office.

**District 3 Commissioner:** I was not in office at this time. I will work with the other elected officials to design and implement a system of county-wide internal controls.

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

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

**Finding 2020-002 - Lack of Internal Controls Over Information System Security – County Clerk (Repeat Finding - 2008-001, 2010-001, 2012-002, 2013-002, 2014-002, 2017-003, 2018-004, and 2019-003)**

**Condition:** Upon review of the computer systems within the County Clerk’s office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24(A)(28).

**Cause of Condition:** Policies and procedures have not been designed and implemented to prevent unauthorized access to data.

**Effect of Condition:** These conditions could result in compromised security for the computers, computer programs, and data.

**Recommendation:** OSAI recommends the County comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24(A)(28).

**Management Response:**

**County Clerk:** Due to the limited number of employees in my office, each employee must have the ability to perform every function, which requires sharing passwords to computers. In our software system, each employee has their own unique log-in identification and passwords, which are not shared. During the day, employees utilize the “remember me” option in our accounting system, however, it is turned off every evening. The server room is unlocked during the day but is monitored. It is locked in the evening. Our County Employee Handbook addresses computer usage.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Auditor Response:** Data should be secured from unauthorized access.

**Criteria:** According to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support Ds5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

**Finding 2020-005 - Lack of Internal Controls Over the Financial Statement, Notes to the Financial Statement, and Required Supplemental Information (Repeat Finding - 2019-005)**

**Condition:** The County is responsible for preparing their annual financial statement, notes to the financial statements, and supplemental information. The County hired an independent certified public accounting firm to prepare these required financial documents for fiscal year 2020. However, there is no indication the fiscal year 2020 financial statement, notes to the financial statement, and supplemental information were reviewed and approved by County Officials prior to being submitted to OSAI.

Additionally, during the review and reconciliations of the financial statement and notes to the financial statement, it was noted that the County's financial statement and notes to the financial statement were materially misstated as follows:

- Apportionments were understated by \$337,740.
- Disbursements were understated by \$324,473.
- Ending fund balance was understated by \$13,267.

Furthermore, transfers in and transfers out were both overstated by \$1,500 due to the misclassification of disbursement error corrections.

The understatement of the apportionments, disbursements, and ending fund balance was due to the Safe Room Reimbursement (SRR) fund, the Senior Companion fund, and the County Donations fund being classified as trust and agency funds instead of County funds, the County issuing \$38,978 in fund-to-fund expenditures, and the misclassification of error corrections.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County's financial statement, notes to the financial statement, and supplemental information are accurately presented.

**Effect of Condition:** These conditions resulted in the apportionments, disbursements, and ending cash balance being inaccurately reported on the County financial statements.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Recommendation:** OSAI recommends the County design and implement policies and procedures to ensure the County's financial statement, notes to the financial statement, and supplemental information are accurately presented.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will work with the other officials to make sure the financial statement, notes to the financial statement, and supplemental information are reviewed for accuracy and completeness, prior to being approved by management and are presented in a timely manner.

**County Clerk:** I will work with the other elected officials to design and implement policies and procedures to ensure the County's financial statement, notes to the financial statement, and supplemental information are prepared in a timely manner and reviewed to determine they are accurately presented.

**County Treasurer:** I will work with the other elected officials to design and implement policies and procedures to ensure the County's financial statement, notes to the financial statement, and the supplemental information are prepared in a timely manner and accurately presented.

**Criteria:** The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: "The concept of an independent audit requires that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit."

The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. This includes preparation of the financial statements and accompanying notes to the financial statements in accordance with applicable accounting principles. Statement on Auditing Standards (SAS) No. 115 indicates that the County must have adequate knowledge and expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards preclude the external financial statement auditor from performing any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

The County is required to present a financial statement for each fiscal year ended June 30. Title 19 O.S. § 171 states in part, "Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting."

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The GAO Standards – Principle 13 – Use Quality Information states:

*Data Processed into Quality Information*

13.05 - Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions, when necessary, so that the information is quality information.

13.06 - Management processes relevant data from reliable sources into quality information within the entity's information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

**Finding 2020-006 - Lack of Internal Controls and Noncompliance Over Disbursement Process (Repeat Finding - 2006-003, 2007-003, 2008-013, 2008-022, 2010-012, 2010-019, 2012-008 2012-010, 2013-006, 2013-008, 2014-005, 2014-007, 2017-007, 2018-009, 2019-007)**

**Condition:** Upon inquiry and observation of the County's disbursement process, we noted the following:

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
  - One individual, the Purchasing Agent, can generate a requisition/purchase order, encumber the funds, verify the purchase order upon receiving all supporting documentation, prepare and print warrants, distribute signed warrants, maintain warrant register, post warrants as paid in the system, and maintain appropriation ledger.
- The Board of County Commissioners' office secretary, who is not an employee of the County Clerk, has permissions within the County Clerk's purchase order system to perform the duties of the Purchasing Agent by encumbering purchase orders.
- The signatures of the Purchasing Agent and the County Clerk are electronically embedded in the purchase order certifying the issuance and certification the encumbrance. However, these duties are often performed by individuals other than the Purchasing Agent and the County Clerk and there is no indication on the purchase order of who actually encumbered the funds and certified the encumbrance.
- Requisitions are not always signed by the requisitioning officer prior to the purchasing or receipt of goods or services.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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A sample of sixty-three (63) disbursements reflected the following:

- Ten (10) disbursements totaling \$87,558 were not encumbered prior to receiving goods or services.

Additionally, the County issued eleven (11) purchase orders and warrants totaling \$38,978 between expenditure accounts within the County Health fund. The purchase orders were issued from the Senior Companion account to reimburse the Salary and the Maintenance and Operations accounts for expenditures that should have been made from the Senior Companion account.

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

**Effect of Condition:** These conditions resulted in noncompliance with state statutes, unrecorded transactions, undetected errors, and inaccurate records, and could have resulted in the misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approve accounting functions.

OSAI also recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring:

- Only the Purchasing Agent, or their assistant approved by the County Clerk, carry out the duties and responsibilities of the Purchasing Agent.
- Purchase orders should indicate by signature or initial the actual individual(s) who are issuing and certifying encumbrances.
- Requisitions are signed by an approved requisitioning officer prior to the purchase of any goods or services.
- Funds are encumbered prior to the receipt of goods and/or services.
- Purchase orders are not issued between funds.

**Management Response:**

**District 1 Commissioner /Chairman of the Board of County Commissioners:** I will do a better job of encumbering in a timely manner. The issue of purchase orders and warrants being issued between accounts within the County Health fund has been resolved. Additionally, I will work with the other elected officials and our District Attorney to find a resolution to the County Commissioner Secretary assisting the County Purchasing Agent.

**District 2 Commissioner:** I was not in office at this time, but we will work on making sure funds are encumbered prior to the ordering or receiving goods or services.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**District 3 Commissioner:** I was not in office at this time. I will work with the other elected officials to design and implement a system of internal controls over the disbursement process and ensure we follow proper purchasing procedures.

**County Clerk:** Due to the limited number of employees in my office, we have implemented review processes to ensure that although one employee is responsible for the encumbering process, it is reviewed and audited by another employee and initialed indicating review.

If an employee other than the Purchasing Agent encumbers the purchase order, they now initial by the Purchasing Agent's embedded signature.

We are now requiring a requisitioning officer's signature prior to the purchasing of goods or services.

It is the responsibility of each office to ensure a purchase order is encumbered prior to the receipt of goods or services. The Purchasing Agent uses a red stamp that says "Purchasing Procedure Not Followed" when an office presents a purchase order for payment that was not encumbered properly.

We no longer utilize a purchase order and warrant between expenditure accounts within the County Health fund as Senior Companion is now held in its own fund and disbursement are made directly from the Senior Companion fund.

During the Covid-19 Pandemic, we implemented a staff rotation and included the Commissioners' Secretary in the rotation due to the limited staff in my office. I will work with the County Commissioners and my District Attorney to find a resolution to continue with this process. I will work with our software provider to ensure that the Commissioners' Secretary can only encumber for the district barns.

**County Sheriff:** We will work on encumbering funds in a timely manner, especially on those expenditures that are recurring or establish blanket purchase orders for those expenditures.

**County Assessor:** We will start encumbering for services at the first of every month to ensure we comply with 19 O.S. § 1505.

**Criteria:** The 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.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

*Segregation of Duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Furthermore, effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

Title 19 O.S. § 1500(C) states in part, “The county purchasing agent shall be authorized necessary assistants to carry out the duties and responsibilities provided by law and as may be delegated by the appointing authority. Provided, the employment of such assistants shall be upon the approval of the appointing authority...”.

Title 19 O.S. § 1501(A)(1) states in part, “The county purchasing agent shall, within the amount of the unencumbered balance, make all purchases that are paid from county funds for the various institutions, departments, officers, and employees of the county...”.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Finding 2020-007 - Lack of Internal Controls and Segregation of Duties Over Payroll (Repeat Finding - 2008-006, 2010-006, 2012-009, 2013-007, 2014-006, 2017-010, 2018-11, 2019-009)**

**Condition:** Upon inquiry and observation of the County’s payroll process, we noted the following:

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
  - One individual is responsible for enrolling new hires in the payroll system; maintaining personnel files, removing terminated employees from the payroll system; reviewing payroll claims; updating payroll information into the system; calculating withholdings and preparing withholding reports; preparing, printing, and distributing payroll warrants; and maintaining the warrant register.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the payroll process.

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

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

**Management Response:**

**County Clerk:** I am working on segregating the duties within payroll as much as possible. The Payroll Clerk is currently enrolling new employees. Payroll claims are reviewed and signed by the officers of each department. Employees sign payroll claims before issuance of warrants. Withholding reports, such as direct deposit, insurance, retirement, and any other withholdings, are being reviewed by someone other than the Payroll Clerk. Following written notice from the official terminating an employee, the employee is terminated in the system by a County Clerk employee other than the Payroll Clerk.

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

*Segregation of Duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

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Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

**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 2020-015 - Lack of County-Wide Controls Over Major Federal Program – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Repeat Finding - 2018-015)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management

**FEDERAL AGENCY:** U.S. Department of Homeland Security

**ASSISTANCE LISTING:** 97.036

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

**FEDERAL AWARD NUMBER:** DR-4438, DR-4453

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$-0-

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

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

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

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

**Management Response:**

**District 1 County Commissioner:** I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

**District 2 County Commissioner:** I was not in office at this time. We have worked on gaining an understanding of federal programs awarded to the County. We would like to be able to receive additional training on the preparation of the Schedule of Expenditures of Federal Awards. We are willing to work with the other County Officials to design and implement control procedures to ensure compliance with federal requirements.

**District 3 County Commissioner:** I was not in office at this time. I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

**County Clerk:** Each office is responsible to ensuring compliance with the federal programs they receive. I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

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

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

Furthermore, 2 CFR § 200.303 Internal Controls (a) reads as follows:

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Finding 2020-016 - Lack of Internal Controls Over Major Federal Program – Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Repeat Finding - 2018-016)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management

**FEDERAL AGENCY:** U.S. Department of Homeland Security

**ASSISTANCE LISTING:** 97.036

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

**FEDERAL AWARD NUMBER:** DR-4438, DR-4453

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$-0-

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal compliance requirements.

**Effect of Condition:** This condition resulted in noncompliance with federal grant requirements and could lead to the loss of federal funds to the County.

**Recommendation:** OSAI recommends the County gain an understanding of requirements for this program and implement internal control procedures to ensure compliance with all requirements.

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**Management Response:**

**District 1 County Commissioner:** I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

**District 2 County Commissioner:** I was not in office at this time. We have worked on gaining an understanding of federal programs awarded to the County. We would like to be able to receive additional training on federal grants. We are willing to work with the other County Officials to design and implement control procedures to ensure compliance with federal requirements.

**District 3 County Commissioner:** I was not in office at this time. I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

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

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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**Finding 2020-017 - Lack of Internal Controls and Noncompliance with Compliance Requirements:  
A – Activities Allowed or Unallowed, B – Allowable Costs/Costs Principles, and H – Period of  
Performance (Repeat Finding - 2018-017)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management

**FEDERAL AGENCY:** U.S. Department of Homeland Security

**ASSISTANCE LISTING:** 97.036

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

**FEDERAL AWARD NUMBER:** DR-4438, DR-4453

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$114,456

**Condition:** We tested a sample of 94 site locations out of 387 and noted the following errors that resulted in \$114,456 in questioned costs:

- \$50,196 in expenditures for 24 sites were supported by expenditure documentation that had been previously submitted for other sites.
- \$11,917 in expenditures for five (5) sites were not supported by any expenditure documentation.
- \$40,099 in expenditures were not supported by itemized invoices prepared by a vendor. The County prepared invoices to support these expenditures for rock obtained at the quarry.
- \$3,375 in expenditures for County assigned costs for donated pipe was not supported by adequate documentation.
- \$8,869 in expenditures could not be tied to adequate supported documentation due to lack of site references.

Additionally, for quarry expenditures the County is using calculated prices. The County did not have documentation of written authorization from Federal Emergency Management Agency (FEMA) representatives for the price calculation and for the noncompetitive procurement. An analysis of the costs and reasons for selecting a quarry source was also not documented.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with Uniform Grant Guidance and applicable compliance requirement for Public Assistance Grant.

**Effect of Condition:** These conditions resulted in noncompliance with federal requirements. Further, these conditions could result in unrecorded transactions, undetected errors, misappropriation of federal funds, and inaccurate records.

**Recommendation:** OSAI recommends the County gain an understanding of requirements for this program and implement internal control procedures to ensure compliance with all requirements.

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**Management Response:**

**District 1 County Commissioner:** I will work with the other elected officials to gain an understanding of federal grant requirements and to implement a system of internal controls to ensure compliance with grant requirements.

**District 2 County Commissioner:** I was not in office at this time. When this disaster occurred, we had to work with multiple FEMA and Oklahoma Emergency Management (OEM) representatives, and each gave us a different assessment of the damages and different site locations. Because of these multiple assessments, the site locations on the project worksheets often overlapped from one representative's assessment to another. Additionally, all expenditure information was presented to OEM and approved by OEM representatives prior to receiving reimbursement for the expenditures. However, we are willing to work with the other County Officials to design and implement control procedures to ensure compliance with federal requirements.

**District 3 County Commissioner:** I was not in office at this time. I will work with the other elected officials to implement a system of internal controls to ensure compliance with grant requirements.

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

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

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

- (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for fund used to match Federal funds;
- (b) Where the cost, at the time of the audit, are not supported by adequate documentation;
- or (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

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

The Non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

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

*Objectives of an Entity – Compliance Objectives*

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

**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2020-009 - Lack of Internal Controls and Noncompliance Over Daily Collections and Receipting Process in the County Sheriff’s Office**

**Condition:** Upon inquiry and observation of procedures, and testwork performed over Cash Bond processes and daily collections in the County Sheriff’s office the following was noted:

- Cash Bonds:
  - The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
    - One individual has access to the cash bond box in the jail, retrieves the cash bonds from the jail, reconciles cash bonds to receipts, prepares official depository ticket, takes cash bond deposit to the County Treasurer, prepares official depository voucher.
    - There is no secondary review or reconciliation of cash bonds.
  - OSAI could not determine all cash bonds received were deposited with the County Treasurer and the Court Clerk due to the following:
    - The County Sheriff’s office did not maintain a log of all receipts issued for cash bonds.
    - Receipts are not maintained in a manner to ensure they are issued in sequential order and all are retained.
    - Per review of the County Treasurer’s Official Depository Voucher Register, which denotes the purpose of the official depository voucher, four (4) vouchers issued for cash bonds were not supported by cash bond receipts. The County Sheriff’s office was unable to provide the following receipts (01790, 01806, 01809, 01813).

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- County Sheriff Daily Collections:
  - Receipts are not maintained in a manner to ensure they are issued in sequential order and that all are retained.
  - Receipts were not issued or retained for \$400 in collections in December of 2019.
  - Deposits with the County Treasurer are not made on a daily basis.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the receiving and depositing of funds received in the County Sheriff's office. Additionally, policies and procedures have not been designed and implemented regarding the retention of all cash bond records.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and could result in the misappropriation of funds. Without cash bond receipts, there is no way to determine that all cash bonds received were deposited with the County and paid out to the Court Clerk or arresting agency as required by state statute.

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

Additionally, OSAI recommends the County Sheriff design and implement policies and procedures to ensure all cash bonds and daily collections are receipted and deposited on a daily basis. Additionally, documentation supporting the receipt, deposit and remittance of cash bonds and daily collections are retained.

**Management Response:**

**County Sheriff:** We will work to make sure duties are segregated to the best of our abilities and put reviews in place if segregation of duties is not possible. We will also work to ensure receipts are issued for all collections, all receipts are retained in sequential order, and deposits are made daily.

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

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

*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

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includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

*Appropriate documentation of transactions and internal control*

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

*Segregation of Duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

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

*Objectives of an Entity – Compliance Objectives*

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

Title 19 O.S. § 682 states in part, "...It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...

Title 51 O.S. § 24(A)(4) states, "In addition to other records which are kept or maintained, every public body and public official has a specific duty to keep and maintain complete records of the receipt and expenditure of any public funds reflecting all financial and business transactions relating thereto, except that such records may be disposed of as provided by law."

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**Finding 2020-010 - Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account, County Sheriff Commissary, and County Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry, observation of procedures and records, and testwork performed, OSAI noted the following regarding the Inmate Trust Fund Checking Account, County Sheriff Commissary, and the County Sheriff Commissary Fund:

**Inmate Trust Fund Checking Account:**

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
  - One person maintains custody of both keys that are required to open the kiosks, accesses and balances the kiosk collections, receive and receipt monies in at lobby window, prepares deposit slips, updates inmates' account balances with credits and deductions, issues and signs checks issued on the Inmate Trust Fund Checking Account, and performs bank reconciliation.
- There are two (2) Inmate Trust Fund Checking Accounts. One established under the prior administrations (Account 1) and one established under the current administration (Account 2):
  - Bank Reconciliations
    - Account 1 –
      - This is a dormant account; balance has not changed from June 30, 2019 to June 30, 2020.
      - Bank reconciliations are not being performed.
      - Outstanding check amounts cannot be substantiated.
      - Individual inmate balances cannot be identified.
    - Account 2 / Current Account –
      - Bank balances do not reconcile to ledger balances.
      - July 2020 collections of \$3,815 were used as a reconciling item on the June 2020 bank reconciliation as deposits in transit.
      - Bank reconciliations are not signed by the preparer and do not have an indication of review and approval by someone other than preparer.
  - Collections
    - Deposits are not being made daily.
    - Receipts are not provided to prisoners at book-in and to persons who pay in-person at the lobby window.
    - No mail log is kept for Inmate Trust Fund deposits received by mail.
  - Expenditures
    - Expenditures are made from the Inmate Trust Fund Checking Account for purposes other than statutorily allowed.
      - Debit cards issued to inmates upon release are not logged or issued in any sequential order and there is no acknowledgement of receipt by inmate.
- The County Sheriff's office staff does not understand the County's responsibilities and liabilities regarding funds maintained in the Inmate Trust Fund accounting system as defined by the contract.

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- There is a lack of controls, knowledge, and oversight over the Inmate Trust Fund Checking Account bookkeeping processes within the Inmate Trust Fund accounting system to ensure completeness and accuracy.
  - The Inmate Trust Fund accounting system generates a bank reconciliation using various “sub-accounts” and “funds” balances from within its system as reconciling items. However, there is no indication these reconciling items are verified to ensure they are truly pending payments or are balances for current inmates. There should be some indication that all items used in the reconciliation process are reviewed, explained, and resolution pursued monthly.
  - It appears the County Sheriff’s office has not received adequate training and information from the Inmate Trust Fund accounting system vendor.
- There is no log for tracking unclaimed money.

County Sheriff Commissary:

- The County Sheriff’s office maintains on-site commissary for tobacco products.
- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
  - One employee is responsible for ordering and purchasing goods for the commissary, receiving items ordered, deducting order amounts from inmate balances, distributing inventory, maintaining and updating inventory records, performing physical inventory count for commissary items, and transferring payment to the County Sheriff’s Commissary Fund.

County Sheriff Commissary Fund:

- The County Sheriff is required to file a financial report for the County Sheriff Commissary Fund with the BOCC by January 15<sup>th</sup> of each year. The 2019 report was approved at the January 13, 2020, BOCC meeting. During the review of this report OSAI noted that the beginning and ending balances and collections and expenditures reported by the County Sheriff did not agree to the County Treasurer’s beginning and ending balances and collections and expenditures. Additionally, there was no reconciliation presented to document the differences.

Reported Beginning Balance:	\$ 6,336
County Treasurer’s Ledger Balance:	<u>\$23,043</u>
Beginning Balance understated by:	(\$16,707)
Reported Expenditures (Net of Adjustments):	\$65,571
County Treasurer’s Expenditure Balance:	<u>\$70,311</u>
Expenditures overstated by:	(\$4,740)
Reported Collections:	\$73,386
County Treasurer’s Collections Balance:	<u>\$75,843</u>
Collections understated by:	(\$2,457)

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Reported Ending Balance:	\$14,151
County Treasurer's Ending Balance:	<u>\$28,576</u>
Ending Balance understated by:	(\$14,425)

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account, the County Sheriff Commissary, and the County Sheriff Commissary Fund.

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

**Recommendation:** OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

OSAI further recommends the County Sheriff implement procedures to ensure:

- Bank reconciliations are performed on a monthly basis, reviewed for accuracy, and approved by someone other than the preparer.
- The individual inmates' trust fund balances are reconciled to the bank statements each month.
- All reconciling items and sub-accounts balances are defined and verified.
- Collections are deposited daily as required by 19 O.S. § 682.
- Receipts are provided to inmates at book-in and to individuals making in-person payments.
- A mail log is maintained for all mail in payments.
- Expenditures are made from the Inmate Trust Fund in accordance with 19 O.S. § 531(A).
- The County understands its responsibilities and liabilities defined by the Inmate Trust accounting system contract.
- Employees receive additional training on the Inmate Trust Fund accounting system.
- A log for unclaimed property is maintained.
- Inventory records are maintained for all commissary items maintained on hand.
- Annual Commissary Fund reports reconcile to underlying financial records, are reviewed for accuracy, and are approved by someone other than the preparer prior to being filed with the BOCC.

**Management Response:**

**County Sheriff:** We have finally been able to close the old account upon direction of the District Attorney. Additionally, we will work to make sure duties are segregated to the best of our abilities and put reviews in place if segregation of duties is not possible.

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The Inmate Trust Fund accounting system was a new system in fiscal year 2020 and we were learning the system. We have received more training since then, but we are still in the process of working through some issues with the vendor and determining what the sub accounts within the system are.

Bank reconciliations were prepared monthly but due to the time it took to work through reconciling issues with the vendor it took a bit longer to reconcile than we would have liked. We will make sure bank reconciliations are reviewed for accuracy and approved by someone other than the preparer and individual inmates' trust fund balances and online payments are reconciled to the bank statements each month.

Currently deposits are being made on daily basis. We will look into how we can provide receipts at book-in and for in person payments as it appears our current system does not issue receipts through the system.

Unclaimed property is no longer an issue since we issue debit cards. Debit cards are logged in the system, and we should be able to provide a listing of all debt cards activated.

As for payments from the Inmate Trust Fund Checking Account not being made in accordance with state statutes, I will need to get with the Inmate Trust Fund vendor to determine why they can access the bank account and determine how to best resolve the issue.

We will work on doing a better job to ensure our Annual Commissary Fund Report reconciles to the County Treasurer and is reviewed and approved by someone other than the preparer.

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

*Management of human capital*

Effective management of an entity's workforce, its human capital, is essential to achieving results and an important part of internal control. Only when the right personnel for the job are on board and are provided the right training, tools, structure, incentives, and responsibilities is operational success possible. Management continually assesses the knowledge, skills, and ability needs of the entity so that the entity is able to obtain a workforce that has the required knowledge, skills, and abilities to achieve organizational goals. Training is aimed at developing and retaining employee knowledge, skills, and abilities to meet changing organizational needs. Management provides qualified and continuous supervision so that internal control objectives are achieved. Management designs a performance evaluation and feedback system, supplemented by an effective rewards system, to help employees understand the connection between their performance and the entity's success.

*Establishment of review of performance measurers and indicators*

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.

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*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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

*Objectives of an Entity – Compliance Objectives*

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

Furthermore, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states 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.

Title 19 O.S. § 531 (A) states in part, "...The county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account"... The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 19 O.S. § 682 states in part, "...It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office..."

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Title 22 O.S. § 1325(F, H) provides guidance for the handling of unclaimed property or money in the County Sheriff's possession.

**Finding 2020-011 - Lack of Internal Controls and Noncompliance Over the Estimate of Needs – General Fund**

**Condition:** According to 68 O.S. § 3017, the County cannot budget more than 90% of the actual collection of prior year miscellaneous revenue. During the review of the County's Estimate of Needs for the General Fund, we noted miscellaneous revenue was budgeted at 104.45% of prior year actual collections due to the County budgeting \$400,000 in Governmental Building Authority monies to the County General Fund. This resulted in \$337,059 more being budgeted to be expended than allowed by statute.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County's Estimate of Needs are prepared in accordance with state statutes.

**Effect of Condition:** This condition resulted in noncompliance with state statutes and the County approving and operating on a budget that is not a true reflection of the County's financial condition.

**Recommendation:** OSAI recommends the County review the Estimate of Needs prior to approval to ensure compliance with state statutes.

**Management Response:**

**District 1 Commissioner:** I will work with the other elected officials to review the Estimate of Needs prior to approval to ensure accuracy.

**District 2 Commissioner:** I was not in office at this time, but I will review the Estimate of Needs prior to approval to ensure that the financial information is accurately presented.

**District 3 Commissioner:** I was not in office at this time. I will work with the other elected officials to ensure we review the Estimate of Needs prior to approval.

**County Clerk:** I will work with the other elected officials to design and implement policies and procedures to ensure the County's Estimate of Needs is reviewed for accuracy.

**County Treasurer:** I will review the Estimate of Needs prior to approval to ensure that financial information is accurately presented.

**County Sheriff:** I will try to do a better job of reviewing the Estimate of Needs with the other County Officials to ensure the estimate of need is accurate.

**County Assessor:** I will request a copy of the Estimate of Needs and review it prior to signing it.

**CRAIG COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Court Clerk:** I will work with other elected officials to ensure the Estimate of Needs is reviewed for accuracy prior to being approved.

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

*Data Processed into Quality Information*

13.05 - Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions, when necessary, so that the information is quality information.

13.06 - Management processes relevant data from reliable sources into quality information within the entity's information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent.

Title 68 O.S. § 3002(A) states in part, "...each board of county commissioners...shall prior to October 1 of each year, make, in writing, a financial statement, showing the true fiscal condition of their respective political subdivisions as of the close of the previous fiscal year ended June 30th, and shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statement shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct..."

Title 68 O.S. § 3017, provides that no more than 90% of "probable income from sources other than ad valorem taxation" may be budgeted.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**

**Craig County Commissioners**  
210 W. Delaware Ave.  
Suite 106  
Vinita, OK 74301

**Phone: (918) 256-3564 Fax: (918) 256-3617**  
Secretary: Dawn Goins

**Corrective Action Plan**  
**in accordance with 2 CFR § 200.511c**  
**for the fiscal year ended June 30, 2020**

<b>Finding No.</b>	<b>Title (Financial) or Assistance Listing No. (formerly CFDA No.) &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	Lack of County-Wide Controls	Management will work together to design and implement county-wide controls to identify and address Risk Assessment and Monitoring. These procedures will be included in the county handbook. Management will also hold quarterly meetings to discuss and take action regarding risk assessment and monitoring.	12-12-23	Lowell Walker
2020-002	Lack of Internal Controls Over Information System Security – County Clerk	I will take the State Auditor’s recommendations under advisement.	12-12-23	Tammy Malone
2020-005	Lack of Internal Controls Over the Financial Statement and Notes to the Financial Statement, and Required Supplemental Information	Management will work together to design and implement policies and procedures to ensure the County's financial statement, notes to the financial statement, and supplemental information are prepared in a timely manner and reviewed to determine they are accurately presented.	06-30-24	Tammy Malone
2020-006	Lack of Internal Controls and Noncompliance Over Disbursement Process	Management will work together to design and implement a system of controls to ensure expenditures are made in accordance with state statute.  To improve segregation of duties over expenditures, the County Clerk has changed the method of certifying purchase orders by requiring someone, that did not encumber the purchase order, to reconcile support documents to the purchase order and sign certification.  Management will consult the District Attorney to find a resolution to continuing the practice of the County	06-30-24	Tammy Malone

		Commissioner's Secretary encumbering purchase orders. Additionally, the County Clerk will work with our software provider to ensure that the Commissioner's Secretary can only encumber for the district barns.		
2020-007	Lack of Internal Controls and Segregation of Duties Over Payroll (Repeat Finding)	The County Clerk is working on segregating the duties within payroll as much as possible. Currently, the payroll clerk is enrolling new employees and someone other than the payroll clerk terminates employees in the system, payroll claims are reviewed and signed by the officers of each department and employees before the issuance of warrants, and withholding reports are being reviewed by someone other than the payroll clerk.	12-12-23	Tammy Malone
2020-015	Assistance Listing Number 97.036  Lack of County-Wide Controls Over Major Federal Program – Disaster Grants– Public Assistance (Presidentially Declared Disasters)	Management will work together to design and implement a system of internal controls to ensure compliance with grant requirements.	12-12-23	Tammy Malone  Lowell Walker
2020-016	Assistance Listing Number 97.036  Lack of Controls Over Major Federal Program – Disaster Grants– Public Assistance (Presidentially Declared Disasters)	Management will work together to design and implement a system of internal controls to ensure compliance with grant requirements.	12-12-23	Lowell Walker  Tammy Malone
2020-017	Assistance Listing Number 97.036  Lack of Internal Controls and Noncompliance with Compliance Requirements: A – Activities Allowed or Unallowed, B – Allowable Costs/Costs Principles, and H – Period of Performance	Management will work together to gain an understanding of federal grant requirements and to implement a system of internal controls to ensure compliance with grant requirements.	12-12-23	Lowell Walker  Tammy Malone

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**

**Craig County Commissioners**  
210 W. Delaware Ave.  
Suite 106  
Vinita, OK 74301  
Phone: (918) 256-3564 Fax: (918) 256-3617  
Secretary: Dawn Goins

**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511b  
for the fiscal year ended June 30, 2020**

**FINANCIAL AUDIT FINDINGS**

**Finding 2008-002, 2010-002, 2012-001, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001**

**County-Wide Controls**

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

**Status:** Not Corrected.

**Finding 2008-001, 2010-001, 2012-002, 2013-002, 2014-002, 2017-003, 2018-004, 2019-003**

**Inadequate Internal Controls Over Information Technology**

**Finding Summary:** Adequate controls have not been implemented to safeguard data from unauthorized modification, loss, or disclosure in the County Clerk and County Treasurer's offices.

**Status:** Partially Corrected – The County Treasurer has implemented controls to safeguard data from unauthorized modification, loss, or disclosure; however, the County Clerk has not.

**Finding 2008-009, 2010-009, 2017-006, 2018-008**

**Internal Controls Over the Reconciliation of Appropriation Ledger to General Ledger**

**Finding Summary:** The County Clerk does not reconcile the appropriation ledger to the County Treasurer's general ledger.

**Status:** Fully Corrected.

**Finding 2006-003, 2007-003, 2008-013, 2008-022, 2010-012, 2010-019, 2012-008 2012-010, 2013-006, 2013-008, 2014-005, 2014-007, 2017-007, 2018-009, 2019-007**

**Internal Controls and Noncompliance Over Disbursement Process**

**Finding Summary:** There is a lack of Segregation of duties over the disbursement processes. Expenditures are not always encumbered prior to receiving goods or services.

**Status:** Not Corrected.

**Finding 2008-006, 2010-006, 2012-009, 2013-007, 2014-006, 2017-010, 2018-011, 2019-009**

**Internal Controls and Segregation of Duties Over Payroll**

**Finding Summary:** There is a lack of segregation of duties exists in the County Clerk's office over payroll functions.

## **FEDERAL AUDIT FINDINGS**

### **Finding 2008-005, 2010-005, 2012-017, 2013-015, 2014-015, 2017-004, 2018-005**

#### **Schedule of Expenditures of Federal Awards**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** U.S. Department of Homeland Security

**Assistance Listing No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Grant Award Number:** DR-4315

**Federal Award Year:** 2018

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; and Procurement and Suspension and Debarment

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

**Finding Summary:** During our audit we identified federal programs that were not accurately listed on the County's Schedule of Expenditures of Federal Awards (SEFA). Federal expenditures were understated by \$57,837 due to Highway Planning and Construction, ALN 20.205, expenditures being understated by \$56,866 and Emergency Management Performance Grant, ALN 97.042, expenditures being understated by \$951.

**Status:** Fully Corrected

### **Finding 2018-015**

#### **County-Wide Internal Controls Over Major Federal Program- FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** U.S. Department of Homeland Security

**Assistance Listing No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Grant Award Number:** DR-4315

**Federal Award Year:** 2018

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; and Procurement and Suspension and Debarment

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

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

**Status:** Not Corrected

### **Finding 2018-016**

#### **Internal Controls Over Major Federal Program- FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** U.S. Department of Homeland Security

**Assistance Listing No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Grant Award Number:** DR-4315

**Federal Award Year:** 2018

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; and Procurement and Suspension and Debarment

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

**Finding Summary:** The county has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Procurement and Suspension and Debarment.

**Status:** Not Corrected

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



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

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