



GARFIELD COUNTY

Financial Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

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

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

May 16, 2022

TO THE CITIZENS OF
GARFIELD COUNTY, OKLAHOMA

Transmitted herewith is the audit of Garfield 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,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Marc Bolz
District 2 – Reese Wedel
District 3 – James Simunek

County Assessor

Carolyn Sandford

County Clerk

Lorie Legere

County Sheriff

Jody Helm

County Treasurer

Kevin R. Postier

Court Clerk

Janelle Sharp

District Attorney

Michael Fields

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

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis	4
Notes to the Financial Statement.....	5

SUPPLEMENTARY INFORMATION

Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund.....	13
Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund.....	14
Note to Supplementary Information.....	15

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses	18

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
GARFIELD 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 Garfield 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 Garfield 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 Garfield 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 of receipts, disbursements, and changes in cash balances for all county funds of Garfield 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The 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 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 April 18, 2022, on our consideration of Garfield 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 Garfield County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

April 18, 2022

REGULATORY BASIS FINANCIAL STATEMENT

GARFIELD 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	\$ 8,170,670	\$ 9,390,564	\$ -	\$ 707	\$ 8,339,330	\$ 9,221,197
County Highway Unrestricted	5,044,767	5,788,370	-	-	6,335,940	4,497,197
Jail-ST	-	2,230,769	-	-	2,230,769	-
Health	3,048,102	1,926,811	-	-	1,668,877	3,306,036
Jail	494,243	3,064,534	-	-	3,215,706	343,071
Rural Fire-ST	2,833,760	908,919	-	-	1,012,507	2,730,172
Sheriff Board of Prisoners	5,248	-	-	-	208	5,040
Sheriff Service Fee	198,598	218,033	-	-	315,082	101,549
County Bridge and Road Improvement	917,610	452,011	-	-	325,795	1,043,826
Resale Property	841,656	372,305	48,568	-	342,174	920,355
Assessor Visual Inspection	15,862	-	-	-	-	15,862
County Clerk Records Management and Preservation	5,225	82,245	-	-	67,844	19,626
County Clerk Lien Fee	6,909	33,658	-	-	33,404	7,163
Treasurer Mortgage Certification	2,350	8,725	-	-	6,594	4,481
Sheriff Training	4,325	-	-	-	2,777	1,548
Sheriff Commissary	10,771	41,929	-	-	44,000	8,700
Assessor Revolving Fee	16,398	1,776	-	-	568	17,606
Sheriff Drug Buy	621	-	-	-	-	621
Sheriff Environmental Quality	4,179	185	-	-	-	4,364
Sheriff Confidential Purchase	500	-	-	-	-	500
Sheriff Juvenile Justice	5,036	-	-	-	-	5,036
Sheriff DARE	1,392	-	-	-	-	1,392
Sheriff Forfeiture	1,414	-	-	-	-	1,414
County Donations	1,326	-	-	-	-	1,326
Special Insurance	9,713	-	-	-	-	9,713
Use Tax-ST	1,267,163	582,583	-	-	204,113	1,645,633
Safe Room Grant	1,080	-	-	-	-	1,080
Local Emergency Planning Committee	13,517	-	-	-	-	13,517
Emergency Management	5,052	-	-	-	-	5,052
Drug Court	43,386	186,626	-	-	169,313	60,699
Court Clerk Payroll	2,977	110,774	-	-	113,294	457
National Association of County and City Health Officials	-	2,500	-	-	-	2,500
Total - All County Funds	\$ 22,973,850	\$ 25,403,317	\$ 48,568	\$ 707	\$ 24,428,295	\$ 23,996,733

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Garfield 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 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 – accounts for revenues from ad valorem, officer's fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

County Highway Unrestricted – accounts for revenues from state-imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

Jail-ST – accounts for the collections of sales tax revenue and disbursements are made to the Criminal Justice Authority in accordance with the sales tax agreement.

Health – accounts for revenues from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds. Disbursements are for the operation of the County Health Department.

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

Jail – accounts for bond fees received from the Court Clerk, prisoner housing reimbursements received from the City of Enid, and for money sent from the Criminal Justice Authority. The disbursements are for maintaining and operating the Garfield County Detention Facility.

Rural Fire-ST – accounts for the sales tax received for the operation of the Breckenridge, Covington, Douglas, Drummond, Fairmont, Garber, Hillsdale, Hunter, Kremlin, Lahoma, Waukomis, and Pioneer rural fire departments and disbursements are for the purpose of contracting with rural fire departments.

Sheriff Board of Prisoners – accounts for the collection and disbursement of money supplied to the Sheriff's office for the housing of prisoners for towns, tribes, and other counties. The Sheriff shall be permitted to expend the funds for capital expenditures. The Sheriff shall be permitted to expend any surplus in the Sheriff's Service Fee Account for administering expenses for salaries, training, equipment, or travel.

Sheriff Service Fee – accounts for revenues from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

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

Resale Property – accounts for revenues from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

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

County Clerk Records Management and Preservation – accounts for revenues from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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

Treasurer Mortgage Certification – accounts for revenues from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

Sheriff Training – accounts for the collection and disbursement of money supplied to the Sheriff's office for the training of officers.

Sheriff Commissary – accounts for the profit of collection of funds on items sold to prisoners and used to and disbursement of funds for commissary and jail operating expenses.

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

Assessor Revolving Fee – accounts for revenues from fees charged by the County Assessor. Disbursements are for any lawful expense of the Assessor's office.

Sheriff Drug Buy – accounts for monies received from forfeitures and disbursed for drug enforcement.

Sheriff Environmental Quality – accounts for a percentage of fines imposed for littering and disbursed for rewards in the arrest and conviction of any person who violates these provisions.

Sheriff Confidential Purchase – accounts for the undercover drug purchases and the reimbursement of those funds.

Sheriff Juvenile Justice – accounts for the receipt of federal grants for the use of juvenile detention.

Sheriff DARE – accounts for the donations and disbursements of the DARE program.

Sheriff Forfeiture – accounts for the receipt of unclaimed property that is court ordered as property of the Sheriff's office and disbursements are for drug related programs.

County Donations – accounts for donations to the County for specified projects as restricted by resolutions approved by the Board of County Commissioners.

Special Insurance – established to administer the County's pooled self-insurance fund and accounts for receipts and disbursements for insurance loss.

Use Tax-ST – accounts for the use tax collected by the State of Oklahoma and disbursed to the County to be spent as directed by the Board of County Commissioners.

Safe Room Grant – accounts for the funds received for the safe room rebate program funded through the Oklahoma Department of Civil Emergency Management.

Local Emergency Planning Committee – accounts for revenues from the State of Oklahoma and disbursements are for the purchase of equipment for Emergency Management.

Emergency Management – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Drug Court – accounts for funds received through the Department of Mental Health and disbursements are for the operation of the drug court program.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk and disbursements are for payroll operations of the Court Clerk's office.

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

National Association of County and City Health Officials – accounts for the receipt of Medical Reserves Corp federal awards and disbursements are to be in accordance with award requirements.

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.

D. Budget

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

E. Cash and Investments

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be

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

pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

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

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

2. Ad Valorem Tax

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

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

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

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes

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

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.

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

D. Long Term Obligations

1. Judgments

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period.

<u>Case Number</u>	<u>Original Judgment</u>
CIV-17-634-SLP	\$12,500,000

The County was required to pay a down payment on the judgement. The down payment was for \$4,500,000. The Garfield County Criminal Justice Trust Authority paid the County's portion of the down payment in the amount of \$2,884,188 while insurance covered \$1,615,812 of the down payment.

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

Future principal and interest payments that will become due on the existing judgment are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,666,667	\$122,400	\$ 2,789,067
2022	2,666,666	81,600	2,748,266
2023	<u>2,666,667</u>	<u>40,800</u>	<u>2,707,467</u>
Total	<u>\$8,000,000</u>	<u>\$244,800</u>	<u>\$8,244,800</u>

E. Sales Tax

The voters of Garfield County approved to extend the .25% (.0025) county sales tax until January 1, 2033. This sales tax is accounted for in the Jail Sales Tax Fund and disbursed to the Garfield County Criminal Justice Authority in accordance with the sales tax agreement. The sales tax is administered by the Garfield County Criminal Justice Authority for the purpose of operating and maintaining the county jail owned and operated by Garfield County. A resolution passed by the Garfield County Criminal Justice Authority directed the Garfield County Treasurer to create the Jail Trust Authority fund. The Authority also agreed to let the Garfield County Board of County Commissioners and the Garfield County Sheriff determine how much money the Authority should send to the County to deposit into the Jail Trust Authority, a trust and agency fund, and use for the operations of the Garfield County Detention Facility.

The voters of Garfield County approved to extend a .10% (.0010) county sales tax effective January 1, 2015 and shall terminate December 31, 2024. The sales tax is dedicated to the twelve (12) county rural fire departments. These funds are accounted for within the Rural Fire-ST fund.

F. Tax Abatements

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

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

The County had \$2,593,696 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2020.

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

G. Interfund Transfers

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

- \$48,568 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$707 was transferred from the County General fund to the DA Seizure of Property fund (a trust and agency fund) to correct a prior year error in apportionments.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 46,450	\$ 36,104	\$ 10,346
District Attorney - County	9,245	7,625	1,620
County Sheriff	1,543,113	1,477,754	65,359
County Treasurer	229,955	227,127	2,828
County Commissioners	375,153	364,928	10,225
OSU Extension	154,472	128,462	26,010
County Clerk	287,727	284,388	3,339
Court Clerk	612,650	594,291	18,359
County Assessor	430,817	375,550	55,267
Revaluation of Real Property	641,156	419,935	221,221
Juvenile Shelter Bureau	233,940	217,950	15,990
District Court	1,001	-	1,001
General Government	5,368,823	44,700	5,324,123
Excise-Equalization Board	15,950	12,360	3,590
County Election Expense	166,664	159,675	6,989
Insurance Benefits	2,847,828	2,739,996	107,832
Data Processing	89,168	83,317	5,851
Charity	2,100	790	1,310
Recording Account	113,450	113,144	306
Building Maintenance	954,467	939,509	14,958
Emergency Management	23,148	18,254	4,894
Planning Commission	1	-	1
Courthouse Security	90,570	42,156	48,414
Juvenile Detention - Pucket	50,000	17,632	32,368
Juvenile Detention - Baker/Qualls	138,401	44,100	94,301
County Audit Budget	257,608	85,912	171,696
Free Fair Budget	10,841	10,841	-
Total Expenditures, Budgetary Basis	<u>\$ 14,694,698</u>	<u>\$ 8,446,500</u>	<u>\$ 6,248,198</u>

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 4,285,313	\$ 1,629,246	\$ 2,656,067
Total Expenditures, Budgetary Basis	\$ 4,285,313	\$ 1,629,246	\$ 2,656,067

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

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.

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
GARFIELD 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 Garfield County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Garfield County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 18, 2022.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 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 Garfield County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Garfield County's internal control. Accordingly, we do not express an opinion on the effectiveness of Garfield County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2020-001, 2020-002, 2020-004, 2020-005, 2020-006, 2020-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garfield 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 responses as items 2020-004 and 2020-006.

We noted certain matters regarding statutory compliance that we reported to the management of Garfield County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Garfield County's Response to Findings

Garfield County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Garfield 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.

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

April 18, 2022

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 1—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 Internal Controls (Repeat Finding 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 Control Environment, Risk Assessment, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address the risks of the County.

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

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

Management Response:

Chairman of the Board of County Commissioners: The Elected Officials will meet quarterly to address County-Wide Controls including Control Environment, Risk Assessment, and Monitoring.

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.

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.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Components, Principles, and Attributes

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

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

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

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

Finding 2020-002 – Lack of Internal Controls and Noncompliance Over the County’s Financial Statement Presentation (Repeat Finding 2017-006, 2018-006, 2019-006)

Condition: The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, it was determined that the beginning balance was overstated by \$711, the apportionments were understated by \$3,437,477, the disbursements were understated by \$2,272,324, and the ending balance was overstated by \$19,003.

The County’s financial statement and notes to the financial statement were not submitted to an open Board of County Commissioners’ (BOCC) meeting in a timely fashion.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the County’s financial statement and notes to the financial statement are accurately presented in a timely manner.

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

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the County’s financial statement and notes to the financial statement are accurately presented in a timely manner.

Management Response:

Chairman of the Board of County Commissioners: I will work with the Treasurer to ensure the proper internal controls are in place and the financial statements are submitted on time.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

County Treasurer: In reference to the overstated ending County financial statement balance of \$19,003, the Estray Animal fund is currently a Trust and Agency fund, #7501, and the Court Clerk Preservation fund is currently an Official Depository account.

The Garfield County Criminal Justice Authority (GCCJA) monies were not apportioned or appropriated during transfer from County control to the GCCJA, transfer checks were used. This has been corrected.

Criteria: 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.”

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.”

Finding 2020-004 – Lack of Internal Controls and Noncompliance Over Sales Tax (Repeat Finding 2017-003, 2018-003, 2019-003)

Condition: The County has not created a separate fund for jail sales tax collections in their financial records. The County has continued to receipt the jail sales tax collections into the Criminal Justice Authority fund, which is a trust and agency fund. The County should create a county fund to receipt the jail sales tax collections and to disburse to the trust and agency fund in accordance with the sales tax ballot.

It was also noted that the County did not receipt or apportion November 2019 sales tax collections to the Criminal Justice Authority fund.

Cause of Condition: Policies and procedures have not been designed and implemented in regard to sales tax collections and disbursements.

Effect of Condition: This condition resulted in noncompliance with state statute and AG Opinion, and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends that the sales tax be apportioned to a Special Revenue Sales Tax Fund or the General Fund in accordance with AG Opinion. In addition, the sales tax should be expended in

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

such a manner to provide assurance that expenditures are in accordance with the purposes specified by the ballot as outlined by 68 O.S. § 1370(E).

Management Response:

Chairman of the Board of County Commissioners: A separate fund has now been set up and proper procedures are now being done.

County Clerk: This has been an evolving situation regarding the sales tax money for the GCCJA. During the 2020 fiscal year, we changed from the Criminal Justice Authority being taken completely off my appropriation ledger, and kept within the Treasurer's Office, to the current procedure, whereas the money is received by the Treasurer's Office, a Cash Fund Estimate of Needs is prepared, and placed through both the County Commissioner's and Excise Board Meetings, for the public to have an awareness of the amount of collections each month. Once the money hits the GCCJA account on my appropriation ledger, a purchase order is prepared, processed and paid, and a warrant for the sales tax money is issued to the GCCJA, and they sign for the warrant. This process began with the August 2020 collections.

County Treasurer: A Special Revenue fund was established in July 2020 to correct this issue. Previously, money was held in an Official Depository account, not apportioned, and transferred directly to the GCCJA.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

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

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

Definitions of Objectives

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

Title 68 O.S. § 1370(E) states in part, "Any sales tax which may be levied by a county shall be designated for a particular purpose...The county shall identify the purpose of the sales tax when it is presented to the voters pursuant to the provisions of subsection A of this section...the proceeds of any sales tax levied by a county shall be deposited in the general

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

revenue or sales tax revolving fund of the county and shall be used only for the purpose for which such sales tax was designated....”

Additionally, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S. 2011, §1370; 19 O.S. Supp. 2013, § 339; 19 O.S. 2011, § 345; Cavin v. Bd. of County Comm’rs, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

Finding 2020-005 – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding 2013-005, 2014-005, 2015-011, 2016-012, 2017-002, 2018-002, 2019-002)

Condition: Based on our documentation of controls, reconciliations are not being performed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all funds on a monthly basis.

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

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

Recommendation: OSAI recommends management take steps to ensure reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

Management Response:

Chairman of the Board of County Commissioners: The County Clerk's office and the Treasurer's office have started this process and working on doing a reconciliation between the appropriations ledger and the general ledger on a monthly basis.

County Clerk: My office and the Treasurer's office have spent a very considerable amount of time reviewing back years to find just exactly when it was that our two offices got off on balancing between the general ledger to my appropriation ledger. It has been determined that this situation goes back quite a long while, many years back to before I became County Clerk. It has been determined that the best course of action will be to identify the variance amount, acknowledge this amount and do a journal entry, so from this point forward, we will have a starting point to begin our balanced reconciliation.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

County Treasurer: Many of the funds are reconciled but many are not. The County Clerk deputy and County Treasurer deputy are working to reconcile the non-reconciled funds.

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

Internal Control System Monitoring

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

Finding 2020-006 – Lack of Internal Controls and Noncompliance Over Disbursements and Payroll Process (Repeat Finding – 2013-003, 2014-003, 2015-008, 2016-009, 2017-004, 2018-004, 2019-004)

Condition: Upon inquiry of county personnel and observation of the County’s disbursement process, we noted a lack of internal controls in the disbursements and payroll process:

- 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 processing a transaction.
- The Treasurer’s signature stamp is accessible and used by the Treasurer’s staff to register warrants.

Further, the audit of seventy (70) disbursements reflected the following:

- Twenty (20) expenditures totaling \$1,016,907 were not supported by adequate documentation.
- Nine (9) expenditures totaling \$62,387 were not encumbered prior to receiving goods or services.
- Two (2) expenditures totaling \$18,654 were encumbered without a signature from a requisitioning officer.
- Two (2) expenditures totaling \$1,207 paid a prior year expense with current year funds.
- One (1) payroll expenditure totaling \$2,875 was not supported by the employee signature.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls over disbursements and to ensure compliance with state statute.

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, be supported by adequate documentation, and that purchase orders and warrants should be issued in accordance with 19 O.S. § 1505. Additionally, signature stamps should be in a secure location and only be used by the official to whom it belongs. OSAI further recommends that the

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

disbursement and payroll procedures be adequately segregated to strengthen the internal controls over county expenditures.

Management Response:

Chairman of the Board of County Commissioners: I talked with the County Clerk and she has a plan in action to provide all offices with a stamp to mark their invoices, utilities bills, lease purchase payments, etc. that they have reviewed them and that they are true and accurate. The County Clerk will also send a memo to departments reminding them of proper procedure for purchase orders and payroll claims.

County Clerk: Regarding the process used by the Payroll Clerk and the Accounts Payable Clerk, a new process will begin. For payroll, after the Payroll Clerk has entered the payroll claims, another deputy within my office will review the payroll claims and the totals, to ensure that there have been no duplications.

For accounts payable, after the Accounts Payable Clerk has entered the daily purchase order for encumbrance, and entered the purchase order for payment, another deputy within my office will review the purchase orders and the totals, to ensure that there have been no duplications.

After visiting with the Auditor's Office, we have determined that what is needed for adequate documentation on a purchase order with invoice, is to have a stamp made, where the requesting officer will initial and date, stating that the invoice has been reviewed, and the requesting officer is acknowledging by their initial and date that this utility bill/lease payment/other purchase actually belongs to their department.

On the two purchase orders that lacked a signature, our accounts payable and purchasing department will become more vigilant insuring that all purchase orders have a signature prior to encumbering the funds.

County Treasurer: As of April 8, 2022, the office deputies will sign or use their own personal stamp to register warrants.

County Sheriff: We have been consulting with the District Attorney's Office in reference to the issues you have forwarded to us. This audit was conducted prior to me taking office in January 2021.

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

Objectives of an Entity – Compliance Objectives

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

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Definitions of Objectives

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

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

Title 62 O.S. § 602 states, "Any authorized officer, after filing with the Secretary of State his manual signature certified by him under oath, may execute or cause to be executed with a facsimile signature in lieu of his manual signature any public security, or any certificate thereon or thereto. Upon compliance with this act by the authorized officer, his facsimile signature has the same legal effect as his manual signature."

Finding 2020-007 – Lack of Written Disaster Recovery Plans (Repeat Finding – 2009-005, 2010-005, 2013-002, 2014-002, 2015-004, 2016-004, 2017-005, 2018-005, 2019-005)

Condition: A Disaster Recovery Plan has not been completed and approved by the Board of County Commissioners for Garfield County or any County office.

Cause of Condition: Policies and procedures have not been designed to develop and implement a formal Disaster Recovery Plan for each office.

Effect of Condition: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster.

Recommendation: OSAI recommends the County develop a current Disaster Recovery Plan which is stored off site. This plan should contain relevant information addressing how the County plans to resume IT operations after a disaster. The County should study and act on different proposals to ensure that back-up tapes of all records in the County are stored in a safe, secure and remote location, off the premises from the courthouse, where information could be easily retrieved by authorized personnel in the event of a disaster.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Management Response:

Chairman of the Board of County Commissioners: We have discussed this in our Class A Officers' Meeting and went over each item. We will continue to work on this in our Class A Meetings until we get a plan approved and in place.

Criteria: According to the standards of the Information Systems Audit and Control Association's (CobiT Delivery and Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the Recovery Plan,
- Emergency procedures to ensure the safety of all affected staff members,
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel,
- Listing of systems requiring alternatives (hardware, peripherals, software),
- Listing of highest to lowest priority applications, required recovery times and expected performance norms,
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution,
- Specific equipment and supply needs are identified such as high-speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined, training and/or awareness of individual and group roles in continuity plan,
- Listing of contracted service providers,
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation,
- Current names, addresses, telephone/pager numbers of key personnel,
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

According to the standards of the Information Systems Audit and Control Association (CobiT 4.1, Delivery and Support, 5.3 Identity Management), information services function management should ensure that all users (internal, external, and temporary) and their activity on IT systems (business application, IT environment, system operations, development, and maintenance) are uniquely identifiable. Enable user identities via authentication mechanisms. Confirm that user access rights to systems and data are in line with defined and documented business needs and that job requirements are attached to user identities. Ensure that user access rights are requested by user management, approved by system owners and implemented by the security-responsible person. Maintain user identities and access rights in a central repository. Deploy cost-effective technical and procedural measures, and keep them current to establish user identification, implement authentication and enforce access rights.

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SECTION 2—This section contains a certain matter not required to be reported in accordance with *Government Auditing Standards*. However, we believe this matter are significant enough to bring to management’s attention. We recommend that management consider this matter and take appropriate corrective action.

Finding 2020-003 – Lack of Internal Controls and Noncompliance Over County Credit Cards

Condition: Upon inquiry of county personnel, and upon review of disbursement data, OSAI discovered the County has credit cards. The following was noted:

- The County has four (4) credit cards with Vendor A.
 - Juvenile Affairs, Emergency Management, Assessor, District Attorney, District 1, District 2, County Sheriff, County Treasurer, County Jail, Court Clerk, OSU Extension, and the County Clerk use a shared credit account with a limit of \$10,000.
 - The County Health Department has a credit account with a limit that is not stated on invoice or statement.
 - The County Sheriff has a credit account with a limit of \$10,000.
 - The County Clerk has a credit account with a limit of \$5,000.
- The County has two (2) credit cards with Vendor B.
 - The County Sheriff has a credit account with a limit of \$2,900.
 - The County Health Department has a credit account with a limit of \$1,000.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statutes and to strengthen internal controls over the County’s credit cards.

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over county credit cards. Such controls should include ensuring that credit cards are not issued in excess of the statute limitation in quantity or credit limit according with 19 O.S. § 1507. OSAI further recommends that the County eliminate all credit cards other than statutorily allowed by 19 O.S § 1506.

Management Response:

Chairman of the Board of County Commissioners: The County Clerk is currently discussing this matter with the District Attorney and trying to get a letter verifying their stance over the credit cards. We will submit the letter once it is received.

County Clerk: We have had many discussions with our District Attorney's Office regarding this audit finding, involving these vendor cards. At the time of the audit finding meeting, I was not aware of the fact that we had instituted a procedure for signing out the cards when a department is going to use the card. This has been happening for at least three years. Then, on the question of the authority for the County to even have use of these cards, we have contacted the Garfield County District Attorney's Office, who is giving us

**GARFIELD COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

advice, and has indicated that they are writing my office a letter, to allow us to continue with the current use of these account cards.

County Sheriff: We have been consulting with the District Attorney's Office in reference to the issues you have forward to us. This audit was conducted prior to me taking office in January 2021.

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

Objectives of an Entity – Compliance Objectives

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

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

Definitions of Objectives

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

Further, effective internal controls require that management properly implement procedures to ensure compliance with 19 O.S. § 1506 and 19 O.S. § 1507.



Cindy Byrd, CPA | State Auditor & Inspector

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