



GARVIN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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) 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.



April 17, 2023

TO THE CITIZENS OF
GARVIN COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Vacant
District 2 – Gary Ayres
District 3 – Mike Gollihare

County Assessor

Tammy Murrah

County Clerk

Lori Fulks

County Sheriff

Jim Mullet

County Treasurer

Sandy Goggans

Court Clerk

Laura Lee

District Attorney

Greg Mashburn

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

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
GARVIN 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 Garvin County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of Garvin 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 Garvin County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 20, 2023

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 2,278,122	\$ 4,139,492	\$ 70	\$ 23,856	\$ 3,915,878	\$ 2,477,950
County Highway Unrestricted	5,493,656	6,915,225	300,180	-	6,126,817	6,582,244
Sales Tax	424,876	-	-	-	-	424,876
Use Tax	3,296,089	459,520	8,045	-	134,331	3,629,323
County Bridge and Road Improvement	2,547,436	348,710	17,869	-	350,303	2,563,712
RT - 103	10,163	58,402	-	17,869	50,696	-
Emergency Management	2,859	2,000	194	-	-	5,053
General Government Sales Tax	5,257,585	675,534	-	-	288,987	5,644,132
Reward Fund	998	-	-	-	-	998
Resale Property	1,001,443	395,362	34,348	-	447,731	983,422
Sheriff Sales Tax	220,949	450,382	10,380	-	587,070	94,641
Health	905,471	801,778	-	-	426,145	1,281,104
Sheriff Service Fee	330,036	464,382	20,955	-	457,609	357,764
County Clerk Lien Fee	581,335	44,972	-	-	20,155	606,152
Treasurer Mortgage Certification Fee	114,353	4,530	-	-	607	118,276
Assessor Revolving Fee	13,530	3,627	-	-	9,661	7,496
Rural Fire Sales Tax	1,820,708	864,716	9,591	-	984,006	1,711,009
Community Service Program	177	-	-	-	-	177
Sheriff Drug Enforcement	1,984	-	-	-	629	1,355
Road and Bridges Sales Tax	936,100	450,356	-	-	510,793	875,663
Fair Barn	10,886	-	-	-	-	10,886
911 County-Wide	561,414	503,702	-	-	607,799	457,317
911 Wireless	18,707	-	-	-	-	18,707
Sheriff Training	3,025	1,928	-	-	1,556	3,397
County Sinking Fund	48,562	1,141	-	-	-	49,703
Safe Room Grant	2,785	-	-	-	-	2,785
E-911 Sales Tax	88,438	225,190	382	-	133,478	180,532
Court Fund Payroll	25,144	193,964	-	-	194,294	24,814
Sheriff Commissary	30,012	59,737	-	-	47,531	42,218
County Clerk Records Management Preservation	193,766	78,750	-	-	87,668	184,848
Emergency Management Sales Tax	64,770	36,028	2,750	-	29,763	73,785
Sheriff Forfeiture	5,330	-	-	-	5,038	292
NACCHO Grant	2,500	-	-	-	2,363	137
County Donations	7,655	6,050	-	-	3,017	10,688
Covid Aid and Relief Fund	-	867,271	-	31,025	-	836,246
American Rescue Plan Act	-	2,691,269	-	-	-	2,691,269
Total - All County Funds	\$ 26,300,864	\$ 20,744,018	\$ 404,764	\$ 72,750	\$ 15,423,925	\$ 31,952,971

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Garvin 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.

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

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

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

Sales Tax – accounts for the sales tax collected and spent for the purpose of maintaining and operating the Garvin County Courthouse, Sheriff's Department/Jail, and county roads and bridges, fire departments, and the Emergency Management Department of Garvin County. This tax is now accounted for in separate funds.

Use Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the County.

County Bridge and Road Improvement – accounts for monies collected from Oklahoma Department of Transportation and disbursements are restricted for road and bridge projects.

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

RT - 103 – accounts for monies collected from Oklahoma Department of Transportation and disbursements are restricted for bridge projects.

Emergency Management – accounts for monies collected from State and Local Agreements (SLA) grants and disbursed for operations of the command center for the emergency management.

General Government Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the County.

Reward Fund – accounts for monies collected from fines for dumping/littering and disbursed for “No Dumping” signs.

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

Sheriff Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the Sheriff’s Department/Jail.

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

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as: process fees, courthouse security, contracts for housing and feeding prisoners, and telephone cards and disbursements as restricted by state statute.

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

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

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

Rural Fire Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the rural fire departments.

Community Service Program – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Sheriff Drug Enforcement – accounts for proceeds from drug forfeitures and is used for payments for the purchase of illegal drugs in sting operations.

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

Road and Bridges Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the road and bridges.

Fair Barn – accounts for the collection of revenue generated from building rent, booth rental, and other fees to be used for fair expenses.

911 County-Wide – accounts for revenues from various telecommunication companies and disbursements are provided for the operation of the Emergency 911 system.

911Wireless – accounts for monies received from the wireless telephone companies for operation of the emergency 911 services.

Sheriff Training – accounts for court ordered restitution and donations and disbursed for training purposes only.

County Sinking Fund – accounts for debt services receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments. Currently there is no long-term debt.

Safe Room Grant – accounts for grant funds received from the Federal Emergency Management Agency and disbursements are made to individuals for safe room projects.

E-911 Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the E-911.

Court Fund Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expenses for that office.

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

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

Emergency Management Sales Tax – accounts for sales tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the Emergency Management Department of Garvin County.

Sheriff Forfeiture – accounts for the collection of the Sheriff's percentage of drug forfeitures and the disbursement of funds as restricted by state statute.

NACCHO Grant – accounts for monies received for a National Association of County and City Health Officials (NACCHO) grant and disbursed for Medical Reserve Corps units.

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

County Donations— accounts for monies received for donations for all county offices from entities. Some donations may be restricted for special projects.

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

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

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.

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

D. Sales Tax

Sales Tax of March 6, 2012

The voters of Garvin County approved a one-fourth (1/4%) of one percent of sales tax through an election on March 6, 2012, that went into effect March 6, 2012, or as soon thereafter as provided by law. This sales tax has an unlimited duration. This sales tax was established for the purpose of

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

maintaining and operating the twelve (12) fire departments of Garvin County and maintaining and operating the Emergency Management Department of Garvin County. These funds are accounted for in the Rural Fire Sales Tax and Emergency Management Sales Tax funds.

Sales Tax of March 4, 2014

The voters of Garvin County approved a one-half percent (1/2%) sales tax through an election on March 4, 2014, that went into effect on July 1, 2014. This sales tax has a limited duration of seven (7) years and terminates on June 30, 2021. This sales tax was established for the purpose of maintaining and operating the Garvin County Courthouse, County Sheriff, County Roads and Bridges, and Garvin County 911 service. These funds are accounted for in the General Government Sales Tax, Sheriff Sales Tax, Road and Bridges Sales Tax, and E-911 Sales Tax funds.

E. Interfund Transfers

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

- \$23,856 was transferred from County General to reimburse eight (8) funds for disbursements related to the COVID pandemic, as allowed by grant funding, to the following funds:
 - \$380 Sheriff Sales Tax,
 - \$194 to Emergency Management,
 - \$2,750 to Emergency Management Sales Tax,
 - \$382 to E-911 Sales Tax,
 - \$8,045 to Use Tax,
 - \$2,334 to Resale Property,
 - \$180 to County Highway Unrestricted, and
 - \$9,591 to Rural Fire Sales Tax.
- \$300,000 was transferred to County Highway Unrestricted from the Emergency Transportation Revolving fund (a trust and agency fund) as a loan for a road project.
- \$17,869 was transferred to County Bridge and Road Improvement from RT-103, by BOCC resolution, to close the fund.
- \$31,025 was transferred from the COVID Aid and Relief fund to reimburse three (3) funds for disbursements related to the COVID pandemic, as allowed by grant funding, to the following funds:
 - \$10,000 to Sheriff Sales tax,
 - \$70 to County General, and
 - \$20,955 to Sheriff Service Fee.
- \$32,014 was transferred to Resale Property from Excess Resale (a trust and agency fund) in accordance with 68 O.S. § 3131C.

SUPPLEMENTARY INFORMATION

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

	County General		
	Budget	Actual	Variance
District Attorney - County	\$ 32,000	\$ 28,000	\$ 4,000
County Sheriff	849,387	848,933	454
County Treasurer	299,415	280,005	19,410
County Commissioners	295,431	259,000	36,431
OSU Extension	105,925	64,071	41,854
County Clerk	268,382	227,277	41,105
County Court Clerk	208,640	191,942	16,698
County Assessor	224,012	204,823	19,189
Visual Inspection	438,101	378,492	59,609
County Purchasing	62,275	44,900	17,375
Fair Grounds Improvements	54,560	22,257	32,303
General Government	845,289	431,394	413,895
Excise Equalization	6,408	1,615	4,793
Election Board	133,310	119,590	13,720
Insurance/Benefits	1,512,075	723,655	788,420
Emergency Management	116,718	79,513	37,205
Charity	12,000	1,330	10,670
Ambulance Service	36,715	36,715	-
Courthouse Security	75,968	75,138	830
County Audit Budget	58,337	58,337	-
Free Fair	49,650	4,960	44,690
Total Expenditures, Budgetary Basis	<u>\$ 5,684,598</u>	<u>\$ 4,081,947</u>	<u>\$ 1,602,651</u>

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

	Health		
	Budget	Actual	Variance
Public Health	\$ 1,467,129	\$ 563,360	\$ 903,769
Total Expenditures, Budgetary Basis	\$ 1,467,129	\$ 563,360	\$ 903,769

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

1. Budgetary Schedules

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0180	\$ 929,279.00
Passed Through the Oklahoma Department of Emergency Management			
COVID-19 Coronavirus Relief Fund	21.019	4530 DR-OK	<u>13,888</u>
Total U.S. Department of Treasury			<u>943,167</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grant:			
Medical Reserve Corps Small Grant Program	93.008	N/A	<u>2,363</u>
Total U.S. Department of Health and Human Services			<u>2,363</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG SLA	<u>25,000</u>
Total U.S. Department of Homeland Security			<u>25,000</u>
Total Expenditures of Federal Awards			<u>\$ 970,530</u>

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

Basis of Presentation

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

Garvin 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 March 27, 2020 the President of the United States signs the COVID-19 Relief Bill into law. Garvin County received \$943,167 in federal relief funds. The County incurred \$468,197 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 16, 2020 through June 30, 2020 and accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number 21.019 – Coronavirus Relief Fund includes \$468,197 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$474,970 that were incurred in the fiscal year ending June 30, 2021. The total Coronavirus Relief Fund expenditures reported was \$943,167.

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
GARVIN 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 Garvin County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Garvin County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 20, 2023.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Garvin 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 Garvin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Garvin County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not

identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001 and 2021-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garvin 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 2021-004.

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

Garvin County's Response to Findings

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

March 20, 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
GARVIN COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of Garvin County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Garvin County's major federal program for the year ended June 30, 2021. Garvin 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 Garvin 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 Garvin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Garvin County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Garvin 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 Garvin 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 Garvin 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 2021-010 and 2021-011, that we consider to be material weaknesses.

Garvin County's Response to Findings

Garvin 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. Garvin 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

March 20, 2023

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

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

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

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

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</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

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

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

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

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2021-001 – Lack of County-Wide Internal Controls and Information Systems (Repeat Finding 2012-009, 2013-001, 2014-001, 2016-001, 2019-001, 2020-001)

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

Further, upon review of the computer systems within the County Clerk’s office and County Treasurer’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. § 24A.28.

Cause of Condition: Policies and procedures have not been designed and implemented to address the Risk Assessment and Monitoring in the County and to prevent unauthorized access to data.

Effect of Condition: This condition could result in compromised security for computers, computer programs, and data. It also does not allow the County to function in the most effective manner possible. Additionally, without written documentation of the county-wide controls it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, indicate what internal controls are present and monitor those controls.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor 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. Further, 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. § 24A.28.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls.

County Treasurer: The County Treasurer’s office changed software which now has the Information Technology internal controls built in automatically as of July 1, 2021. As a result, this will not be an issue in future audits.

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

County Clerk: The County Clerk's office will implement necessary 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.

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.

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

Further, 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.

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

Finding 2021-004 – Lack of Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding 2007-002, 2008-002, 2012-002, 2013-003, 2014-003, 2016-004, 2019-004, 2020-004)

Condition: Upon inquiry and observation of the disbursement process, we noted the following:

- It was noted that the County Clerk’s office does not have an adequate segregation of duties over the payroll process 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.

In addition, the audit of twenty-four (24) disbursements reflected the following:

- One (1) disbursement was not properly encumbered in accordance state statute.
- One (1) disbursement was not properly signed by the majority of the Board of County Commissioners for the approval of payment by the Board of County Commissioners.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the segregation of duties and/or compensating controls of the disbursement process or to ensure compliance with state statute.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective procedures lie in management’s oversight of the office operations and a review of said operations while maintaining supporting documentation of designed and implemented internal controls. Further, OSAI recommends the County 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, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to all county officials the importance of ensuring all purchase orders are both properly encumbered prior to receipt of goods and/or services and properly approved by the majority of the Board.

County Clerk: I will work to design and implement reviews over the payroll process.

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

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.

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.

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

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

Finding 2021-010 – Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS-THROUGH GRANTORS: Oklahoma Office of Management and Enterprise Services and Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Treasury

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

ASSISTANCE LISTING NUMBER: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

Condition: 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 complies with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements.

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

Management Response:

Chairman of the Board of County Commissioners: We will work to implement a Risk Assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

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.

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

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 2021-011 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS-THROUGH GRANTORS: Oklahoma Office of Management and Enterprise Services and Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTINGS NUMBER: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Garvin County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost 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 could result in noncompliance to grant requirements and could lead to a loss of federal funds to the County.

Recommendation: OSAI recommends the County gain an understanding of requirements for these programs and implement internal control procedures to ensure compliance with requirements.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Garvin County receives to ensure that proper internal controls are implemented.

Criteria: *OMB 2 CFR 200, Subpart D. §_ .303(a)* reads as follows:

Subpart D-Post Federal Award Requirements

§200.303 Internal Controls

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

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

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).

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

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 2021-008 – Lack of Internal Controls Over the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund.

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, it was noted that the County Sheriff 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.

Further, the Sheriff’s Annual Commissary Report does not reconcile to the Treasurer’s General Ledger.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary fund.

Effect of Condition: Without proper accounting and safeguarding of the Inmate Trust Fund Checking Account and Sheriff Commissary fund, there is an increased risk of undetected errors and possible misappropriation of funds. This condition could also result in a liability to the County.

Recommendation: OSAI recommends management be aware of these conditions and realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no one employee is able to perform all accounting functions. Further, the Sheriff Commissary report should be reconciled to the County Treasurer General Ledger.

Management Response:

County Sheriff: We will work towards enhancing internal controls over the Inmate Trust Fund Checking Account and reconciling the Sheriff Commissary report to the Treasurer General Ledger.

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

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursement calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing and authorizing should be segregated.

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

Finding 2021-012 – Lack of Internal Controls Over Court Fund and Court Clerk Revolving Fund

Condition: Upon inquiry and observation of the Court Clerk’s collection and disbursement processes, it was noted that the Court Clerk 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.

Cause of Condition: Policies and procedures have not been designed and implemented to separate duties over the collection and disbursement processes of Court Fund and the Court Clerk Revolving Fund.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in the untimely detection of unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine how to implement internal controls over the collection and disbursement processes to safeguard assets and stay in compliance with 20 O.S. § 1304.

Management Response:

Court Clerk: We will implement a review by a separate individual over the reconciliation process with the County Treasurer for the Court Fund. A designated receiving officer will verify goods received and sign claims as the receiving officer.

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

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.

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.

Title 20 O.S. § 1304 provide guidance with regards to the disbursement process for the Court Fund.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

GARVIN COUNTY

BOARD OF COUNTY COMMISSIONERS

Telephone: 405-238-2685
201 W Grant
Pauls Valley, OK 73075

Randy Chandler, District One
Gary Ayres, District Two
Mike Gollihare, District Three

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

Finding No.	Title (Financial) or Assistance Listings No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls and Information Systems	The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide internal controls. We will work with the County Treasurer and County Clerk to ensure that adequate controls are in place to safeguard data from unauthorized modifications, loss, or disclosure.	7/1/2023	Gary Ayres, BOCC Chairman
2021-004	Lack of Internal Controls and Noncompliance Over the Disbursement Process	The Board of County Commissioners will work to implement procedures to ensure compliance with 19 O.S. § 1505. We will work with the County Clerk to design and implement reviews over the payroll process.	7/1/2023	Gary Ayres, BOCC Chairman
2021-010	Assistance Listings Number 21.019 Coronavirus Relief Fund Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus Relief Fund	We will work to implement a risk assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.	7/1/2023	Gary Ayres, BOCC Chairman
2021-011	Assistance Listings Number 21.019 Coronavirus Relief Fund Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that Garvin County receives to ensure that proper internal controls are implemented.	7/1/2023	Gary Ayres, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

GARVIN COUNTY

BOARD OF COUNTY COMMISSIONERS

Telephone: 405-238-2685
201 W Grant
Pauls Valley, OK 73075

Randy Chandler, District One
Gary Ayres, District Two
Mike Gollihare, District Three

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

FINANCIAL AUDIT FINDINGS

Finding 2012-009, 2013-001, 2014-001, 2016-001, 2019-001, 2020-001, 2021-001

Lack of County-Wide Internal Controls and Information Systems

Finding Summary: County-wide internal controls regarding Risk Management, Information and Communication, and Monitoring have not been designed. The County Commissioners and County Sheriff do not have Disaster Recovery Plans in place for information systems. Further, upon review of the computer systems within the County Clerk's office and County Treasurer'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. § 24A.28.

Status: Corrective action has been partially taken. The County Commissioners and the County Sheriff have designed Disaster Recovery Plans.

Finding 2007-002, 2008-002, 2012-002, 2013-003, 2014-003, 2016-004, 2019-004, 2020-004, 2021-004

Lack of Internal Controls and Noncompliance Over the Disbursement Process

Finding Summary: Only the Payroll Clerk enrolls new employees, inputs payroll information into the system, maintains personnel files, prepares the OPERS report, state and federal tax reports, and there is no evidence of review. In addition, the Payroll Clerk processes payroll claim reports for errors, but there is no evidence that a payroll verification is printed out and used for review of errors.

Status: Corrective action has not been taken.

FEDERAL AUDIT FINDINGS

Finding 2016-010

Lack of Internal Controls Over Major Federal Program - CDBG

Pass-Through Grantor: Oklahoma Department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

Assistance Listings No: 14.228

Federal Program Name: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort and Earmarking; Period of Performance, Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: Internal controls over major programs have not been designed.

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2016-011

Lack of County-Wide Internal Controls Over Major Federal Program - CDBG

Pass-Through Grantor: Oklahoma Department of Commerce

Federal Agency: U.S. Department of Housing and Urban Development

Assistance Listings No: 14.228

Federal Program Name: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

Federal Award Year: 2016

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort and Earmarking; Period and Performance; Procurement and Suspension and Debarment; Reporting; and Special Tests and Provisions.

Questioned Costs: \$-0-

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

Status: Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

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



Cindy Byrd, CPA | State Auditor & Inspector

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