



# JACKSON COUNTY

## Financial Report

For the fiscal year ended June 30, 2022

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

**JACKSON COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



June 10, 2024

TO THE CITIZENS OF  
JACKSON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Jackson County, Oklahoma for the fiscal year ended June 30, 2022. 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

**JACKSON COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Board of County Commissioners**

District 1 – Mike Wallace

District 2 – Kirk Butler

District 3 – Rhet Johnson

**County Assessor**

Lisa Roberson

**County Clerk**

Robin Booker

**County Sheriff**

Roger LeVick

**County Treasurer**

Robin Fleming

**Court Clerk**

Tina Swailes

**District Attorney**

David Thomas

**JACKSON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
JACKSON COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Jackson County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Jackson County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

#### ***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 (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Jackson County as of June 30, 2022, or changes in financial position for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Jackson County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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

As described in Note 1, the financial statement is prepared by Jackson County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances

between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management 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 prescribed or permitted by Oklahoma state law, 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Jackson County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***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. Such 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. The 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 GAAS. 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 May 13, 2024, on our consideration of Jackson 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 Jackson County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

May 13, 2024

## **REGULATORY BASIS FINANCIAL STATEMENT**

**JACKSON COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 1,384,647	\$ 2,520,391	\$ -	\$ -	\$ 2,531,297	\$ 1,373,741
County Highway Unrestricted	1,557,766	3,365,948	-	-	2,690,399	2,233,315
County Bridge and Road Improvement	900,519	425,009	-	-	506,014	819,514
Health	767,597	462,572	-	-	395,332	834,837
Resale Property	398,480	136,451	-	-	184,565	350,366
Treasurer Mortgage Certification	45,496	4,695	-	-	292	49,899
County Clerk Lien Fee	46,228	11,974	-	-	11,559	46,643
County Clerk Records Management and Preservation Fund	69,086	65,275	-	-	50,017	84,344
Assessor Revolving Fee	7,287	1,977	-	-	132	9,132
Assessor Visual Inspection	256	-	-	-	-	256
Sheriff Service Fee	985,463	456,377	-	-	497,467	944,373
Sheriff Commissary	94,847	85,784	-	-	63,922	116,709
Jail-ST	480,520	1,742,552	-	-	1,560,660	662,412
Emergency Management	70,771	15,000	-	-	9,494	76,277
Sheriff Drug Buy	1,600	-	-	-	-	1,600
Free Fair Building	3,173	-	-	-	1,005	2,168
Reward Fund	2,152	100	-	-	-	2,252
Court Clerk Payroll	3,649	197,733	-	-	195,929	5,453
Rural Fire-ST	534,648	384,252	-	-	62,949	855,951
National Association of County and City Health Officials	6,114	-	-	-	-	6,114
Local Emergency Planning Committee	4,159	1,000	-	-	1,359	3,800
E-911-ST	21,625	10,855	-	-	-	32,480
Ambulance Service District-ST	43,953	3,158	-	43,953	-	3,158
American Rescue Plan Act 2021	2,382,333	2,382,333	-	-	930,645	3,834,021
Emergency Medical Service (EMS-522)-ST	-	35,919	43,953	-	68,825	11,047
Courthouse Improvement-ST	-	1,048,310	-	-	253,425	794,885
Use Tax-ST	-	153,908	-	-	-	153,908
<b>Total - All County Funds</b>	<b>\$ 9,812,369</b>	<b>\$ 13,511,573</b>	<b>\$ 43,953</b>	<b>\$ 43,953</b>	<b>\$ 10,015,287</b>	<b>\$ 13,308,655</b>

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

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Jackson 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 service districts, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

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

During the fiscal year ended June 30, 2022, the County Treasurer converted to a new software system; therefore, several fund names have changed. 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 the general operations of the government.

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

County Bridge and Road Improvement – accounts for state receipts and disbursements for the improvement of county bridges and roads.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

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

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

Assessor Visual Inspection – accounts for the receipt and disbursement of funds by the Assessor as restricted by state statute for the visual inspection program.

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

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

Jail-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Emergency Management – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

Sheriff Drug Buy – accounts for the collection of the Sheriff's percentage of drug forfeitures and disbursements as restricted by state statute.

Free Fair Building – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

Reward Fund – accounts for the collection of a fee, directed by district court, for the dumping of trash and disbursements are paid to citizens reporting illegal dumping to the local policing departments.

Court Clerk Payroll – accounts for collections from the Court Clerk and disbursements are for payroll of Court Fund employees.

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Rural Fire-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

National Association of County and City Health Officials – accounts for the collection of federal grant monies and disbursements as restricted by the grant agreement.

Local Emergency Planning Committee – accounts for the collection of grant monies and disbursements as restricted by the grant agreement.

E-911-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Ambulance Service District-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury 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.

Emergency Medical Service (EMS-522)-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Courthouse Improvement-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Use Tax-ST – accounts for the collection of use tax monies and disbursements as restricted by resolution approved by the Board of County Commissioners.

**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 (U.S. GAAP), 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 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)

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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 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. §

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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.



**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**C. Contingent Liabilities**

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

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

**D. Sales Tax**

**Sales Tax of 1999 and 2007**

In a special election on November 9, 1999, the citizens of Jackson County approved one-half percent (1/2%) sales tax to be collected beginning April 1, 2002, which 50% of the sales tax was to end on March 31, 2007. However, in a special election on February 13, 2007 the citizens of Jackson County approved the entire one-half percent (1/2%) sales tax for an unlimited duration beginning April 1, 2007. The one-half percent (1/2%) sales tax is to be used to construct and equip a new County jail facility, including the payment of debt service on indebtedness incurred for such purpose by Jackson County. The indebtedness of the County jail facility was paid in full in September of 2016 and the one-half percent (1/2%) sales tax is for the continued maintenance and operation of the facility with surplus, if any, to be used for general purposes of the County. These funds are accounted for in the Jail-ST fund.

**Sales Tax of 2018**

On June 26, 2018, the citizens of Jackson County approved a one-eighth percent (1/8%) sales tax beginning October 1, 2018 for the period of 10 years, expiring on September 30, 2028. The sales tax is for the purpose of fire protection, prevention, communications, training related expenses (not to include salaries) of all current Jackson County Fire Departments, Jackson County Emergency Medical Service, Jackson County E911 Regional Trust Authority, and Jackson County Fire Chief's Association. This includes maintenance and construction of buildings, facilities, both current and future; the purchase and maintenance of current and future apparatus, vehicles, and the purchase of any and all equipment, services and supplies related to fire protection, ambulance service, and response within the County. The sales tax shall be divided as follows:

- 88% Fire protection, prevention, communications, training, maintenance/construction of building(s), equipment and vehicles, and Fire/EMS/Rescue, not to include salaries.
- 9% EMS protection, prevention, communications, and training, maintenance and construction of buildings, purchase, and maintenance of vehicles, not to include salaries.
- 2.50% Altus Jackson County E911 Regional Trust Authority.

**JACKSON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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- .50% County-wide initiatives concerning the Jackson County fire departments, including communications, training, canteen services, rehab services, administrative costs, and EMS supplies related to fire protection for all current Jackson County fire departments.

These funds are accounted for in the Rural Fire-ST fund, Emergency Medical Services (EMS-522)-ST fund and E-911-ST fund.

**Sales Tax of 2021**

On May 11, 2021, the citizens of Jackson County approved a one-half percent (1/2%) sales tax beginning October 1, 2021 for the period of 10 years, expiring on September 30, 2031. The sales tax is to provide revenue for restoration and maintenance costs associated with temporary space for offices, and capital improvements necessary for the continued maintenance of the Jackson County Courthouse and none other. These funds are accounted for in the Courthouse Improvement-ST fund.

**E. Interfund Transfers**

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

- \$43,953 was transferred from the Ambulance Service District-ST fund to the Emergency Medical Service (EMS-522)-ST fund for the purpose of transferring a prior year balance to the correct fund.

## **SUPPLEMENTARY INFORMATION**

**JACKSON COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 2,000	\$ 2,000	\$ -
County Sheriff	442,436	405,502	36,934
Expo Center	10,510	5,010	5,500
County Treasurer	239,391	194,896	44,495
County Commissioners	296,349	268,735	27,614
OSU Extension	65,836	65,823	13
County Clerk	293,147	285,400	7,747
County Court Clerk	172,432	169,076	3,356
County Assessor	123,594	122,080	1,514
Visual Inspection	243,111	237,557	5,554
General Government	1,228,270	651,696	576,574
Excise Equalization	5,651	3,165	2,486
Election Board	125,130	107,624	17,506
Safety	32,336	18,285	14,051
County Audit Budget	18,726	1,211	17,515
Free Fair	9,923	9,923	-
Total Expenditures, Budgetary Basis	<u>\$ 3,308,842</u>	<u>\$ 2,547,983</u>	<u>\$ 760,859</u>

**JACKSON COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,072,732	\$ 411,296	\$ 661,436
Total Expenditures, Budgetary Basis	\$ 1,072,732	\$ 411,296	\$ 661,436

**JACKSON COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Budgetary Schedules**

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

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

## **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  
JACKSON COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Jackson County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Jackson County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 13, 2024.

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 (U.S. GAAP). 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, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2022-001 and 2022-008.



A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be a significant deficiency: 2022-016.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson 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 item 2022-008.

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Jackson County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Jackson County's response was not subjected to the other 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

May 13, 2024



**Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement**

**Independent Accountant's Report**

TO THE OFFICERS OF  
JACKSON COUNTY, OKLAHOMA

We have examined Jackson County's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2022. The County is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Jackson County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether Jackson County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Jackson County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Jackson County's compliance with specified requirements.

Our examination disclosed material noncompliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles applicable to Jackson County for the year ended June 30, 2022, which are described in the accompanying schedule of findings and responses as item 2022-013.

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

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Jackson County's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Jackson County's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in the accompanying schedule of findings and responses as items: 2022-012, and 2022-018.

**Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether Jackson County complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2022. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

May 13, 2024

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2022-001 – Lack of County-Wide Internal Controls and Information Systems (Repeat Finding - 2010-001, 2011-001, 2012-001, 2013-001, 2014-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001, and 2021-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that the county-wide internal controls regarding Risk Assessment and Information and Communication have not been designed and audit evidence does not exist to support Monitoring of control activities during Risk Assessment quarterly meetings.

In addition, review of the computer systems within the County Treasurer’s office 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 Risk Assessment, Information and Communication, and Monitoring control activities of the County and to safeguard data from unauthorized modifications, loss, or disclosure.

**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. These conditions could result in compromised security for the computers, computer progress, and data.

**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 and to safeguard data from unauthorized modifications, loss, or disclosure. 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.

**Management Response:**

**Chairman of the Board of County Commissioners:** During quarterly Risk Assessment meetings, we will work to document the assessment and identification of risks and monitor control activities. Further, we will work to design written county-wide controls.

**County Treasurer:** We will work with our software provider to correct this condition.

**JACKSON COUNTY, OKLAHOMA  
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**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.

**Finding 2022-008 – Lack of Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding - 2016-008, 2017-008, 2018-008, 2019-008, 2020-008, and 2021-008)**

**Condition:** The audit of sixty-one (61) disbursements reflected the following:

**JACKSON COUNTY, OKLAHOMA  
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- Seven (7) disbursements totaling \$314,766 were not properly encumbered prior to the receipt of goods and/or services.
- One (1) disbursement totaling \$125,000 was not approved and signed by the purchasing agent.
- One (1) disbursement in the amount of \$2,129 could not be located for testing.

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

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

**Recommendation:** 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:**

**County Clerk:** I will ensure all purchase orders are properly reviewed and encumbered prior to the receipt of good and/or services.

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

**Criteria:** GAO Standards - Principle 10 - Design Control Activities - 10.03 states in part,

*Appropriate documentation of transactions and internal control*

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

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

**Finding 2022-016 – Lack of Internal Control and Noncompliance Over the Sales Tax Disbursements**

**Condition:** Based on inquiry of County Officials, and the observation of the sales tax disbursement process, we determined that the Courthouse Improvement-ST fund, sales tax collections distributed \$253,424 directly to the Jackson County Facilities Authority which resulted in sales tax disbursements not being

**JACKSON COUNTY, OKLAHOMA  
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monitored and expended through purchase order to determine they were expended in accordance with the sales tax ballot.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with 68 O.S. § 1370E and Attorney General (AG) Opinion.

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

**Recommendation:** OSAI recommends the disbursements of County sales tax be expended in such a manner to provide assurance that expenditures are made in accordance with the purposes specified by the sales tax ballot as outlined by Title 68 O.S. § 1370E and AG Opinion.

**Management Response:**

**Chairman of the Board of County Commissioners:** We will ensure the condition stated above is corrected.

**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 – 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.

Title 68 O.S. § 1370E, requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

**JACKSON COUNTY, OKLAHOMA  
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Further, 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.

**SECTION 2—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 2022-006 - Lack of Internal Controls Over the Inmate Trust Fund Checking Account and Noncompliance Over Reporting Requirements of the County Sheriff Commissary and Board of Prisoners (Repeat Finding - 2021-006)**

**Condition:** Upon inquiry and the observation of records, the following was noted:

- The County Sheriff did not prepare an annual Sheriff Commissary Report to file with the BOCC by January 15<sup>th</sup>.
- The County Sheriff did not prepare an annual Sheriff Board of Prisoners Report to file with the BOCC by January 15<sup>th</sup>.
- Governmental expenditures were issued from the Inmate Trust Fund Checking Account.
- Although the Inmate Trust Fund Checking Account is reconciled monthly, audit evidence did not exist to support the reconciliation is performed and reviewed by separate individuals. Further, the checking account did not reconcile to the system register balance.
- Inmate Trust Fund balances are not reconciled to the Inmate Trust Fund Checking Account.
- Deposits are not made daily.
- Only one employee retrieves cash from the Kiosks.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that controls are in place regarding the Inmate Trust Fund Checking Account, Sheriff Commissary and Sheriff Board of Prisoners reports.

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



**JACKSON COUNTY, OKLAHOMA  
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**Recommendation:** OSAI recommends management be aware of these conditions and implement procedures to ensure compliance with state statutes.

- An annual Sheriff Commissary Report should be filed with the BOCC by January 15 of each year in accordance with state statute and reconciled to the general ledger of the County Treasurer.
- An annual Sheriff Board of Prisoners Report should be filed with the BOCC by January 15 of each year in accordance with state statute, which documenting incarceration recovery costs and disbursements.
- Governmental expenditures cannot be issued out of the Inmate Trust Fund Checking Account.
- Monthly reconciliations should be prepared and reviewed by separate individuals and evidenced with initials and dates to show the design and implementation of internal controls.
- Inmate Trust Fund balances should be reconciled to the checking account on a monthly basis. Reconciliations should be prepared and reviewed by separate individuals.
- Deposits should be made on a daily basis in accordance with state statute.
- A proper segregation of duties be implemented when retrieving cash from the Kiosks.

**Management Response:**

**County Sheriff:** We will work to correct the conditions.

**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.

**JACKSON COUNTY, OKLAHOMA  
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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.

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.

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.

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...”

Title 19 O.S. § 180.43A states in part, “Each county sheriff may contract with any public or private entity engaged in the business of transportation of prisoners, the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail... The sheriff shall file an annual report with the board of county commissioners no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report as on other public records of the county.

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
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Title 19 O.S. § 531 states in part, “A. Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge...”

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

**SECTION 3—Findings related to the Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement**

**Finding 2022-012 – Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds**

**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 and loss of federal funds.

**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:** The BOCC is working 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.

**JACKSON COUNTY, OKLAHOMA  
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**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.

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 2022-013 – Lack of Internal Controls and Noncompliance with Allowable Cost/Cost Principles Over Federal Grant – Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF)**

**Condition:** During our audit, it was noted the County had subrecipients; however, the County does not have a subrecipient monitoring policy, nor did the County obtain subrecipient agreements comprising the following information:

- Subrecipient name.
- Subrecipient Authorized Representative and program contact information.
- Subrecipient Employee Identification Number (EIN) and Dun and Bradstreet Number (DUNS) number.
- Federal Award Identification Number (FAIN).
- Name of Federal Awarding Agency.
- Contact information for the official at the Federal Awarding Agency.
- Catalog of Assistance Listing Number and name.
- Federal award date.
- Federal award project description.
- Start and end date of the agreement.

**JACKSON COUNTY, OKLAHOMA  
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- A statement that all activities must be in accordance with federal statutes, regulations, and terms and conditions of the federal award.
- A detailed description of any additional requirements you want the subrecipient to be responsible for such as performance and/or financial reports, attending meetings and/or trainings etc.
- A statement about the monitoring activities, such as where/when they will take place; also include a statement indicating the subrecipient will collaborate on monitoring activities including providing requested financial documents.
- A statement indicating if any of the items in the agreement change during the period of performance, the agreement will be amended.
- Provide close out terms and conditions.

In addition, it was noted the County did not verify the subrecipients were not suspended or debarred.

Our audit of twelve (12) CSLFRF disbursements (100% of CSLFRF disbursements), reflected the following:

The County did not have adequate documentation attached to the following disbursements:

<b>Purchase Order</b>	<b>Purpose</b>	<b>Amount</b>
2194	Purchase Computer and Software for an EMS District	\$8,776
2197	Matching Funds for grant to purchase an ambulance for an EMS District	\$36,083
2198	Payroll for an EMS District	\$94,547

The County did not document if any bids were solicited and awarded for the following disbursements:

<b>Purchase Order</b>	<b>Purpose</b>	<b>Amount</b>
2197	Matching Funds for grant to purchase an ambulance for an EMS District	\$36,083

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the County complied with federal compliance requirements and state statutes.

**Effect of Condition:** This condition resulted in noncompliance with federal requirements and violation of state statutes.

**Recommendation:** OSAI recommends the County gain an understanding of the requirements for this program and design and implement policies and procedures to ensure compliance with grant requirements and county purchasing laws.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants.

**JACKSON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Criteria:** 2 CFR 200, §200.332 *Requirements for Pass-Through Entities* states in part:

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part.
- (6) Appropriate terms and conditions concerning closeout of the subaward.

Title 2 CFR § 200.318 General procurement standards reads in part as follows:

- (a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. ....

Title 19 O.S. § 1505 describes the purchasing procedures the county must adhere to.

Title 19 O.S. § 1505B prescribes the established bidding procedures for selecting a vendor for the purchase, lease-purchase, or rental of supplies, materials, equipment and information technology and telecommunication goods and services used by a county for the bidding of goods and/or services.

**Finding 2022-018 – Lack of Internal Controls Over Major Programs – Coronavirus State and Local Fiscal Recovery Funds Program**

**Condition:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that procedures have not been established to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles.

**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 attributed to the noncompliance with grant requirements and could result in a loss of federal funds to the County.

**JACKSON COUNTY, OKLAHOMA  
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**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:** The Board of County Commissioners is working with all County Officials to go over all grants and federal monies that the 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 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.



Cindy Byrd, CPA | State Auditor & Inspector

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