

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

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August 11, 2023

TO THE CITIZENS OF
KIOWA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Kiowa 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

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

Board of County Commissioners

District 1 – Tim Bingham
District 2 – Stan Funkhouser
District 3 – Gary Jennings

County Assessor

Buddy Jones, Jr.

County Clerk

Nikki Dodd

County Sheriff

Joe Janz

County Treasurer

Deanna Miller

Court Clerk

Kay Richards

District Attorney

David Thomas

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

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

 Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis 4

 Notes to the Financial Statement 5

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 11

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 12

 Note to Supplementary Information 13

 Schedule of Expenditures of Federal Awards 14

 Notes to the Schedule of Expenditures of Federal Awards 15

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 16

Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance Required by the Uniform Guidance..... 18

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

INTERNAL CONTROL AND COMPLIANCE SECTION - CONTINUED

Schedule of Findings and Questioned Costs.....	20
Appendix A: Corrective Action Plan (Prepared by County Management).....	30
Appendix B: Summary Schedule of Prior Audit Findings (Prepared by County Management)	32

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
KIOWA 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 Kiowa 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 Kiowa 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 Kiowa 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 Kiowa 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 August 7, 2023, on our consideration of Kiowa 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 Kiowa County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 7, 2023

REGULATORY BASIS FINANCIAL STATEMENT

KIOWA 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	\$ 734,136	\$ 1,310,475	\$ -	\$ -	\$ 1,269,282	\$ 775,329
County Highway Unrestricted	3,108,151	3,615,091	-	-	2,988,095	3,735,147
County Bridge and Road Improvement	1,091,028	276,294	-	-	-	1,367,322
Health	288,273	206,711	-	-	152,379	342,605
County Sinking	14,904	74	-	-	-	14,978
Sales Tax Free Fair	1,247	10,000	-	-	7,057	4,190
Sales Tax Museum	37	2,500	-	-	2,491	46
Sales Tax OSU Extension	102,605	25,000	-	-	65,360	62,245
Sales Tax Sheriff	148,161	278,641	-	-	241,410	185,392
Sales Tax Senior Citizens	7,143	25,000	-	-	24,509	7,634
Resale Property	119,079	62,300	33,363	-	44,669	170,073
Treasurer Mortgage Certification Fee	3,232	1,850	-	-	3,000	2,082
County Clerk Lien Fee	2,903	4,683	-	-	3,491	4,095
County Clerk Records Management	13,718	20,774	-	-	5,410	29,082
Assessor Revolving Fee	2,315	2,245	-	-	805	3,755
Sheriff Service Fee	59,996	99,703	-	-	99,381	60,318
Emergency Management	13,906	21,840	-	-	9,004	26,742
Sheriff Commissary	2,209	-	-	-	872	1,337
Local Emergency Planning Commission	4,737	2,000	-	-	170	6,567
Kiowa County Industrial Development	1,715	-	-	-	-	1,715
Court Clerk Payroll	12,076	33,615	-	-	40,235	5,456
REAP Grant	42,200	-	-	-	42,200	-
National Association of County and City Health Officials (NACCHO) Grant	-	4,883	-	-	1,287	3,596
BIA Projects Grants	-	3,232,474	-	-	3,232,474	-
Total - All County Funds	\$ 5,773,771	\$ 9,236,153	\$ 33,363	\$ -	\$ 8,233,581	\$ 6,809,706

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Kiowa 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.

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

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

County Sinking – accounts for the collection of delinquent taxes from an ad valorem tax levy to be disbursed for the payment of bond indebtedness. The bonds were paid in full in the 2018 fiscal year and the County has no current tax levy for this debt.

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

Sales Tax Free Fair – accounts for sales tax collections to be disbursed for the operations of the Kiowa County Free Fair.

Sales Tax Museum – accounts for sales tax collections to be disbursed for the operations of the Kiowa County Historical Society.

Sales Tax OSU Extension – accounts for sales tax collections to be disbursed for the operations of the Kiowa County OSU Extension.

Sales Tax Sheriff – accounts for sales tax collections to be disbursed for the operations of the Kiowa County Sheriff's Office.

Sales Tax Senior Citizens – accounts for sales tax collections to be disbursed for the operations of the seven senior citizens centers within Kiowa County and named as follows: Gotebo, Hobart, Lone Wolf, Mountain Park, Mountain View, Roosevelt, and Snyder.

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 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.

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

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

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

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.

Emergency Management – accounts for the collection of grant money and disbursed for equipment for Emergency Management.

Sheriff Commissary – accounts for revenues from profits on commissary sales from persons lawfully confined in the county jail under the County Sheriff and disbursements as restricted by state statute.

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

Local Emergency Planning Commission – accounts for the collection of state grant money to maintain the Civil Defense Coordinator within the Sheriff’s Department.

Kiowa County Industrial Development – accounts for the collections from tiles sold and disbursed for maintenance of tiles and to provide assistance to the 4-H program.

Court Clerk Payroll – accounts for funds collected by the Court Clerk and disbursements for payroll of Court Fund employees.

REAP Grant – accounts for the collection of state grant money and disbursements as restricted by the grant agreement.

National Association of County and City Health Officials (NACCHO) Grant – accounts for the collection of federal grant money and disbursements as restricted by the grant agreement.

BIA Projects Grants – accounts for the collection of federal grant money and disbursements as restricted by the grant agreement.

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

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

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. § 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.

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

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.

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

D. Sales Tax

The voters of Kiowa County approved a permanent one-half percent (1/2%) sales tax on April 6, 1993. This sales tax is to be distributed yearly as follows: \$10,000 for Kiowa County Free Fair; \$25,000 for the OSU Extension Center in Kiowa County; \$25,000 to be apportioned among the authorized Senior Citizen Centers of Gotebo, Hobart, Lone Wolf, Mountain Park, Mountain View, Roosevelt, and Snyder based on each towns percentage of total County population using the most recent decennial census; \$2,500 for the Kiowa County Historical Society; and the remaining balance of the funds to the Kiowa County Sheriff's Office to improve rural law enforcement.

These funds are accounted for in the following funds: Sales Tax Free Fair, Sales Tax OSU Extension, Sales Tax Museum, Sales Tax Sheriff, and Sales Tax Senior Citizens.

E. Interfund Transfers

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

- \$33,363 was transferred to the Resale Property fund from Excess Resale fund (a trust and agency fund) in accordance with 68 O.S. § 3131C.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 253,917	\$ 252,429	\$ 1,488
County Treasurer	154,292	149,131	5,161
County Commissioners	178,193	66,136	112,057
County Clerk	167,792	160,691	7,101
County Court Clerk	110,166	108,339	1,827
County Assessor	71,948	69,327	2,621
Visual Inspector	120,819	111,961	8,858
General Government	232,857	209,848	23,009
Excise Equalization	5,000	3,732	1,268
Election Board	91,493	85,602	5,891
Emergency Management	12,500	1,684	10,816
County Audit Budget	25,400	-	25,400
Provisions for Interest on Warrants	5	-	5
Total Expenditures, Budgetary Basis	\$ 1,424,382	\$ 1,218,880	\$ 205,502

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 447,576	\$ 181,757	\$ 265,819
Total Expenditures, Budgetary Basis	\$ 447,576	\$ 181,757	\$ 265,819

**KIOWA 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 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

**KIOWA 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 INTERIOR			
Direct Grant:			
Payments In Lieu of Taxes	15.226	N/A	\$ 49,227
Total U.S. Department of Interior			<u>49,227</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Transfer to the Bureau of Indian Affairs:			
Direct Grant:			
Highway Planning and Construction	20.205	J3-2912(004)	3,232,474
Total U.S. Department of Transportation			<u>3,232,474</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through the Oklahoma Department of Emergency Management			
Medical Reserve Corps Small Grant Program	93.008	MRC-20	1,287
Total U.S. Department of Health and Human Services			<u>1,287</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4438, 4587-DR-OK	116,024
Emergency Management Performance Grants	97.042	EMPG SLA	9,003
Total U.S. Department of Homeland Security			<u>125,027</u>
Total Expenditures of Federal Awards			<u>\$ 3,408,015</u>

**KIOWA 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 Kiowa 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

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

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
KIOWA 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 Kiowa County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Kiowa County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 7, 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 Kiowa 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 Kiowa County's internal control. Accordingly, we do not express an opinion on the effectiveness of Kiowa 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 2021-006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kiowa 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 2021-006.

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

Kiowa County's Response to Findings

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

August 7, 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
KIOWA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Kiowa 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 Kiowa 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 Kiowa 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.

Kiowa County's Response to Findings

Kiowa 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. Kiowa 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

August 7, 2023

**KIOWA 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(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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

**KIOWA 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 (Repeat Finding - 2010-001, 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 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, Information and Communication, and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address the Risk Assessment, Information and Communication, and Monitoring of the County.

Effect of Condition: 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.

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.

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.

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

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 2021-006 – Lack of Internal Controls and Noncompliance Over the Disbursement and Payroll Processes (Repeat Finding - 2003-002, 2010-005, 2011-005, 2012-005, 2016-006, 2017-006, 2018-006, 2019-006, 2020-006)

Condition: The County does not have an adequate segregation of duties over payroll 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 forty-four (44) disbursements reflected the following:

- Nine (9) instances were noted where the purchases were made prior to encumbrance of funds.
- One (1) instance was noted where supporting documentation was not attached to the purchase order.

Further, the following was noted:

- The names of the County Clerk and the Chairman of the Board are printed on all warrants and these warrants are not initialed by the official.
- A written explanation is not always documented for exceeding the encumbrance of a blanket purchase order.

Cause of Condition: Policies and procedures have not been designed and implemented with regards to segregation of duties and/or compensating controls of the disbursement and payroll process. Additionally, policies and procedures have not been designed and implemented to ensure the County is in compliance with state statute regarding the disbursement process.

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

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 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 initials are required for all signatures that are printed on warrants, and 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 departments the importance of county funds being encumbered prior to the receipt of goods and/or services. We will also ensure that a written explanation is attached to document the reason for exceeding the encumbrance of a blanket purchase order when needed.

County Clerk: We are in the process of implementing review processes for payroll. We will also either remove the pre-printed names or have the person initial beside their pre-printed name on the purchase orders and warrants.

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, GAO Standards - 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

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

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 – Highway Planning and Construction

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

ASSISTANCE LISTING: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; and Special Tests and Provisions

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.

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

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.

Also, 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 2021-011 – Lack of Internal Controls Over Major Federal Program – Highway Planning and Construction

PASS-THROUGH GRANTOR: Bureau of Indian Affairs

FEDERAL AGENCY: U.S. Department of Transportation

ASSISTANCE LISTING: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; and Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County's internal controls regarding federal disbursements, we noted that the County has not established procedures to ensure compliance with the

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

following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Procurement and Suspension and Debarment; and Special Tests and Provisions.

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 the County receives to ensure that proper internal controls are implemented.

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

The non-Federal entity must:

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

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 2021-005 - Lack of Internal Controls and Noncompliance Over Fixed Assets

Condition: Upon inquiry and observation of fixed assets inventory items, the following was noted:

- An annual fixed asset listing was not on file with the County Clerk for District 1, District 2, County Sheriff, and the County Health Department.

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

- The performance of the annual inventory count of fixed assets could not be verified for the County Sheriff and District 2.
- The same individual for the County Clerk’s office, posts and maintains the inventory list along with performing the annual inventory count of fixed assets.

Cause of Condition: Policies and procedures have not been designed and implemented by county offices/departments to ensure annual fixed asset listings are filed with the County Clerk and establish segregation of duties for those maintaining and posting to records of fixed assets and those performing the annual fixed asset count.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

Recommendation: OSAI recommends the County Officers implement internal controls to ensure compliance with 19 O.S. §§ 178.1, 178.3 regarding fixed assets. These controls would include that:

- Annual counts of fixed assets should be on file with the County Clerk in accordance with state statutes.

Management Response:

Chairman of the BOCC: The BOCC will discuss this with all county officials and the Health Department to comply with state statutes and take corrective action on the internal controls for fixed assets.

County Commissioner District 1: We will take corrective action and perform an annual count of fixed assets and file with the County Clerk.

County Commissioner District 2: We will take corrective action and perform an annual count of fixed assets and file with the County Clerk.

County Sheriff: We will take corrective action and perform an annual count of fixed assets and file with the County Clerk.

County Clerk: We will take corrective action and segregate the duties over fixed assets.

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

Objectives of an Entity – Compliance Objectives

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

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

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.24 states in part:

Objectives of an Entity - Safeguarding of Assets

Management designs an internal control system to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets.

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

Physical Control over Vulnerable Assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.”

Title 19 O.S. § 178.1 requires the board of county commissioners in each county of this state to take or cause to be taken, an annual inventory of all working tools, apparatus, machinery and equipment.

Title 19 O.S. § 178.3 requires the elected officials to create and maintain inventory records of their office and to file that with the County Clerk.

Finding 2021-007 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary fund the following exceptions were noted:

- Commissary proceeds were direct deposited into the Inmate Trust Fund Checking Account instead of deposited with the County Treasurer for the apportionment and appropriation to the Sheriff Commissary Fund in accordance with state statutes. The balance on hand for commissary proceeds at June 30, 2021 was \$3,440.43.
- An annual report for the Sheriff Commissary Fund was not completed and filed with the Board of County Commissioners by January 15th.

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

Effect of Condition: Without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of undetected errors and possible misappropriation of funds.

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

Recommendation: OSAI recommends management be aware of these conditions. Commissary proceeds should be deposited daily, or when received, with the County Treasurer for apportionment and appropriation into the Sheriff Commissary fund in accordance with 19 O.S. § 180.43D.

Further, an annual report of Sheriff Commissary should be prepared and filed with the BOCC by January 15 in accordance with 19 O.S. § 180.43D.

Management Response:

County Sheriff: The Inmate Trust Fund Checking Account was closed on October 11, 2022, commissary proceeds were deposited with the County Treasurer.

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. § 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...”

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...”

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

BOARD OF COUNTY COMMISSIONERS
Kiowa County Courthouse
316 South Main, P.O. Box 653
Hobart, OK 73651
(580) 726-3377

Commissioner Dist. 1-Tim Bingham Commissioner Dist. 2-Stun Funkhouser Commissioner Dist. 3-Gury Jennings

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

Finding No.	Title (Financial) or Assistance Listing No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	The Board of County Commissioners will work to hold quarterly meetings with all County Officials to assess and identify risks to establish county-wide internal controls.	7/1/2023	Tim Bingham, BOCC Chairman
2021-006	Lack of Internal Controls and Noncompliance Over the Disbursement and Payroll Processes	The Board of County Commissioners will work to implement a system of internal controls over disbursement processes to ensure compliance with state statutes.	7/1/2023	Tim Bingham, BOCC Chairman
2021-010	Assistance Listing Number 20.205 County-Wide Internal Controls Over Major Federal Program – Highway Planning and Construction	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	Tim Bingham, BOCC Chairman
2021-011	Assistance Listing Number 20.205 Lack of Internal Controls over Major Federal Program – Highway Planning and Construction	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.	7/1/2023	Tim Bingham, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

BOARD OF COUNTY COMMISSIONERS
Kiowa County Courthouse 316
South Main, P.O. Box 653
Hobart, OK 73651
(580) 726-3377

Commissioner Dist. 1-Tim Bingham Commissioner Dist. 2-Stnn Funkhouser Commissioner Dist. 3-Gary Jennings

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 2020-001, 2019-001, 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 2012-001, 2011-001, 2010-001

Lack of County-Wide Internal Controls

Finding Summary: County-wide controls regarding Risk Management, Information and Communication, and Monitoring have not been designed.

Status: Corrective action has not been taken.

Finding 2012-002, 2011-002, 2010-002

Lack of Internal Controls Over Receipting and Balancing Processes

Finding Summary: Although the County Treasurer has implemented some controls, employees that issue receipts also prepare the deposit and/or take the deposit to the bank, as well as balance cash drawers and perform daily bank reconciliations.

Status: Corrective action has been taken. The County Treasurer has designed review processes over key processes.

Finding 2011-003 , 2010-003

Lack of Internal Controls Over the Apportionment of Sales Tax

Finding Summary: A review of the apportionment process for sales tax distribution is conducted by the Treasurer's first deputy; however, documentation of this review including initialing and dating source information was not maintained by the Treasurer.

Status: Corrective action has been taken. The County Treasurer has designed a review process over the apportionment of sales tax.

Finding 2011-004, 2010-004

Lack of Internal Controls Over Pledged Collateral

Finding Summary: The County Treasurer does not monitor pledged collateral amounts to daily bank balances to ensure that County funds are adequately secured.

Status: Corrective action has been taken. The County Treasurer has designed a system to monitor bank balances to pledged collateral amounts on a daily basis.

Finding 2020-006, 2019-006, 2018-006, 2017-006, 2016-006, 2012-005, 2011-005, 2010-005

Lack of Internal Controls Over the Payroll Process

Finding Summary: Upon inquiry and observation of the payroll process, it was noted one employee enrolls new hires and inputs new hire information into the computer software with a review by a separate individual, however, audit evidence does not exist to support a review.

Status: Corrective action has not been taken.

Finding 2011-014

Overpayment of Wages and Benefits to Sheriff's Employee

Finding Summary: An employee of the Sheriff's Office was not timely removed from the payroll process and was overpaid \$7,851 in salary and benefits.

Status: Corrective action has been taken.

Finding 2011-016

Sheriff Miscellaneous Grant Fund

Finding Summary: The general ledger at June 30, 2011, reflects a negative balance for the Sheriff Miscellaneous Grants Cash Fund in the amount of \$684.

Status: Corrective action has been taken.

FEDERAL AUDIT FINDINGS

Finding 2011-010

Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listings No: 97.036

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

Federal Award Number: 1883

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: -0-

Finding Summary: Open

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 2011-011

Lack of Internal Controls Over Major Programs - FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listings No: 97.036

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

Federal Award Number: 1883

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Special Tests and Provisions

Questioned Costs: -0-

Finding Summary: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Special Tests and Provisions.

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 2011-015

Lack of County-Wide Internal Controls Over Major Federal Program – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

Assistance Listings No: 97.036

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

Federal Award Number: 1883

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: County-wide internal controls regarding Risk Management 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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