



LEFLORE COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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



June 30, 2022

TO THE CITIZENS OF
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore 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

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

Board of County Commissioners

District 1 – Derwin Gist
District 2 – Cody Covey
District 3 – Craig Olive

County Assessor

Gaylon E, Freeman

County Clerk

Kelli Ford

County Sheriff

Rodney Derryberry

County Treasurer

April Caughern

Court Clerk

Melba Hall

District Attorney

Jeff Smith

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

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
LeFLORE 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 LeFlore 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 LeFlore 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 LeFlore 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 of receipts, disbursements, and changes in cash balances for all county funds of LeFlore 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 June 23, 2022, on our consideration of LeFlore 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 LeFlore County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

June 23, 2022

REGULATORY BASIS FINANCIAL STATEMENT

LeFLORE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
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:						
General Fund	\$1,320,624	\$ 5,624,618	\$ 215,501	\$ 203,516	\$ 4,533,252	\$ 2,423,975
County Highway Unrestricted	2,728,776	10,488,368	92,578	4,735	10,079,850	3,225,137
Assessor Revolving Fee	7,557	4,477	-	-	3,554	8,480
County Clerk Lien Fee	9,413	24,891	22,470	-	27,709	29,065
Health	967,327	771,594	355	-	612,122	1,127,154
County Sinking	16,462	98	-	-	-	16,560
Emergency Management	285,508	24,278	45,353	1,073	17,015	337,051
LeFlore County Flood Plain	11,518	13,726	4,598	1,139	25,732	2,971
Mortgage Tax Certification Fee	30,179	9,575	-	-	705	39,049
Records, Maintenance and Preservation Cash Fund	24,298	113,130	2,100	-	49,594	89,934
Resale Property	678,646	524,185	409,555	200,000	353,444	1,058,942
Sheriff Corps Engineer Cash	13,135	21,934	210	-	18,001	17,278
Sheriff Department of Corrections	7	-	-	7	-	-
Hospital - ST	-	2,082,381	-	-	2,082,381	-
Sheriff Service Fee	96,698	222,677	375,327	-	360,329	334,373
Solid Waste - ST	168,534	2,082,380	-	-	2,051,054	199,860
911 Phone Fees	253,249	751,185	198,402	1,240	636,184	565,412
Jail Bond - ST	168,534	2,082,381	-	-	2,051,054	199,861
Jail - ST	84,267	1,041,192	-	-	1,025,528	99,931
County Reward Fund	3,517	493	-	-	-	4,010
EMPG/SLA	30,353	25,000	-	45,353	-	10,000
DOC Community Sentencing	20,480	-	-	20,480	-	-
County Road and Bridge Improvement	1,857,304	418,017	-	73,812	378,017	1,823,492
Sheriff Training Program	7	600	-	-	-	607
Sheriff K-9	2,500	-	-	2,500	-	-
Big Cedar Fire Department	65	-	-	65	-	-
Ft. Coffee Fire Department	139	-	-	139	-	-
Haw Creek Fire Department	100	-	-	100	-	-
Leflore Fire Department	85	-	-	85	-	-
Octavia Rural Fire Department	166	-	-	166	-	-
Summerfield Fire Department	16	-	-	16	-	-
Rural Fire - ST	1,280,726	1,047,101	571	26,700	772,627	1,529,071
Local Emergency Planning Grant	7,544	125	-	-	7,015	654
Drug Court	249,347	305,627	-	1,966	276,697	276,311
PHVAC	9,246	-	-	-	-	9,246
Choctaw Nation Highway Contribution	134,000	86,100	-	-	-	220,100
Free Fair Board	13,723	-	-	-	5,325	8,398
KEDDO-REAP	-	94,473	-	-	93,312	1,161
County Donations	153	74,529	49,738	8,426	34,299	81,695
Child Advocacy Grant Fund	-	32,786	-	-	31,708	1,078
Covid Aid and Relief	-	1,254,922	-	1,084,070	902	169,950
Mental Health	-	44,115	800	-	2,963	41,952
Oklahoma Bar Fund	-	23,630	-	-	-	23,630
American Rescue Plan Act	-	4,841,681	-	-	-	4,841,681
19 REAP K3017	1,807	-	-	-	1,807	-
19 REAP K3018	-	13,843	-	-	13,843	-
Total - All County Funds	\$10,476,010	\$ 34,146,112	\$ 1,417,558	\$ 1,675,588	\$ 25,546,023	\$ 18,818,069

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

LeFlore 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, 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, 2021, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

General Fund – 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.

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

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

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

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

County Sinking – accounts for debt service receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

Emergency Management – accounts for revenues from the collection of state and federal public assistance grants. Disbursements are restricted by grant requirements.

LeFlore County Flood Plain – accounts for revenues from fees collected from inspections and assessments of flood plain areas. Disbursements are for the general operations of the emergency management office.

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

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

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

Sheriff Corps Engineer Cash – accounts for revenues from the Corp of Engineers for the purpose of supplying additional lake patrol.

Sheriff Department of Corrections – accounts for revenues from the State of Oklahoma for the boarding and feeding of Department of Corrections’ prisoners.

Hospital - ST – accounts for sales tax collections to be disbursed specifically in accordance with the sales tax ballots approved by the voters of LeFlore County.

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

Solid Waste - ST – accounts for sales tax collections to be disbursed specifically in accordance with the sales tax ballot approved by the voters of LeFlore County.

911 Phone Fees – accounts for revenues received from private telephone companies for the operations of emergency 911 services.

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

Jail Bond - ST – accounts for sales tax collections to be disbursed specifically in accordance with sales tax ballots approved by the voters of LeFlore County.

Jail - ST – accounts for sales tax collections to be disbursed specifically in accordance with sales tax ballots approved by the voters of LeFlore County.

County Reward Fund – accounts for revenues from state and count penalties collected for littering. Disbursements are restricted to be used for litter prevention.

EMPG/SLA – accounts for federal grant money and disbursements for the operations of the County Emergency Management Department.

DOC Community Sentencing – accounts for revenues from local fees collected from participants in the community sentencing program. Disbursements are for the operation of the community sentencing program.

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

Sheriff Training Program – accounts for revenues from confiscated monies. Disbursements are used for training purposes.

Sheriff K-9 – revenues are from donations. Disbursements are for expenses related to canine fleet.

Big Cedar Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Ft. Coffee Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Haw Creek Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

LeFlore Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Octavia Rural Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Summerfield Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

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

Rural Fire - ST – accounts for the sales tax collections received for operating and maintaining the fire districts.

Local Emergency Planning Grant – accounts for revenues from federal and state grants for hazard materials preparedness. Disbursements are restricted by grant requirements.

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

PHVAC – accounts for funds acquired by the Oklahoma State Department of Health from an insurance payment for the loss of vaccine supplies. Disbursements are to be used to purchase vaccine supplies.

Choctaw Nation Highway Contribution – accounts for donations from the Choctaw Nation. Disbursements are for road maintenance.

Free Fair Board – accounts for fees and donations collected for rentals and events held at the fairgrounds. Disbursements are for the general operations of the Fairgrounds facility.

KEDDO-REAP – accounts for revenues from state REAP funds. Disbursements are for road improvements.

County Donations – accounts for donations made to the County. Disbursements are for the specific purpose for which it was donated.

Child Advocacy Grant Fund – accounts for revenues from a federal grant to be used for payroll expenses for an investigator in the County Sheriff's office.

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

Mental Health – accounts for funds received from the Oklahoma Department of Mental Health and Substance Abuse Services to be expended for the operation of the Mental Health Drug Court program.

Oklahoma Bar Fund – accounts for funds donated from the Oklahoma Bar Association and to be specifically used for the purchase of smart boards for the court rooms.

American Rescue Plan Act – accounts for federal grant monies received from the American Rescue Plan Act. Disbursements are restricted per federal grant guidelines.

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

19 REAP K3017 – accounts for revenues from state REAP funds. Disbursements are for road improvements.

19 REAP K3018 – accounts for revenues from state REAP funds. Disbursements are for road improvements.

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 May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

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.

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

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

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

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

2. Ad Valorem Tax

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

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

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

3. Other Information

A. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and

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

amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

D. Sales Tax

Sales Tax of February 9, 1993

The voters of LeFlore County approved a one-half of one percent (1/2%) sales tax on February 9, 1993. This sales tax is permanent. The sales tax was established to provide revenue for solid waste purposes only. These funds are accounted for in the Solid Waste - ST fund.

Sales Tax of August 12, 2003

The voters of LeFlore County approved a three-quarters of one percent (3/4%) sales tax on August 12, 2003. This sales tax was established to provide revenue for the County Public Buildings Authority for the acquisition, remodel, construction, financing, furnishing, and equipping of a county jail and criminal justice facility, and courthouse renovation and annex, parking lots, streets

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

and other capital facilities, including OSU Extension Service offices, County Election Board offices, debt service, and public meeting rooms. Of this sales tax one-quarter of one percent (1/4%) is permanent and is to be used for the continuing maintenance and operations of the facility. The remaining one-half of one percent (1/2%) is to terminate after 20 years or at the date of retirement of any debt incurred related thereto, whichever occurs earlier. These funds are accounted for in the Jail Bond -ST and Jail - ST funds.

Sales Tax of July 27, 2010

The voters of LeFlore County approved a permanent one-quarter of one percent (1/4%) sales tax on July 27, 2010. This sales tax was established to provide funding for the following fire departments: Arkoma, Big Cedar, Bokoshe, Cowlington, Fanshawe, Ft. Coffee, Haw Creek, Heavener, Hodgen, Hogeeye, Honobia, Howe, Latham Dog Creek, LeFlore, Monroe, Murry Spur, Octavia, Panama, Pocola, Post Mountain, Poteau, Reichert, Shady Point, Spiro, Stapp-Zoe, Summerfield, Talihina, Whitesboro, Wister, or other hereinafter established, for such fire protection as may be deemed necessary by the Board of County Commissioners (BOCC). These funds are accounted for in funds named after each of the fire departments listed above, except for Stapp-Zoe which is no longer in existence.

Sales Tax of August 26, 2014

On August 26, 2014, the voters of LeFlore County approved a one-half of one percent (1/2%) sales tax effective January 2015. This sales tax is permanent. The sales tax is established to provide revenue for improvements and operations of the Eastern Oklahoma Medical Center Hospital in LeFlore County. These funds are accounted for in the Hospital - ST fund.

E. Interfund Transfers

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

- \$200,000 was transferred from the Resale Property fund to the General Fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.
- \$200,000 was transferred from the General Fund to the Resale Property fund for repayment of the loan in accordance with 68 O.S. § 3021
- \$8,426 was transferred from the County Donations fund to the General Fund for prior year COVID related purchases made prior to the COVID Aid and Relief fund being created.
- \$1,084,070 was transferred from the COVID Aid and Relief Fund to the following funds for reimbursement of prior year COVID related expenditures:

Fund	Amount
911 Phone Fees	\$194,942
County Donations	\$47,238
Health	\$355
County Clerk Lien Fee	\$4,195

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

Fund (Continued)	Amount
County Highway Unrestricted	\$15,749
LeFlore County Public Building Authority LCPBA (trust and agency fund)	\$444,082
Resale Property	\$3,018
Sheriff Service Fee	\$374,491

- \$206,537 was transferred from the Excess Resale Fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131c.
- \$73,812 was transferred from the County Road and Bridge Improvement fund to the County Highway Unrestricted fund for project cost reimbursement.

The following funds were consolidated in order to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.

- \$4,825 was transferred from the Rural Fire - ST fund to the General Fund.
- \$2,250 was transferred from the County Highway Unrestricted fund to the General Fund.
- \$807 was transferred from the General Fund to the County Highway Unrestricted fund.
- \$1,250 was transferred from the General Fund to the LeFlore County Flood Plain fund.
- \$18,275 was transferred from the Rural Fire - ST fund to the County Clerk Lien Fee fund.
- \$2,100 was transferred from the Rural Fire - ST fund to the Records, Maintenance and Preservation Cash Fund.
- \$1,166 was transferred from the Drug Court fund to the County Highway Unrestricted fund
- \$638 was transferred from the LeFlore County Flood Plain fund to the County Highway Unrestricted fund.
- \$1,459 was transferred from the General Fund to the 911 Phone Fees fund.
- \$834 was transferred from the 911 Phone Fees fund to the Sheriff Service Fee fund.
- \$2,275 was transferred from the County Highway Unrestricted fund to the LeFlore County Flood Plain fund.
- \$210 was transferred from the County Highway Unrestricted fund to the Sheriff Corps Engineer Cash fund.
- \$501 was transferred from the LeFlore County Flood Plain fund to the 911 Phone Fees fund.
- \$406 was transferred from the 911 Phone Fees fund to the County Highway Unrestricted fund.
- \$1,500 was transferred from the Rural Fire - ST fund to the 911 Phone Fees fund.
- \$1,073 was transferred from the Emergency Management fund to the LeFlore County Flood Plain.
- \$800 was transferred from the Drug Court fund to the Mental Health fund.
- \$45,353 was transferred from the EMPG/SLA fund to the Emergency Management fund.
- \$2 was transferred from the JSFA fund, a trust and agency fund, to the Sheriff Service Fee fund.

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

- \$20,480 was transferred from the DOC Community Sentencing fund to the Jail Authority fund, a trust and agency fund.
- \$7 was transferred from the Sheriff Department of Corrections fund to the Jail Authority fund, a trust and agency fund.
- \$2,500 was transferred from the Sheriff K-9 fund to the County Donations fund.
- \$571 was transferred from the following individual fire department funds to the Rural Fire - ST fund:
 - \$65 from Big Cedar Fire Department.
 - \$139 from Ft. Coffee Fire Department.
 - \$100 from Haw Creek Rural Fire Department.
 - \$85 from LeFlore Fire Department.
 - \$166 from Octavia Rural Fire Department.
 - \$16 from Summerfield Fire Department.

SUPPLEMENTARY INFORMATION

LeFLORE 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	\$ 738,023	\$ 675,393	\$ 62,630
County Treasurer	172,314	138,988	33,326
County Commissioners	164,138	164,138	-
County Commissioners O.S.U. Extension	96,500	9,360	87,140
County Clerk	347,013	343,134	3,879
Court Clerk	384,713	376,781	7,932
County Assessor	155,375	152,944	2,431
Revaluation of Real Property	495,738	453,145	42,593
General Government	2,079,022	1,791,400	287,622
Excise - Equalization Board	5,000	2,148	2,852
County Election Expense	196,986	189,010	7,976
Charity	250	-	250
Emergency Management	54,752	54,533	219
County Audit Budget Account	68,855	68,497	358
County Detention Center	126,671	126,671	-
Provisions for Interest	31,888	31,888	-
Total Expenditures, Budgetary Basis	\$ 5,117,238	\$ 4,578,030	\$ 539,208

LeFLORE 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	\$ 1,618,853	\$ 638,890	\$ 979,963
Total Expenditures, Budgetary Basis	\$ 1,618,853	\$ 638,890	\$ 979,963

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**LeFLORE 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 AGRICULTURE			
Passed Through Oklahoma State Treasurer:			
Schools and Roads - Grants to States	10.665		\$ 447,724
Total U.S. Department of Agriculture			<u>447,724</u>
U.S. DEPARTMENT OF DEFENSE			
Direct Grant:			
Payments to States in Lieu of Real Estate Taxes	12.112		21,059
Total U.S. Department of Defense			<u>21,059</u>
U.S. DEPARTMENT OF INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		310,218
Total U.S. Department of Interior			<u>310,218</u>
U.S. DEPARTMENT OF JUSTICE			
Passed Through Oklahoma District Attorneys Council:			
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2017-WR-AX-0016	31,708
Total U.S. Department of Justice			<u>31,708</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0257	1,254,922
Total U.S. Department of the Treasury			<u>1,254,922</u>
U.S. ELECTION ASSISTANCE COMMISSION			
Passed Through Oklahoma State Election Board:			
HAVA Election Security Grants	90.404		2,988
Total U.S. Election Assistance Commission			<u>2,988</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4222	24,278
Hazardous Mitigation Grant	97.039		4,870
Emergency Management Performance Grants	97.042		20,000
Total U.S. Department of Homeland Security			<u>49,148</u>
Total Expenditures of Federal Awards			<u>\$ 2,117,767</u>

LeFLORE 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 LeFlore 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

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 11, 2021, the President of the United States signed the COVID-19 Relief Bill into law. LeFlore County received \$1,254,922 in federal relief funds. The County incurred \$604,394 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 16, 2020 through June 30, 2020, and were accounted for in the County's June 30, 2020, financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$603,394 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$650,528 that were incurred in the fiscal year ending June 30, 2021.

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
LeFLORE 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 funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of LeFlore County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise LeFlore County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 23, 2022.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 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 LeFlore County's internal control over financial reporting (internal control) as a basis of 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 LeFlore County's internal control. Accordingly, we do not express an opinion on the effectiveness of LeFlore 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, 2021-006, and 2021-009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LeFlore 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

LeFlore County's Response to Findings

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

June 23, 2022



**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
LEFLORE COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, LeFlore 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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-013 and 2021-014. Our opinion on each major federal program is not modified with respect to these matters.

LeFlore County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. LeFlore County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of LeFlore 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 LeFlore 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 LeFlore County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-010, 2021-011, and 2021-012, to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-013 and 2021-014, to be significant deficiencies.

LeFlore County's Response to Findings

LeFlore 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. LeFlore 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

June 23, 2022

**LeFLORE 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? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? Yes

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>
21.019	Coronavirus Relief Fund

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

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

**LeFLORE 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 - 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 controls regarding Risk Assessment and Monitoring have not been designed.

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

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

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

Management Response:

Chairman of the Board of County Commissioners: The County has implemented Form 500 provided by OSAI, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We had a meeting addressing Control Environment on September 27, 2021. Our future meetings will consist of different topics each time such as Risk Assessment, Information and Communication, and Monitoring.

County Clerk: Leflore County implemented OSAI Form 500. The County has also started having quarterly meetings with a rotation of county officers. The meetings were scheduled on August 9, 2021, and the first meeting was held on September 27, 2021, on Control Environment, the second on December 27, 2021, regarding Risk Assessment the third on March 28, 2022, regarding Information and Communication. The fourth meeting is scheduled for June 27, 2022, regarding Monitoring.

County Treasurer: Leflore County implemented the OSAI Form 500 that was recommended in prior years. We have started having quarterly officers meeting with a rotation of county officers. The first meeting was held on September 27, 2021, over Control Environment with the officers being County Commissioner District 3, County Clerk, and County Commissioner District 2. The second quarterly meeting was held December 27, 2021, over Risk Assessment with officers being County Commissioner District 1, Court Clerk, and County Sheriff. The third meeting was held on March 28, 2022 over Information and

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

Communication with officers being County Commissioner District 2, County Treasurer, and County Assessor. Our next quarterly meeting is scheduled for June 27, 2022.

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 Controls – OV1.01 states in part:

Definition of Internal Controls

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

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

Components, Principles, and Attributes

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

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

Finding 2021-006 – Lack of Internal Controls Over the Payroll Process (Repeat Finding – 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2016-008, 2017-009, 2018-008, 2019-006, 2020-007)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that the County Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the payroll process.

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

Recommendation: OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of

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

duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

Management Response:

County Clerk: This process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.

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

Segregation of Duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Finding 2021-009 – Lack of Internal Controls Over Presentation of Financial Statement

Condition: The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, we determined that the beginning cash balances, receipts apportioned, transfer in, and transfer out, disbursements, and ending cash balances were misstated as shown below:

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

	Beginning Cash Balance July 1, 2020	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balance June 30, 2021
Initial	\$11,420,181	\$35,085,736	\$1,673,619	\$1,694,045	\$25,671,762	\$20,813,729
Amended	<u>10,476,010</u>	<u>34,146,112</u>	<u>1,417,558</u>	<u>1,675,588</u>	<u>25,546,023</u>	<u>18,818,070</u>
Variance	\$ <u>944,171</u>	\$ <u>939,624</u>	\$ <u>256,061</u>	\$ <u>18,457</u>	\$ <u>125,739</u>	\$ <u>1,995,659</u>

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that the County’s financial statement is accurately presented.

Effect of Condition: This condition resulted in the County’s financial statement being materially misstated.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure the County’s financial statements are reviewed for accuracy and completeness and are free from error and misstatement.

Management Response:

Chairman of the Board of County Commissioners: The County will gain better insight on implementing procedures to ensure the beginning balance, receipts apportioned, transfers in, transfers out, cash disbursements and ending balance are accurately reported on the financial statement.

County Treasurer: This finding has been noted, and we are continuing to work on improving these errors and ensure that the financial statement is correct.

Criteria: The GAO Standards – Principle 14 – Communicate Internally – 14.01 states in part:

Management should internally communicate the necessary quality information to achieve the entity’s objectives.

Additionally, Principle 14 – Communication throughout the Entity states:

14.02 – Management communicates quality information throughout the entity using established reporting lines. Quality information is communicated down, across, up, and around reporting lines to all levels of the entity.

14.04 – Management receives quality information about the entity’s operational processes that flows up the reporting lines from personnel to help management achieve the entity’s objectives.

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

Additionally, Principle 16 – Perform Monitoring Activities states in part:

16.05 - 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.

Additionally, GAO Standards OV2.21 states in part: “Reporting objectives relate to the preparation of reports for use by the entity, its stakeholders, or other external parties. Objectives related to gathering and communication information needed by management to support decision making and evaluation of the entity’s performance.

Additionally, the limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part:

Agreement of the Responsibilities of Management

“The concept of an independent audit required that the auditor’s role does not involve assuming management’s responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity’s related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

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 Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA) (Repeat Finding - 2018-013, 2019-011, 2020-011)

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

Condition: During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by the County, we identified federal programs that were not listed accurately which resulted in federal expenditures being understated by \$636,259.

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

Cause of Condition: Policies and procedures have not been designed and implemented to ensure accurate reporting of expenditures for all federal awards.

Effect of Condition: This condition resulted in inaccurate recording of the federal expenditures on the SEFA.

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to LeFlore County. Internal control procedures should be designed and implemented to ensure accurate reporting of expenditures on the SEFA and to ensure compliance with federal requirements.

Management Response:

Chairman of the Board of County Commissioners: The County has made changes to get a better understanding of federal programs awarded to LeFlore County and reporting expenditures on the SEFA and will ensure federal requirements are met.

County Clerk: The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding ALN and where to find them.

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

The non-Federal entity must:

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

2 CFR § 200.508(b) Auditee responsibilities reads as follows:

The auditee must:

Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.

2 CFR § 200.510(b) Financial statements reads, in part, as follows:

Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

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

Further, 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.

Finding 2021-011 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

Condition: County-wide 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 to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance to grant requirements and loss of federal funds to the county.

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

Management Response:

Chairman Board of County Commissioners: We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant program and now we know and understand the grant requirements and reporting better.

County Clerk: The County is working to further its knowledge regarding relief funds. Due to this being a federal grant program that was the first of its kinds for county government now we know and understand this type of federal program better and are continuing to seek guidance on requirements and guidelines for such programs.

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

County Treasurer: The County is working to further the knowledge regarding this federal grant program. This relief effort was the first of its kind for county government. We will work harder to have a better understanding of the requirements needed to ensure compliance.

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

Definition of Internal Controls

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 2021-012 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund

PASS THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of the Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD YEAR: 2021

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

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements for Coronavirus Relief fund, we noted that LeFlore County has not established procedures

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

to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

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

Effect of Condition: This condition could result in noncompliance to grant requirements and 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 Board of County Commissioners: We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant program and now we know and understand the requirements and reporting better.

County Clerk: The County is working to further its knowledge regarding relief funds. Due to this being a federal grant program that was the first of its kinds for county government now we know and understand this type of federal program better and are continuing to seek guidance on requirements and guidelines for such programs.

County Treasurer: The County is working to further the knowledge regarding the federal grant program. This relief effort was the first of its kind for county government. We will work harder to have a better understanding of the requirements needed to ensure compliance.

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

Definition of Internal Controls

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.

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).

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

Finding 2021-013 – Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

PASS-THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0257

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

QUESTIONED COSTS: \$59,797

Condition: During the test of 100% of federal expenditures for Coronavirus Relief Fund, program disbursements totaling \$59,797 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles due to unsubstantiated, duplicated and ineligible costs.

- Reimbursed payroll expenditures totaling \$11,667 were previously reimbursed by another federal program.
- Expenses of \$1,245 were submitted twice on purchase orders 1010 and 1091.
- Enforced leave expenditures totaling \$1,306 were not supported by adequate documentation.
- Payroll expenditures totaling \$45,579 were not supported by adequate documentation to determine costs were incurred for allowable activities and allowable cost.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with federal grant requirements.

Effect of Condition: This condition resulted in noncompliance with federal grant requirements for this program and could result in loss of federal funds.

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.

Management Response:

Chairman of the Board of County Commissioners: We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant program fund and now we know and understand the requirements and reporting better.

County Clerk: The County is working to further its knowledge regarding relief funds. Due to this being a federal grant program that was the first of its kinds for county government now we know and understand this type of federal program better and are continuing to seek guidance on requirements and guidelines for such programs.

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

County Treasurer: The County is working to further the knowledge regarding this federal grant program. This relief effort was the first of its kind for county government. We will work harder to have a better understanding of the requirements needed to ensure compliance.

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

The non-Federal entity must:

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

Additionally, *2 CFR § 200.403 - Factors affecting allowability costs* states in part, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.

The Department of the Treasury Federal Register, Vol. 86, No. 10 states in part, “Fund payments may not be used for expenses that have been or will be reimbursed by another federal program.”

Additionally, guidance provided in the Subrecipient Agreement - *Federal Funding Certification* executed June 30, 2020 between LeFlore County and the State of Oklahoma states in part,

4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

6. Any local government entity receiving funds pursuant to this certification shall retain documentation of all uses of the funds,...

8. Any funds provided pursuant to this certification cannot be used as a revenue replacement for lower than expected tax or other revenue collections.

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

10. I acknowledge and certify that Recipient has not received, and will not apply for, federal funds from any other source, to reimburse it for the expenditures for which funds are sought pursuant hereto.

Finding 2021-014 – Noncompliance Over Major Federal Program – Period of Performance

PASS-THROUGH GRANTOR: Oklahoma Office of Management and Enterprise Services

FEDERAL AGENCY: U.S. Department of Treasury

ASSISTANCE LISTING: 21.019

FEDERAL PROGRAM NAME: Coronavirus Relief Fund

FEDERAL AWARD NUMBER: SA-0257

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Period of Performance

QUESTIONED COSTS: \$21,279

Condition: During the test of 100% of federal expenditures for Coronavirus Relief Fund, program disbursements totaling \$21,279 were not expended in accordance with the period of performances due to unsubstantiated and ineligible cost.

Cause of Condition: Policies and procedures have not been design\ed and implemented to ensure compliance with federal grant requirements.

Effect of Condition: This condition resulted in noncompliance with federal grant requirements for this program and could result in loss of federal funds.

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 these grant requirements.

Management Response:

Chairman of the Board of County Commissioners: We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of federal grant and now we know and understand the requirements and reporting better.

County Clerk: The County is working to further its knowledge regarding relief funds. Due to this being a federal grant that was the first of its kinds for county government now know and understand this type of federal program better and are continuing to seek guidance on requirements and guidelines for such programs.

County Treasurer: The County is working to further the knowledge regarding this federal grant. This relief effort was the first of its kind for county government. We will work harder to have a better understanding of the requirements needed to ensure compliance.

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

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

The non-Federal entity must:

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

The Department of the Treasury Federal Register, Vol. 86, No. 10 states, “The CARES [Coronavirus Aid, Relief, & Economic Security] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

This guidance further states, “...for a cost to be considered to have been incurred, performance or delivery must occur during the covered period.”

Additionally, guidance provided in the Subrecipient Agreement - *Federal Funding Certification* executed June 5, 2020 between LeFlore County and the State of Oklahoma states in part,

4. Funds provided as direct payment from the State of Oklahoma pursuant to this certification for necessary expenditures that were or will be incurred during the period that begins on March 1, 2020, and ending on December 30, 2020, that are not expended on those necessary expenditures on or before March 31, 2021, by the political subdivision or its grantee(s), must be returned to the State of Oklahoma on or before April 1, 2021.

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

DERWIN GIST
 District # 1 – Spiro
 Shop: 918-962-9471

CODY COVEY
 District # 2 – Poteau
 Shop: 918-647-3600

CRAIG OLIVE
 District # 3 - Heavener
 Shop: 918-653-4494

**LEFLORE COUNTY
 BOARD OF COUNTY COMMISSIONERS
 POST OFFICE BOX 607
 POTEAU, OKLAHOMA 74953
 Telephone: 918-647-2527**

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

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	The county has implemented form 500 provided by SA&I, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We had a meeting addressing Control Environment on September 27, 2021. Our future meetings will consist of different topics each time such as Risk Assessment, Information and Communication and Monitoring.	8-9-2021 rotation of meetings began	Craig Olive, BOCC Chairman
2021-006	Lack of Internal Controls Over the Payroll Process	This process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.	4-1-22	Kelli Ford, County Clerk
2021-009	Lack of Internal Controls Over Presentation of Financial Statement	The county will gain better insight on implementing procedures to ensure the cash receipts and cash disbursements are more reported accurately on the financial statement. This finding has been noted, and we are continuing to work on improving these errors and ensure that the financial statement is correct.	4-1-22	Craig Olive, BOCC Chairman & April Caughern County Treasurer
2021-010	Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)	The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding CFDA numbers and where to find them.	4-11-22 had co. wide meeting regarding SEFA	Kelli Ford, County Clerk
2020-011	Lack of County-Wide Controls Over Major Federal Program-Coronavirus Relief Fund	We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of relief fund and now we know and understand the requirements and reporting better.	7-1-22	Craig Olive, BOCC Chairman

2021-012	Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund	We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of relief fund and now we know and understand the requirements and reporting better.	7-1-22	Craig Olive, BOCC Chairman
2021-013	Noncompliance Over Major Federal Program – Activities Allowed or Unallowed and Allowable Costs/Cost Principles	We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of relief fund and now we know and understand the requirements and reporting better.	7-1-22	Craig Olive, BOCC Chairman
2021-014	Noncompliance Over Major Federal Program- Period of Performance	We will create and follow policies and procedures to adhere to the grant requirements. This was the first time we had this kind of relief fund and now we know and understand the requirements and reporting better.	7-1-22	Craig Olive, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

DERWIN GIST
District # 1 – Spiro
Shop: 918-962-9471

CODY COVEY
District # 2 – Poteau
Shop: 918-647-3600

CRAIG OLIVE
District # 3 - Heavener
Shop: 918-653-4494

**LEFLORE COUNTY
BOARD OF COUNTY COMMISSIONERS
POST OFFICE BOX 607
POTEAU, OKLAHOMA 74953
Telephone: 918-647-2527**

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

**Finding 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001
Inadequate County-Wide Controls**

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

Status: Partially Corrected. The county has implemented form 500 provided by SA&I, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We also had a controlled Environment meeting September 27, 2021. Our future meetings will consist of different topics each time such as risk assessment, information communication and monitoring.

**Finding 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2016-008, 2017-009, 2018-008, 2019-006, 2020-007
Inadequate Segregation of Duties Over the Payroll Process**

Finding Summary: Upon inquiry and observation of the County's payroll process, it was noted that the County Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Status: Partially corrected: The process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.

Finding 2020-010– Lack of Internal Controls over Presentation of Financial Statement

Finding Summary: The County has not designed and implemented internal controls for the presentation of the County financial statement. During the review and reconciliation of the financial statement (F.S.) as initially prepared by the County, we determined the preparer of the F.S. did not report accurate numbers.

Status: No Corrective action was taken. The county will gain better insight on implementing procedures to ensure the cash receipts and cash disbursements are more reported accurately on the financial statement.

Finding 2018-013, 2019-011, 2020-011 – Inadequate Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Earmarking

QUESTIONED COSTS: \$-0-

Condition: The County has not designed and implemented formal internal controls for the reporting of its federal programs as required by federal regulations.

Status: No corrective action taken. The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding CFDA numbers and where to find them.

Finding 2015-020, 2016-018, 2017-019, 2018-014, 2019-012, 2020-012

Inadequate County-Wide Controls Over Major Federal Programs – Schools and Roads – Grants to States

PASS-THROUGH GRANTOR: Oklahoma State Treasurer, Oklahoma

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management and Earmarking

QUESTIONED COSTS: \$-0-

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

Status: No corrective action taken. The County will gain a better sense of compliance to ensure the grant requirements are met. We will work to establish a better internal control system by practicing better communication and information as well.

Finding 2015-021, 2016-019, 2017-020, 2018-015, 2019-013, 2020-013

Inadequate Internal Controls Over Major Federal Programs – Schools and Roads – Grants to States

PASS-THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States

FEDERAL AWARD YEAR: 2020

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management and Earmarking

QUESTIONED COSTS: \$-0-

Condition: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Earmarking.

Status: No corrective action taken. The county will gain a better understanding of the requirements to ensure compliance.

O·K·L·A·H·O·M·A
SAI
STATE AUDITOR & INSPECTOR



Cindy Byrd, CPA | State Auditor & Inspector

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