



MAYES COUNTY

Financial Report with ACE Engagement

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**MAYES COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.



OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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

February 7, 2025

TO THE CITIZENS OF
MAYES COUNTY, OKLAHOMA

Transmitted herewith is the audit of Mayes County, Oklahoma for the fiscal year ended June 30, 2023.
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". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**MAYES COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Board of County Commissioners

District 1 – Alva Martin
District 2 – Darrell Yoder
District 3 – Randy Pierce

County Assessor

Yolanda Thompson

County Clerk

Brittany True-Howard

County Sheriff

Mike Reed

County Treasurer

Bobbie Martin

Court Clerk

Jenifer Clinton

District Attorney

Matt Ballard

**MAYES COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

FINANCIAL SECTION

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

SUPPLEMENTARY INFORMATION

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

INTERNAL CONTROL AND COMPLIANCE SECTION

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 16 |
| Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement..... | 18 |
| Schedule of Findings and Responses | 20 |

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MAYES COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Mayes County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Mayes County, as of and for the year ended June 30, 2023, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Mayes County as of June 30, 2023, or changes in financial position for the year then ended.

Basis for Opinions

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

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

As described in Note 1, the financial statement is prepared by Mayes County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mayes County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mayes County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of Mayes 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 Mayes County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 12, 2024

REGULATORY BASIS FINANCIAL STATEMENT

MAYES COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Beginning Cash Balances July 1, 2022 | Receipts Apportioned | Transfers In | Transfers Out | Disbursements | Ending Cash Balances June 30, 2023 |
|------------------------------------------------------|--------------------------------------------|-------------------------|------------------|------------------|----------------------|------------------------------------------|
| County Funds: | | | | | | |
| County General | \$ 14,329,073 | \$ 19,214,560 | \$ 13,691 | \$ - | \$ 20,860,822 | \$ 12,696,502 |
| County Highway Unrestricted | 2,426,948 | 3,689,568 | - | - | 3,105,510 | 3,011,006 |
| Sheriff Commissary | 122,344 | 112,084 | - | - | 70,137 | 164,291 |
| Health | 3,413,631 | 2,019,276 | - | - | 981,269 | 4,451,638 |
| Resale Property | 1,044,201 | 336,883 | 47,902 | - | 317,510 | 1,111,476 |
| Sheriff Service Fee | 1,071,979 | 1,026,537 | - | - | 676,636 | 1,421,880 |
| Treasurer Mortgage Certification | 50,381 | 9,405 | - | - | - | 59,786 |
| Community Service Sentencing Program | 6,524 | - | - | - | - | 6,524 |
| County Clerk Records Management | | | | | | |
| and Preservation Fund | 208,899 | 85,072 | - | - | 56,019 | 237,952 |
| County Clerk Lien Fee | 199,998 | 19,635 | - | - | 322 | 219,311 |
| Assessor Revolving Fee | 27,307 | 2,842 | - | - | 9,933 | 20,216 |
| 911 Phone Fees | 520,213 | 453,627 | - | - | 413,450 | 560,390 |
| Rural Fire - ST | 3,614,384 | 1,458,788 | - | 13,691 | 903,812 | 4,155,669 |
| Jail - ST | 105,290 | 723,779 | - | - | 762,352 | 66,717 |
| Flood Plain | 554 | 700 | - | - | 575 | 679 |
| Courthouse Maintenance - ST | 26,427 | 361,413 | - | - | 324,579 | 63,261 |
| Court Clerk Payroll | 66,110 | 195,658 | - | - | 196,654 | 65,114 |
| County Bridge and Road Improvement | 993,474 | 568,112 | - | - | 621,112 | 940,474 |
| Sheriff - ST | 831,406 | 734,645 | - | - | 667,226 | 898,825 |
| Sheriff Forfeiture | 83,450 | - | - | - | 9,719 | 73,731 |
| County Donations | 18,930 | 1,100 | - | - | 6,469 | 13,561 |
| Fair Improvement-ST | 82,410 | 1,084,240 | - | - | 976,866 | 189,784 |
| Rental of County Property | 87,925 | 71,977 | - | - | 44,124 | 115,778 |
| American Rescue Plan Act 2021 | 7,549,711 | 86,879 | - | - | 3,055,132 | 4,581,458 |
| Community Development Block Grants Revolving Fund | 22,197 | 255,483 | - | - | 277,680 | - |
| Local Assistance and Tribal Consistency Fund (LATCF) | - | 50,000 | - | - | - | 50,000 |
| Emergency Management | - | 17,345 | - | - | - | 17,345 |
| Opioid Abatement Settlement | - | 36,529 | - | - | - | 36,529 |
| Total - All County Funds | \$ 36,903,766 | \$ 32,616,137 | \$ 61,593 | \$ 13,691 | \$ 34,337,908 | \$ 35,229,897 |

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

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Mayes County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

County General – accounts for revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

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

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

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

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

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer’s office.

Community Service Sentencing Program – accounts for revenue collected as an assessment levied upon felony or misdemeanor court cases. This structured program is for sentenced offenders to work in or on government property and is intended to improve the community while providing a cost savings of public funds. Disbursements are restricted to administration and operation of the program.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk’s office. Expenditures are restricted to activities related to preservation of records in the County Clerk’s office.

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.

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

911 Phone Fees – accounts for fees collected by phone service providers in accordance with state statute to support 911 emergency operations.

Rural Fire-ST – accounts for tax assessed upon retail sales within the county as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Jail-ST – accounts for tax assessed upon retail sales within the county as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Flood Plain – accounts for fees collected from flood plain permits and map charges to offset the costs of floodplain management.

Courthouse Maintenance-ST – accounts for tax assessed upon retail sales within the county as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Court Clerk Payroll – accounts for funds from the Court Fund for compensation of the District Court employees.

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

Sheriff-ST – accounts for tax assessed upon retail sales within the county as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Sheriff Forfeiture – accounts for proceeds from the sale of property seized by law enforcement as ordered by the court. The fund is used for law enforcement purposes and/or drug prevention and eradication.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved Board of County Commissioners' resolution.

Fair Improvement-ST – accounts for tax assessed upon retail sales within the county as authorized by vote of the citizens of the county. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Rental of County Property – accounts for collections from rentals of County facilities. Disbursements are for expenses related to the Free Fair.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

Community Development Block Grants Revolving Fund – accounts for federal grants received from the Oklahoma Department of Commerce to be disbursed as restricted the grant agreement.

Local Assistance and Tribal Consistency Fund (LATCF) – accounts for federal funding made available through the American Rescue Plan Act to be used in the same manner as other locally generated revenues.

Emergency Management – accounts for revenues from state or federal grants for the purpose of providing the county emergency management services.

Opioid Abatement Settlement – accounts for court settlement from class-action lawsuits against opioid manufacturers and distributors. Funding is to be used in accordance with the settlement agreement for opioid abatement.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America (U.S. GAAP), which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

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

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

2. Ad Valorem Tax

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

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

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

3. Other Information

A. Pension Plan

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

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 December 3, 1985

On December 3, 1985, voters of Mayes County approved a permanent one-quarter of one percent (1/4%) sales tax. The revenue from the sales tax is designated in trust for the establishment and operation of an ambulance service for the people of Mayes County. These funds are accounted for within the County General fund.

In addition, on December 3, 1985, voters of Mayes County approved a permanent three-eighths of one percent (3/8%) sales tax specifically for the construction, operation, and maintenance of the County Road System of Mayes County. These funds are accounted for within the County General fund.

Sales Tax of October 14, 1997

On October 14, 1997, voters of Mayes County approved a permanent one-eighth of one percent (1/8%) sales tax to be used for the maintenance and operation expenses of the jail facility. These funds are accounted for within the Jail-ST fund.

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Sales Tax of November 5, 2002

On November 5, 2002, voters of Mayes County approved a permanent one-quarter of one percent (1/4%) sales tax for the purpose of construction or improving fire stations, purchase of equipment, training, education, general maintenance and operations, and for paying existing debt. This sales tax is to be divided equally between the following thirteen fire departments in Mayes County, Oklahoma: Adair Fire Department, Cabin Creek Fire Department, Chimney Rock Fire Department, Chouteau Fire Department, Diamond-Head Lone Chapel Fire Department, Disney Fire Department, Langley Fire Department, Locust Grove Fire Department, Osage-Pleasant View Fire Department, Pryor Fire Department, Salina Fire Department, Spavinaw Fire Department, Sportsman Acres Fire Department, and Strang Fire Department. However, Sportsman Acres Fire Department was never established and has never received any sales tax proceeds. These funds are accounted for within the Rural Fire-ST fund.

Sales Tax of August 26, 2014

On August 26, 2014, voters of Mayes County approved a one-eighths of one percent (1/8%) sales tax to be designated solely for the maintenance, operation, equipment, furnishing, and improvement or construction of facilities of the Mayes County Jail. Also, to the extent available, revenues generated by said sales tax may be used for the operation and maintenance for other county facilities. These funds are accounted for within the Sheriff-ST fund.

Sales Tax of January 12, 2016

On January 12, 2016, voters of Mayes County approved a three-sixteenths of one percent (3/16%) sales tax to pay debt service on bonds or notes issued by the Mayes County Public Facilities Authority, the proceeds of which are to be used to acquire, construct, equip and remodel the county fairgrounds facilities. The sales tax terminates at the earliest possible date that revenues are sufficient to retire said bonds or notes. These funds are accounted for within the Fair Improvement-ST fund.

In addition, on January 12, 2016, voters of Mayes County approved a permanent one-sixteenth of one percent (1/16%) sales tax to be used to pay operation and maintenance on all county buildings. These funds are accounted for within the Courthouse Maintenance-ST fund.

E. Tax Abatements

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

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under

**MAYES COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$6,493,481 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2023.

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

F. Interfund Transfers

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

- \$13,000 was transferred from the Rural Fire-ST fund to County General fund for fire department administration fees for the County Clerk's office.
- \$691 was transferred from the Rural Fire-ST fund to County General fund for fire department fuel cost reimbursement.
- \$47,902 was transferred to the Resale Property from Excess Resale (a trust and agency fund) in accordance with 68 O.S. § 3131D.

SUPPLEMENTARY INFORMATION

MAYES COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | General Fund | | |
|-------------------------------------|----------------------|----------------------|---------------------|
| | Budget | Actual | Variance |
| Sheriff | \$ 2,181,003 | \$ 2,121,714 | \$ 59,289 |
| Treasurer | 189,208 | 182,160 | 7,048 |
| Commissioners | 2,991,950 | 2,701,159 | 290,791 |
| OSU Extension | 189,000 | 183,979 | 5,021 |
| County Clerk | 427,939 | 390,808 | 37,131 |
| Court Clerk | 549,504 | 524,284 | 25,220 |
| Assessor | 298,104 | 284,714 | 13,390 |
| Visual Inspection | 381,741 | 361,642 | 20,099 |
| General Government | 8,995,329 | 2,342,297 | 6,653,032 |
| Excise Equalization | 4,500 | 4,399 | 101 |
| Election Board | 139,056 | 124,605 | 14,451 |
| Insurance/Benefits | 3,927,803 | 3,667,052 | 260,751 |
| County Purchasing | 52,984 | 50,046 | 2,938 |
| Emergency Management | 120,193 | 44,330 | 75,863 |
| Charity | 800 | 800 | - |
| Economic Development | 8,000 | 8,000 | - |
| Courthouse Security | 144,072 | 143,691 | 381 |
| E-911 | 290,440 | 124,762 | 165,678 |
| Rural Road Improvement Dist-1 | 1,000,003 | 999,114 | 889 |
| Rural Road Improvement Dist-2 | 1,002,699 | 940,866 | 61,833 |
| Rural Road Improvement Dist-3 | 1,777,699 | 1,222,903 | 554,796 |
| County Audit Budget | 116,332 | 116,332 | - |
| Free Fair Budget | 103,201 | 103,201 | - |
| Flood Plain | 2,000 | 500 | 1,500 |
| Highway District #1-ST | 728,341 | 727,170 | 1,171 |
| Highway District #2-ST | 915,633 | 906,590 | 9,043 |
| Highway District #3-ST | 733,143 | 694,648 | 38,495 |
| Ambulance Service Dist-ST | 1,343,215 | 1,343,215 | - |
| Total Expenditures, Budgetary Basis | <u>\$ 28,613,892</u> | <u>\$ 20,314,981</u> | <u>\$ 8,298,911</u> |

MAYES COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Health Fund | | |
|-------------------------------------|--------------|------------|--------------|
| | Budget | Actual | Variance |
| Health and Welfare | \$ 4,813,612 | \$ 976,191 | \$ 3,837,421 |
| Total Expenditures, Budgetary Basis | \$ 4,813,612 | \$ 976,191 | \$ 3,837,421 |

**MAYES COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Budgetary Schedules

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

TO THE OFFICERS OF
MAYES COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Mayes County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Mayes County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 12, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2023, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Mayes County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Mayes County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mayes County's internal control.

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

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

identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2023-001 and 2023-009.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mayes 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*.

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

Mayes County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mayes County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Mayes County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 12, 2024



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

Independent Accountant's Report

TO THE OFFICERS OF
MAYES COUNTY, OKLAHOMA

We have examined Mayes County's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. The County is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Mayes County's compliance with the specified requirements based on our examination.

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

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

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

Our examination disclosed material noncompliance with Allowable Costs/Cost Principles applicable to Mayes County for the year ended June 30, 2023, which is described in the accompanying schedule of findings and responses as item 2023-008.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material

effect on Mayes County's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Mayes County's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Mayes County complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 12, 2024

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2023-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2008-001, 2009-001, 2010-001, 2011-012, 2012-012, 2013-012, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001)

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

In addition, review of the computer systems within the County Clerk’s office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Cause of Condition: Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring control activities of the County and to safeguard data from unauthorized modifications, loss, or disclosure.

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds. Further, these conditions could result in compromised security for the computers, computer progress, and data.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

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

County Clerk: I will work to implement controls to safeguard computer systems within my office.

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

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Further, according to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support Ds5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

Finding 2023-009 – Lack of Internal Controls and Noncompliance Over the Disbursement Process and Payroll Processes (Repeat Finding – 2008-009, 2009-009, 2010-007, 2011-002, 2012-002, 2013-002, 2018-009, 2019-009, 2020-009, 2021-009, 2022-009)

Condition: Upon inquiry and observation, and testing of seventy-five (75) of the County's disbursement and payroll processes, we noted the following:

- The County does not have an adequate segregation of duties over payroll to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- Three (3) instances were noted where capital outlay expenditures totaling \$489,0419 were from the Maintenance and Operations accounts.

It was further noted that fund #1566 American Rescue Plan Act 2021 and fund #1319 Sheriff-ST do not have a capital outlay account established for capital purchases.

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

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement and payroll processes. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505. Additionally, OSAI recommends management 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 duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions. Further, management should establish accounts for capital outlay purchases.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to all County Officials the importance of purchases being made from the proper account.

County Clerk: I will work to segregate duties over the payroll process as well as to create the proper accounts for capital outlay disbursements.

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.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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

Compliance Objectives

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

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

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

Finding 2023-012 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account (Repeat Finding – 2019-012, 2020-012, 2021-012, 2022-012)

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

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The County Sheriff does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- Money from kiosk is not being retrieved daily.
- Deposits are not made daily.
- Inmate resident balances are not reconciled to the Inmate Trust Fund Checking Account.

Cause of Condition: Procedures have not been designed and implemented to ensure that controls are in place regarding the Inmate Trust Fund Checking Account.

Effect of Condition: This condition resulted in noncompliance with state statute. Further, a single person having responsibility for more than one area or recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of this condition and realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no employee is able to perform all accounting functions. We further recommend that management implement the following procedures to ensure compliance with state statute.

- Money should be retrieved from the kiosk on a daily basis.
- Deposits should be made on daily basis.
- Resident balances should be reconciled to the checking account monthly. Reconciliations should be prepared and reviewed by separate individuals.

Management Response:

County Sheriff: We are aware of the conditions and will work towards implementing review processes.

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.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

Finding 2023-008 – Lack of Internal Controls and Noncompliance with Allowable Costs/Cost Principles Over Federal Grant – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Condition: Our audit of fifty-three (53) expenditures (100% of CSLFRF expenditures), reflected that two (2) disbursements totaling \$322,391 were issued on purchase orders that were not approved by a majority of the Board of County Commissioners.

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

Effect of Condition: This condition resulted in noncompliance with federal requirement and state statute.

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

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will take measures to ensure future compliance with all requirements of federal grants and that all approved purchase orders are signed by a majority of the Board.

**MAYES COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Criteria: *OMB 2 CFR § 200.318 (a) General procurement standards* reads in part as follows:

(a) ***Documented procurement procedures.*** The recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327.

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



Cindy Byrd, CPA | State Auditor & Inspector

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